

## **Purchasing with Plastic!** **Using a credit card for procurement in libraries**

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### **I) Introduction:**

With the rapid development of the Internet and Worldwide Web over the last 10 years, shopping online is no longer a novelty. Virtually (excuse the pun) anything can be bought online these days. From serious scientific information to ready made “degrees”. I recently read a story of someone in here in South Africa actually ordering a cake online from a company in the UK and it was delivered via courier to his doorstep! We, in the book buying business, are well acquainted with the biggest success story of online selling: Amazon.com.

It was, therefore, inevitable that e-commerce would start to play a pivotal role in the procurement process within libraries.

Librarians have a long history of electronic ordering. Most of us have been placing orders electronically for years: downloading orders from our library management systems and transmitting them to our main suppliers either as e-mail attachments or in a variety of other electronic ways. Even easier is the option to search our large suppliers' databases online and placing orders by merely marking what we want and voila, our order is processed without our having to type the bibliographic information or add personal details. This has certainly expedited the ordering process and made it easy to keep track of what is on order, what has been chased and, generally where in the process each order is.

So, if our procedures are so streamlined and seamless why do we need a credit card at all?

### **II) Possibilities opened up by credit card purchasing:**

Most large booksellers who service libraries, claim that they will supply any publication, but in practice, many orders remain unfilled. These include specialist books not available through our suppliers or requests for other, out of the ordinary or obscure items – those that do not have ISBN numbers, grey literature, standards, methods, theses, reports etc.

More often than not, these are published by societies, institutions, research organisations, government agencies, universities and other small companies whose core business is not publishing. Sending these to our normal suppliers often result in long delays or worse, cancellations, as the suppliers seldom get discounts on these types of publications and there is therefore little business incentive to trace and supply them. If they do eventually supply them, a handling fee is charged to make up

for the lack of discount from the publisher and a relatively inexpensive item can become quite costly.

In these cases we often have to approach the publisher directly – no problem – these days most have web sites, often very good ones. A quick search and the problem is solved! Or is it? Almost 100% of the time pre-payment is required and for one item, usually of low commercial value, requesting a bank draft or electronic transfer of funds is a very costly procedure. And that does not even take into account that you still have to “bribe” your finance department to agree to do it, and do it fast (remember your client is breathing down your neck)! They will also want an invoice (an original please!). Having requested an invoice, it still has to be sent via airmail from the US or Europe, and processed. Many organisations only make payments or issue cheques once a week/month, which can cause further delays. The cheque then has to make its way back overseas before the publisher will finally send the prized item. This whole process can take two months or longer, by which time the item may no longer be needed.

During the late 1990’s the staff in our acquisitions department began to notice that more and more companies and organisations were offering their publications online. Most of these websites had secure systems through which clients could do their online “shopping” but, to make use of the system, a credit card was necessary.

We also realised that ordering online could mean that the long delays in getting payments effected through the normal channels would be a thing of the past. Even better: many publications were available as electronic downloads – instant payment, instant delivery!

In addition, we found that cutting out the “middlemen” often meant lower prices. It looked like “paradise” to those of us sitting at the southern tip of Africa, far from the international publishing world in Europe and North America.

We noticed that the following types of documents seemed to be particularly suited to ordering online:

*Standards:*

Many standardisation organisations offer not only paper copies but also electronic downloads of full text standards. Some examples are:

- ASTM: <http://www.astm.org>
- Techstreet: A standards supplier for several organisations like AWA, IEEE, AASHTO, API, ASME IEC  
<http://www.techstreet.com/>
- DIN standards  
<http://www.mybeuth.de>
- IHS: Another standards supplier for standards and specifications worldwide.  
<http://www.ihs.com/>
- ISO: International Organisation for Standardisation  
<http://www.iso.org>

*Technical Reports:*

Companies, government agencies, associations, research organisations, universities, etc. sell technical reports via online ordering systems. Sometimes electronic copies are also available.

- NTIS: The US National Technical Information Service sells technical reports online at half the price if ordered online. This is a huge saving.  
<http://www.ntis.gov>
- NASA:  
<http://www.nasa.gov>

*Theses:*

- UMI offers theses in paper copies and some of the newer ones as electronic downloads.  
<http://www.umi.com>
- MIT (Massachusetts Institute of Technology):  
<http://theses.mit.edu/>

*Patents:*

Patents are so freely available that it is almost not necessary to have to purchase them, but in certain cases, online, credit card ordering is a great way of getting hold of them fast

US Patents:

<http://www.uspto.gov>

European Patents

<http://ep.espacenet.com/>

*Urgent articles:*

Journal articles, which are urgently required and not available locally, can be ordered from companies like Ingenta and Infotrieve. The pay-per-view option with credit card payment is becoming more and more common. British Library's Articles Direct service can also be used for once-off requests. (Keep in mind that costs will be considerably higher than normal ILL)

*Highly technical books:*

These are often found on associations' and small publishers' website. For the most part, the process is straightforward and service is fast.

Having identified the sources it was time for action.

**III) Persuading the money people:**

**Background to credit card procurement at CSIR Information Services (CSIRIS):**

We decided to take the plunge and raise the issue during one of our regular meetings with corporate finance. The financial manager threw up her arms in horror. Not even the CSIR president has a company credit card and visions of misuse were already floating in front of her eyes. In addition, did we know that it was illegal to use a credit card on the Internet? (We did). Our main aim at that meeting was not to get

permission to do something illegal but to make the authorities aware of trends and hopefully, to be instruments of change. As far as this objective was concerned, we felt we had a successful meeting. They were at least made aware of what was happening out there.

In the meantime, in order to make use of, what seemed like fantastic services offered by an increasingly popular site called Amazon.com, more and more researchers were keen to order work-related books with their own credit cards and claim the costs back from their CSIR divisional finance departments once they received their statements. Not only was this still illegal, but it would also cause other problems like unrecorded and uncatalogued books whose value was lost to all but the original purchaser. But the researchers needed and wanted information as quickly as possible and claimed they themselves could get items faster by supporting Jeff Bezos than the Information Services staff could through our conventional suppliers. The CSIR corporate finance dept had to issue a stern warning that this process was illegal and would not be tolerated within the organisation. It must also be said that some researchers did discover Amazon was not as amazing as they thought – by the time they added the shipping costs as well as import procedures and duties, the picture looked decidedly less glamorous!

During 1999 it became legal for South Africans to purchase items via the WWW with a credit card. Back to the financial manager we went and this time there was a slightly better response. We were told to write a motivation and they may just consider it.

We then set about looking at the real advantages of using a credit card for a knowledge intensive technical organisation (KITO) such as the CSIR. We found the following steps to be critical in persuading authorities:

***1) Align the request with the basic vision and mission of your organisation:***

**The Mission of the CSIR**

As a uniquely South African organisation, the CSIR is committed to innovation. We exist to support sustainable development and economic growth in the context of national priorities and global challenges. We create value for our clients, partners and stakeholders by providing technology solutions and **information**, establishing ventures and licensing intellectual property.

The CSIR has, embodied in its mission, the supply of technical information. In the rapidly changing world of technology, it is imperative to, not only provide the necessary information, but also deliver it on time, on brief and on budget. Information is a crucial ingredient of research and must be available when needed, without being delayed by business processes that were designed for a more general office environment.

***2) Keep records of cases where the use of a credit card would have been particularly beneficial:***

We had already kept informal records of occasions where the use of a credit card would have been the solution to a purchasing problem, so we used this as “ammunition” to start with. We then seriously started supplementing the list with further examples. You must be able to support your claims even if they do not ask for the details in the end.

Most of the examples will fall into one of three broad categories of benefits:  
 Time saving  
 Cost saving  
 Ease of purchase.

Here are some examples of items to use in your argument (already mentioned briefly above):

- Items from scientific societies, organisations and certain academic institutions are good candidates for online ordering.
- Low- value, grey literature is also a category of publications which can be ordered, very successfully, online. These documents are not easily available from traditional sources and are often available from the company or publisher via their website.
- Where price is a real issue, it may be more cost effective to order directly from a publisher than through a third party supplier.
- Reports from large companies.
- Patents

### **3) *Stress the time saving element:***

As discussed earlier the timesavings element is probably the most important benefit of using a credit card, for clients and acquisitions staff alike.

More and more items are available as electronic downloads but only when paying by credit card. This is a very important factor as the document is available immediately. Items in this category are standards, methods, some theses, reports and electronic journal articles.

Urgent requests for journal articles can sometimes be ordered in electronic format from commercial suppliers more cost effectively than paying the high rush handling fees of some large supplying libraries.

We recently had a case of a multi-million Rand project being dependent on information from a certain book. If that item were delivered a month or two down the line, it would have been useless.

Most people are very time conscious, especially if they themselves want/need something. Even financial types understand the implications of delays. It will also save the finance department time: far less requests for cumbersome bank drafts, EFT's etc.

### **4) *Get a "techie" with authority on your side.***

At the time of our request, the library and information services were part of the portfolio of the CIO (Chief Information Officer) of the CSIR. He was one of the CSIR vice-presidents and keen on being at the forefront of the latest technological developments. The CSIR was just getting into e-business and it was fairly easy to convince him of the need for us to make use of the latest e-commerce developments in order to further the CSIR objectives! Once we had his approval for the process, we basically had our credit card.

#### **5) Cost benefits:**

The costs of requesting, processing and paying an invoice (both by cheque and electronic fund transfer) far exceed the cost of a credit card transaction. There are therefore considerable benefits for the accounting department.

Purchasing directly from the publisher, especially online, downloadable items, is also often more cost effective than using a third party supplier.

Our written motivation was rather more practical than sophisticated, but a well argued, professionally presented document or even a Powerpoint presentation to the decision makers, can go a long way to paving the way to success.

We were thrilled when our application was finally approved and we received our precious cards!

#### **IV) Procedures:**

Once we had the cards, we had to prove that we could be trusted! We were more than happy to follow procedures and keep to the rules.

The greatest worry for any person using a credit card online is that his card number will be open to abuse by hackers. Although there is a real possibility that this might happen, the chances of a waiter at a local restaurant, who takes your card away to put a transaction through, poses a much greater risk for credit card fraud than ordering an item on the Internet.

But, credit card security *must* be taken seriously, especially when a company card is involved. Here are some guidelines to ensure that the card is not abused:

##### **1. Keep the card locked away in a safe at your finance department.**

For the purposes of library, online use, it is not necessary to have the physical card available. If the card is safely locked away it immediately lessens the risk of it being stolen. We have seldom had to use the card itself, and, if necessary, it was easy enough to retrieve it.

##### **2. Give the card number to authorised staff only.**

It is not a good idea to hand out the number indiscriminately to the whole acquisitions department. Rather designate one or two staff members, who

already have signing powers, to be custodians of the information. They must also be willing to take responsibility for the use of the card. They could either be the only ones to do the ordering or they could merely add the number once another staff member had searched and found the required document. The card number must also be securely locked away to prevent unauthorised use.

### **3. Only use online purchasing sites that have secure Internet transaction systems in place.**

The usual procedure for online ordering is via an encrypted e-commerce system. Always check whether this is true for the site you are about to order from. When starting the ordering process, the shopper is given a security alert that he/she is entering a secure zone and the same happens when exiting the site. If this is not given do not enter the card number.

Many companies do not have encryption systems in place as yet and require clients to send the credit card details by fax. Although not as good as encryption this is also acceptable provided the company you are buying from is well known and legitimate. Do not leave the form in the fax machine but wait for it to be transmitted and afterwards store the form in a safe place.

Never send card details by e-mail. E-mail is not secure and the risks are much higher that the information might fall into the wrong hands. If necessary, send an e-mail asking for a secure fax number.

### **4. Keep meticulous records.**

The CSIR is very strict on financial records for all transactions. With online purchasing this becomes somewhat more complicated than with regular orders. Some companies do issue proper invoices but often the order form and cost details on screen are the only proof of purchase. This is particularly true for electronic downloads. As a rule, we print all the relevant pages before submitting the order and then print the confirmation that the order had been received, as well. Many companies also send an e-mail confirming receipt of the order.

Some onscreen order forms have a field for an order number and this should always be included. If there is no provision, it should be added manually after printing the form so that all transactions are linked to an order number.

### **5. Keep track of how much you have spent:**

Just like with any personal credit card, you have to keep a record of your purchases. There are credit limits on each card (I will discuss this a bit later on) and a transaction will be rejected if you have overspent. This can be rather embarrassing.

We have drawn up a simple Excel spreadsheet to give us a running total. Every time a credit card purchase is about to be made we check the amount still available and afterwards add the amount just spent in Rands. This is also an additional reference tool for checking the statement at the end of the month.

## 6. Check and reconcile statements with the invoices/records kept.

This is a not voluntary! Your financial department will require from you an explanation of every transaction in the same way that they will not process an invoice without an order number. If careful records have been kept this part can be a breeze, but there are some difficulties that crop up from time to time. Some companies outsource their e-shops and the cryptic name on the statement could sometimes differ from the original company. The amount will be the same though and a match can usually be found. Watch out for this when ordering.

Your finance department may have their own requirements and it is wise to keep them happy!

## V. Pitfalls and problems:

Having proclaimed all the benefits of using a credit card in a library situation, it is necessary to caution that a credit card is but one tool and is not a cure for all our acquisition woes. There are both advantages and disadvantages and both should be kept in mind.

I have described the use of a credit card largely in the context of the CSIR, a special library with very specific needs and a relatively low volume of orders. As such, each request is given more individual attention than, I suspect, an order in e.g. a large volume, academic library would get.

In our business environment, requests for items are, for the most part, just-in-time rather than just-in-case orders. Researchers often need information as a matter of urgency so the use of a credit card is especially critical for us in this kind of environment.

Even so, there are disadvantages and these should be carefully considered:

Keep in mind:

- Searching for individual titles on the Internet is **time-consuming**. Finding a document or book on the Internet can be frustrating especially if your Internet connection is slow. It is not recommended that run-of-the-mill type of orders be purchased with a credit card. It is often much easier to let a supplier do the search work and, indeed, this is what should be done with straightforward, non-rush book orders.
- **A general focus on US clients in the design of the online ordering process.** Online order forms are often designed with US clients in mind. It can be annoying when a submission fails because the system insists on a state and keeps giving you Georgia instead of Gauteng! Also, telephone numbers and zip codes do not correspond with US standards and may give error messages. Shipping charges are sometimes given for US delivery only, necessitating sending e-mails to find out what costs are.



- **Credit limits**

Although an obvious point, it must be remembered that there are limits on all credit cards and these should be realistic. It is no use having a card that has a limit of a few thousand Rand. With the current weak Rand, even R10 000.00 will not buy much and before you know it you will be getting rejection messages from suppliers. Most finance departments would probably be hesitant to issue first time credit cards with high credit limits. This was certainly the case at the CSIR. We were given fairly low limits but were just too glad to have a card at all and did not complain!

By being very humble and keeping to the rules, we were able to persuade them after a few months that we were reliable and trustworthy and they agreed to increase the limits.

There are also Reserve Bank regulations that must be adhered to. Your finance department will be able to give you advice on this and make sure that you are using it within a legal framework.

Credit limits should be reviewed regularly to keep pace with costs and usage. Once per annum, at the beginning of the company's financial year is probably a good time to look at new limits. Very high limits may also have to be cleared with the Reserve Bank.

As mentioned previously, we have a spreadsheet for each month and add purchases as soon as they are made to keep track of how much credit is still available so that we do not exceed our limits.

- **Manual monitoring:**

There are no service level agreements with suppliers and sometimes orders have to be followed up individually. There are therefore no automatic chasing procedures.

- **Postal services:**

Non-electronic documents are usually sent by airmail. This can be a problem given the situation at Witspos and the fact that there is no way of knowing where the item went missing.

Regular orders through large suppliers are mostly delivered via airfreight so parcels are readily traceable, thus eliminating this problem.

- **Technical difficulties:**

Sometimes electronic documents are difficult to download and end up being very time consuming to sort out.

## **VI. Pursuing the goal:**

As information specialists we are service-oriented individuals and will go to great lengths to please our clients. The old adage “The right information at the right time, in the right place, in the right format to the right person” is as true as ever and we must use all the tools at our disposal to fulfil this mandate.

We therefore, need to be aware of our clients’ requirements and match the request with the best delivery method. Only experienced acquisitions staff has the knowledge to make logical and sound decisions on which route to follow to ensure satisfied clients. We should keep up with new developments and be competent “supply chain managers”. E-commerce is part and parcel of this process and it is up to us to ensure that we can offer the kind of service our clients take for granted in the electronic age.

The CSIR Information Services slogan is:  
“CSIRIS: The smart way to information”.

Our clients must have confidence in our skills and abilities and should indeed look upon us as the “Smarties” who pave the way to success for them.