

American National Red Cross

Using Purchasing Cards and Virtual Cards to Improve Efficiency and Control

Case Study

The Client The nation's premier emergency response organization, since 1881 has provided humanitarian support for citizens in need, victims of war and natural disasters, and military families, in addition to collecting and distributing blood and blood products and conducting educational programs.

The Challenge The American Red Cross, a long-time user of Citi® Purchasing Cards, is continuously looking for more efficient ways to procure and pay for the goods and services that it relies on to provide care and support for thousands of people each year.

In 1999, looking to reduce labor-intensive, paper-based processes, the organization's central treasury department instituted a Citi Purchasing Card program. Eventually, the program was expanded to include over 600 chapters spread across the U.S., extending the efficiency and convenience of purchasing cards to employees in the field.

Paying for purchases by card eliminated the need for employees to create hundreds of thousands of check requests each year, and submit them with invoices to the organization's shared service center for payment.

"By getting P-cards in the hands of people in the field, invoices are paid in a timelier manner. They can even be paid on the spot," said Mike Albano, director of accounts payable for the American National Red Cross. "Yet, we can still control and monitor expenses centrally through the CitiDirect® Global Card Management System." Physical invoices for card purchases made in the field also are entered into the CitiDirect Global Card Management System, streamlining processes and making it easier to audit them.

Purchasing cards also provided the Red Cross with the flexibility to issue vendor-specific cards for high-dollar services such as utilities, for example, which can run into tens of thousands of dollars each month for individual field offices.

Each year, the organization's shared service center pays more than a million invoices for expenses related to delivering its humanitarian and medical support services throughout the U.S. and around the globe. Of those invoices, approximately 60 percent were captured on purchasing cards, providing tremendous procure-to-pay benefits on the front-end, in particular.

However, the Red Cross' Accounts Payables Department wanted to gain even more efficiency on the back-end.

The Solution The Citi Virtual Account program was a natural fit.

Having had great success with its purchasing card program, the Red Cross began migrating vendors to virtual card accounts.

The Result

Virtual card accounts offer a host of benefits, according to Albano. "For one, they minimize the risk of having a large number of cards with high dollar limits issued in the field," he says.

Virtual cards also generate greater efficiency on the back-end, according to Albano, by eliminating the need to reach out to suppliers to provide purchase card account numbers, for instance. "With virtual card accounts, we don't have to do that."

Albano also points to the advantages of the CitiDirect Global Card Management System. "Having the ability to attach documents is an important benefit when it comes to auditing," he points out. "We also control risks by setting up a reviewer, an approver, and a third-level reviewer in the system. In addition, it automates reconciliation of virtual card purchases and provides valuable data reporting and analytics on the back-end – analytics that benefit our field office budget analysts."

"Plus, we have the benefit of the rebates," he adds. "The more purchasing that is captured via our virtual and purchasing card programs, the greater our rebates."

For every transaction that moves from paper check to a card payment, companies can save, on average, \$30 per transaction. For an organization that pays hundreds of thousands of invoices each year by purchasing on virtual cards, the savings really add up.