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All expenses paid

Alliance Pipeline uses the Scotiabank Commercial Card as a one-card expense management solution for corporate purchases, travel and entertainment

Lori Ledinski,
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One way that some companies are keeping an eye on the bottom line is by implementing a commercial card solution to manage employee expenses.

A commercial card program offers the convenience and purchasing power of a credit card along with the ability to set spending limits and controls. Essentially, a commercial card is a one-card solution since it's a combination of both a purchasing card and a corporate card all in one. Perhaps more importantly, the program is a way to capture transaction data that can help to reduce the associated time and cost of managing and reconciling expenses.

Lori Ledinski, Purchasing Card Administrator for Alberta-based Alliance Pipeline L.P., which owns and operates a natural gas pipeline system stretching from British Columbia to Chicago, Illinois, wholeheartedly agrees.

"I used to spend about a week out of every month reconciling travel and entertainment expenses and I was not the only accountant involved in this process," Ledinski emphasizes. "By implementing a single-card solution to manage miscellaneous small-dollar purchases, and travel and entertainment expenses, our administration costs have been greatly reduced. We have been able to reduce accounts payable costs by over 20% with the implementation of this program."

An integrated solution is key to efficiency

Alliance Pipeline began using the Scotiabank Commercial Card™ program in 1998, while the company was constructing its pipeline system.

"What the company needed was an easier way to manage expenses for employees working in the field – whether for maintenance, operations expenses or travel and accommodation," Ledinski explains. "When you're dealing with people across borders or dispersed in remote areas, furnishing them with a card just makes sense."

Alliance Pipeline was already a Scotiabank customer, when the company turned to the Bank to implement a commercial card program. Over time, an integrated solution was developed that satisfied all its needs.

"When we first started using the program in '98, the transaction data wasn't integrated with our accounting system," Ledinski explains. "All the data could be easily downloaded from Scotiabank at the end of every cycle, but we were still required to perform many tedious manual steps in order to allocate and reconcile each expense, including all tax calculations. We wanted to streamline the process with a more robust solution, which Scotiabank developed."

Deborah MacDonald, a Senior Manager with Scotiabank's Enterprise Solutions group, confirms that implementing a commercial card program that is integrated with a company's accounting software is the best way to maximize its benefit to the business. "With an integrated solution, data flows directly from the merchant's terminal to a general ledger, eliminating errors and facilitating electronic expense reporting."

The Scotiabank Commercial Card system offered today is flexible, scalable, and can be fully customized and integrated with existing and future business processes. It can operate with virtually any technology platform,



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including SAP, PeopleSoft, JD Edwards and Oracle, and customers can choose from two web-based commercial card management applications offered by ProCard Inc., PVS Net or Pathway Net, to suit their needs.

Alliance Pipeline chose the Pathway Net application for its increased functionality. Ledinski comments: "We can view purchase information the day after it's posted to the account, and generate a variety of customized transaction reports to track spending patterns or determine project costs – all via the Internet."

The Pathway Net rollout at Alliance Pipeline began in May of this year, and today, 156 employees in Canada and 60 in the United States are using the Scotiabank Commercial Card. After an additional 40 Canadian employees are added, 90% of all employees will have cards.

Currently, the company averages 1,500 card transactions per monthly cycle. While the system enables administrators to set spending limits and impose purchasing restrictions on an individual basis, the primary spending control imposed by Alliance Pipeline is that cash advances are not allowed. "We let staff know what's acceptable, and basically empower them to use the card as they deem appropriate," says Ledinski.

Management support essential to successful implementation

With assistance provided by Scotiabank and ProCard Inc., Alliance Pipeline developed a crucial interface. The company's successful implementation followed a best-practices methodology that included extensive, hands-on training sessions for all cardholders. "It was a real team effort," confirms Ledinski. "The implementation support from Scotiabank was outstanding."

Patrick Sulston, Scotiabank's Senior Manager of Implementation for Alliance Pipeline, credits the success of the implementation to the complete support of the Alliance management team to a one-card solution. "They saw its value from the outset and made sure that corporate policies supported it. Once we identify a client's needs, our main focus is always to ensure they derive maximum benefit from the system, which is an ongoing and evolving process."

Alliance Pipeline also participates in Scotiabank's annual User Group Conference for Commercial Card clients. "We believe strongly that we can benefit from the knowledge of other Scotiabank clients who have implemented this system," Ledinski comments.

Ledinski says while the benefits of reduced administration time have already resulted in a bottom-line benefit to the company, she expects the company to realize additional savings through the system's enhanced reporting capabilities. "We'll be able to track and control spending more precisely, and better negotiate with key suppliers."

Ledinski concludes: "If more businesses experienced just how simple this system is to manage and what it can offer, they'd do away with their expense forms forever."

Expense management trend: Commercial Card usage is up

You might be interested to know that using a commercial card for business expenses is gaining acceptance at the 'grass roots' employee level.

According to the 2000 Corporate Purchasing Card Benchmark Study – which surveyed 2,551 purchase card-using organizations, all of whom are customers of the top 14 card issuers – average card spending increased 29% between 1998 and 2000, and is expected to increase by 104% this year.

This growth is attributed to increased card usage at the employee level – spending per card was up 35% while the number of transaction increased by 23%. In addition, the percentage of employees who received cards increased by 75%. Further, 88% of survey respondents indicated that cardholders view their card program as a success.

The increasing use of a commercial card suggests that more companies are taking advantage of the controls and data integration to streamline the administration of their high-volume, and typically non-strategic, purchasing activities and travel expenses.

If you're considering a one-card solution to help manage your business expenses, here are some of the factors to consider when determining your card provider:

- Overall reporting package
- Ease with which card spending is driven to desired ledger accounts
- Ability to integrate card data into enterprise resource planning/ledger applications
- Level of detail provided by data capture
- Knowledge of best practices for process improvement
- Training and support
- Customer service after rollout
- Overall customer service

If you would like to learn more about the results of the Corporate Card Benchmark Study, or request a copy of the recent VISA* Procure-to-Pay Best Practices, please contact your Scotiabank Relationship Manager.



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