

The State of Texas Procurement & Travel Card Program

IDEAS TO ENERGIZE YOUR BUSINESSSM

JPMorganChase 

Presented by: Audrey Flood, Commercial Card Specialist

Agenda

- State of Texas Procurement and Travel Card Contract Overview
- Program Objectives
- Procurement Card Program
- Smart Data OnLine™ Reporting
- Implementation and Program Support
- The State of Texas and JPMorgan Chase Contract
- Next Steps
- Question and Answer

State of Texas and JPMorgan Chase Contract Overview

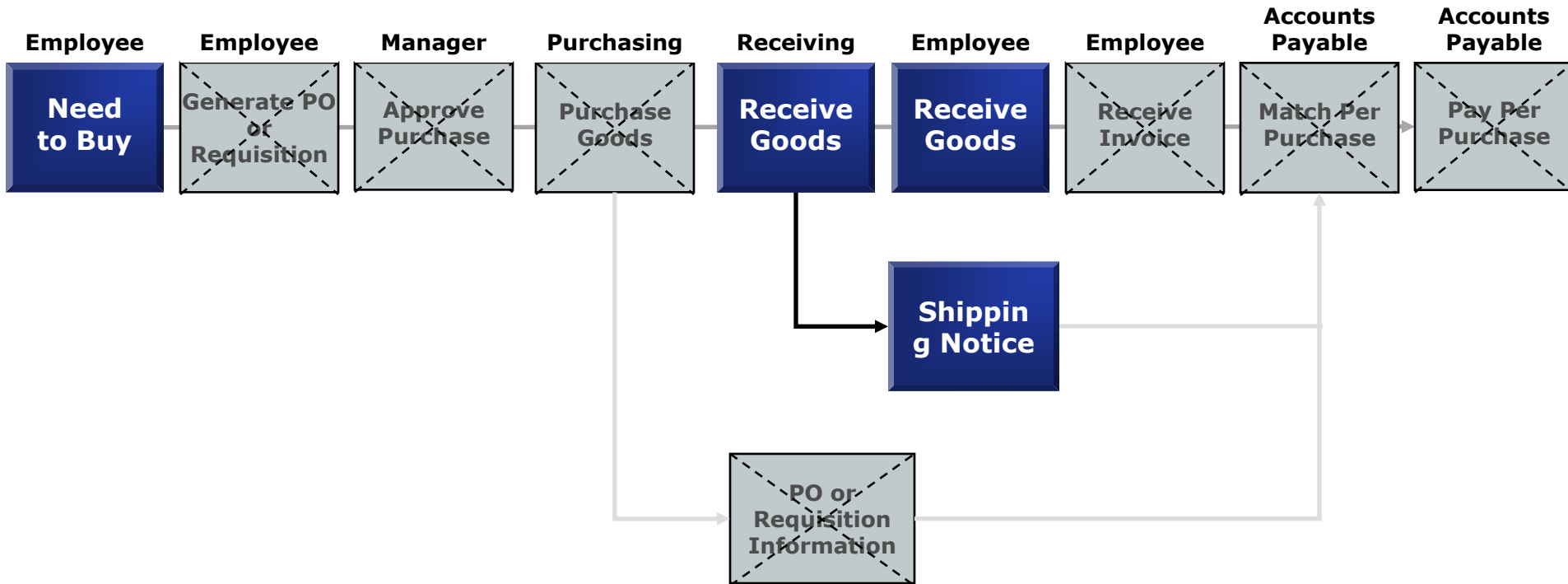
- In June 2003, JPMorgan Chase and the State of Texas entered into a contract to provide procurement card and travel card programs to eligible State of Texas entities.
- This six-year contract has three one-year renewal options.
- Membership in the Texas Procurement and Support Services Cooperative Purchasing Program (TPASS Co-Op), is the only prerequisite for eligibility for participation in the procurement card program.
 - Certain members also qualify for participation in the State's Travel card contracts; Municipalities, School Districts, Community Colleges and Counties.

Your Objectives Are JPMorgan Chase's Objectives

- Automating and streamlining the purchasing and payables process reduces and possibly eliminates the need for:
 - Purchase orders
 - Check requests
 - Manual journal entries/vouchers
 - Interest expense paid to suppliers
 - Cash advances
 - Petty cash accounts
- Reallocate resources to value add from non-value add
- Potential for better pricing through supplier consolidation
- **Earn significant cash rebates**

The State of Texas Procurement Card Program

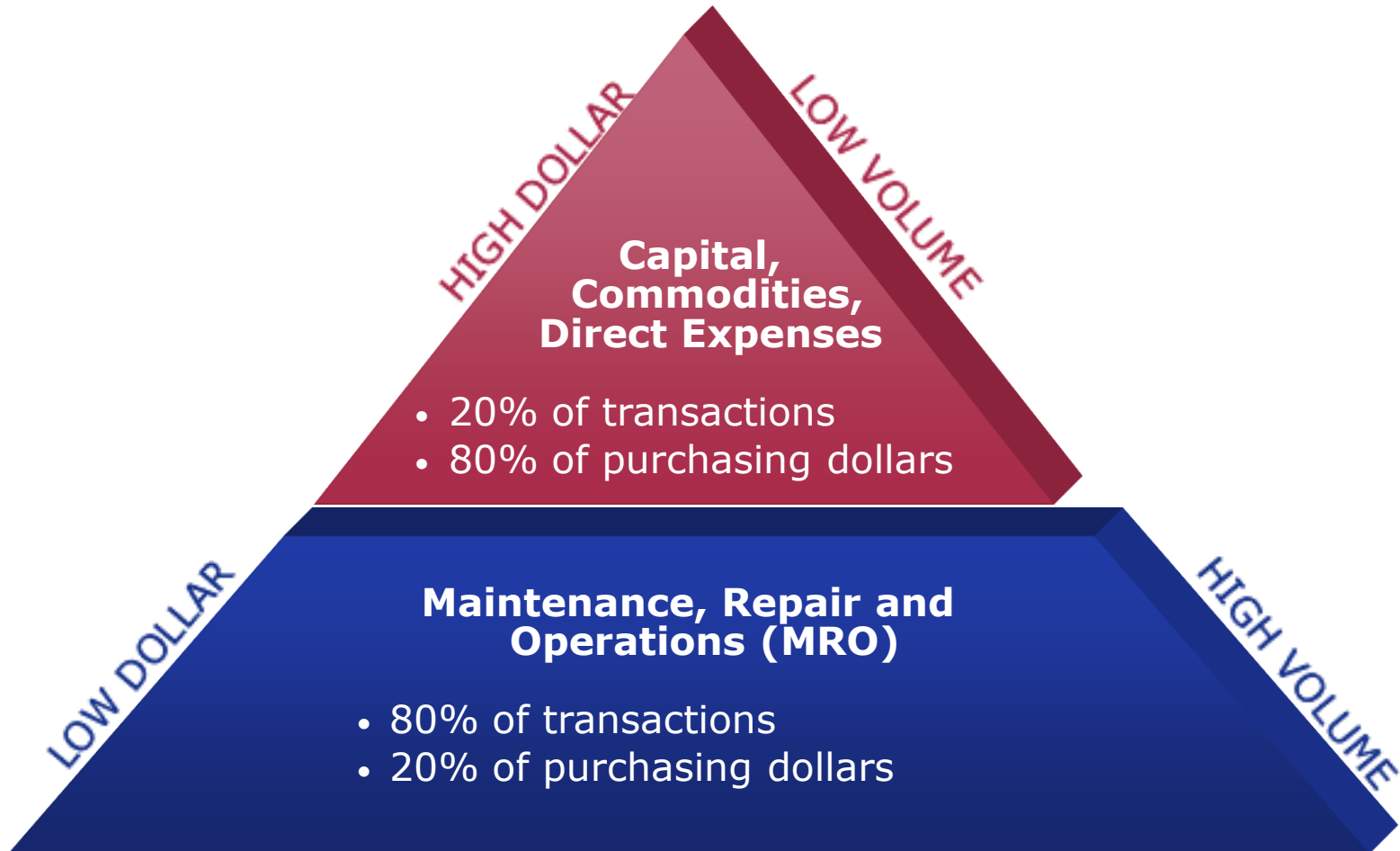
Same Process for Small Dollar Purchases as Large Dollar Purchases



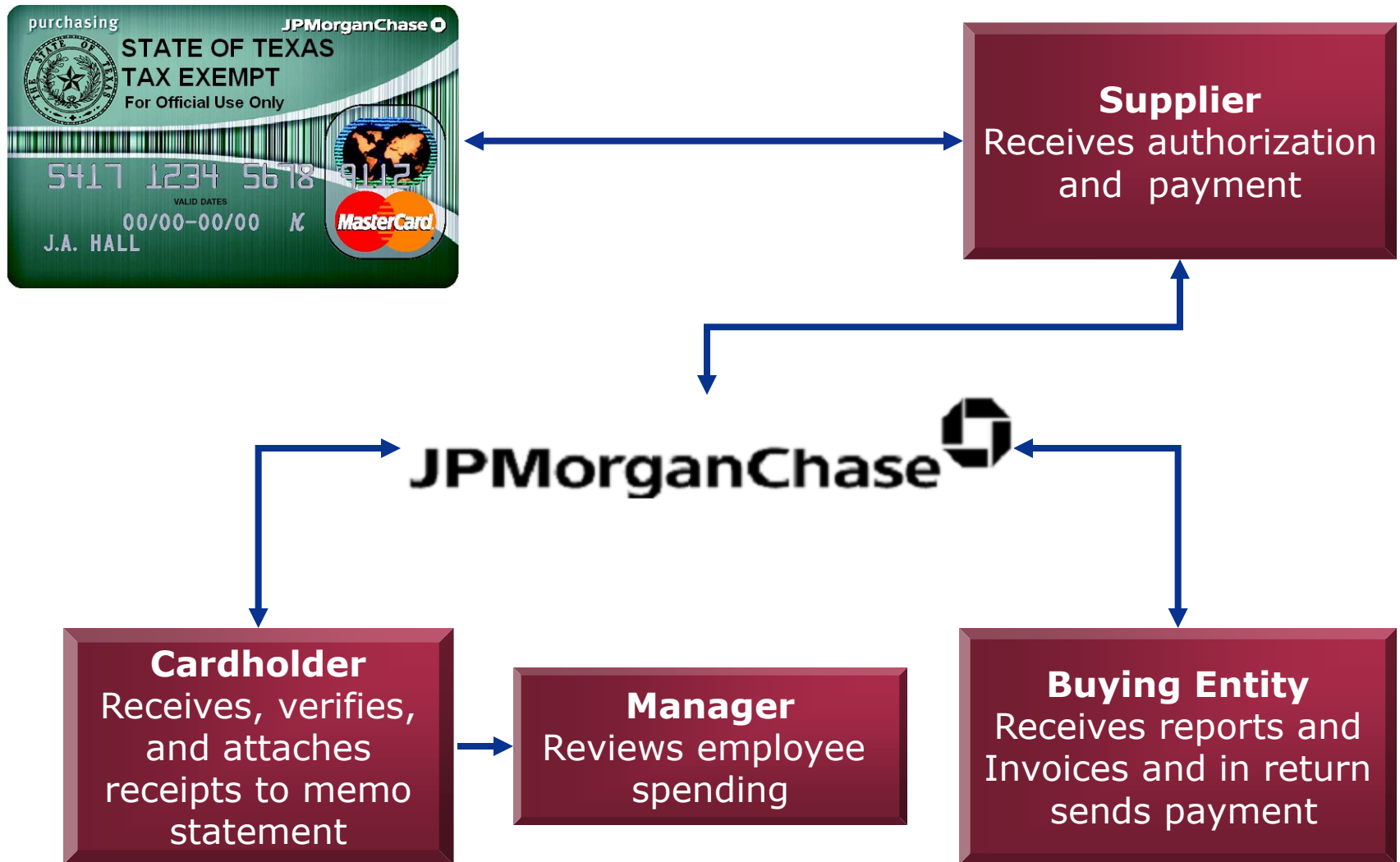
The cost of traditional purchasing processes range from \$50 - \$150 per transaction

High Volume/Low Dollar Items Are Costly Under Current Process

Purchasing Pyramid

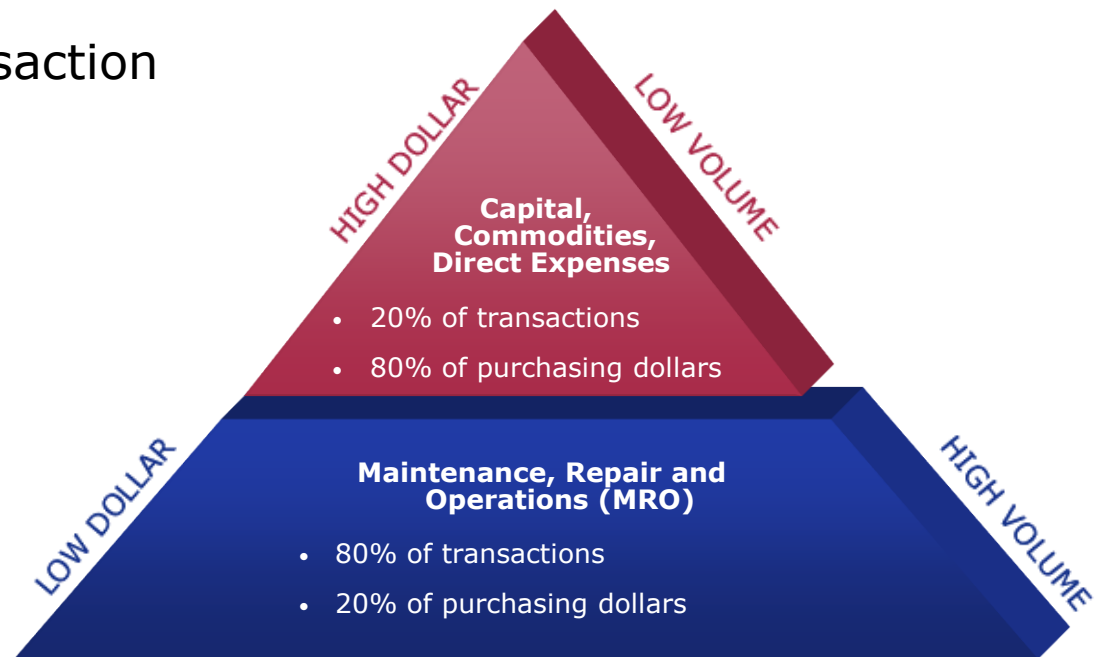


Streamlining The Process



Process Controls Change As You Move Down the Pyramid

- Establish written internal policies and procedures
- Cardholder agreement
- Monthly reconciliation
- Audit “spot check”
- Electronic access to transaction and cardholder data
- Point-of-sale controls



Point of Sale Limits Restrict Cardholder Spending

- How much?
 - Dollars per billing cycle
 - Dollars per day
 - Dollars per transaction
 - Declining Balance
- How often?
 - Number of authorizations per day
 - Number of transactions per month
- What type?
 - Merchant category restrictions

Protect Your Organization Against Potential Fraud

- MasterCard's role
 - MasterCard Liability Protection up to \$100,000
 - Security features
- JPMorgan Chase's role
 - CardGuard protection
 - 100% loss coverage after card is reported lost or stolen
- Your organization's role
 - Establish policies and procedures
 - Educate cardholders
 - Review of statements
 - Prompt notification to JPMorgan Chase
 - Set realistic expenditure limits and MCC restrictions

Increase Personnel Productivity with Controlled Purchasing Ability

- Department Managers, Commissioners, Judges, School Board Officials and Superintendents
- Administrative personnel
- Facilities and Transportation personnel
- Accounts Payable and Purchasing personnel
- Information Technology personnel
- Human Resources personnel
- Teaching and Athletic personnel
- Library personnel
- Food Services personnel
- Parks and Recreation personnel

Suggested Uses for Your Card Program

Supplies

- Office
- Warehouse
- School
- Computer
- Publications

Services

- Building maintenance
- Transportation maintenance
- Temporary services
- Utilities
- Overnight couriers

Conferences and Meetings

- Catering
- Rentals
- Training seminars

Equipment

- Fire safety
- Audio/visual

Travel

- Transportation
- Lodging
- Meals
- Fuel

MasterCard Insurance Benefits and Travel Services

■ Insurance Benefits

- Travel accident insurance (\$500,000)
- Lost luggage (\$1,250 supplemental coverage)
- Primary vehicle collision/loss damage waiver
- Emergency medical coverage (\$2,500 supplemental coverage)

■ Travel Assistance Services

- Available toll-free 24 hours a day, 7 days a week
- Info required for travel such as documentation needed, immunization, and exchange rates
- Medical referrals
- Legal/embassy referral
- Roadside assistance



Smart Data OnLine – Web-Based Reporting and Card Management

Reporting Tools Simplify Program Administration

- Smart Data OnLine Web-based reporting includes:
 - Online transaction review
 - Online statement of account
 - Real-time cardholder management tools
 - More than thirty standard reports
 - Ad hoc reporting and filtering capability
 - Accounting allocation tools
 - Export functionality for upload into financial system
- Employee memo statements available on paper form and/or online
- Customized access by employee level

Dynamic Fields Provide Detailed Information

- Assign a default accounting code to each cardholder.
- Map the merchant category codes to your most commonly used account types.
- Add additional fields of general ledger information directly to a transaction using SDOL (e.g., object code, fund, project or grant number).
- Add additional transaction information with a robust expense description field containing up to 255 characters.
- Reallocate and split default transactions or split transactions using SDOL manager approval.

Implementation and Program Support

A Multi-tiered Approach to Implementation, Support and Ongoing Program Management

Implementation Specialist

- Dedicated to the State of Texas Cooperative Purchasing members
- Provides implementation support, advice and guidance

Account Manager

- Dedicated to the State of Texas Cooperative Purchasing members
- Continued assistance with strategic planning and program enhancement

Technical Support

- Dedicated in-house support for SDOL and other technical issues

Customer Service

- Dedicated State of Texas customer service for Program Administrator
- Dedicated customer service phone number for Administrators
- Cardholder customer service available 24 hours a day, 7 days a week

User Conferences

- JPMorgan Chase hosts an annual State of Texas user conference as well as other corporate user conferences.

Keys to Implementing a Successful Program

- Senior management support
- Set benchmarks and measure your success
- Involve key areas during the planning process
- Adhere to and enforce your policies and procedures
- Audit your program
- Review periodically for potential enhancement opportunities

Why JPMorgan Chase, MasterCard and the State of Texas Contract?

Why JPMorgan Chase?

- JPMorgan Chase has been providing procurement card program services since 1992
- JPMorgan Chase has offered procurement card services longer than any other provider
- Many JPMorgan Chase clients are public sector and Fortune 500 customers.
- JPMorgan Chase provides:
 - No cost program
 - Attractive rebate schedules
 - First-rate implementation and customer service support
 - Unparalleled experience
 - Commercial Card is a core products
 - JPMorgan Chase is one of MasterCard's largest purchasing card issuers

Why MasterCard?

- Leaders in commercial card industry
- Accepted at millions of merchants worldwide
- MasterCard, JPMorgan Chase and the state of Texas partnered to create specific 1099 and HUB reports and audit reports available only to State of Texas program participants
- MasterCard is in the process of becoming a QPCA designated vendor with the IRS

Why State of Texas Contract?

- No RFP or bid requirements
- No fees (monthly or annually)
- No minimum volumes required to participate
- No cost Web-based reporting and card management tool
- No cost for implementation, service and support
- Attractive rebate schedule
 - Different rebate schedules for travel and procurement
 - Rebates paid annually at \$125,000 annual spend or semi-annually to those programs that have annual spend in excess of \$750,000
 - Percentage based on combined annual spend of all state and participating Co-Op entities
 - Payment terms to qualify for rebate – 30/30
 - Payment methods include ACH debit or credit, wire and check
 - Can add logo to card at no additional fee

Next Steps

- Apply for or maintain TPASS Co-Op membership
- Estimate annual spend to determine underwriting requirements, rebate potential and cost savings.
- Provide documentation required for final credit approval to your JPMorgan Chase relationship manager.
- Review TPASS term contract
- Submit a TPASS requisition for the Purchasing Card Program.
- Execute JPMorgan Chase/Cooperative Agreement.
- Establish a cross-functional implementation team within your organization.
- Begin implementation discussions with the JPMorgan Chase Co-Op account manager.

Question and Answer

Your JPMorgan Chase and State of Texas Team

Audrey Flood, VP, CTP
JPMorgan Chase
Commercial Card Specialist

2916 Forest Meadow Drive
Round Rock, TX 78664
Email: audrey.e.flood@jpmchase.com
Tel: (512) 246-9204
Fax: (512) 244-1529

Mindy Rios, VP
JPMorgan Chase Bank
Cash Management Consultant

500 East Border Street, 2nd Floor
Arlington, TX 76010-7411
Email: melinda.l.rios@chase.com
Tel: (817) 856-5931
Fax: (817) 345-3746

Michelle C Jenkins
JPMorgan Chase
Implementation Specialist

2500 Westfield Drive
Elgin, IL 60124
Email: michelle.c.jenkins@jpmchase.com
Tel: (847) 488-7390
Fax: (866) 282-3009

Cody Hays
State of Texas
Co-Op Account Coordinator

1711 San Jacinto
Austin, TX 78701
Email: cody.hays@cpa.state.tx.us
Tel: (512) 463-3392
Fax: (800) 472-5463