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EXHIBIT  
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Robert Stock

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Visa International  
International Commercial Card Programs  
Regional Team Meeting  
Miami, Florida  
18-20 March, 1997

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**EXECUTIVE SUMMARY**

**American Express Solicitation of Visa Member Banks**

**Background**

Developing distribution for Commercial Card Products is a key challenge if Visa is to achieve success in the commercial card arena. Traditionally, Visa sees MasterCard/Eurocard as competition for the financial institution distribution network. On 26, February, American Express announced the formation of a new division: Global Network Services, headed by the former CFO of Shearson Lehman Brothers (the investment bank formally owned by American Express); James Cracchiolo. The aim of this new division is to recruit financial institutions to distribute American Express products. Commercial Cards, particularly Corporatae Card, have been targeted as the thin edge of the wedge.

**Implications**

This development is troubling from both a commercial card and broader Visa perspective. For Commercial Cards, American Express is able to deliver immediate economies of scale, turnkey processing and stronger product economics to Visa Members. Members would also be able to subvert Visa rules by working with American Express: witness Nat West Bank of the UK allying with American Express to issue the co-branded United Airlines Commercial Card into the US; a deal Visa rules would have forbidden. The recent announcement by Credit Lyonnais underscores the appeal of a ready-built infrastructure as well as a repudiation of the crippling economics of Visa programs in some local markets. The Visa rules that currently prohibit US Members from working with American Express are under investigation by the U. S. Justice Department and may prove untenable.

**Discussion**

The landscape of the battle for distribution has abruptly changed in ways that expose Visa vulnerabilities. In response, we must craft a communication position to the Membership that highlights the pitfalls of working with an independently owned and managed competitor, while evaluating what steps Visa should take to compete on a more equal footing.

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**Topics to be discussed by the team:**

- The level and nature of American Express solicitation of Visa Members in each region
- Key communication elements to be incorporated in a shared position to the Membership
- Proposed actions to neutralize American Express and to rapidly lock in our Member distributors

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**EXECUTIVE SUMMARY**

**Multinational**

**Background**

The Multinational Issuance program went into effect October 1996 with new Operating Regulations that effectively give Members guidelines for participating in the program. The program provides a framework that enables members to issue cards across borders to meet the needs of Multinational Corporations that need to consolidate their Corporate Card and/or Purchasing Card business under a single card program. In accordance with the operating regulations, The Corporate Card Multinational program went into effect in October 1996 with Purchasing Card slated for launch in June 1997.

Program accomplishments to date include the following:

- Established a 90 Day Plan that identified immediate actions required to support program activation on behalf of Central and the Regions.
- Dedicated resources from to support the 90 Day Plan and hired a Program Manager to support on-going program requirements. Regions identified regional resources to participate in the Multinational Taskforce.
- Finalized the Multinational Program Guide and Member Registration Forms. Guide to be published the 1st week of February 1997.
- Established a cross-regional taskforce that would be responsible for coordinating activities with and between the regions, developing and implementing action plans and defining program requirements and/or policy issues. (Kick-off meeting to held January 9-10).
- Assessed Visa's readiness to support Member Alliance and Centralized Issuance from a systems perspective.

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**Action Items**

The Multinational Taskforce meeting held January 9-10, provided a collective forum for discussion of actions required to fully implement the program. Several of the most immediate deliverables are identified as follows:

- Streamline the Multinational Issuance Process by defining the critical path required to meet a 30-45 day proposal period.
- Develop and automate a member registration process that enables central to maintain and consolidate all registered issuers into a single database for distribution to the regions and local issuers.
- Develop a formal proposal on a cross border Sales Approach that clearly defines roles for central and regional personnel under a consolidated effort.
- Secure external counsel to assess the regulatory environment and legal implications associated with centralized issuance in global markets.
- Revisit Business Requirements and begin to define long-term systems, regulatory and structural modifications to enable Visa and its Issuers to be successful in meeting the needs of Multinational clients.
- Develop a communications plan that assists the Regions/Members in responding to Multinational RFPs and generates positive awareness of the program.

**Next Steps**

During the Regional Team Meeting, we will review the status of the original 90 Day Plan as defined at the November Meeting and we will provide preliminary proposals to support the external legal assessment and strategic sales platform. Additionally, all meeting participants should be prepared to provide an update on Multinational Prospects, Issuers and Business Opportunities in their respective regions.

Angela Hinton

Visa International  
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**KPMG Market Development**

Several regions have been working with KPMG to support Member implementation activities for Visa Purchasing. It has been suggested that all regions might benefit from such activities, and as such the desire and appropriateness of a global arrangement with KPMG should be explored. This session will seek to outline a potential relationship with KPMG, and seek team interest in pursuing this activity further.

**Background**

Most markets have found Visa Purchasing presents a challenging client implementation for Visa Members. Many programs become stalled in early implementation stages, causing dissatisfaction among both Members and their clients. Experience has shown that Members often do not have the resources or expertise to diagnose and recommend changes for these clients to help get them restarted. In some cases, outside reengineering/consulting expertise is brought in by the client (or the Member) to help the client determine how best to implement a purchasing card program. These firms are seen as having greater credibility and expertise in reengineering matters than Visa Members, and clients have indicated a willingness to pay for these services from these third parties.

A symbiotic relationship exists between Visa Members and these consulting firms. Member promotion of purchasing cards generates new business for the consultants, and the consultants help prepare the clients for the product. It has been proposed that a relationship be created between Visa and KPMG to jointly promote purchasing cards to our respective clients.

It is not clear at this early stage what form a relationship between Visa and KPMG might take, and what the respective commitments would be. Input will be sought from team participants on the desirability of a more coordinated set of activities between KPMG and Visa, and the pros and cons of different relationship structures. Based on this input, we can make a determination on whether a relationship, if desired, should be pursued on a regional or global basis.

Steve Langhans

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Visa International  
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**EXECUTIVE SUMMARY**

**Commercial Card Awareness**

**Background**

Visa brand strength is one of key assets of the organization. The attributes associated with the brand provide a solid foundation upon which a commercial card positioning could rest. Ironically, the very strength of the brand and its association with ubiquity, convenience and aspiration overshadows Members' attempts at communicating the benefit themes of commercial cards. Research consistently demonstrates that commercial card target decision makers are unaware that Visa offers a commercial suite of card products. Furthermore, many of the American Express "advantages" played back in research reflect perceptions rather than reality. Only through greater awareness can these gaps in perception be closed.

**Last Years Experiment**

Last summer, senior Visa management became convinced of the need to develop global awareness and to build a comprehensive communication plan in the areas of Corporate Card and International Traveler. The Central Commercial Card Program Management worked with the Global Marketing organization to develop a positioning and communication strategy. The Regional product offices were consulted throughout the communication strategy development and approved the final agency brief (a copy is included in Appendix A).

The general enthusiasm accompanying the launch of this effort soon devolved to disagreement and acrimony. The advertisements developed for Corporate Card were not well received and had limited use in the month of September leading up to the cancellation of the project.

Concerns about the program included:

- Dissatisfaction with the creative product
- Disagreement surrounding the wisdom of product specific advertising

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**Concerns about the program (continued):**

- Concerns of creative appropriateness and cultural sensitivity
- Risk of confusion due to existing local advertising initiatives
- Perceived lack of market readiness in key target markets
- Conflicts surrounding the media choices

As a result, the merging program lacked coherence and strategic consistency. Regions opted out or re-directed funding away from targeted markets. Other Regions insisted on running their own creative that was not "on strategy". Under the circumstances, and given the size of the financial investment required, the F97 advertising investment for commercial cards was shelved.

**Next Steps**

The underlying need for greater awareness of Visa involvement in the Commercial Card sector remains unmet. The purpose of the discussion during the team meeting is to reflect on this experience and assess lessons learned. The objective is to determine the optimal configuration of roles and responsibilities around the areas of marketing, promotion and public affairs.

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**Corporate Card Implementation Project**

The Executive Summary presented (attached as Appendix B) at the February Board of Directors meeting provides a comprehensive overview of the Corporate Card Initiative and summarizes activities currently underway. During the Regional Team Meeting, we will walk-through excerpts from the board presentation as well as work-in-progress resulting from the Andersen Consulting Implementation Planning project.

Please review the attached and come prepared to discuss status and next steps.

Angela Hinton

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