AirPlus Commercial Payment Card Program.
How to create an RFP for choosing a new card program supplier

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Introduction – Good RFPs lead to good contracts

At AirPlus International we participate in many commercial card program requests for proposals (RFPs) every year. There is one common lesson we learn from all of them: companies which get the RFP process right, end up with the best service for their business. Those which issue a poorly conceived RFP often go on to have major problems with their card supplier contract.

At the center of the RFP process is the RFP document itself. A well-structured tender document acts as a clear roadmap, not only for the supplier selection but also for implementation of a successful contract once the vendor is chosen. A good RFP helps you, the customer, to understand much better exactly what you have today and what you want your chosen supplier to achieve for you.

What makes an RFP effective?

The key actions are:

- Provide clear information about your requirements, which means engaging with your internal stakeholders to understand their different needs.
- Create a coherent RFP document that allows suppliers to explain exactly what they can do to meet those needs.
- Do everything you can both to supply and ask for relevant, precise information.
- Create a well-defined evaluation process and timelines.

Your guide to success

Sounds easy, but we know that finding the right formula is not as easy in practice as in theory. That is why, based on our long experience of seeing both the good and the bad in RFPs, we have written this white paper.
What follows is:

   a) A three-step guide to giving the right information and asking the right questions.
   b) A template you can use for your next card RFP.
   c) An appendix showing typical requirements of internal stakeholders.

We hope this will make your next card supplier selection that little bit easier.

Step 1: Prepare the RFP

FIRST STEPS

Appoint a leader

Decide who is going to be the key person within your company to lead the whole RFP process. The person you choose must have:

- Excellent knowledge of the company's requirements and goals.
- Enough power internally to gain access to all information needed.
- Adequate time to manage the RFP project.

Consult your internal stakeholders

A wide range of stakeholders within your company benefit from a card program in many different ways, including: procurement, treasury, accounts payable, travel management, HR and, of course, the card users themselves. Make sure everyone who should be involved in the RFP process truly is consulted. The appendix to this paper (page 19) offers a checklist of many of the requirements they may have. Stakeholders who are not consulted can prove obstructive later in the process if they feel their needs have not been addressed. Ideally, form a small project team comprising representatives of the most important stakeholders, plus other departments which can help you with implementation, such as legal and communications.

Meet suppliers before the RFP launch

This is highly recommended. Preliminary face-to-face meetings with potential suppliers are an excellent way to generate new ideas for how your company can gain more from payment solutions. They also help you to weed out unsuitable suppliers before the tender process has even started, saving you considerable time and money.

DRAFT THE RFP

The commercial card RFP template on pages 9-18 gives you a good idea of what information to provide to suppliers and what to ask them for in return. In addition, here are some general guidelines.

State what you have today

Provide as much detail as you can about your company's current use of commercial cards. Examples include:

- Breakdown of spend, e.g. by country and payment type (corporate card, lodge card aka centrally billed account, purchasing card etc.).
- Expense Management and ERP/Finance Systems involved.
- Expense claim process.
- Use of card-based management information.
- Integration with accounting and other internal systems.

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State what you want tomorrow

By now your internal research and preliminary conversations with suppliers should have told you exactly what you want the card program to achieve for your business. State those objectives clearly in the RFP. Precise detail about what you want is the most important part of the RFP.

Do not overload the questionnaire

Although it is really important to be as precise as possible, try not to ask too many questions. It leads to more work for you and, if it makes the RFP process too lengthy, some suppliers may decide it is not worth their time answering. For each question you consider including, ask yourself: am I asking for something I really want and will I use the suppliers' responses in the evaluation process? If either answer is no, there is no point in including the question.

Allow room for creativity

The best sales proposals take a consultative approach, in which suppliers understand your needs and aspirations and then design a specifically tailored response. It may not always be possible to understand what the supplier can offer purely by asking a series of tightly defined questions. Therefore, allow room in the RFP for suppliers to make service proposals in a freer format – but warn them not to repeat anything they have already stated in their direct answers to your questions.

Clarify your evaluation criteria

Specify which are the 'must have' (mandatory fields to be answered) and 'like to have' requirements for your card program. Being as clear as possible and ranking topics in order of importance helps both you and the supplier to set expectations.

Include a confidentiality clause (non-disclosure agreement)

There are two reasons why you should consider including a non-disclosure agreement that applies to both you and the supplier:
   a) Suppliers might be concerned about sharing confidential information if they believe it could be shared with competitors.
   b) Your company will have similar concerns about its internal information being forwarded to other parties. Signing an NDA right at the beginning of the RFP process can help to avoid misgivings on either side.

ISSUE THE RFP

Allow sufficient time for responses

Allow at least three weeks (four is better) for suppliers to respond to the RFP so they have enough time to prepare an individually tailored proposal. Enclose a detailed schedule with the RFP documents, which should include a time-window for suppliers to ask questions before submitting their proposal (see step 3 on page 8 for more details).

Clarify the delivery details

- Submission: Specify exactly how you want to receive the responses from suppliers, e.g. by e-mail, printed documents etc. And don't forget to double-check that all contact details, such as e-mail and postal addresses are correct – that may sound obvious but mistakes are surprisingly frequent.
- Deadlines: Which is the official deadline – the postmark date or date of receipt?
- Time zones: To avoid any confusion, state clearly the exact time zone for the deadline, e.g. March 30th, 2015, 6:00 p.m., US Eastern Time.

Step 2: Evaluate the responses

Create a weighted comparison matrix

Laying good groundwork when researching and writing the RFP makes it much easier to evaluate the responses submitted by suppliers. By setting out your requirements and asking straightforward questions, the answers you receive should be directly comparable for an assessment of which supplier best meets your stated needs.

Many companies conduct their evaluation by creating a weighted comparison matrix: a table/spreadsheet with columns for each supplier and rows for each given answer. Two more columns are added:

- Grading of the answers: e.g. excellent, fair or unacceptable.
- A weighted value for the importance of each answer: the more important the criterion for your company's goals and expectations, the heavier the weighting.

Draw up a shortlist…

The matrix should give you a good idea of what each supplier can provide and confirm whether they have understood the objectives of your company's card program. If the answers are consistently unclear, this may raise a red flag that there has been a problem in the process and the RFP document needs reviewing.

Assuming the exercise has gone well, you should have a set of comparable responses in front of you. However, even if that is the case, it is unlikely a "one and only" winning candidate will have emerged at this stage. Instead, each supplier is likely to have scored strongly on some points and weaker on others. For example, some suppliers may offer good reporting but poor global card acceptance.

…but treat price proposals with care

It is therefore normal to select a shortlist of between three and five candidates for a more detailed assessment, but be very careful not to do so only on the basis of the financial offer they make. On first impression, one supplier may seem significantly more expensive or cheaper than its competitors. If that happens, dig deeper: superficial bargains may end up more expensive once all financial issues and itemized costs are taken into consideration. Try to request price offers that help you make true comparisons.

Step 3: Presentations and decisions

Once your RFP project team members have ranked all the supplier answers and come up with a shortlist, it is time to start the second round of evaluations. Unsuccessful suppliers from round one will be informed accordingly.

The second stage usually consists of inviting three to five candidates to make presentations in person. When the presentations are completed, rank the shortlisted suppliers again using the same weighted criteria as in the first round. If you still do not have a clear winner, you can ask suppliers to make a "best and final" offer, after which it will be time for a final decision by your RFP project team members.

Sample RFP schedule

Action/milestone	Date
Issue of tender documents including NDA	Day 1
Confirmation whether the supplier will submit a proposal	Day 3
Tender clarification meeting with suppliers	Days 5-10
Final date for submission of signed NDA	Day 7
Final date for submission of additional questions by suppliers	Day 12
Final date for provision of answers to questions above	Day 17
Deadline for submission of tender response	Day 25
Second meeting with shortlisted suppliers	Days 35-40
Final decision	Day 50
Advice to unsuccessful suppliers	Day 50
New contract start date	Day 75

Debrief unsuccessful suppliers

Last but not least, do follow up with unsuccessful suppliers. Give them a summary of your evaluation/decision and a brief explanation of why they were unsuccessful. It helps them to improve their service to you next time, and makes them more willing to respond to a future RFP from your company.

Commercial card RFP template

Based on our lengthy experience of participating in tenders as a supplier, AirPlus International has designed a basic template which companies can use as the starting point for building their own commercial card RFPs.

Please keep in mind the general rule for RFPs: less is more! We are not suggesting you should use all the questions in this template. Questions which are not relevant to your particular needs should be avoided.

Note: All text marked in red needs to be adjusted according to your company's needs.

[Commercial Card Program]
Request for Proposal

Contents

A note regarding the use of this template
This RFP template, provided by AirPlus International, is intended as a guideline for RFPs. The template contains what we consider to be critical elements of an effective RFP, and can be used with very little customization. Nevertheless, this document does not encompass every possible question or scenario pertinent to your organizational goals. Each organization must determine and ask the questions that align with its specific needs and objectives.

Introduction

[Description of company's core business]

Scope of the RFP

[Company Name] has issued this Request for Proposal on behalf of [Main Company Name] to solicit bids from potential suppliers. The potential winner of the RFP is required to offer and deliver cost reduction to the [Company Name] in regard to financial aspects, streamlined processes that will be integrated into [Company Name's] processes and customer satisfaction for our employees. It is [Company Name's] desire to operate a single commercial card program. The following key elements are the first preference of [Company Name]:

- A lodge card and a corporate card.
- One group-wide contract with a global card management information system (MIS) provider for data analysis and procurement needs.

You are invited to propose scenarios with other key elements if there is a better solution from your point of view.

[Company Name] reserves the right to award the business to multiple suppliers.

RFP timeline

Each recipient is required to return a brief e-mail message to [Company Name] [Contact for this RFP] within 2 working days of receipt of the RFP invitation, specifying whether they are willing to submit a proposal.

For this RFP, [Company Name] has established the following timeline for the completion of the process:

Description	Date
RFP including NDA sent out	Day 1
Confirmation whether supplier will submit a proposal	Day 3
Final date for submission of signed NDA	Day 7
Submission of questions by suppliers	Day 12
Submission of answers by [Company Name] to suppliers	Day 17
Submission of proposals back to [Company Name]	Day 25
Evaluation of proposals and determination of shortlist of suppliers	Day 35-40
Supplier presentations and final decision	Day 50

Existing Program

[Company Name] has an existing [Commercial Card Program] as described below. When preparing your proposal, please consider the following data:

Country	# of Cards	Annual Volume	# of Cards	Annual Volume	# of Cards	Annual Volume
	Lodge Cards		**Corporate Cards**		**Purchasing Cards**	
[COUNTRY]	[#]	**[€/$]**	[#]	**[€/$]**	[#]	**[€/$]**
[COUNTRY]	[#]	**[€/$]**	[#]	**[€/$]**	[#]	**[€/$]**
[COUNTRY]	[#]	**[€/$]**	[#]	**[€/$]**	[#]	**[€/$]**
[COUNTRY]	[#]	**[€/$]**	[#]	**[€/$]**	[#]	**[€/$]**
[COUNTRY]	[#]	**[€/$]**	[#]	**[€/$]**	[#]	**[€/$]**

Frequency of billing preference [e.g. monthly, bi-weekly or weekly]
Payment preference [e.g. direct debit, bank transfer, cash, etc.]
Reporting requirements and/or types of reports needed to manage the program [e.g. frequency, delivery methods, types of reports]
Expense reporting tool
Additional data management tools, such as ERP systems
Use of lodge cards; suppliers/commodities for which lodge card is used; process utilized

Formal requirements

- The proposal must be completed in English.
- The electronic version of the proposal must be submitted as a PDF file to [E-Mail address main contact.] The signature page must be scanned and attached to the PDF file.
- References to existing master agreements in the [Company Name] environment must be included with supporting documentation as an appendix item.
- Address and contact details must be provided.

Miscellaneous

Expenses incurred in the preparation of a response to this RFP are the Bidder's sole responsibility.

All volumes contained in the RFP (travel & entertainment spend, number of cardholders, etc.) and any subsequent updates are based on [Company Name's] good faith estimates. This is, however, not a guarantee of volume and will not be contractually binding.

[Company Name] reserves the right to accept or reject any or all responses to this RFP even if all the stated requirements are met. In addition, [Company Name] may decide to negotiate with more than one Bidder simultaneously. [Company Name] may also elect to award the contract to any Bidder in negotiations without prior notification to the other Bidders. [Company Name] reserves the right to contract with a Bidder for reasons other than the best financial offer. The details provided in this RFP must be treated as confidential and must not be passed on to third parties. Proposals submitted by Bidders will be treated as confidential and not passed on. The pricing, terms and conditions stated in your response must remain valid for 90 days from the date of delivering your proposal to our company.

RFP Contact

Contact for commercial issues	
Name	[Company Main Contact name]
Telephone	[Company Main Contact telephone number]
E-mail address	[Company Main Contact e-mail address]

Evaluation

[Company Name] will evaluate all proposals based on the following criteria [State the criteria in order of importance, or you may choose to provide your actual scorecard/evaluation matrix]:

– [TBD] 00%

– [TBD] 00%

– [TBD] 00%

RFP Questions – Commercial Card Program

1. Company

| 1) | Please supply the name, address and contact details for the primary contact person for this proposal. |

| 2) | Describe the ownership structure and legal form of your company. |

| 3) | Please list the countries and cities in which you have subsidiaries. |

| 4) | Describe the main business of your company, products and services. |

| 5) | Describe any partnerships, marketing alliances or other business relationships in place with travel agencies, e-commerce companies or other travel partners. |

| 6) | Describe special innovations introduced by your company in the business travel sector. |

| 7) | Do you have existing international programs? Please provide 3 customer references. |

| 8) | What was the turnover of your company in year 20xy? |

2. Lodge Card

| 1) | Do you offer a lodge card product? Which card platform is used? |

| 2) | Does your company issue the lodge card itself? |

| 3) | Can all expenditures be settled via the lodge card? |

4)   Please explain billing and payment options for your lodge card.

5)   Please state any insurances included in your lodge card product. Detail restrictions and/or
inclusions.

6)   How does your system identify and recover foreign VAT/taxes? Please describe your VAT reclaim capabilities.

7)   Please quote your foreign exchange conversion rate.

8)   Some airlines accept credit card payments, but charge a credit card fee to customers (optional payment charge), e.g. Lufthansa in Germany and Swiss in Switzerland. Do you offer any solutions to avoid such fees for corporate customers?

9)   What are the advantages for our accounting system?

10)   What are the advantages in comparison to decentralized invoicing using corporate cards?

11)   What are the advantages from an employee point of view?

12)   What are the advantages from the travel agency perspective?

3. Walking Cards

1)   Do you offer a walking card product? Which card platform is used?

2)   If yes, do you offer local language capabilities in each country?

3)   Can you provide local customer support to our employees?

4)   Please describe insurance benefits included in your card.

5)   Please describe the process of applying for cards.

6)   Please describe your billing and payment options.

7)   Does every cardholder receive a detailed overview of expenditures (invoice)?

8)   Please provide us with a geographical overview of how many merchants will accept your credit card.

9)   Characterize your acceptance in terms of how it might affect overall T&E costs and expense data capture.

10)   Please describe standard limits and minimum charges for cash withdrawal.

11)   Please describe standard fees for foreign usage.

12)   Please explain the liability options offered.

13)   Please describe the processes in case of a lost or stolen card.

14)   Describe how liabilities for fraud are handled.

4. Management Information System (MIS)

1) Do you offer an MIS tool for supplier deal analysis and monitoring policy compliance? If yes, please describe in detail.

2) Is your MIS tool available online?

3) Can you provide the data in different formats?

4) Can you provide multi-currency and consolidated currency reports?

5) Can comparable periods be shown in the MIS?

6) Can you integrate third-party lodge and corporate card data in your MIS tool?

7) Can reports be broken down by company, division, country, cost-center etc.?

8) Are you able to report unflown tickets for refunding? If yes, describe the process.

9) Is it possible to analyze hotel data?

10) Do you offer management information as a pay-on-demand option?

11) How accurate is your MIS tool in comparison to others?

12) Can taxes be displayed in your MIS tool and what are the advantages for [Company Name]?

13) Do you provide a tool which gives the travel manager a realistic view of actual air travel spend (e.g. for contract negotiations with airlines)?

14) What are the most valuable advantages of using your MIS solution?

15) What USPs does your MIS tool offer?

5. ERP Compatibility

1) Does your system have interfaces to T&E and ERP systems? Please indicate in detail the type, format and level of data feed into T&E and ERP systems.

2) Can you provide daily data feeds into expense management systems?

3) Can lodge card data automatically be matched to the individual traveler in SAP or Concur?

4) Is data consolidated before it is sent to the ERP system for T&E cards? Is the transaction flow automated?

6. Service Structure

1) Please describe your proposed account management structure.

2) Please describe your proposed implementation process.

3) Please describe your cardholder service structure.

3) If a cardholder has a dispute or issue with a charge, what is the resolution process and timeline?

7. Quality Policy

1)	Are you ISO-certified? If so, at what ISO level and when did you receive certification?

2)	Describe the quality objectives currently in place in your company, including how progress is monitored and tracked to achieve those objectives.

3)	What are your standards for data protection (data privacy) and information security?

4)	Do you guarantee that data will not be passed on or made accessible to third parties?

Pricing

Please submit a financial proposal based on annual volumes, billing cycle, payment terms and annual fee for all offered cards in a separate document.

Appendix: What do your internal stakeholders want from a card program?

Understanding what you want your card program to achieve is vital for framing the right RFP. Here are some typical stakeholder requirements to consider in the research phase:

Finance
Treasury
- Better cashflow
- Relationship with existing banks
- Spend visibility
- No cash advances
- Rebate

Other finance departments
- Efficient, reliable payment process
- Mechanism for cost reallocation
- Low cost of making payments
- Streamlined integration with expense management and accounting systems
- Tracking budget
- Good governance through clearly auditable spend

Travel manager/procurement
- Data for supplier negotiations
- Data for tracking contracted spend
- Data for tracking policy compliance
- Data for identifying cost savings
- Integration with TMC and other service providers

Human resources
- Convenient and reliable payment method for employees
- Consistent payment method
- Avoiding employees paying out of personal funds
- Encouragement of compliant spend

Security
- Verifying privacy of data generated through payments

Legal
- Compliance

Travelers
- Convenient way to pay, including high levels of acceptance and automated upload into expense reporting
- Safety through avoiding carrying large amounts of cash
- Access to instant cash

Source: Buying Business Travel Corporate Card Supplement