



**Glenn Snyder**  
Director of Profitability  
and Analysis

## Visa sees more profitable opportunities

SAS® Activity-Based Management connects the data dots so that Visa decision makers see the entire client to product picture.

### Industry

Consumer Credit

### Business Issue

A powerful system that can handle millions of calculations in a multidimensional analysis and reporting environment.

### Solution

SAS® Activity-Based Management

### Benefits

With SAS, Visa can now build a more robust, user-friendly model that calculates customer and product profitability in far less time. Visa uses SAS for profitability analysis to drive pricing strategy, product placement and incentives.

With 1.8 billion cards,<sup>1</sup> purchases with Visa credit and debit cards accounted for more than 50 percent of US consumer and commercial card-based purchase transactions in 2008.<sup>2</sup> Significant competitors are cash and check, but those are less convenient and slowing eroding.

Visa uses SAS Activity-Based Management to analyze product and client profitability, which helps determine resource allocation and pricing. Glenn Snyder, Director of Profitability and Analysis at Visa says that profitability analysis touches just about every area of Visa. I asked him to tell us about Visa and how it uses SAS to make better decisions.

#### **Credit cards, debit cards – what do you do at Visa?**

A key part of our business is processing transactions. Unlike some of our competitors, such as Discover and American Express, we don't issue cards or extend credit. The banks issue Visa credit or debit cards to customers and the bank is Visa's customer.

My main role is to understand how Visa earns revenue and what drives expenses. I then apply that information to the data booked within our general ledger to determine the impacts that particular clients or products make on Visa's bottom line. We use the term "drivers" which helps us make the link from what drives the business to how the revenue and expenses are captured in the general ledger. A "driver" is just a metric that shows how the business is moving.

#### **Visa underwent a change recently.**

#### **Visa (V) is now traded on the New York Stock Exchange. Correct?**

Correct. In 1958, Bank of America launched what would later become the Visa credit card. For most of Visa's history, it operated in regionally separate groups. Then, in 2007, all of the regions except Europe merged to become Visa Inc. We believe this global organization continues to position us well to succeed.

#### **What was happening at Visa that led you to look for an activity-based management solution?**

When I joined Visa, most of our reporting and analysis was done using Excel. Every quarter, we produced several very large models. Visa uses some tiered pricing, and in order to properly reflect revenues at the product level, we had to allocate revenue and expenses across several levels. So, we needed to move to a more powerful system that could handle many more calculations with multidimensional capabilities.

#### **Is there something more to that velocity?**

Absolutely, we needed a solution that could calculate millions and millions of formulas in a very short amount of time. Our models in Excel probably had 5 to 6 million formulas each: It took several minutes to recalculate each time we made a formula or data change. The SAS model performs more than 20 million allocations in less than an hour, with the ability to drill back and group data in many ways; a functionality that was just not available through Excel.

“We can see 100 percent of the organization by product, client, product within clients, or clients within products. SAS makes those connections for us.”

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Director of Profitability and Analysis at Visa

### **Were you concerned with the time it took to build and run each model?**

It took just 10 minutes to calculate each of the models, but manually updating the model took a week and a half. You get data from different areas to scrub and format before putting into the model. Then you let the model calculate. After it calculated, we looked at the output, analyzed it to see if it worked out and perhaps ran it a couple more times. We did that eight times for eight models before we built the reports. The Excel process took one person two weeks to build and run.

### **How did SAS change the work processes in your department?**

Good question. One of the nice things about SAS is the automation and dependability. With Excel, you were tied to your desk. You have to be in the model; you're running it. You can't really do anything else on your computer. With SAS, we kick off the process, and then we could go do something else. In an hour, we come back and look at the results. So technically, our actual work time is maybe 10 minutes, but the model is running behind the scenes for about an hour.

### **How is Visa using SAS Activity-Based Management?**

Profitability analysis takes data from the general ledger that's booked in revenue and expense general ledger accounts and allocates that data to products and clients so that we can see 100 percent of the organization by product, client, product within clients, or clients within products. SAS makes those connections for us.

### **Now that you have a handle on the data, have you found that you can slice and dice it as you like?**

We have about 14 different dimensions that we look at – the primary output includes product, client, country and general ledger account. With these categories, we can look at fees and expenses in different ways for different accounts. We also have many different attribute dimensions that allow us to do a lot of different types of reporting and analysis without having to go back and recalculate.

### **What's the most significant change since you implemented SAS Activity-Based Management?**

The biggest change has been the amount of information we can provide. For instance, if you are the account executive (AE) for Client A, we can now provide detailed analyses of all of the products, revenues and investments that relate to Client A. That is very useful for an AE and for the company.

### **What does the future hold? How do you see this evolving in future years?**

This was developed as a US model. Our next step is to incorporate the global data and produce meaningful global analysis. It's important because Visa is now more than ever, a global company.

<sup>1</sup> As of September 30, 2009. Visa Inc. Corporate Overview, pg. 2.

<sup>2</sup> NACS Online. Nilson: US Payment Card Projections.



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