

Case Study

Navistar Inc.: Leveraging Citi® Payment Exchange to Fuel Payment Digitization

Citi® Payment Exchange, part of a holistic suite of Integrated Payables solutions, helped Navistar develop and execute on a strategic payables digitization initiative that enabled the company to successfully convert suppliers from checks to more efficient electronic payments.

The Challenge

Navistar, a leading manufacturer of commercial trucks, buses, defense vehicles and engines, operates facilities on six continents and sells its products and services via a network of 1,000 dealer outlets in North America, Brazil and Mexico, and 60+ dealers in 90 other countries. In 2013, the company identified an opportunity to reduce inefficiencies, increase security and reduce costs associated with check-based supplier payments. In its 2013 fiscal year, Navistar's Accounts Payables (A/P) team issued 200,000 checks at a cost of \$1.17 each, with 70% of payments handled manually – well above industry averages.

After an internal analysis, Navistar set a goal of increasing its percentage of electronic payments from 30% to 80% to help it reduce Selling, General and Administrative (SG&A) expenses and decrease its potential exposure to payment-related fraud.

The Solution:

Citi® Payment Exchange

Like many organizations, Navistar's A/P team lacked sufficient resources to manage the process of contacting the company's 1,600+ vendors about payment digitization. Following an analysis of potential paths forward, Navistar tapped Citi to develop and execute a broad-based supplier engagement strategy.

Working with a cross-functional client team including Navistar Treasury and Procurement representatives, Citi enriched and analyzed Navistar's supply chain data to identify in-scope suppliers, and then developed targeted messaging highlighting the benefits to those suppliers of switching from checks to electronic payments routed through the Automated Clearing House (ACH). Citi and Navistar then teamed to execute a 12-week supplier enrollment campaign by leveraging Citi Payment Exchange, which efficiently collected and stored profiles and bank account details for qualified suppliers in a secure, cloud-based platform hosted by Citi.

Upon completion of the outreach campaign, Citi provided Navistar a list of the enrolled suppliers and their banking information, enabling the Navistar A/P team to update the company's vendor master data within its PeopleSoft ERP system and change the payment type for those suppliers from check to ACH.

The Results

The partnership with Citi and the use of the Citi Payment Exchange platform helped Navistar achieve its strategic goals around payment digitization. Key results included:

- Shifting nearly 1,100 suppliers to electronic payments, a conversion rate of nearly 80%

- Eliminating 70,000+ check payments annually totaling \$2.6B in supplier spend
- Increasing electronic payment activity by 30%, moving Navistar from a laggard to above industry averages
- Reduced transaction fees by converting check-based payments to more efficient and cost-effective ACH
- Reduced risks and potential fraud exposure associated with check-based payments
- Paved the way for additional savings, with the success of their initial efforts leading Navistar's Procurement team to identify additional opportunities, including a second check-to-ACH campaign for 400 additional vendors not part of the initial campaign.

Citi Payment Exchange enabled Navistar to efficiently and effectively manage a large-scale supplier enrollment campaign without any additional resources. The secure cloud-based platform helped capture key supplier information and payment-related data required by Navistar's A/P department.

In addition to supplier onboarding capabilities, Citi Payment Exchange also offers advanced payment-decisioning logic and supplier self-servicing tools. With as much as 50% of U.S. business to business (B2B) payments still made via check, the portal can help buying

organizations efficiently convert supplier payments to more efficient and secure ACH payments or single-use virtual cards. In the process, companies can reduce payment-related costs, reduce potential fraud exposure, and improve working capital and Commercial Card rebate opportunities, helping to transform A/P from a cost center into an earnings generator.

Citi Payment Exchange forms part of Citi® Integrated Payables Solutions, a holistic suite of leading-edge analytics, payment capabilities and related services to help optimize working capital and maximize efficiencies across an organization's complete supply chain.

For further information on Citi Payment Exchange, Citi Integrated Payables

Solutions or other Citi Treasury and Trade Solutions capabilities, please contact your Citi representative or visit us at www.citi.com/treasuryandtradesolutions.