



*Provided is a customer interaction with an **AMEX Account Manager** and the **Treasurer for Centene Corporation**. Below we have captured how the conversation was structured, the tactics used and what was said.*

COMPANY OVERVIEW

Diversified healthcare enterprise that provides programs and services to government sponsored healthcare programs; specialty services including behavioral health, care management software, in-home health services, life and health management, managed vision, pharmacy benefits management, specialty pharmacy and telehealth services.

ANNUAL REVENUE: \$41B, Long term T & E client (\$70M), B2B client since 2016 (\$95M)

POINT OF DEPARTURE

- High desire to streamline processes
- Need to control costs through process efficiencies
- Reconciliation issues with competitor single use program
- Historically, not interested in Amex B2B due to lack of resources and competing priorities, ERP conversion and M & A activity

THE MEETING SET UP

- **Scenario:** The setting is follow-up meeting after presenting spend file results. Intent is positioning of BIP and showing ROI that addresses stakeholder needs.
- **Hurdles:** Competing treasury bank virtual payments program in place, knew competitive program had "rich" incentive, client working on its largest acquisition integration
- **Keys to Success:** Engaged all key shareholders including treasury to understand unique needs/goals. Provide compelling ROI and payment strategy based on each stakeholder's goals/pain points

SECTION	TACTIC/OBJECTIVE	SPEAKER	WHAT WAS SAID?
GOAL & PRIORITY ALIGNMENT	Our Understanding of Company Goals	AMEX Mgr:	<i>Hi Bonnie, good to see you again! We agreed to meet as a follow-up to our discussion when we presented the Spend IQ analysis to the team. Based on our prior meetings, I wanted to re-validate Centene's top business priorities and goals. AP wants to reduce checks and they are experiencing some reconciliation issues on their current single use program. Procurement is looking for payment automation, extension of supplier payment terms, and an incentive for this spend. The CFO is focused on controlling costs through streamlining processes and improved process efficiencies and growing revenues through multiple channels, and you are focused on AP process improvement, holding onto our cash longer, and having access to an unsecured line of credit. Does that sound accurate and are there any other initiatives or goals that we should be aware of?</i>

SECTION	TACTIC/OBJECTIVE	SPEAKER	WHAT WAS SAID?
GOAL & PRIORITY ALIGNMENT (cont.)	Confirmation of Goals	Centene Treasurer:	<p><i>You are correct, AP is experiencing some reconciliation issues on our SunTrust program and they are definitely interested in reducing checks. We are focused on payment automation as that will help to control our costs as we improve efficiencies and as I'm sure you aware there are some good incentive programs out there and that would be another channel to grow our revenues. We are always looking at improving our working capital but probably even more so over the past 6-9 months as we've focused on M & A activity. So I think we are pretty aligned in what is important to us right now.</i></p>
	Working Capital Improvement Initiative Deep Dive	AMEX Mgr:	<p><i>Well I'm glad to know that. When you mention improving your working capital, what specific initiatives is the team working on?</i></p>
	DPO Initiative	Centene Treasurer:	<p><i>Procurement is trying to push out supplier payment terms and we are working on making sure we are not paying suppliers well before the invoice due date. As we saw in your Spend IQ analysis, our payment terms are not aligning with our actual DPO. Actually, it was a bit surprising on how much spend is being paid between 11-20 days when our payment terms were longer than that. Our average DPO is around 30 days and while we don't have a specific goal on DPO extension for this year, I'm working with AP, procurement, and finance on ways we can accomplish that.</i></p>
		AMEX Mgr:	<p><i>Bonnie, we can definitely assist in extending your DPO and a bit later, I'll show you an estimate of what we think the float savings could be.</i></p>
Centene Treasurer:		<p><i>I would definitely be interested in seeing that.</i></p>	
POSITIONING AGAINST EXISTING COMPETITIVE PROGRAM	Competitive Single Use provider	AMEX Mgr:	<p><i>As we mentioned at our last meeting, we are not looking at displacing your current provider. We've found with our clients, there is a lot of B2B spend and have found that there is room for many players and that a model of co-existence has worked well in meeting the clients needs. Having said that, since it was mentioned a few times, I wonder if you could share with me more specifics around the reconciliation issues AP is experiencing with the single use account process you have today</i></p>
		Centene Treasurer:	<p><i>You know I really appreciated your position in our last meeting about co-existing with our treasury bank solution. The issues we are having is many of the vendors do not pull in the whole payment that we've made. We make a payment of let's say \$10,000 and they pull in \$6,000 to pay one invoice and pull in the remaining funds later. I don't understand this, but we've had some suppliers not even pull in their money for a couple of weeks so it causes havoc with cash flow forecasting and reconciliation.</i></p>

SECTION	TACTIC/OBJECTIVE	SPEAKER	WHAT WAS SAID?
POSITIONING AGAINST EXISTING COMPETITIVE PROGRAM (cont.)	Competitive Single Use Provider	AMEX Mgr:	<i>Okay I appreciate you sharing those details. We hear the terms virtual accounts, single use accounts from our clients and we call that "pull" technology since the vendor has to actually go in and pull the payment and you're not the first company to tell us about the frustrations of a pull payment. American Express has a solution that is what I like to call "push" technology, this means the payment is made from American Express to the merchant and we deposit the funds directly into their account. I thought we would talk about that in more detail today and how that would help with many of the business priorities the team is working on.</i>
		Centene Treasurer:	<i>That sounds great and I'm interested in what you think an incentive program would look like on this spend.</i>

FRAMING BIP & AMEX DIFFERENTIATORS	Framing BIP	AMEX Mgr:	<i>Sure, in a bit, we will discuss a ROI we've put together that shows potential incentive return, float and cost to check savings. We've developed a solution that we call Buyer Initiated Payment or BIP. It will streamline the payment process, increase the number of automated payments, it can increase Centene's DPO, and provides a revenue stream through an incentive program. Let's take a look at how this would work, here's a page that outlines BIP's functionality. As you can see, Centene would use your current workflow - the goods and services are ordered, you receive an enter an invoice, the invoice is approved and then Centene provides Amex a payment file. We process that file and transactions for each of the suppliers and deposits the funds directly into their account. It truly is a push payment and it's a very easy reconciliation process as you avoid any issues like a supplier not pulling in their funds or only pulling in part of the funds. There are no Card numbers shared with suppliers, no need for them to have point of sale terminals, and Centene is in full control in the timing of payments to the suppliers. At the end of the billing cycle, we would generate a billing statement that Centene would then pay Amex for those transactions.</i>
		Centene Treasurer:	<i>Hmm, that sounds interesting and certainly different that what we do today. You know when we implemented our current program a few years back, it was a lot of work for us to work with our suppliers to get them enrolled in the program. While this solution certainly helps us with our goals, I don't think we have the time right now to go to more suppliers on a new solution.</i>
	Framing BIP & Amex Differentiators	AMEX Mgr:	<i>I certainly understand that concern, however Amex is unique in regards to our network. As you know from our past discussions at our partnership reviews, we have our own merchant network so we have direct relationship with our suppliers and potential suppliers. Just like I manage the Centene program, I have colleagues that manage existing merchants and also work with enrolling new merchants. What this means for you is we will work directly with your suppliers so we can onboard them quickly to help grow the program, we will be doing the heavy lifting and reaching out to the suppliers - your team would not bear the brunt of that.</i>

SECTION	TACTIC/OBJECTIVE	SPEAKER	WHAT WAS SAID?
FRAMING BIP & AMEX DIFFERENTIATORS (cont.)	Framing BIP	Centene Treasurer:	<i>Well that would help, can you walk me through how we could extend our DPO with this solution and I'm assuming our supplier would have to pay an Amex fee and why would they want to do that.</i>
	Framing BIP (DPO)	AMEX Mgr:	<i>Sure Bonnie, so for the DPO, let's take a look at this example. Today, typically a company pays their supplier via check or ACH with 30 day terms. If you pay with Amex, you would pay the supplier let's say 15 days early to help offset their processing fee. You would have on average 15 billing cycle days plus 14 days terms to pay Amex or 29 total "float" days. The 15 billing cycle days represents the average of vendors paid throughout the 30 day billing cycle. With the 29 days of "float" minus the 15 day early supplier payment, you are realizing 14 days of additional DPO. Does that make sense?</i>
		Centene Treasurer:	<i>Yep, got it and looks like we could determine how much payment acceleration we wanted and weigh that against the DPO extension, correct?</i>
	Framing BIP (fee)	AMEX Mgr:	<i>You are absolutely correct. Relative to the supplier fee, they would be paying a fee like your suppliers do today when using your single use program. For BIP, the processing fee is much different than traditional Card accepting merchants and we've found that suppliers are much more willing to enroll in this program. While you are increasing your DPO, they are actually reducing their DSO which is extremely valuable to them. They also get out of "running down the check" business, realize the benefits of payment automation, and we can provide them enhanced remittance detail which also improves their processes.</i>
		Centene Treasurer:	<i>I'm guessing Amex would help us figure out the right strategy for our vendors and we may have a few different ones dependent upon the relationship.</i>
		AMEX Mgr:	<i>You are absolutely correct, let's take a look at the ROI we put together. You can see we've estimated a program of around \$60M and based on the spend file BIP targets, we feel this is very conservative. We used your weighted average cost of capital at 7.63% and since Centene didn't have an estimate of the cost of check, we used \$6.52 from The Accounts Payable Network disbursement benchmark survey and \$6.52 is for the health care industry. Between, the hard dollar incentive, float savings, and check elimination, the total ROI for a 5 year period is almost \$4M! So what do you think about this?</i>
	ROI	Centene Treasurer:	<i>The WACC percentage looks about right and I think our check cost might be a bit higher but it's always good to see benchmark data. I do have to say that we are getting quite a bit more than 110 basis points from our current provider so we'd be looking for a richer incentive.</i>
	AMEX Mgr:	<i>Bonnie, I certainly appreciate your candor on the incentive, and I can go back to my team to see if we can do anything else on the hard dollar incentive. I will say that our clients that have used a competitive program have found that our programs are at least 33% larger and that has a lot to do with the resources we bring to the table and our direct merchant relationship so you may be getting a larger basis point incentive from your current provider but we would have a larger program which in the end would mean a greater incentive return. When the spend data was sent over to analyze, the Suntrust vendors were noted on the file so it looked like it was around 30 suppliers with spend around \$24M, does that sound right?</i>	

SECTION	TACTIC/OBJECTIVE	SPEAKER	WHAT WAS SAID?
<p style="text-align: center;">SCHEDULING MEETING</p>	<p>Asking For Meeting</p>	<p>Centene Treasurer:</p>	<p><i>Yeah that's about right, we've had the program for about 5 years and while we've had some new suppliers we've also lost some so it's been pretty steady in terms of suppliers and spend.</i></p>
		<p>AMEX Mgr:</p>	<p><i>Bonnie, I can guarantee you our program will be much larger than that so in the end you will have a greater incentive return even though we are paying less basis points, but I will definitely see what we can do. Could we set up a meeting in about 2 weeks with yourself, Jeff, procurement, and AP so we can have the whole Centene team engaged in further discussions.</i></p>
		<p>Centene Treasurer:</p>	<p><i>I think that would be a good idea, let me check their schedules and I'll get back to you in a day or two with some potential dates - does that work?</i></p>
		<p>AMEX Mgr:</p>	<p><i>That works great and in the meantime if you have any questions, please give me a call.</i></p>