**Online Marketplaces - Purchasing Guidance**

An online marketplace is a type of e-commerce website where multiple suppliers offer their products for sale. Purchases are processed by the marketplace operator (such as Amazon), but are ultimately delivered and fulfilled by the participating suppliers. As marketplaces aggregate products from a wide array of suppliers they can offer substantial choice at competitive prices; however their use can create challenges in adhering to the University’s [Financial Regulations](https://finance.web.ox.ac.uk/financial-regulations) and [purchase to pay process](https://finance.web.ox.ac.uk/purchase-to-pay).

There is no specific prohibition on using marketplaces at the University, however the risk of doing so needs to be fully understood and weighed against the potential benefits. This guidance has been prepared to assist departments in understanding and assessing the risks and benefits; it is not intended to amend existing regulations and processes.

Placing an order through an online marketplace and not via Oracle Financials means:

* System-based approval levels are bypassed;
* [University terms and conditions](https://finance.web.ox.ac.uk/university-standard-terms-and-conditions) are not secured;
* Payment is made (usually by credit card) in advance of receipt of goods and invoice;
* Visibility and reporting of spend is reduced.

Other risks associated with online marketplace purchases are:

* Lack of supply chain visibility – it is likely to be difficult to undertake appropriate checks on the ultimate supplier potentially increasing the risk of undesirable activity in the University’s supply chains such as modern slavery or poor environmental practice.
* Lack of assurance over specification/quality – the specification or quality of the product may not be as you expect and it may be more difficult to resolve such issues if the supplier is remote or only in business temporarily (note: fake products/reviews are also a possibility).
* Unfavourable terms and conditions – both the marketplace operator and the ultimate supplier may impose terms resulting in a lack of clarity and the potential for sub-optimal terms to be agreed.
* Lack of clarity regarding commercial benefit - a marketplace may give an impression of competitiveness, but the headline price may not include important aspects such as delivery, ongoing support or account management.

To mitigate the risks above the following additional advice is provided by way of a supplement to the usual processes and guidance.

**Quotations:** it is unlikely that a formal quotation will be available from a marketplace supplier. Where the purchase to pay process requires written quotations to be sought it is acceptable to take a screen shot of the marketplace including the price and specification to stand for a quotation. However using a marketplace in itself does not dispense with any requirements for competition, and any further quotations required should be from sources outside the marketplace wherever possible.

**Contract terms:** it is unlikely that the University’s terms and conditions can be secured when purchasing from a marketplace. The marketplace terms of sale therefore need to be reviewed to ensure these are acceptable.

**Supplier due diligence:** the marketplace operator is unlikely to undertake any material checks on suppliers. If you are able to identify the ultimate supplier, you could ask them to complete the [Supplier Suitability Checklist](https://sharepoint.nexus.ox.ac.uk/sites/uasmosaic/finance/Documents/191205%20Supplier%20Suitability%20Checklist%20v4.0.doc?Web=1) to confirm they are suitable to undertake the work and conduct business with the University. If this is not possible you need to consider the risks this raises such as being unable to check the financial viability of the supplier or seek assurances on matters such as the supplier’s approach to managing sustainability and adherence to legislation and relevant standards.

**Purchase orders:** it is unlikely that a University purchase order can be used to place an order with a marketplace supplier therefore you must separately consider whether it is appropriate to [order without a purchase order](https://finance.web.ox.ac.uk/order-credit-card-petty-cash). When ordering without a purchase order: (i) appropriate approval from an authorised signatory with sufficient delegated authority is required in advance of making a commitment to the supplier; (ii) records of quotations obtained (where relevant), the orders placed, goods or services received, and invoices paid should be kept; (iii) any processes related to the use of credit cards must also be adhered to where relevant.

**Note:** before using a marketplace it is always worth checking to see if one of the University’s [preferred suppliers](https://finance.web.ox.ac.uk/preferred-suppliers) can supply the products you require. Contact them to understand if they can provide a competitive price and what additional benefits are available in comparison to a marketplace purchase.