



**SUMMARY OF OFFERING**  
**OFFICE MAX**

## **Background**

Educational & Institutional Cooperative Service, Inc. (E&I) is a non-profit corporation established in 1934. E&I's aim is to help higher education obtain enhanced value and lower cost for products and services. The role of E&I is to aid in the preparation of specifications, advertising, receiving, opening, tabulating, evaluating of competitive proposals, and agreement administration.

## **Member Participation**

There are 1500 member institutions of E&I Cooperative. Boise is expected to visit all 1500 schools and sell the new Boise program to each by 3/31/04. If a school has less than 100 white collar employees, please inform Scott Ruhl immediately so we can assign an NAE to pursue.

## **Deliveries**

Delivery must be completed for next business day operations for larger members who request next day delivery.

All products are shipped / delivered FOB Destination, Freight Allowed (the preferred supply vendor pays freight costs) for the normal delivery. Any form of member institution requested expedited delivery will be at the requesting member institutions expense. Further, freight, installation and set up charges for custom furniture (or any furniture that is requested installed) by a member institution shall be at such member institution's expense. Custom furniture is defined as furniture not available in the United Stationer's quarterly pricer or the preferred supply vendor's full line catalog.

## **Tax Exempt Status**

Member institutions are probably exempt from excise, state, local and use taxes for services rendered and equipment or parts supplied for this agreement. But, you will want to verify this per school.

## **Pricing**

If the member elects to use the core list pricing the member may select up to 300 items from the "master core list" and/or may also select other products to go on such member's core list, up to a combined maximum of 300 products. The pricing quoted in the "master core list" on all products not included in the member's 300 item core list will revert back to the off-contract pricing referenced below (13% Discount from level 3 United Stationer's Quarterly pricer). At the option of the member the 300 item core list can be reviewed and updated semi-annual (twice per year). Core list items with a single catalog number with only a color code differential (and the same price) shall count as one item on the core list (i.e. different color ink pens with the same catalog number, other than color, and the same price shall be counted as one item on the core list).

The preferred supply vendor will extend the member adopted discounts to university employees for personal purchases. Orders will be placed with employee's personal credit card and delivered by UPS to the employee's home FOB Destination, Freight Allowed (preferred supply vendor pays freight), except for special orders, furniture and expedited delivery. Special orders

are defined as products or furniture not available in the United Stationer's quarterly pricer or the preferred supply vendor's full line catalog.

**-OPTION #1-----**

→ The single discount % (percentage) to be applied from level 3 United Stationer's quarterly pricer "bracket pricing" and /or "promotional / special pricing" is

**13%**

when the participating member selects up to 300 items from the master core list or utilizes a member core list.

**-OPTION #2-----**

→ The single discount % (percentage) to be applied from level 3 United Stationer's quarterly pricer "bracket pricing" and /or "promotional / special pricing" is

**16%**

when the participating member **does not** use pricing from the master core list or utilize a member core list. With this option, the member can still take advantage of our copy paper pricing. OX9001, OX9004 and OX9001-P.(See core list)

**Private label products and non-United Stationer's pricer products** will be priced using the preferred supply vendors Level 3 pricer with the same discounts and level of service adjustments as noted above. If the same product is listed in both the United Stationer's pricer and the preferred supply vendor's pricer at different pricing the member shall benefit by being provided with the lowest cost.

**Additions to the Member and/or Master core list of up to a combined 300 items:** will be priced market competitive and based upon volume purchases. Member core list additions will be negotiated with the member purchasing contact and the price will be at a margin not to exceed greater than 16.5% gross profit over product cost. The preferred supply vendor will provide a copy of all member (only) core lists with pricing to the Purchasing Coordinator. Master core list additions will be negotiated with the Purchasing Coordinator and the will be at a margin not to exceed greater than 16.5% gross profit.

**Copy Paper pricing** for papers as displayed at the end of the master core list shall be considered a separate category and reviewed every six months for price adjustment. The copy paper prices listed shall apply to all participating member institution purchases (core list and/or non-core list purchases). Price adjustments for copy paper will be based upon the manufacturers actual written and documented increase. Price increases, along with appropriate support documentation, must be submitted to the contract administrator thirty (30) days prior to the effective date for review by the participating members.

**Level of Service Adjustments**

The level of service price adjustments shall be individually selected by the participating member institutions. The level of service price adjustment shall be applied to both the core and non-core pricing.

As an example, if the member elects to use a 300 item core list and the only level of service adjustment is desktop delivery the member pricing is calculated as follows:

- The new single discount % to be applied from level 3 United Stationer’s quarterly pricer minus “bracket pricing” and /or “promotional / special pricing” is calculated as 13% minus (-) 2% for a new total of 11%.
- Each net price on the 300 item core list is multiplied by 1.02 (an additional 2%).

**Level of Service price adjustments:**

- 1) Desktop delivery .....add 2%
- 2) Vendor managed stockroom .....add 0.5%\*\*
- 3) On site representative .....see below\*\*\*
- 4) Electronic orders .....deduct 1%
- 5) Electronic invoices .....deduct 0.5%
- 6) Single delivery point/orders exceeding \$5,000 (selling price)... deduct 1.5%\*
- 7) Three (3) or less scheduled deliveries per week.....deduct 1.5%
- 8) Third party delivery (i.e. M/WBE).....add 1.5%
- 9) Orders exceeding \$150 (discount for line 6 also applies)..... deduct 0.5%\*

\* Invoices reviewed every six months and credit applied

\*\* Vendor managed stockroom is supplied at no charge with annual sales of \$200,000 +.

\*\*\* On site representative is supplied at no charge with annual sales of \$3M +. The percentage addition is scaled as follows.

<b>Annual sales exceeding</b>	<b>added %</b>
\$2.5M	0.25%
\$2.0M	0.50%
\$1.0M	0.75%
Annual sales less than \$1.0M	1%

**Price Lists**

The preferred supply vendor shall promptly (within 15 days) furnish all members sufficient copies of up to date price lists. If the agreement permits any price adjustments, price lists reflecting such adjustments must be made available to all members within 15 days of the effective date.

### **Price Adjustments**

Price adjustments for core items (+ or -), if any, will occur on an annual (one time per year) basis. Core price adjustments shall be equal to or less than the percentage change in the United Stationer's "level 3 bracket pricing and/or promotional / special pricing" for the most recent twelve (12) month period. If a core item is not displayed on the United Stationer's quarterly pricer the price adjustment will be based upon the manufacturers actual written and documented increase.

Pricing for non core items will be based in accordance with the discount schedule as offered in the RFP. Note that the percentage discount shall remain constant (unless improved) for the life of the agreement

All core list price increases, along with appropriate support documentation, must be submitted thirty (30) days prior to the effective date for review and acceptance, or rejection, by the participating member institutions.

The preferred supply vendor will match advertised pricing from other office supply distributors under the following conditions: (1) the end user presents the advertisement, and (2) if when viewed on a market basket basis, the preferred supply vendor sells those products to member's competitors, who are purchasing the same quantities and mixes of products and services, on the same of similar terms and conditions, in the same geographic areas as the member, at a price which is lower than the individual member's, the preferred supply vendor shall reduce the price to the individual end user for so long as such price is in effect.

### **Supplemental/Participant Agreements**

In order to obtain full member participation the preferred supply vendor will need to enter into a separate supplemental agreement with participating members to further define the level of service requirements as defined in the RFP –i.e. invoice requirements, ordering requirements, on campus service, specialized delivery, etc.

### **Term**

The program term will be for five (5) years with the option of two (2) additional one year renewals.

### **Value Added Offerings Made in Proposal**

#### ***Driving Program Compliance within each University***

Boise would like to offer an on-site sponsorship to each University to help drive program compliance within each of the schools. This unique program will be in addition to any on-site Customer Service related personnel dedicated to implementing the program. This on-site sponsorship would be paid for by Boise with the sole purpose of aiding the Universities in their efforts of driving program compliancy.

#### ***Demand Management***

Demand Management is an essential part of managing procurement. Boise has found that Demand Management efforts must be tailored closely to the individual culture of each

customer. We are committed to working with members to build a Demand Management Program that fits their culture.

Demand Management activities involve the process of moving beyond the analysis of SKU pricing and procurement process analysis to monitor and measure what products are being purchased and how these products are being utilized. The one main goal of Demand Management is to reduce spend. Spend is reduced through the measurement of current spend, the analysis of current activities and practices involved, the benchmarking of measurements, best practices, and the institution of new programs and procedures to reduce the entire organizations' total spend.

### ***Product Fairs***

Boise Office Solutions can conduct product fairs for members. We often refer to our suppliers' expertise about their products, and utilize their assistance in putting together the product fairs. Product fairs may include, but are not limited to:

- ✓ Recycled Products Fair
- ✓ Ergonomic Products Fair
- ✓ Calendar Fair
- ✓ New Products Fair

In addition, Boise's Account Managers will periodically meet with members to review new products and suggest alternate lower cost products. They can provide samples for testing and arrange meetings with manufacturer experts, as well as visits to manufacturer plants. This process can give the purchasing professionals the chance to evaluate products before purchasing them.

**Campus Blitz** - Boise would adopt a campus blitz period allowing the local Boise sales force to work with the end-user community on campus to help drive program compliance and achieve optimum customer satisfaction.

**Call Center Utilization** - Boise has an outbound sales department we would utilize in making end-user contact to inform the campus of the new program. This outbound team would help drive program awareness and compliance. Our call center teams are professional and knowledgeable and would help drive the success of the program.

**On-Site Sponsorship** - As mentioned earlier, Boise would like to offer each University a program "sponsor" to help drive program compliance within each of the schools. This unique program will be in addition to any on-site customer service related personnel dedicated to implementing the program. We envision having this sponsored personnel "touring" the campus for a couple hours each day promoting the program and helping to drive compliance. Ideally, this individual will be a student Boise hires to help drive participation, while creating part time work for some of the

local students. This on-site sponsorship would be paid for by Boise with the sole purpose of aiding the Universities in their efforts of driving program compliancy.

**Program Kickoff Event** - Boise would like to conduct a kickoff event that would help drive program awareness and compliancy to the campus community. This event would be sponsored by Boise and be facilitated by the local Boise Team to advertise the program, pass out information and answer questions.

### **Invoice terms**

Invoice Terms: **1%/10 net 20 daily billing, net 10 monthly**

### **Additional Terms**

A. To help offset the cost of transitioning to a new supplier; the preferred supply vendor will offer a \$3,000 one time transition allowance to each participating member institution that elects to participate with the preferred supply vendor via the agreement if participation is initiated by December 31, 2003. Further, for existing members who already have Boise as the primary supplier for office products, the preferred supply vendor will provide a \$3,000 one time allowance to such member institution to help offset the costs of transitioning over to a new pricing platform (if participation is initiated prior to December 31, 2003). To qualify for either allowance, the member institution must exceed \$85,000 annually in office products and supplies purchases.

The allowances will be provided in the form of a check payable to the member institution upon completion of the first month of service under this Agreement.

B. The preferred supply vendor will provide a penalty payment of \$5,000 per quarter per participating member if the line item fill rate for the specific member falls below 98% for the quarter. This penalty payment is subject to the following conditions: (1) the participating member is using the preferred supply vendor's proprietary catalog, (2) the member location is within a three hour driving range of a preferred supply vendor facility, (3) the preferred supply vendor has other customers within a 50 mile range, (4) the member location has an office products and supply spend exceeding \$85,000 annually (with the preferred supply vendor) and (5) the preferred supply vendor's line item fill rate is not significantly impacted (negatively) by a manufacturer who is out of product for reasons beyond control of the preferred supply vendor. Under such situations (mfg. stock outs) the preferred supply vendor shall provide compelling written evidence of such manufacturer stock outs. The formula for determining fill rate is the total number of lines minus the number of lines not shipped complete divided by the total number of lines.

## Participation Incentives

### Schedule for Participation Incentive

Total member annual purchases exceed (at net price)	Additional discount applied to all purchases (see participation notes below)
\$18,000,000	1%
\$20,000,000	2%
\$23,000,000	2.5%
\$25,000,000	3%
\$26,000,000	3.1%
\$27,000,000	3.2%
\$28,000,000	3.3%
\$29,000,000	3.4%
\$30,000,000	3.5%

### Participation Notes

A. For the participation incentive calculation a year (annual purchases) will be defined as July 1 to June 30. Further total member annual purchases at net price shall mean the total value of a member's purchases annually at net price excluding taxes, credits and returns, cancelled orders, and shipping and handling charges, if any.

B. Any renewals of this Agreement (i.e. year 6, 7, 9, etc.) shall apply a participation incentive based upon the same or similar model

C. For the first year of the program no participation incentives will apply. If during the first year participating member purchases exceed any of the above thresholds, E&I members will be limited to a maximum of a 1% additional discount

D. If during the second year participating member purchases exceed any of the above thresholds, E&I members will be limited to a maximum of a 2% additional discount

E. If during the third year member participating purchases exceed any of the above thresholds, E&I members will be limited to a maximum of a 2.5% additional discount.

F. If during the fourth year participating member purchases exceed any of the above thresholds, E&I members will be limited to a maximum of a 3% additional discount.

G. The additional participation incentive shall only be applied to a participating individual member institution's pricing so long as 90% of such individual participating member institution's invoices are paid on time and within terms.

***For example, if during year 3, E&I members produce \$24,000,000 in sales. Boise will then lower the pricing for year #4 by 2.5% for all institutions.***