ANNUAL MEETING
Columbus, Ohio
October 1-3, 2017
EXPLORE. EMPOWER. ENRICH.

AMAZON - COLLABORATION THAT IMPROVES CONTRACT COMPLIANCE, AUDIT, AND SERVICE

Presenters
James Tanzosch
Purchasing Manager
University of Northern Iowa

Christina Geweke
Asst. Director, Bus. Operations
University of Northern Iowa
• Established: 1876
• Location: Cedar Falls, IA
• Enrollment Fall 2017: 11,907
• Fall 2016 Employees: 1,816
• Oracle E-Business/Campus Solutions
Let’s Poll the Audience

How does your campus/organization/agency currently handle Amazon?

A) Don’t allow purchases
B) Allow purchases
C) Allow purchases through electronic marketplace
D) Use Amazon “curation” tool to approve purchases
E) Other
The Amazon Challenge

- Contract Compliance
- Very little visibility into purchased items
- University Procurement Card (P-Card) connected to Amazon personal account leaving potential for staff to use their P-Card for personal purchases
- Separation between personal and university spending
- Sales tax rule changed on January 1, 2017 and Amazon started charging sales tax to all addresses in Iowa
# Amazon Stats

Amazon P-Card Spend 2016

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
<th>Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Books</td>
<td>1,408</td>
<td>$71,532.13</td>
</tr>
<tr>
<td>Computer Peripheral</td>
<td>284</td>
<td>$63,427.44</td>
</tr>
<tr>
<td>Ergotron</td>
<td>3</td>
<td>$2,029.99</td>
</tr>
<tr>
<td>Gift Cards</td>
<td>11</td>
<td>$2,270.00</td>
</tr>
<tr>
<td>Misc. Goods</td>
<td>1,075</td>
<td>$90,557.84</td>
</tr>
<tr>
<td>Office Supplies</td>
<td>280</td>
<td>$25,167.67</td>
</tr>
<tr>
<td>Total</td>
<td>3,061</td>
<td>$254,985.10</td>
</tr>
</tbody>
</table>
OPTION ALTERNATIVES

- **Status Quo**
  - Do nothing which would not solve our problem

- **Prohibit Amazon Spend**
  - **Pros**: Eliminates contract compliance issues and unallowable purchases on the University P-Card
  - **Cons**: Enforcement challenges and concerns; Amazon often has cost savings that would benefit the University and allows for unique purchases

- **Partner with Amazon to create a centralized Business Account**
Amazon Business Benefits

- Separation of personal and University spending
- Access to spend analysis reports
- Automatic sales tax exemption
- New “curation” tool allows Procurement Services to review and approve purchases
Timeline

December 2016
- Introductory Discussion with Amazon

January 2017
- Conducted 3 set-up meetings with implementation team

February 2017
- 2/6/17 Email announcement sent to campus users
- 2/7/17 Amazon Business Account Live

All purchases reviewed initially, curation tool became available on 2/20/17
SET-UP DECISIONS

- Account Build
  - Central Admin oversight
  - Flexibility for multiple users
  - Add sales tax exemption
  - Option: Set up in eprocurement marketplace (elected not to do this)

- User access
  - Grouped by Department/Organization
  - UNI.edu email account
COMMUNICATION PLAN

Three wave invite process:

- Launch Email
  - 7 day expiration

- 2nd Notice

- 3rd Notice
  - Evaluate success rate first
SAMPLE COMMUNICATION

Dear Procurement Cardholder,
University of Northern Iowa is excited to announce that we have partnered with Amazon Business in order to simplify the purchasing process, increase visibility, maintain sales tax compliance, and allow cardholders to take advantage of the wide selection and competitive prices of the Amazon marketplace. Please note, Amazon Business can be used for items not on existing contract.

Through this centralized Amazon Business account cardholders will have immediate access to:
- Free Two-Day Shipping on orders over $49 (learn more)
- Pricing and quantity discounts
- Automatic tax exempt purchasing on items sold by Amazon.com LLC or other participating resellers
- Access to a specialized Customer Service team – Amazon Business Customer Service – 888.281.3847

Using the Amazon Business marketplace will be as simple and user friendly as Amazon.com with the added benefit of business tools and features. The link below will direct you to a series of short (3-5 minutes each) tutorial videos that will guide you through setting up your account, placing orders, and administrative functions. Please note, in an effort to maintain contractual compliance, all orders will go through an approval process.

**Action Required:** On 02/07/17, cardholders will receive an invitation to activate his/her centralized UNI Amazon Business account. This email will come directly from Amazon Business, and will contain detailed instructions. The activation process is quick and easy, it will only take 2-3 minutes to complete. For further instructions regarding this registration, see the attached reference guide.

This invitation is only active for 7 days so action must be taken. If the invitation is not received by end of day, please contact AB-Services@Amazon.com and request to have the invitation resent. Even if you're not purchasing on Amazon today, please activate the Business account to ensure future purchases are compliant. If you would like to confirm the validity of this email, please email James Tanzosch (james.tanzosch@uni.edu) or Christina Geweke (christina.geweke@uni.edu)

Please contact the following if you have any questions:
  Amazon Business Contact – Ab-Services@Amazon.com
  James Tanzosch – james.tanzosch@uni.edu
  Christina Geweke – christina.geweke@uni.edu

Sincerely,

Christina Geweke
ORDER APPROVAL REQUIRED

This order contains company restricted items.

One or more items in this order do not comply with the purchasing standards for your business. Do you still want to approve?

Approve or reject this order

Order Summary

Order Number: 112.0815260.0810.42
Placed by: Sherry on September 15, 2017
Delivered to:
1227 W 27TH ST CB915
CEDAR FALLS, IA 50614-0012, US

Items in Order: 1
Total: $267.59

Items in Order:
Avery B169 IP HD Conference Phone Station (100303700)
$267.59 | Qty: 1
Contract Compliance Sample Review Email Close-up

1. Sara [redacted] submitted an order requisition on February 8, 2017 for 39235- Rialton Dining (University of Northern Iowa). Order details are below.


3. Items in Order
   - Bag Opener - Viper, 6-pack Orange

4. Approve or reject this order
To start, we reviewed all purchases

What does curation do?
- Select categories can be restricted
  - Never allow the purchase
  - Insert warning and still allow purchase with approval

Restricted categories approved by Procurement Services team

Customized warning messages
Contract Compliance
CURATION TOOL-RESTRICTED CATEGORIES

- UNI purchased from 41 Amazon categories
- We restrict 26 categories:
  - Computers
  - Janitorial Supply
  - Lab Supply
  - Office Products
  - Software
  - Safety
- Can still order but get customizable warning message
Contract Compliance
Sample Warning Messages

- **Computers**
  - Please utilize contracted suppliers in iprocurement. Exceptions require IT approval and valid business case.

- **Office Supplies**
  - Please utilize Office Depot store in iprocurement. Exceptions require valid business case.

- **Abrasives**
  - Procurement Services will review, please provide business case to purchase off-contract.
Items ordered
Emailed to Procurement for approval

UNI Procurement Services:
Student Disability Services submitted an order requisition on August 23, 2017 for 35250- Disability Services (University of Northern Iowa). Order details are below.

⚠️ This order contains restricted items
One or more items in this order do not comply with the purchasing standards for your business. Do you still want to approve?

Approve or reject this order
Approved items take less than 30 seconds
Rejected items take longer due to follow up
**Contract Compliance Curation Tool - Surprising Outcome!**

- Increased communication and cooperation between procurement services and campus

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**UNI Procurement Services:**

Pamela [redacted] submitted an order requisition on September 20, 2017 for 38011 - Student Life & Event Services (University of Northern Iowa). Order details are below.

**Message:** These will be needed for Homecoming Committee ID's. Office Depot did not have any large enough.

![Warning]

**This order contains company restricted items**

One or more items in this order do not comply with the purchasing standards for your business. Do you still want to approve?

[Approve or reject this order]
# Outcome

**Increased Amazon Usage**

Amazon Business Account Spend

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<thead>
<tr>
<th>Category</th>
<th>Count</th>
<th>Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Books</td>
<td>616</td>
<td>$142,269.16</td>
</tr>
<tr>
<td>Home</td>
<td>121</td>
<td>$43,519.61</td>
</tr>
<tr>
<td>Toy</td>
<td>169</td>
<td>$36,810.91</td>
</tr>
<tr>
<td>Art Supply</td>
<td>124</td>
<td>$35,333.95</td>
</tr>
<tr>
<td>Scientific Supplies</td>
<td>99</td>
<td>$25,093.76</td>
</tr>
<tr>
<td>Misc. Goods</td>
<td>280</td>
<td>$186,413.57</td>
</tr>
<tr>
<td>Total</td>
<td>3,061</td>
<td>$469,440.96</td>
</tr>
</tbody>
</table>
### Outcome

**Increased Usage - Different Categories**

Amazon Spend 2016 vs 2017

<table>
<thead>
<tr>
<th>Category</th>
<th>2016 (top 5)</th>
<th>Category</th>
<th>2017 (top 5)</th>
</tr>
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<tbody>
<tr>
<td>Books</td>
<td>$71,532.13</td>
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*Ability to download every purchase into Excel*
OUTCOME PROCESSING TIME

- 1990 orders placed
- 38 orders cancelled
- 274 Order Require Approval Emails
  - 9 per week, less than 2 per business day
- Approvals take less than 30 seconds
  - 2 clicks plus password
- Rejections take longer but has benefits
  - Contract compliance before purchase
  - Conversations
  - Establishes a new “norm” to check with Procurement Services
SUMMARY

- Reduced effort spent by audit staff
- Sales tax no longer needs to be removed manually
- Approval by Procurement Services on front end so there is no need to audit for contract compliance
- Inadvertent use of procurement card for personal use
- Improved communication and customer service
Questions ????

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  ○ Assistant Director, Business Operations
  ○ christina.geweke@uni.edu