



招商銀行
CHINA MERCHANTS BANK



VISA COMMERCIAL SOLUTIONS

VISA CORPORATE CARD PROGRAM SUCCESS STORY

Incorporating Global Enterprise Resource Planning (ERP) System with Corporate Card

SAMSUNG CHINA STATISTICS

NET INCOME OF SAMSUNG GROUP
US\$100.7 billion (2008)

NUMBER OF EMPLOYEES
23,000

NUMBER OF CARDHOLDERS
More than 13,000
(Source: Company Website - <http://www.samsung.com/cn/> - as at July 2010)

PRODUCTS AND SERVICES USED
Visa Corporate card



Samsung China faced difficulties in synchronizing and integrating a corporate card solution across all group entities. Implementing the Visa Corporate Card program, issued by China Merchants Bank, led to smoother reconciliation, a simpler reimbursement process and greater employee satisfaction.

COMPANY PROFILE

South Korean conglomerate stands high in China

Samsung has grown from its inception as a small export business in Taegu, Korea to one of the world's leading electronic companies, specializing in digital appliances and media, semiconductors, memory and system integration. Today

Samsung's innovative and top quality products and processes are recognized all over the world.

The history of Samsung China can be traced back to the 1970s, when China and South Korea had not established diplomatic relationships. During that time, Samsung started to import coal from China through Hong Kong and became the first South Korean conglomerate to trade with People's Republic of China.

After spending more than 10 years of unremitting efforts in exploring possible opportunities in China, Samsung currently has 28 subsidiaries in China with Samsung Electronics being the largest¹. Samsung is comprised of companies that are setting new standards in a wide range of businesses, from electronics to financial services, chemicals and heavy industries to trade and services.

¹ Company Website (<http://www.samsung.com/cn/>), as at July 2010



CHALLENGE

Unify multiple corporate card programs into a single solution

In 2003, different corporate card programs were deployed across subsidiaries under Samsung China to replace the use of cash reserves for the purpose of reimbursement to employees. There was a lack of consistency in reimbursement policies as all the subsidiaries had their own corporate card program. The presence of multiple issuers apart from other variables led to a lot of confusion and complexity within the T&E program of the company and lack of visibility on the exact amount spent in T&E related matters.

Employee satisfaction

Samsung being an employee centric organization believes in addressing the security and financial issues raised through the usage of cash for T&E related expenses by its employees. As an employer who believes that employees are the key to success of the organization, a standard solution that enhances employee security and convenience in carrying out their daily tasks was needed.

PROGRAM GOALS

Integrate corporate card solution into the Global ERP system to simplify reimbursement workflow

In 1997, Samsung Korea started to use SAP application software to develop Global ERP System in order to integrate enterprise wide information systems. The actual implementation of Global ERP System started in July 2008 when Ms Shen, General Manager of Management Support Team noticed the potential to streamline the existing reimbursement process by implementing Global ERP System across all subsidiaries of Samsung China along with the initiation of a single corporate card program for all T&E spends. Samsung China aimed to launch a single corporate card that would ensure a smoother reimbursement workflow and would thereby reduce the financial burden borne by employees in expenses related to T&E program. The critical success factor for the new solution was the ability of the corporate card program to be executed across all subsidiaries and levels of Samsung China.

VENDOR SELECTION

All subsidiaries under Samsung China were brought together under one corporate card solution – Visa-branded China Merchants Bank Corporate Card. A globally renowned card payment network – Visa was selected due to its worldwide card acceptance. China Merchants Bank’s offerings which revolve around flexible card solutions and which can be integrated with proprietary ERP systems made the bank a natural choice for Samsung China. The ability to integrate corporate card data to the proprietary ERP system also allows Samsung China to leverage on the technology developed by Samsung Korea.

PROGRAM ROLLOUT

A step-by-step approach:

Integration with Global ERP System

The end-to-end rollout process in Samsung China was completed in 4 phases and took a year to complete, from July 2008 till July 2009. The prioritization for the order for rollout within the subsidiaries was set based on the implementation stage of Global ERP system and the usage of existing corporate cards. This approach was taken in order to seamlessly integrate the program with the existing solutions and maximize the benefits reaped from this transition. This system fills in the data gap of the flow of credit card transaction feeds between issuer and Samsung China.

Training

Initially, Samsung China and China Merchants Bank designed and set the relevant training modules. Members of the finance staff were the first group of Samsung employees involved. Subsequently, China Merchants Bank local branches were put in-charge of providing training to subsidiaries of Samsung China. Currently, Samsung’s finance department holds responsibility in providing training to new hires. Expense management is one of the

key aspects highlighted in the training process that aims to ensure employees’ understanding of the importance of payment promptness. Employees are informed about the specific payment methods during the training as all subsidiaries in China use their own preferred payment methods.

Customization

Samsung’s corporate card use policies are:

- The individual cardholder is liable for all charges
- The use of this card is limited to only business purpose transactions
- No cash withdrawal is allowed as part of Samsung China policy in order to reduce any possible fraudulent activities.
- Credit limit of the card is based on employee profile in order to ensure proper spending in T&E expenses.

Transition

Samsung China made the use of Visa-branded CMB Corporate Card compulsory among all employees. Benefits such as higher accuracy in reimbursement details as well as a simplified reimbursement process were shared among employees, however it took employees approximately 3 months to realize the benefits mentioned by management. Samsung’s finance staff is in-charge of assisting employees to solve corporate card related problems as well as handle the application process.

PROGRAM BENEFITS

Automated expense reporting

Before the launch of the corporate card, employees had to spend a considerable amount of time pouring over receipts and entering all the related transaction information manually into the system. After the integration of Global ERP System with the Visa-branded CMB Corporate Card, credit card transaction data feeds into the Samsung proprietary

“Technology has tremendous impact to business procedures.”

Daniel Sui, Senior Treasury Manager,
Management Supporting Team,
Samsung Electronics China



expense management solutions automatically and saves employees' time in submitting reimbursement claims. During the reimbursement submission process, employees select the relevant transaction records and submit claims accordingly. All this can be done in a few minutes after the data is fed into the expense management system of Samsung China, and it guarantees higher accuracy in the data submitted. Employees are satisfied as a result of automated feeds and reconciliation processes.

Higher accuracy in receipts reconciliation

The auto feed of corporate card transaction to the proprietary expense management system ensures the accuracy of T&E spends. The reimbursement processing has higher accuracy as the automatic credit card feed is sent directly to expense management system which reduces human errors revolving around data entry. Meanwhile, employees are held more accountable and responsible in performing any T&E related transactions as a result of higher visibility to T&E policy compliance. The integration with Samsung proprietary Global ERP System enables Samsung to track, spend, monitor employee compliance of T&E spend data easily.

Overspend alerts

A pop-up screen is activated if there is an overspend detected in the expense management system. Samsung China is now able to keep a tighter check on the T&E spends which ensures compliance with company spending policy, budgets, and other limits. Employees in turn are also more alert around their spend limits.

CRITICAL SUCCESS FACTORS

Company policy

Corporate card usage in T&E spends are compulsory to all T&E reimbursement claims. The high execution ability of Samsung management in ensuring all employees across all the subsidiaries using Visa-branded CMB Corporate Card ensures the success for deployment of corporate card program in Samsung China.

Employees realize the benefits of corporate card

All the benefits of using a corporate card are shared with employees during the launch of Visa-branded CMB Corporate Card. However, according to Ms Shen, "Let employees experience the benefits offered by corporate card after they have used it."

"Samsung is utilizing the global integrated system for solving problems."

Daniel Sui, Senior Treasury Manager,
Management Supporting Team,
Samsung Electronics China

Source: This case study has been developed based on information collected by Deloitte Consulting through primary research and secondary research. Deloitte Consulting conducted face-to-face information interviews with senior finance executives Ms. Shen and Mr. Daniel Sui from Samsung China in July 2010. The secondary research was conducted based on information available on company website (<http://www.samsung.com/cn/>)