

MEMORANDUM

GOVERNMENT
DEPOSITION
EXHIBIT
1472

TO: Amex Blue Extended Taskforce

DRAFT

FROM: Tracy Connelly

DATE: October 18, 1999

SUBJECT: Amex Blue Competitive Response

Executive Summary

Visa currently has a leadership position in the area of ecommerce with X% share of ecommerce volume. In addition, we have made appropriate advancements in the Chip arena with X programs equaling ? thousand cards, *(are we the leader vs. MC or what is the story at a top line...?)*. At the beginning of September of this year, American Express launched Amex Blue, an "evolving" charge/credit product with a powerful chip built in, targeted to young, technologically-savvy, entrepreneurial consumers. Their aggressive entrance into this market calls for the evaluation of a stepped up approach by Visa, and its Members, combining the Association's strengths against market opportunities across chip, wallet and ecommerce to ensure that the Visa brand, and commensurate sales volume, remain as strong in cyberspace as they are in the physical world.

Objectives

- Determine appropriate response to Amex Blue entrance
- Implement against what we can now (short-term) and document timing
- Develop overarching strategy to gain cumulative strength from chip, wallet and ecommerce efforts
 - Identify and develop a chip application that is fun/has sizzle e.g. MP3 (compression utility for high quality sound)
 - Create an Implementation Strategy and Action Plan to support a "rolling thunder"(delivery over time) of additional relevant customer features and functionality that Issuers can take advantage of
- Develop a PR Strategy and Plan which highlights our efforts to Issuers, Merchants and Consumers
- Clarify resources needed

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Areas to evaluate

- Issuer POV, appetite and "permission" around Visa role(s)
 - I.D. who is in the game
- Visa product name or names e.g. one product name for Consumers one program name for Issuers?
- Known market intelligence and new research
 - Consumer needs
 - Barriers to adoption and usage
 - Opportunities
 - Segments (size as well)
- Product functionality
 - Chip applications
 - Wallet/on-line application auto-fill and other
 - Payment functionality e.g. charge, revolve
 - Discounts
- Public Relations
 - What do we want to say to Consumers, Issuers, Acquirers and Merchants?
 - Determine if any legal or Visa regulation barriers
- Merchant value proposition
- Resource requirements

Approach

Utilize time, and functional expertise, of individuals as part of an extended taskforce

Area	People	Roles and Accountabilities (Proposed)
Consumer Product	Jeff Kann, Heather Gray, Tracy Connelly	Consolidate perspective and learnings and deliver a Plan
Chip	Diana Knox, Patrick Gautier, Carole Dutto, Derk Meima	Application analysis/development/implementation
Ecommerce	Laurie Ailworth, Lynn Kemper	Co-ordination with Visa Wallet Strategy as appropriate
Advertising/Branding	Liz Silver	Adv. Communication to

		audiences
Strategic Intelligence	Harvey Bondar, Anne Kortlander	Analyse current Intelligence and field add'l research as approp.
Operations/Op. Regs.	Steve Ruwe	Evaluate/support efforts
Merchant Sales and Integrated Solutions	Cory Gaines	Value proposition for Merchants
Senior Management	Tony McEwen	Provide additional guidance and resources as approp.
PR	Lori Teranishi?	PR Strategy and Plan
Marketing Services	TBD	Create/re-package pieces
Legal	TBD	Ensure viability of all from a legal POV

Action "Strawman" (what we can do right now...need team's help, clarification and timing)

Action	Timing Goal
1. Work with the following Issuers to include chip in their Wallet Strategy: <i>This one, that one and the other one</i>	November for announcement in ?
2. Confirm product naming: For Issuers, use program name of Visa Smart Solutions. For Consumers, use Visa Smart Credit/Debit.	October
3 Create a PR announcement/effort/messaging to A) Issuers B) Merchants and C) Consumers which consolidates cross Visa/Issuer efforts to counterbalance Amex announcement (if possible). Clarify for Issuers and Consumers why it's "smart". <ul style="list-style-type: none"> • Package Visa's worldwide chip experience • Clarify with 	October for November release

<p>Chip/wallet/ecommerce offices what we can say e.g. Which Members and what functionalities/benefits</p> <ul style="list-style-type: none"> • Create/re-package marketing pieces 	
<p>4. Execute research, if answers not available, around what Consumers want (what their current problems are) that we can then look at solving with chip/wallet/ecommerce strategy</p>	

What Resources We Need Now

People: % of which peoples time, for how long and to do what?

Money: How much, to do what, which will get us what?

Rolling Thunder Strategy, next 12 months

Quarter	Efforts
October-December	
January-March	
April-June	
July-September	

**Issuer POV, appetite and “permission” around Visa role(s)
(Based on discussions with FirstUSA and BofA week of October 11)**

- Banks not focusing on chip
- Focus is on promotion of security of internet purchasing (w/out chip)
- No call to action
- Visa has permission to do overall category messaging to market
- Are receptive to Visa, on behalf of Issuers, making some guarantee around purchasing on the internet

Visa product name or names e.g. one product name for Consumers one program name for Issuers?

- ????

Known market intelligence and new research

- Consumer needs
- Barriers to adoption and usage
- Opportunities
- Segments (size as well)

Amex Blue

- Consumer needs it is addressing
- How overcoming barriers
- Opportunities
- Segmentation strategy

What we have done to date:

- Linguis-Techs, Inc.: Internet Users Purchasing on the Internet
- Other?
- Other?

What we know because of it:

- This
- That
- The other thing

Visa Strengths To Leverage

We can develop "one dozen solutions" to Amex's one due to combination of Visa's single processing platform and multiple bank membership.

- Distribution system via Issuers with consumer payment relationships
- Merchant relationships
- Ability to establish a platform and enable Issuers to customize it for marketing to individual customer segments

- Availability of Chips due to down cycle of chip manufacturing
- Afklsd
- Ksdhfkhsf
- Kj;ldjf

Product functionality

- Chip applications
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Public Relations

- What do we want to say to Consumers, Issuers, Acquirers and Merchants?
- Determine if any legal or Visa regulation barriers

Merchant value proposition

- This is who we should work with and why
- They want.....

Resource requirements

- Dkfalksd
- Lajsflys

Elements of Analysis

- The Visa Taskforce:
- Intelligence and Research
 - Competitive Analysis (Amex Blue)

- **Visa Wallet Strategy**
- **Where to go from here: Short-term and Longer-term**