Procurement, Payment, and Logistics Strategic Overview

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Role of Procurement

Procurement, Payment, and Logistics is the primary central supply chain resource at Northwestern, setting the overall strategy regarding how purchases and payments should be made. PPS is the single point of contact for all centralized supply chain related activities.

Current Organization Structure

- Purchasing
  - Vendor File Management
  - Purchasing and Strategic Sourcing
    - Travel
  - Service Delivery and Special Projects
    - Central Bill Programs
  - Small and Local Business Outreach
- Payment
  - Accounts Payable
  - Procurement Card Program
  - e-Payment Solutions

Current Organization Structure

- Logistics
  - Centralized receiving
  - Mail services
  - Lab Gas Program
- Trademark Licensing

All supply chain related units are part of the same department, working together.

Procurement Strategy

1. Structured and strategic procurement environment
   - Role of Purchasing and Strategic Sourcing: help departments/schools make informed, best value purchasing decisions so they can secure the products and services they need in the most streamlined way
     - Analyze spend and strategically source on behalf of the University
     - Assist with the bid process on behalf of and in partnership with departments/schools
   - Procurement is the single point of contact for central procurement and payment activities
   - Creates balance – Purchasing policy does not heavily mandate and Procurement is not involved in every transaction

Procurement Strategy

2. Improved Technology

- Work with IT to regularly improve procurement and payment related systems to:
  - Streamline the ability for departments and schools to easily order the products and services they need in a timely manner
  - Streamline back-end processes
  - Ensure compliance with policy and that appropriate business processes are followed (i.e. budget checking, workflow, etc.)
- Examples include:
  - 3rd party shopping/catalog management solution
  - Electronic settlement mechanisms
  - Invoice automation tool

Procurement Strategy

- Procurement delegates tactical activities and some purchasing authority to departments and schools, and equips them with the tools they need to effectively buy and pay for things to run their operations
  - Determine what products/services they need
  - Solicit bids for purchases of $25,000 or more
  - Initiate REQs and PRQs with support documentation
- Other Procurement responsibilities: Compliance
  - Review and approve requisitions of $25,000 or more and all blanket orders
  - Processes changes to purchase orders

Procurement Methods

Most purchases start with a Requisition		Other alternative methods (the exception, not the rule)		
iBuyNU	*Non-Catalog*	*Blanket Order*	*Corporate Card*	*Payment Request*
Web based ordering from preferred vendors	All other purchases	For payment of repetitive services under contract	Emergencies, small dollar purchases for items not available through iBuyNU (including travel related expenses)	To request a check to pay for something that does not fit the normal PO process

Expense Reports for reimbursements

Strategic Sourcing

- Procurement looks for contracting opportunities on behalf of all departments and schools
    - Analyze spend (dollars/number of transactions)
    - Talk to departments and schools
- Issue formal Invitation to Bid (using templates created by Procurement)
    - *Define and Prepare*
        - Define requirements
        - Establish timeline
        - Identify vendors
        - Establish evaluation committee

Strategic Sourcing

- ITB Process (continued)
  - *Request and Review*
    - Send out RFP to vendors
    - Question & answer period or pre-bid meeting
    - Proposal assessment
    - Clarifications
    - Finalist presentations
    - Best and final offer
  - *Make award decision and implement*
    - Best value
    - Final negotiation
    - Develop contract
    - Contract administration
- Every step in the process is important and adds value

Procurement Support

Procurement also helps departments/schools with specific contract needs

- Different Levels of Support
  - Simple feedback if department/school is conducting bid
  - Assist in evaluation of proposals if department/school manages process
  - Department/school may manage day-to-day vendor relationship
  - PPS's strength is to manage the entire RFP process, involving the department/school
- Benefits of Early Involvement
  - Early procurement involvement improves competition structuring, risk mitigation, and timeline management for better project outcomes.

Best Value Is More Than Price

- Total Cost of Ownership
  - Includes pricing, ongoing fees, training, reporting, and management resources beyond just initial purchase price.
- Quality and Service Importance
  - Quality, service levels, and delivery capabilities are critical, especially for research and operational support purchases.
- Risk and Vendor Stability
  - Evaluating vendor financial stability, data security compliance, and scalability minimizes operational and reputational risks.
- Experience in Education Sector
  - Vendors experienced in higher education often better meet unique university needs and support sustainable relationships.

What Happens After a Contract Is Signed

- Ongoing Vendor Performance Monitoring
  - Contract administration involves continuous monitoring of vendor performance to ensure all contractual commitments are fulfilled.
- Collaborative Vendor Relationship Management
  - Regular vendor check-ins foster accountability, address issues, and support ongoing improvements.
- Keeping Contracts Fresh
  - Product and service offerings may need to be adjusted to better meet Northwestern needs, based on feedback from departments and schools.
- Planning for the Future
  - Along with vendor and relationship management, Procurement Administrators begin planning for the next phase: contract extensions, negotiations, or future bid processes.

Preferred Vendors

Strategy

- Awarded a contract by Procurement
- Leveraged spend with fewer vendors
- University-wide
- Established based on the results of a formal competitive bid or negotiation managed by Procurement (a few agreements are adopted)
- Evaluation committees are established consisting of department/school representatives
- There are no rebates to PPS based on department/school use of Preferred Vendors - savings are realized by departments/schools

Benefits

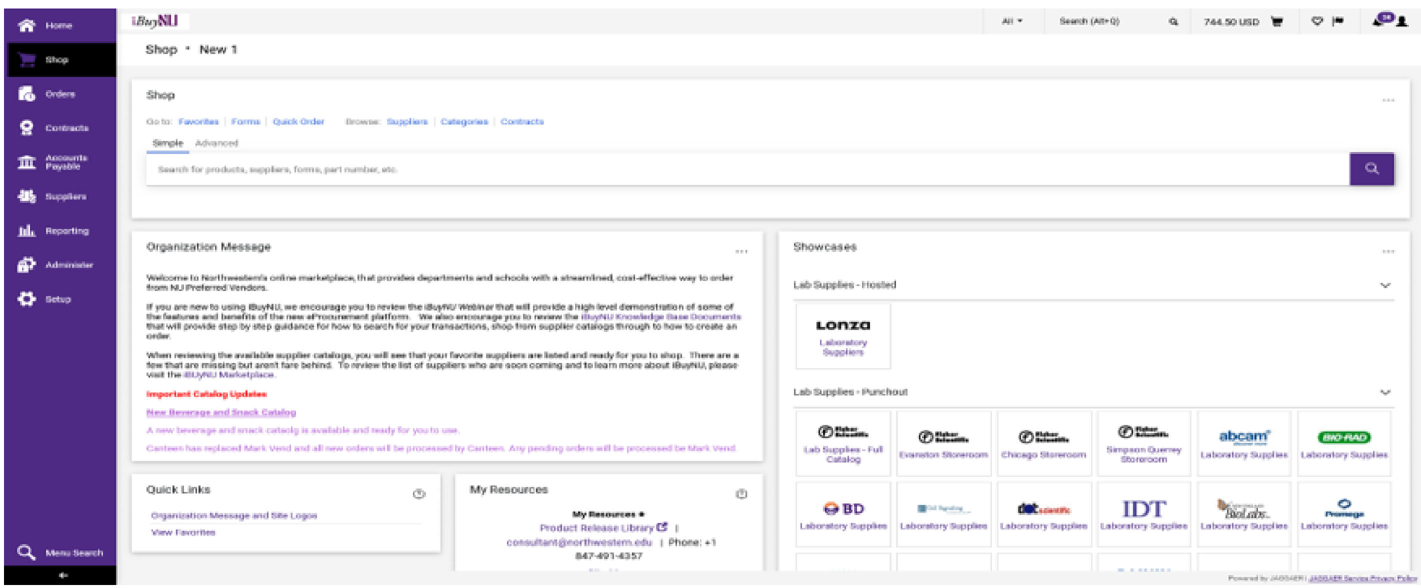
- Maximizes overall best value to Northwestern
- Cost savings, due to consolidating purchasing power
- Less risk, due to improved contract administration
- Reduced transaction costs (total cost of acquisition)
- Improved productivity and efficiency of department personnel
- Improved access to information, to further improve contracts
- Better management control
- More automated adherence to policy
- Minimizes ethical questions about vendors being used

Portfolio of contracts needed by Northwestern

iBuyNU

The iBuyNU marketplace is a web-based ordering tool that provides departments and schools with the most streamlined, cost-effective way to order from Preferred Vendors.

- Went live, December 2008
- System Powered Jaggaer



iBuyNU

Benefits of iBuyNU:

- Integrated part of NUFinancials
- Provides end users with a web-based ordering experience for everyday items needed
- Everyone has access to iBuyNU (single sign-on) as a requester or shopper
- Allows Northwestern to implement streamlined, electronic processing of purchases and payments:
  - Workflow
  - Dispatch of purchase order
  - Receipt of invoice
  - Electronic Payment
- Improved and consistent pricing (validate by performing price audits)
- Will never include all vendors – strategic sourcing, preferred vendor approach

Vendor File Management Core Functions

- Manage ~80 daily new and change requests
- Supplier types include:
  - Individuals
  - Businesses
- Types of supplier purposes
  - Reimbursements to individuals
  - Independent contractor services
  - Honorariums / Speaker fees
  - Research subject fees
  - Businesses for ordering services or supplies
  - Royalty payments
  - Portable tuition to other higher education institutions

Vendor File Management

- Areas of compliance responsible for:
  - Visual Compliance
    - A restricted party screening software. Government agencies maintain lists of individuals and organizations whose export privileges have been blocked, restricted, or revoked, as well as entities under embargoes or sanctions. Per regulations, NU may not engage in transactions with a restricted party without prior government approval.
  - W9/W8 documentation
  - Signatures – wet or digital signatures only
    - Visitor Expense Report form
    - Conflict of Interest form
    - Statement of Services form
    - Individual Worker Classification form
  - Withholding – Tax & Regulatory Services
    - Annual 1099 Reporting
    - Withholding – Qatar

Service Delivery and Special Projects

- Customer Service:
  - Acts as the primary bridge between all PPS units and the university community and suppliers, utilizing Team Dynamix
  - Handles inquiries submitted by university staff and suppliers, provides product and service information, process transactions and research and troubleshoot issues and concerns.
- Business Office:
  - Responsible for many back-end purchasing processes within NUFinancials, such as Blankets, Hold from Further Processing, and PUR changes. They ensure transactions are in compliance with University Purchasing Policies.
  - Manage invoicing and journal processing for 11 Central Bill Programs.
- Systems and Reporting
  - Manage the daily operations of iBuyNU to include supplier enablement, price validation and catalog Management.
  - Reporting and Special Projects to include reporting; working with Supplier IO and other reporting projects requested by PPS staff or other university departments.

Accounts Payable and ePayments

- Invoice processing
  - iBuyNU invoice automation
  - Nimbello invoice automation tool
- Payment request approvals
- Expense report approvals
- Outsourced check printing
- Wires
- ePayment Programs
  - NU Quickpay/Concourse
  - PaymodeX
  - ePayables

Accounts Payable

Invoice Processing	Employee, Student & Visitor Reimbursements	Supplier Statement Review
Approval Requests for Expense Reports and Payment Requests	Match Exception and Payment Error Assistance	Vendor Credits
Electronic Wire Transfer Processing (Domestic and Foreign)	Document Imaging and Indexing	Live Checks, Stop Payments, Reissues, Holds, Enclosures, Status Inquiry

Northwestern Disbursements Matrix

	Individuals	Vendors
Domestic Electronic	NUQuickPay/Concourse	PaymodeX and ePayables
International Electronic	*investigating a solution	Chase Pilot
Check **Includes Outsourced printing**	Chase	Chase
Manual Electronic	Electronic Wire Transfer	

Corporate Card

"Alternative Purchasing method"

Northwestern's Corporate Card offers University community members greater purchasing flexibility and a more efficient, streamlined experience for:

- Small-dollar purchases
- Low-risk transactions
- Travel and entertainment expenses (when approved)

The card also features enhanced security and seamless expense monitoring and approval through My Wallet.

The Corporate Card is a MasterCard issued by JPMorgan Chase and branded as the "One Card."

Featuring built-in chip-and-PIN technology, the card helps protect against data theft and counterfeiting.

The card is not tied to the cardholder's personal credit as it is a corporate liability card.

Corporate Card

- FY2025 activity
  - $37 million in spend
  - 116,000 transactions
- Training is required
- Transactions must be for business purposes
- Transactions are posted in myWallet in NUFinancials
- All transactions must be reconciled on an expense report, with receipts
  - Weekly is recommended, every 30 days is required
  - After 90 days, cards are suspended

Logistics

- Responsible for managing the following on both campuses:
  - Mail Services (2020 Ridge and Tarry)
  - Central receiving (docks at Tech, Hogan, Rubloff, Tarry, and Simpson Querrey/Lurie)
    - Canon contract
  - Lab gas program
- Additional services:
  - eShipGlobal express shipping platform
  - Customs clearance
  - Tariff waiver applications
- Volume:
  - 225,000 packages
  - $1.8 million in lab gas purchases (almost 10,000 tanks)

Historical Process/Procedure Improvement

- Automation, streamlined processes, and strategic initiatives implemented
  - iBuyNU
  - Nimbello (invoice automation)
  - Auto approval of low risk expense reports
  - Auto approval of low risk PRQs
  - paymodeX and ePayables – electronic payments to domestic vendors
  - NUQuickPay – electronic payment to domestic individuals
  - Outsourced check printing to Chase
  - Eship global for outbound express shipments
  - New travel on-line booking tool
  - Expense supervisor requirement (eliminated paper-based expense approval process)
  - New Website

Policy Reminder

- It is important to note that each individual within workflow are responsible for ensuring that expenditures are authorized, accurate, and comply with policy.

Current Initiatives

- Update all forms
  - Embed exception form into ER
- More electronic payment methods
  - For foreign individuals and vendors
- Explore AI
- Post audit initiatives
- Explore new invoice automations tools
- Auto processing of credits
- New front end for wires
- Connect re-payments to payroll
- Digital signature standard
- Logistics refresh
- New preferred vendor contracts (shredding, security guards)

A few stats

- Contracts managed by Procurement
  - Approximately 300
  - Estimated savings: $300 million since 2008 ($3.1 billion contract value)
- Purchase Orders
  - 2025 total: 137,706
  - 2025 iBuyNU: 95,027 (69% of total) - $54.3 million
- Payments

	Number	Dollar Amount
Total	100,920	$1,583,504,908
Electronic	45,508	$1,147,884,437
Percent of total	45%	72%

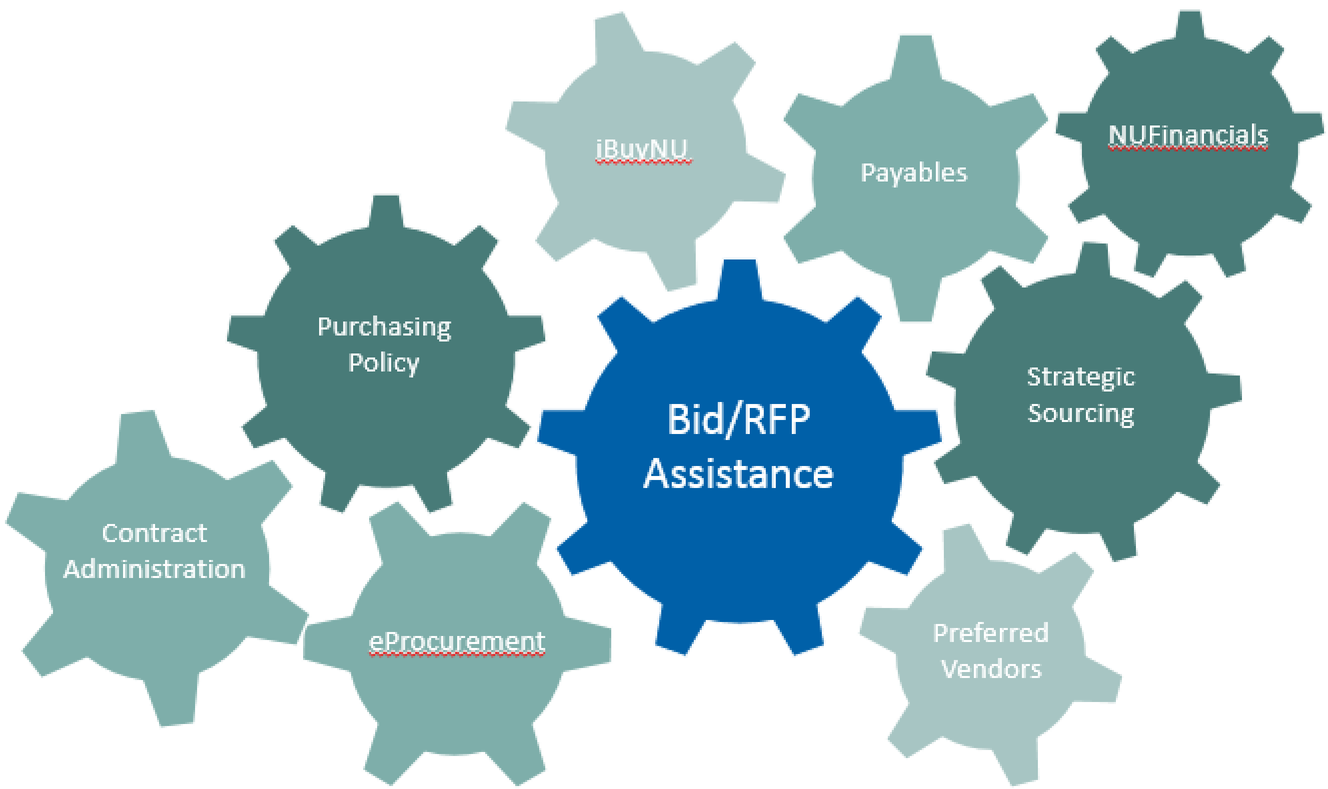
- Automation results

	Total	Auto-approved (%)
ERs	49,960	39,114 (78%)
PRQs	44,771	30,749 (69%)
Invoices (nimbello)	82,839	56,508 (68%)

Summary

- Primary goal of Procurement is to help departments and schools select good vendors, save time and money, ensure compliance, and minimize risk
- Our role is to support teaching and research
- We only want to be procurement, payment, logistics experts
- What we ask of departments and schools:
  - Support Preferred Vendors and use iBuyNU
  - Collaborate, communicate, work with Procurement
  - Use the systems and methods as designed
  - Trust that we have your best interest in mind
  - Make sound business decisions

Procurement Strategy Visual



Thank You!