



Welcome

to
Case study on
A.P eProcurement

Dated 4th JUNE 2007
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Government of Andhra Pradesh



Agenda for Presentation

- Current Status
 - Pre- reform situation
 - Model – core capabilities - Spread
 - Impact
- Process Re-engineering - Legal reforms
- Challenges in Public Private Partnership
- Change Management – Capacity Building
- Growth /deployment trends
- Project implementation Unit
- Learning & Critical Success Factors
- Demo



Situation before eProcurement

- Discrimination in issue of tender schedules
- Physical threats to bidders
- Cartel formation - suppresses competition
- Pressures on dept officials
- Inordinate delays in tender finalisation
- Human interface – Manipulations, tampering
- Inadequate transparency
- Adverse Press coverage on Tender fracas



GoAP eProcurement Calender

- Cabinet sub committee recommended eProcurement in 2000
- eProcurement identified as a core eGovernance in 2001 - project with relevance across the government
- Appointment of consultants in 2001
- Selection of Private Partner July 2002
- Pilot launched in January 2003
- Scale up in July 2004



Model – Core capabilities

- Statewide common procurement portal
- Public private Partnership

Core functions

- Supplier Registration
- Pre – Procurement processes
- eTendering
 - IFB – Bid submission – Evaluation - Award
- eAuctions/ reverse auctions
- eRate Contracts



Software features



Department

- Dashboard
- User configuration
- Automatic workflows
- Pre Bid meetings
- System aided evaluation
- Review of suppliers
- Tender monitor
- Audit logs
- MIS reports

Suppliers

- Self registration
- Digital Certificate authentication
- Dashboard
- Auto emails on favorite tenders
- Tender search
- Tender status
- Modify bid
- Bid clarification
- Briefcase for storage



eProcurement Status

- **12** Govt Departments
- **19** Public sector Units
- **100** Municipalities
- **5** Universities
- **300** Locations across the state
- **1500** govt users
- **22000** vendors
- **Turn over**
 - 2003-04: Rs.1,982 Cr (564 Nos)
 - 2004-05: Rs 15,600 Cr(2215 Nos)
 - 2005-06: Rs 15,808 Cr (9981Nos)
 - 2006-07: Rs 16411 Cr (16046 Nos)

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31430 Transactions

Rs50000 Crores
Or
US\$12 Billions



Project Roll Out Status

Financial Year	2004-05	2005-06	2006-2007	Total
Departments	9	4	3	16
PSUs	7	6	9	22
Universities	0	1	4	5
Municipal Corporations	02	08	04	14
Municipalities	14	27	34	75
Autonomous Bodies	0	2	1	3
Total	32	48	52	135



eProcurement Roll out trend

Year	No of Depts	Value Transacted in US\$	No of transactions	% of eProcurement out of total govt spend
2003-04	8	447	564	20%
2004-05	7 Depts 9 PSUs 17 ULBs	3522	3746	85%
2005-06	8 Depts 13 PSUs 51 ULBs 5 Univ	3740	9981	90%



Range of procurements

- Drugs, Medical equipment, Furniture,edible items,Electricity Sub-stations,, Vehicles, Auto spares, Transformers, Pumps, H/W,S/W
- Works contracts, **EPC - Turnkey contracts**
- Highest value **Rs 2350 Cr** Irrigation project
- lowest **Rs 55,000** drain in a Municipality
- **65** bidders for a single tender
- **347** tenders closed on a single day (26th May'06)
- 3500 Govt users, 17000 suppliers



IMPACT



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Transparency

- Automatic e-mail to Bidders on tender publication
- Bid documents available on Net in public domain.
- Corrigendum in public domain
- No interface with departments up to tender opening
- Support documents are open to competitive bidders soon after tender opening
- Tender evaluation status automatically notified to bidders
- Procurement status in Public domain
- **Effective tool for RTI Act**



Cost & Time Savings to Departments

- Total anonymity generated more competition
- Discount quotations even in Single bid tenders
- Cost Savings

Year	Tenders	Value	Cost savings
2003-04	564	Rs1982 Cr	Rs 255 Cr
2004-05	2215	Rs 15600 Cr	Rs 1000 Cr
2005-06	9981	Rs 15808 Cr	Rs 801 Cr

- Automated work flows shortened tender lead time from 90 to 180 days to 36 days
- Savings in Print media advertisement costs



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Cost savings- in Municipalities

source- MA&UD Department

Comparison of two systems in 2005-06 (up to Oct'05)

Type	No. of ULBs	No of Procurements	ECV (Cr)	%
eProcurement for State Govt funded schemes	52	383	60.33	(-)10.31
Conventional for World Bank Schemes	35	173	29.33	(+) 7.4

Effective cost savings due to eProcurement is 17.71%



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Awards

- 2007: United nations Public Service Award
- 2007: Short listed for the P.M's Award
- 2006: Topped the independent assessment by MIT, GOI- Score 83.7
www.mit.gov.in/SA/index.asp
- 2006: A case study hosted in World Bank website www.worldbank.org/egov
- 2005: Recognised as best practice by GOI.
- 2005: Best IT implementation in country by PCQUEST for creating Social Impact
- 2004: Golden Icon award for exemplary eGov initiative by GOI



BUSINESS MODEL



PPP for e-GP

- No Capital cost to the Government
- State of the art technology
- High quality resources
- Low Risk
- Combining accountability with efficiency
- Services are governed by SLAs



Selecting a Partner

- Use public tendering process
- Prepare a good RFP
- Partner with previous PPP experience
 - Culture of relationship building
 - Management & staff stability
 - Skills transfer and development



Role of Private Partner/ Service Provider

- Implementation of the E-Procurement functionality across all departments
- Customizing software
- Setup and management of hardware and software for the Portal
- Trainings
- Helpdesk services
- Operation & Maintenance



Challenges in PPP

- Appropriate Model: Revenue/ Period
 - Charge for completed transaction /Participation
 - Fixed / proportionate charge
- Quality of Service
 - Comprehensive SLA
 - Third party monitoring
- Collaboration
 - Risk sharing
 - Guarantees, Incentives
- Irreversible
- Vendor rivalry



Business Process Reengineering



BPR- Standardisation

- Objective is to cut down non-value processes
 - No prior application sale
 - No application fee
 - No Physical copies
 - Auto bid evaluation
- Redesign bid forms
- Contractors Database
- Standardisation of processes
 - Sub-committee chaired by Secretary(Projects)
- Universal item codes

Standardisation reduces customisation- facilitates quick scale up



Legal frame work & Executive orders

- IT Act 2000
- Executive Orders
- Generic order for Pilot issued by IT&C Dept
 - Rs 1 Crore(US\$ 0.22 Millions) & above through exclusive eProcurement mode
- Process guidelines issued by User Departments
- Service Level Agreements signed by User Departments
- Roll out orders issued by IT&C (July 2004)
 - Rs 10 Lakhs (US\$ 22000) for Works, Rs 5 Lakhs for goods



Digital Certificates

- Password authentication is weak and does not address repudiation issue
- Mandatory Secured login with Digital certificate authentication for all suppliers
- **Digital certificates – IT Act 2000**
 - Issued by Certifying Authority authorized by CCA (Controller of Certifying Authority) India
 - CA establishes trust chain
 - Class 2 certificates are issued after validating with documented data base.
 - Certificate keys generated in pairs one is made public and other is private



CHANGE MANAGEMENT



Change Management

- E- Govt Procurement is not an off the shelf software
- Implementation involves cultural change, attitudes, perceptions, Processes
- It is not mere IT but more of Reform



Change Management

- **Stake Holders**

- Departments
- Contractors/
Suppliers
- Politicians
- Press
- Citizens

- **Issues**

- Security Concerns
- Computer
awareness
- Internet
connectivity
- Loss of Authority
by departments
- Resistance from
some bidders



Change Management

- Involvement of Stakeholders from the initial stages
- High powered committee to buy in of Top Management
- Project Implementation Unit under IT&C Dept
- Departmental core committees – internal champions
- Trainings & workshops
- Post Implementation Support
- Legal frame work - Executive orders
- Mandatory eProcurement
- Reviews and Reporting



Steering Committee

- Chaired by Spl. Chief Secretary, Transport Roads & Buildings Dept during pilot phase : Now chaired by the Chief Secretary.
- Members include
 - Concerned Principal Secretaries/ Secretaries
 - Heads of all participating Departments and organizations
 - Representative of Service Provider
- Mandate to take decisions on business model, selection of service provider, process re-engineering & change management
- Periodicity of Meetings- Twice in a month initially
- Decisions taken by Committee are binding
- A platform for Inter Departmental Collaboration



Change Mgmt.. - Departments

- Project Champions identified
 - Domain Experts
 - Senior level management
- Trained as Chief Information Officers
 - 12 week program jointly by IIM-A & HRDIAP
- Formation of core groups
 - As Is process
 - To Be process
 - User requirements
 - Software requirements
- Series of workshops – Regional/ Hqrs
- Reviews and reporting



Change Mgmt..- Suppliers

- Involvement of Supplier Professional Bodies in FRS
 - Builders Associations
 - Small scale industries manufacturers associations
 - Federation of Chambers of Commerce
- Customised screens, prototypes vetted by Supplier bodies
- User friendly Interface, easy navigation
- Department vocabulary used in the front end
- No tender fee on eprocurement(in the pilot)



Trainings

- Trainings in Application software
 - Hands on trainings
 - Supplier registrations
 - Mock bids
 - Training CDs
 - Trainings modules hosted on web site
- 1000 + officers trained
- 2000 + Contractors/ Suppliers trained
- New version trainings



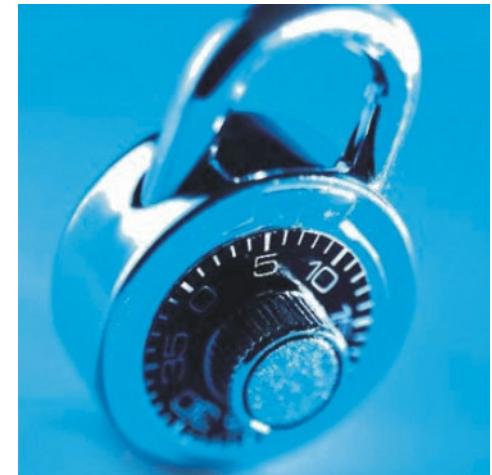
Post Implementation Support

- Call Center type Help Desk maintained by Service Provider
- On 24x7 basis
- Log of all Help Desk calls maintained
- Call disposal tracked
- Based on the severity of problem call is escalated up to Project Manager level



Security & Authentication

- Secured Hosting facility
- Web security
 - SSL technology
 - Firewalls, Anti Virus, IDS
- Two factor authentication
 - Password
 - Digital Certificates: IT Act 2000
- Bid encryption at data base- Asymmetric public key Cryptographic method.
- Audit trail of each activity
- Good backup policy
- Security audit by independent third party
- Time stamping.
- Access control systems





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Growth – Deployment Trends



Phased Implementation

- Pilot in to test proof Concept- January 2003
 - APTS, APHMIDC, APSRTC, COT
 - Above Rs 1.0 Cr
 - Mandatory electronic mode – No paper bids
- Review the Performance of Pilot
- Quick Roll out Across the state- July 2004
 - Above Rs 10 Lakhs for works
 - Above Rs 5 lakhs for goods & services



Scalability

- Robust & Scalable Architecture
- High volume of transactions
 - 354 tenders closed on a single day
 - 800 bids received from suppliers
 - More than 10,000 documents uploaded
- Caters to all types of procurements
 - High value – Rs 2365 Cr(US \$ 500 Million): EPC project
 - Low value – Rs 56,000 (US \$ 1200) : Drains in a Municipality



Project Management Unit

- IT&C nodal implementing agency
- Full time Project Director
 - Reporting to Secretary IT&C
 - Procurement expert trained in IT
- Supporting team
 - Functional
 - Technical
 - Security
- Roles & Responsibilities

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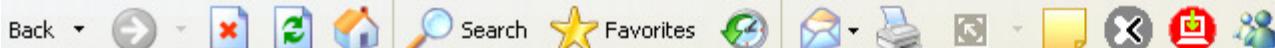
Reports

List of Reports

	<u>Total Procurement Summary</u>
	<u>Summary of Works Completed</u>
	<u>Feedback Report</u>
	<u>Summary of Products Completed</u>
	<u>Tender Search Details</u>
	<u>Tender Data Statistics</u>
	<u>Tenders Geographical Wise</u>
	<u>Department Wise Tenders</u>

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Total Procurement Summary

Select Report

Total Procurement Summary

Department Name : ALL

Date From : 1 April 2003

Date To : 28 October 2006

Procurement Type	Transactions Completed		Transactions In-Progress		Total Transactions	
	Numbers	Value (INR)	Numbers	Value (INR)	Numbers	Value (INR)
Electronic Tenders	9533	291,107,088,976.00	11837	99,859,711,669.00	21370	390,966,800,645.00
Other	498	819,874,284.00	0	0.00	498	819,874,284.00
Total	10031	291,926,963,260.00	11837	99,859,711,669.00	21868	391,786,674,929.00

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Learnings

- Reforms/ BPR in Procurement processes and eProcurement to synchronise to derive full potential of eProcurement
- Statewide eProcurement portal beneficial
- Suppliers adaptability to change is better
- Stakeholders are demanding for complete automation- Auto Bid Evaluation
- Desirable to Develop a Monolithic platform with all modules, but implement incrementally
- HoD support is critical
- PPP Model useful for rapid Scale up



Critical Success Factors

- Top Political leadership support
- High level Project Implementation Committee
- Right policies, Objectives
- Significant Process Re-engineering
- Active involvement of Stakeholders
- Standardisation of processes
- Workshops/trainings
- Public Private Partnership Model
- CIOs from domain are project leaders
- Active Helpdesk





Thank You

Question & Answers

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