

CHANGING HOW BUSINESSES CONTROL COSTS

The simple fact of paying for something a month after you've bought it can make a tremendous difference to company cashflow, according to Tony Goodwin, chief executive of Antal International, a world-wide recruitment agency with 180 staff in five Asian offices including Hong Kong and Singapore, and around U.S.\$15 million annual turnover. "You improve cashflow management because you always feel that someone else is shouldering responsibility. It buys you another month, which is very important," he says.

Mr. Goodwin is expanding rapidly in the region, focusing on both large and on-the-rise small cities. "As the business grows, we will do it through the use of corporate cards," says Mr. Goodwin. "They're integral to the way we do business."

Being able to check the business spending of his Asian employees from any device, through online monitoring software, has been a great help, says Mr. Goodwin. "It has made corporate cards even more of a resource. Along with my chief financial officer, I can check balances and who is spending what."

Antal has operated in the region for 17 years and has no problems paying with corporate cards. "They want to embrace the Western way of doing business and corporate cards fall into that category," Mr. Goodwin adds.

For employers, the advantages of giving employees corporate cards extend beyond the issues of monitoring and cashflow. As Richard Koch, head of the card payments policy unit at U.K. Cards Association, an industry body, points out, digital systems allow companies and organisations (such as governments) to collect payments data and put it to all kinds of uses.

"There is considerable scope to collect large amounts of data and use it to arrange purchasing discounts," says Mr. Koch. "And companies are always keen to use this data to monitor spending. They can also set limits on certain kinds of spending, or decide what suppliers their employees use."



New technology allows people to link data from lodge cards (business travel accounts), for example, with other cards that employees hold, then aggregate the information and allow combined spends to be signed off by an employer. This saves time for both employees and employers getting approvals for spending and dealing with invoices.

“Many companies in Asia have found that corporate cards allow people to buy things they need for their business in an efficient way, saving them the administration and hassle of invoicing and administration,” says Mr. Koch.

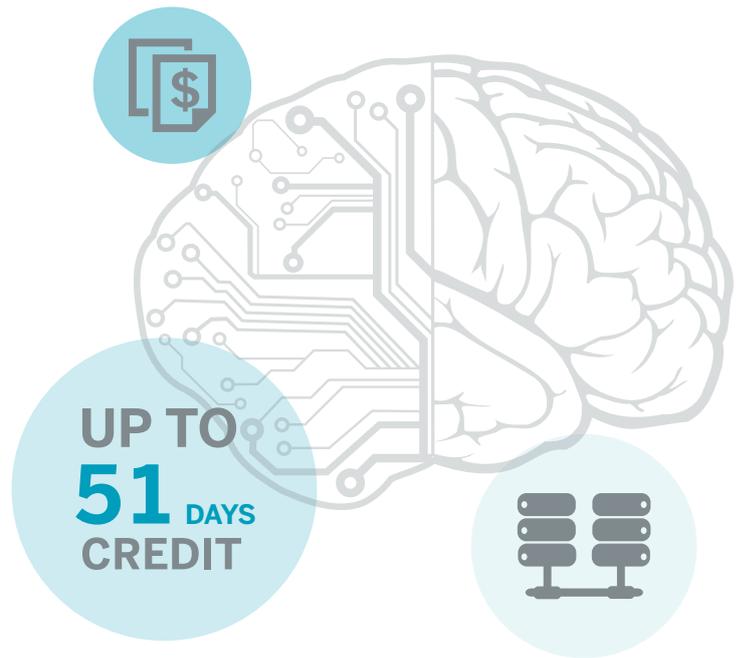
At customer management consultancy the Collinson Group, Chris Rogers, Singapore-based director of market development, argues that Asian companies have been quick to recognise corporate cards as a more efficient way of dealing with payments. Companies benefit from gaining up to 51 days to pay for goods and services, while their employees have less administrative burden when submitting expense claims.

“We’re seeing growth particularly among young entrepreneurs,” says Mr. Rogers. “It’s partly a ‘face’ issue [the status symbol of having a smart-looking card] and partly waking up to the benefits of having a platform that works on their behalf. A lot of SMEs are technology-focused, so anything that can help them be more efficient is popular.”

\$200 BILLION

Expected annual worth of commercial-card market in Asia

Mr. Rogers notes that it has been reported that the commercial-card market in Asia will be worth up to U.S.\$200 billion a year. “The trick here is getting people to use the card. If they are SMEs, then the user and the employer tend to be one and the same, whereas the employee of a larger company may simply want to use their air miles for private travel,” he says.



Certainly there remains a little reluctance among some Asian companies to provide employees with corporate cards, although that attitude is diminishing. For some there is a trust issue, with employers concerned that employees might abuse the privilege of having a card.

The opportunities for growth are substantial. At the Asia-Pacific Smart Card Association, chairman Greg Pote says that while commercial cards are less commonly used in Asia than in the U.S. or Europe at present, the scope for more business people to use them is enormous. “Like many Asian people in business, I stay in lots of hotels, book flights and travel extensively around Asia. Our organisation also organises conferences which myself or my director usually settle using our personal credit cards. As settling conference bills could easily be U.S.\$40,000, a purchasing card might be useful.”

If he worked with a company like Antal International, he would already have one.

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