

TODAY'S
VISION
TOMORROW'S
REALITY



The 12th Annual GSA SmartPay® Training Conference

Army Contract Payments

*Presented by ...
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All of **us** serving you™



Agenda

- Introduction
- Contract Payments defined
- Advantages of Using the GPC as method of payment for contracts
- U.S. Bank Access[®] Online Payment Plus overview
- Payment Plus – EDI Process
- Financial benefits
- Pilot overview
- “Spend by Bucket” Analysis
- Integration with Wide Area Workflow (WAWF)
- Summary



Introduction

- Utilizing the Government Purchase Card (GPC) as the primary contract payment method
- Integrating Access Online Payment Plus functionality
 - Increase YOUR agency's rebates
 - Produce substantial cost savings
 - Improving YOUR program's efficiencies





Contract Payments Defined



Contract Payments Defined

- \$3,000 - \$25,000
 - Indefinite Delivery/Indefinite Quantity (ID/IQs)
 - Blanket Purchase Orders (BPAs)
 - Basic Ordering Agreements (BOAs)
- Payments Over \$25,000
 - No Limit on payment amount
 - Paid one time or in regular installments to contractor





Advantages of Using the GPC as a Method of Payment for Contracts



Advantages

- Electronic payment (EDI)
- Vendor paid within moments
- Improved administrative costs (\$70/Payment - GSA Stat*)
- Increased refund (\$11,000 per \$1MM Added Payment)
- Lower DFAS costs (\$5.78/Payment v. \$28.82/Payment)
- Decreased delinquency and interest penalties
- Potential vendor discounts

* GSA Stat Reference:

http://www.gsa.gov/Portal/gsa/ep/contentView.do?contentType=GSA_BASIC&contentId=25957





Payment Plus Overview



Payment Plus Overview

- Secure method of Payment
 - Transaction uses single-use account
 - Unique 16-digit account number per transaction
 - Available to charge specified dollar amount for limited time
 - Online Payment Request required to obtain single-use account
 - Use instead of check or Automated Clearing House (ACH) payment
- No Plastic
- DAILY CERTIFICATION
- Unlimited transaction amount
 - \$9.9 Billion- I DARE YOU!





Payment Plus EDI Process



Payment Plus - EDI Process

- Contract for goods and services signed
- Goods/services received and accepted
- Payment Request Form for **single-use account** created by cardholder in Access Online
- Standard Document # (SDN) from Accounting System added to line of accounting on Payment Request
- Transaction processed by merchant
- Payment Request auto-matches to posted transaction in Access Online
- Cardholder approves individual transaction
- Billing Official reviews and certifies individual transaction in Access Online
- Invoice (810A) Sent to GEX pulled into DFAS
- DFAS sends payment to U.S. Bank





Financial Benefit Examples



Financial Benefits Example – General-use GPC

- Assume additional \$1 million in spend
- Assume 100 payments
- File Turn: 36
- Basis Points: 111.00

- Additional Refund: $\$1,000,000 \times .01110 =$ **\$11,100**
- DFAS savings for EDI: $100 \times \$23.04 =$ **\$2,304.00**
- Administrative Savings = $100 \times \$70 =$ **\$7000**

Total Savings = \$11,100 + \$2,304 + \$7000 = \$20,404



Financial Benefits Example – Payment Plus

- Assume additional \$1 million in spend
- Assume 100 payments
- File Turn: 15
- Basis Points: 142.50

- Additional Refund: $\$1,000,000 \times .01425 =$ **\$14,250**
- DFAS savings for EDI: $100 \times \$23.04 =$ **\$2,304.00**
- Administrative Savings = $100 \times \$70 =$ **\$7000**

Total Savings = \$14,250 + \$2,304 + \$7000 = \$23,554



ARMYCP Pilot



ARMYCP Pilot

- New Access Online Relationship
 - TBR Level 2 = 00022
 - OSN= ARMYCP
- Pilot Site
 - Ft. Drum
 - Initiated September, 2009
 - Bi-weekly meetings continue





“Spend by Bucket” Analysis



Spend by Bucket Analysis

- Top-to-bottom approach
- Dollar ranges/# of Transactions
 - \$0 ≤ \$3000 Micro-Purchases
 - \$3001 to \$25K Potential BPA/Orders off Schedules/IDIQ Contracts
 - \$25K to \$100K Contract Payments
 - \$100K and above Contract Payments
- Level 3 - Agent/Level 4 and 5 Analysis
- Identify trends
- Leverage Data Agency Business Processes
- Consolidated GPC Contract Data
 - Negotiate Discounts
 - Reporting





“Spend by Bucket” Analysis

MEDCOM Example



Army Level 3 GPC Programs Comparisons

- January-March 2010 Spend Data

MAJOR COMMAND	CARDHOLDERS	BILLING OFFICIALS	TRANSACTIONS	DOLLARS	AVG TRANS \$
3 - IOF	36	17	1,198	\$3,698,451.58	\$3,087.19
6 - PEOSTRI	20	11	595	\$218,591.94	\$367.38
9 - DCC-W	843	364	23,541	\$13,423,433.64	\$570.22
12 - SDDC	130	44	1,934	\$760,558.02	\$393.26
18 - ARNG	8,324	2,529	142,967	\$106,546,024.34	\$745.25
21 - CFSC NAF	3,368	1,085	96,574	\$40,991,001.00	\$424.45
27 - CADET COMMAND	169	653	145	\$12,334.09	\$85.06
31-32, 56, 60, 71-74 - MICC	16,184	7,915	374,802	\$362,916,421.86	\$968.29
33, 78 - AMC	3,252	1,541	103,175	\$132,912,024.77	\$1,288.22
34 - ACC	7	5	76	\$48,674.25	\$640.45
37, 77, 85 - 409th CSB	1,453	731	12,701	\$16,100,326.37	\$1,267.64
46 - USASMDC	141	79	1,908	\$1,372,850.85	\$719.52
55 - COE	4,213	1,812	93,756	\$45,690,986.16	\$487.34
58, 79 - ACA-TA	392	193	4,697	\$5,859,566.47	\$1,247.51
65 - USAMRAA	353	154	12,325	\$30,216,465.94	\$2,451.64
70 - NETCOM	137	55	2,121	\$3,005,789.35	\$1,417.16
75, 82 - ACA PR	1,207	521	16,797	\$11,706,503.14	\$696.94
76, 89 - USACCK	1,189	591	11,677	\$7,474,331.17	\$640.09
84 - INSCOM	108	63	1,580	\$876,804.35	\$554.94
86 - ARCENT ACA-SWA	157	87	1,042	\$1,683,784.13	\$1,615.92
90 - CHAPLAINS	284	66	6,266	\$1,216,654.56	\$194.17
94 - ANG	6,833	3,648	72,924	\$25,252,688.32	\$346.29
99 - MEDCOM	2,461	1,029	109,543	\$103,286,388.43	\$942.88
Army	51,261	23,193	1,092,344	\$915,270,654.73	\$837.90



Army Top 5 Level 3 GPC Programs

January-March 2010

MAJOR COMMAND	CH	BO	TRANS	\$	AVG TRANS \$
31-32, 56, 60, 71-74 - MICC	16,184	7,915	374,802	\$362,916,421.86	\$968.29
33, 78 - AMC	3,252	1,541	103,175	\$132,912,024.77	\$1,288.22
18 - ARNG	8,324	2,529	142,967	\$106,546,024.34	\$745.25
99 - MEDCOM	2,461	1,029	109,543	\$103,286,388.43	\$942.88
55 - COE	4,213	1,812	93,756	\$45,690,986.16	\$487.34
Top 5 Levels	34,434	14,826	824,243	\$751,351,845.56	\$911.57
Total Army	51,261	23,193	1,092,344	\$915,270,654.73	\$837.90
Top 5 % of Army	67.17%	63.92%	75.46%	82.09%	108.79%
Medcom % Army	4.80%	4.44%	10.03%	11.28%	



MEDCOM Level 3 - Spend by Bucket Analysis

Description	MEDCOM	AMC	ARNG	COE	MICC
Spend: \$0-\$3000	\$59,480,631.73	\$53,902,534.43	57766130.17	\$40,671,195.38	\$167,232,825.97
Trans: \$0-\$3000	100,825	94,231	133687	90,101	354,707
Avg Trans \$0-\$3000	\$589.94	\$572.03	\$432.10	\$451.40	\$471.47
Spend: \$3001-25000					
Spend: \$3001-25000	\$39,728,428.92	\$42,976,843.99	\$33,768,484.75	\$3,730,429.08	\$49,823,816.68
Trans: \$3001-25000	4,189	4,897	3,751	497	5,343
Avg Trans \$3001-25000	\$9,483.99	\$8,776.16	\$9,002.53	\$7,505.89	\$9,325.06
Spend: \$25001-100000					
Spend: \$25001-100000	\$2,501,075.51	\$28,370,588.17	\$12,974,778.49	\$221,973.07	\$53,797,177.41
Trans: \$25001-100000	68	574	289	5	933
Avg Trans \$25001-100000	\$36,780.52	\$49,426.11	\$44,895.43	\$44,394.61	\$57,660.43
Spend: \$100001 +					
Spend: \$100001 +	\$0.00	\$8,573,491.11	\$2,850,239.70	\$976,292.22	\$89,689,253.75
Tran: \$100001 +	0	31	12	4	245
Avg Trans \$100001 +	\$0.00	\$276,564.23	\$237,519.98	\$244,073.06	\$366,078.59
Total Spend	\$101,710,136.16	\$133,823,457.70	\$107,359,633.11	\$45,599,889.75	\$360,543,073.81

- No \$100K transactions
- DLA-funded cards?



Army Level 3 – Rebate Comparison

- January-March 2010
 - MEDCOM comparison with Top 4 Army Level 3

Major Command	Spend	Net Rebate
MICC	\$362,829,073.18	\$27,473,653.84
AMC	\$132,867,194.01	\$1,478,078.69
ARNG	\$106,524,397.32	\$1,166,810.04
MEDCOM	\$103,286,388.43	\$1,243,449.89
COE	\$45,687,864.75	\$542,151.05
Grand Total	\$751,194,917.69	\$31,904,143.51



6 MEDCOM Regions

- APO AE
 - Ft. Gordon, GA
 - Ft. Sam Houston, TX
 - Tripler, HI
 - Tacoma, WA
 - Washington, DC
-
- Size differences
 - Mission differences
 - Procurement/acquisition differences
 - Where can MEDCOM leverage business practices ???



MEDCOM Regional Spend by Bucket

• January-March 2010

Micro-Purchases

Region	Total Spend*	Total Trans	Total Avg Trans \$	Spend: \$0-\$3000	Trans: \$0-\$3000	Avg Trans \$0-\$3000
APO	\$5,886,795.27	3,367	\$1,748.38	\$1,984,287.85	2,796	\$709.69
Ft Gordon, GA	\$3,921,586.65	10,875	\$360.61	\$4,825,042.37	7,663	\$629.65
Ft Sam Houston, TX	\$7,122,826.95	9,838	\$724.01	\$8,334,482.58	11,975	\$695.99
Tacoma, WA	\$9,271,731.95	15,001	\$618.07	\$5,510,173.15	9,543	\$577.40
Tripler, HI	\$8,905,957.86	5,366	\$1,659.70	\$4,274,137.69	6,087	\$702.17
Washington, DC	\$17,895,375.86	5,477	\$3,267.37	\$8,431,976.10	12,625	\$667.88
Total	\$53,004,274.54	49,924	\$1,061.70	\$33,360,099.74	50,689	\$658.13
Total MEDCOM	\$99,824,406.65	107,462	\$928.93	\$59,480,631.73	100,825	\$589.94
% of MEDCOM	53.10%	46.46%		56.09%	50.27%	

Potential BPA/Orders/IDIQ

Contract Payments

Region	Spend: \$3001-25000	Trans: \$3001-25000	Avg Trans \$3001-25000	Spend: \$25001-100000	Trans: \$25001-100000	Avg Trans \$25001-100000
APO	\$4,114,232.47	485	\$8,482.95	\$72,687.43	2	\$36,343.72
Ft Gordon, GA	\$2,314,506.11	267	\$8,668.56	\$0.00	0	\$0.00
Ft Sam Houston, TX	\$7,769,108.17	843	\$9,216.02	\$2,199,593.42	62	\$35,477.31
Tacoma, WA	\$3,954,834.39	345	\$11,463.29	\$0.00	0	\$0.00
Tripler, HI	\$4,776,705.62	467	\$10,228.49	\$51,008.45	1	\$51,008.45
Washington, DC	\$9,600,379.24	948	\$10,126.98	\$128,403.30	2	\$0.00
Total	\$32,529,766.00	3,355	\$9,695.91	\$2,451,692.60	67	\$36,592.43
Total MEDCOM	\$39,728,428.92	4,189	\$9,483.99	\$2,501,075.51	68	\$36,780.52
% of MEDCOM	81.88%	80.09%		98.03%	98.53%	



Regional Payment Cards Analysis

- BPA/Orders/IDIQ
 - Size difference
 - Policy compliance
 - No policy
 - New to program
- Contract Payments
 - Ft. Sam Houston 62 transactions
 - Other regions 0
- No \$100K transactions



MEDCOM Rebates by Region

January – March 2010

Region	Spend	Net Rebate
APO	\$9,985,439.62	\$124,015.94
Ft Gordon, GA	\$11,638,802.60	\$145,116.48
Ft Sam Houston, TX	\$25,432,073.21	\$302,368.20
Tacoma, WA	\$19,439,022.63	\$236,161.01
Tripler, HI	\$9,673,640.14	\$119,891.27
Washington, DC	\$27,010,981.80	\$315,896.99
Total MEDCOM	\$103,179,960.00	\$1,243,449.89



Fort Sam Houston Rebate Example

- \$25K-100K bucket: \$2,199,593.42 for 62 transactions
- Fort Sam Houston File Turn: 28
 - Rebate = Net Charge Volume x (BPS - 4)
 - Rebate = \$2,199,593.42 x 0.0119 = **\$26,175.16**
- \$3K-25K bucket: \$9,212,546.89 for 1,038 transactions
- Fort Sam Houston File Turn: 28
 - Rebate = Net Charge Volume x (BPS - 4)
 - Rebate = \$ 9,212,546.89 x 0.0119 = **\$109,629.31**

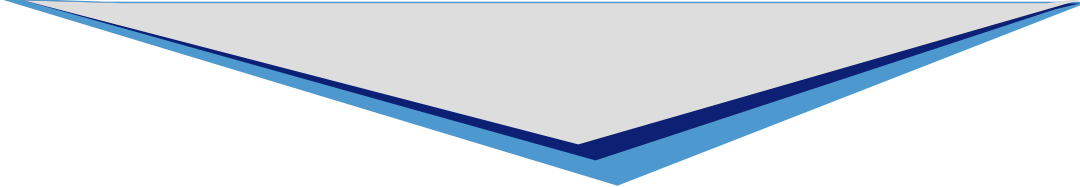


6th MLMC BN

- Only deployable materiel unit
 - Coordinates Joint Combat Health Logistics information services
- Region Overview Data
 - Spend: \$14,074,650.70 and Trans: 9,370
 - Avg Trans \$: \$1,502.10
 - Net Rebate: \$153,015.20
 - Johnson Johnson top merchant with \$1,004,704.18
 - MCC: Medical/Dental/Ophthalmologic/Hospital Equipment and Supplies
- Can this be used program wide?
 - Why/Why not?

Note: Spend excludes credits





Integration with Wide Area Workflow (WAWF)



Integration with Wide Area Workflow (WAWF)

- WAWF Often Used to Pay Contracts
- Method of Payment Chosen by Contracting Officer
- Swivel Chair Effect Inhibits Choice of P-Card for Payment
 - Data Entry in Multiple Systems, WAWF and Access Online
- Creation of Interface will Create a Single Point for Data Entry
 - Eliminates Swivel Chair Effect
 - Enhances Security
 - Contract Payments Earn a Refund When Previously Earning None
 - Consolidated Reporting in Access Online
- Ready to Identify Interface Requirements Now



Summary



Summary

- Adding/EDI Enabling Contract Payments will significantly improve an agency's Contract Payment process by adding security, increasing refunds, enhancing data management and improving efficiency.
- Integration with Wide Area Workflow is the next logical step in seamless payment and data management. It will save time and effort by eliminating duplicate data entry and will improve data management and increase refunds.





Questions?





Thank You

Presentations will be available on
www.usbank.com/sp2presentations
after the conference

