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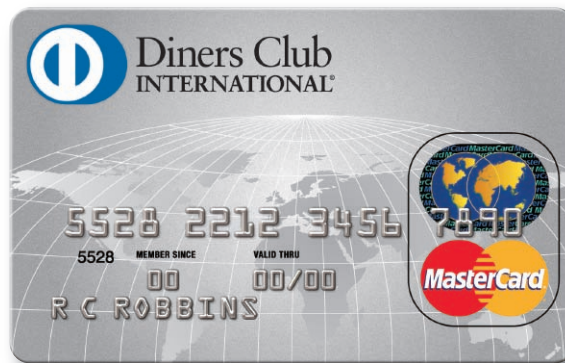
BMO acquisition of Diners Club North American franchise provides clients with greater range of Card solutions and best-in-class acceptance

“Bank of Montreal was Canada’s first bank. Diners Club was the world’s first travel charge card. Together, our expertise and experience are ideally suited to bringing corporate clients only first class card products.”

Tom Edgerton, Executive Vice President, Diners Club International

By all accounts, 2009 was a turbulent year, especially for those of us in the corporate travel industry. The global recession and economic uncertainty combined to cause organizations to reshape travel policies, improve spend transparency, and work more closely with their travel vendors to drive cost savings across the entire travel program.

At BMO, we also believed that despite the economic downturn, there would be some great opportunities for us to add value to our corporate card offerings and bring new solutions to our clients. And as 2009 drew to a close, BMO announced that it had agreed to purchase the Diners Club® North American franchise.



The acquisition is one that will immediately provide our clients with stronger corporate card program options and a greater range of features, as the Diners Club T&E offering perfectly complements BMO’s existing strengths in purchasing card and spend management solutions.

Add to that the expanded global reach through the Diners Club International network and the outstanding Club Rewards® loyalty program, and we have a very exciting and comprehensive spend and payment solution suite from which organizations can derive immediate value.

According to Terry Wellesley, Executive Managing Director & Group Head, North America, BMO Spend and Payment

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Letter from the Executive Managing Director

I've been involved in the corporate travel industry for more years than I care to divulge, and have marvelled at the industry's growth, innovation and technology advances. I've also witnessed the ups and downs our industry constantly endures. Let's face it, business travel expenditures are one of the first to be impacted by the general health of the economy. By all accounts, the past year has not been a great one for our industry. Having said that, I can honestly say that this has been the most exciting year of my career, capped by BMO's acquisition of the Diners Club North American franchise at the end of 2009.

I had the privilege of working at Diners Club for a number of years, and was always impressed by the quality of their card program, the high level of customer service, their multi-national capabilities, and the massive global acceptance of the card operating on the MasterCard network.

When I joined BMO in 2006, I quickly appreciated the innovation and strength of its Purchasing Card program. At about the same time, I also ventured to dream about the tremendous value we could provide to our clients if we were able to match the strength of our Purchasing Card program with an enhanced global T&E card program.

Well, dreams do come true, but rather than building a new program we did one better by acquiring Diners Club. The future has never looked better for Diners Club, and I'm truly excited by the opportunities we have to make a great product even greater.

BMO will be showcasing its T&E capabilities at this year's National Business Travel Association (NBTA) International Convention & Exposition in Houston, TX, August 8-11. If you're at the conference, please drop by our booth (# 640) to learn more or to just say "hello."



Terry Wellesley
Executive Managing Director and Group Head, North America
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If you would like to learn more about how BMO's products and services can help you, please visit our website at bmospendandpayment.com or contact us at bmo.sps@bmo.com

Emerging trends

More and more, organizations are moving towards a single provider for all card products. The number of organizations having separate card providers for T&E, Purchasing and Fleet is quickly diminishing.



At BMO, we are seeing first-hand evidence of this. In 2006, only 27% of the RFPs we received were for a combined T&E and Purchasing card program. Today, 57% of the RFPs we receive are from organizations seeking a single card provider for T&E, Purchasing, and often Fleet as well. As organizations make choices on who that single provider should be, the acceptance of the card brand becomes a more important factor than ever. It's no longer enough to look at acceptance in a single category like travel – companies must now undertake an analysis of their full range of procurement categories and make an assessment as to the level of card acceptance (by brand) within those categories.

Travel and Entertainment is usually the second largest category of controllable spend for most organizations. At the same time, it is a complex category that is increasingly being put under the microscope of senior executives who have a mandate to control costs, increase compliance and spend visibility, improve processes and gain leverage in vendor negotiation activities.

To accomplish this - and one of the reasons why organizations are utilizing a single card provider for both T&E and Purchasing - corporate travel is increasingly being brought under the management and control of Chief Procurement Officers (CPO) and those with similar functions. One result of

this is that procurement disciplines are being vigorously applied to T&E spend. This has had a direct impact on a number of areas of T&E:

- 1) For instance, detailed analysis of corporate travel spend is now becoming routine. This, in turn, has created a significant demand for more and faster travel data. A good example of this is the emergence of hotel folio data – a detailed electronic, line-item breakdown of hotel charges for each stay. Such data provides a clear view into where expenses are being incurred, and can be used to drive compliance, reshape policy or as leverage in vendor negotiations. If for instance, internet access charges were revealed to be a recurring source of expense in most hotel stays, organizations may choose to negotiate free or reduced rate internet access when choosing their preferred hotel vendors. Currently, over 14,000 hotel properties can provide folio data for organizations that use BMO MasterCard or Diners Club corporate T&E cards.
- 2) In many cases, the vendor sourcing process for T&E has also been changed to ensure that it's consistent with the organization's standard vendor selection processes. Sourcing events and the use of sophisticated eSourcing tools are becoming widely adopted for travel-related vendor selection.

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Emerging trends

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3) Once vendors have been selected, it's critical for organizations to ensure that they're receiving the preferred pricing and other benefits that they've contracted to receive. As such, another procurement discipline that's making its way into the T&E space is the use of automated Contract Lifecycle Management tools. These tools automatically track spend with each vendor under contract and match payments to contract terms.

As part of the integration of T&E into Procurement, we are witnessing a fairly dramatic increase in the number of organizations either mandating or re-communicating their policy of



mandated corporate card usage. Both the financial and non-financial travel addendum data that accompanies corporate card transactions, are key inputs into the tools and analysis that drives best-in-class procurement practices.

The most recent recession was the impetus that many organizations used to make significant changes in their travel programs – to drive efficiencies,

BMO executive recognized for business travel achievement



Terry Wellesley, executive managing director of BMO Spend & Payment Solutions and group head, North America (pictured above at left), has been named to *Business Travel News* elite list of the "25 Most Influential Executives in the Business Travel Industry in 2009". Wellesley is credited with guiding BMO into a leadership position among T&E corporate card issuers.

The *BTN* award cites Wellesley's vision and achievements in building a formidable competitive position in the corporate card industry – culminating in BMO's acquisition of the Diners Club North American franchise in late 2009. Through the acquisition, and complemented by strong existing payment solutions, BMO is now one of the largest and fastest-growing commercial card issuers in North America.

David Meyer, editor-in-chief of *Business Travel News*, stated, "Terry Wellesley's actions last year helped shift the landscape in the corporate card segment and provided buyers with more of a substantial alternative to the handful of other options available for managing T&E expenses."

Over the last few years, Wellesley and his team have assembled a best-in-class portfolio of T&E programs, advisory services and industry partnerships. Upon making the *BTN* list, Wellesley said, "It is a great honour to be recognized with such an elite group of leaders, and one that I share with everyone at BMO Spend & Payment Solutions."

ensure traveler compliance with corporate policies, and to systematically collect and analyze data at a more granular level. The good news is that any new policies and procedures that drive value to

corporate travel programs during economic downturns, will be sustainable and drive even greater value when the economy recovers and travel spend increases.

BMO acquisition of Diners Club North America

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Solutions, *“the Diners Club brand is instantly recognized and highly regarded around the world. Our mandate at BMO is simple – make a great brand even better by ensuring that the cardholder experience is extraordinary.”*

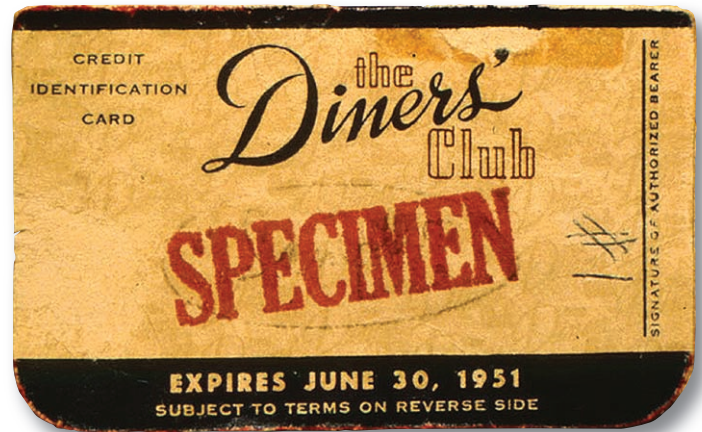
The Diners Club card was introduced in 1950 as the world’s first multi-purpose charge card. It was innovative, convenient, and perhaps most importantly, synonymous with exceptional customer service. Six decades later, these same fundamental Diners Club traits are still in place and stronger than ever. But today, these differentiating characteristics now comfortably sit alongside two other defining features:

- 1) **A powerful, globally recognized brand** – Diners Club is a true international success story, as the card is instantly recognized in all major countries and markets around the world.
- 2) **Unsurpassed global acceptance** – all BMO-issued Diners Club cards utilize the MasterCard Worldwide network. What this means for our Diners Club cardholders, is that their cards are accepted at nearly 30 million locations that accept MasterCard, including almost a million ATMs in over 210 countries.

Looking forward

For current Diners Club corporate clients, and for those looking to move their corporate card business to Diners Club, the future has never looked better. The unique features and benefits that have made the card so popular will remain, including the outstanding Club Rewards loyalty program, best-in-class 60-day payment terms and, of course, that legendary customer service.

“The Diners Club product should see a huge spark of interest and new client acquisition as a result of the recent purchase by BMO,” says Andrew W. Menkes, founder and CEO of Partnership Travel Consulting, New Jersey. *“The corporate travel card market is very competitive but has been lopsided (in terms of market share) to some degree, and the combination of the MasterCard acceptance and infusion of resources from a respected institution like BMO Financial Group, should provide some needed competition in this space.”*



One of the very first cards issued by “the Diners’ Club” in 1951.

Here are just a few benefits that BMO corporate card clients can enjoy:

- **Discounted Pricing** – BMO has a number of agreements in place with major vendors in the corporate travel industry, including Travel Management Companies, Expense Management Solution providers, and Travel Dashboard solution providers. Many of these vendors provide discounted rates to BMO clients – and this includes our Diners Club clients.
- **Flexibility** – BMO strongly believes that an organization’s travel program should be flexible. That is, the card you choose should not dictate the TMC you use or the expense management solution you implement. These “closed” relationships can prove problematic and difficult to get out of, if one or more vendors need to be changed. BMO integrates with all major vendors and ERP systems, providing you with the greatest flexibility to choose the service providers and technologies that best meet your needs.
- **One Card Provider, Maximum Acceptance** – A quickly emerging trend is for organizations to consolidate all of their card programs with a single card issuer. In these cases, vendor acceptance of cards is critical, as many categories outside of travel must be considered. All BMO corporate cards including T&E (Diners Club), Purchasing, Meetings and Events, Fleet, Executive, Lodged Accounts for air spend, and others are issued on the MasterCard Worldwide network, providing best-in-class global acceptance.

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BMO acquisition of Diners Club North America

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- **Detailed Transaction Data** – such as complete electronic breakdown of hotel expenses provides more spend visibility than ever before, and makes it much easier for both employees and approving managers to monitor and properly differentiate business and personal expenses.
- **Multi-national Expertise** – Global, local currency card issuing capabilities in over 65 countries through the Diners Club International franchise network, with consolidated reporting in the currency of the client’s choice

This is an exciting time for Diners Club, for BMO, and most importantly for you - organizations that utilize Diners Club cards, or are considering doing so.

A powerful brand, a great history, and a tremendous future.

Upcoming events

Please check our website under “News, Articles & Events” for upcoming events where our BMO Spend & Payment team will be in attendance.

August 8-11, 2010

Houston, TX

NBTA
(National Business Travel Association)
 2010 International Convention & Exposition
George R. Brown Convention Center
www.nbta.org



September 15-17, 2010

Winnipeg, MB

GFOA (Government Finance Officers Association of Western Canada)
Fort Garry Hotel
www.gfoa.org

September 20-22, 2010

Toronto, ON

Showcase Ontario 2010
Metro Toronto Convention Centre
www.showcaseontario.com

September 24-27, 2010

Lake Buena Vista, FL

ASBO International
 96th Annual Meeting and Exhibits
Disney’s Coronado Springs
www.asbointl.org

September 28-30, 2010

Victoria, BC

CBUC 2010
 2010 Canadian Banner Users Conference
Victoria Conference Centre
<http://web.uvic.ca/cbuc2010/>



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