e-Procurement
Best practices in Public Procurement
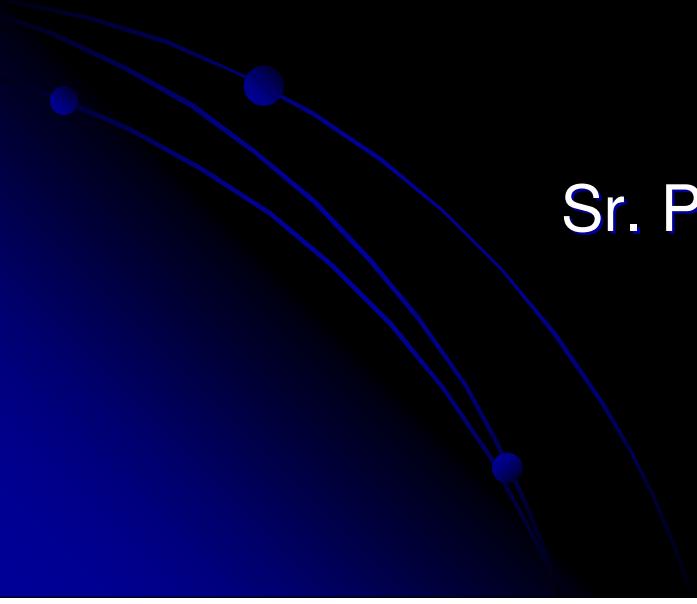
Ashish Bhateja

Sr. Procurement Specialist

The World Bank

The World Bank Group

Procurement can mean different things to different people
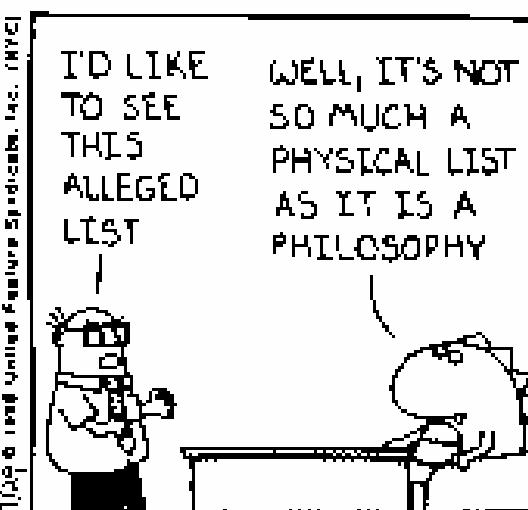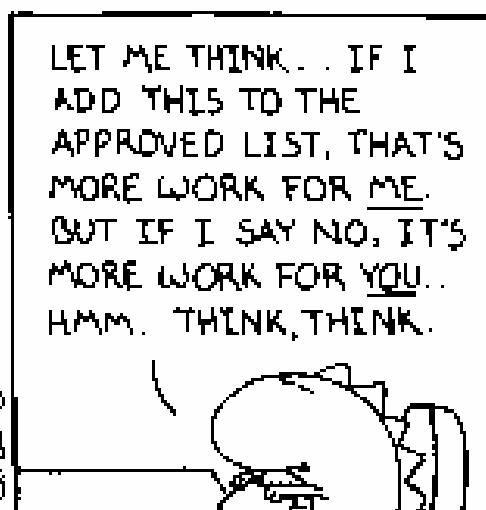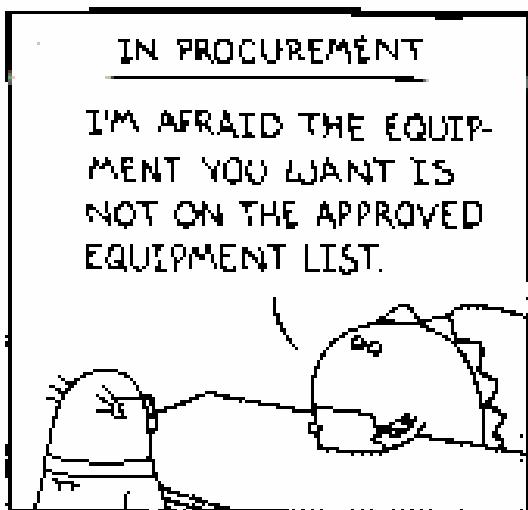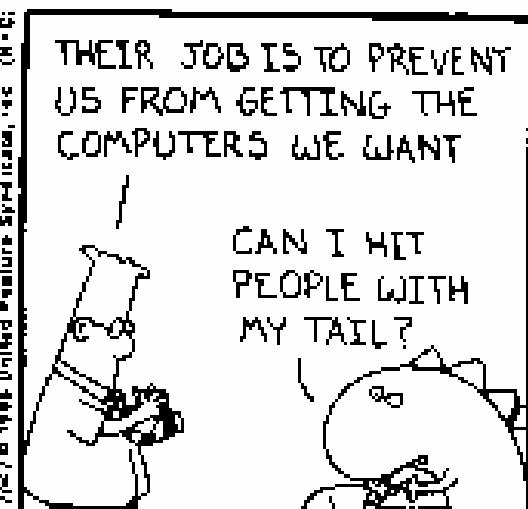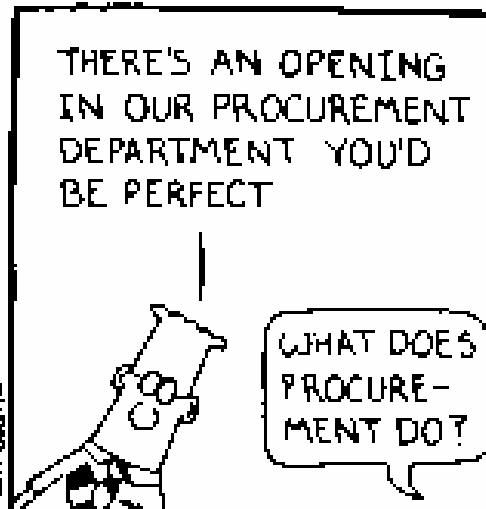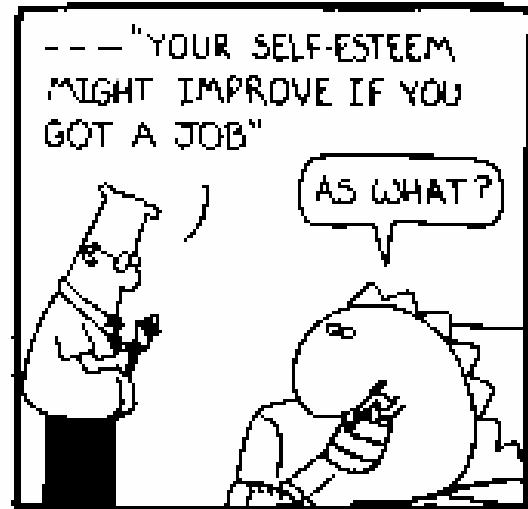
What is e-Procurement

- **e-Procurement is the application of technology to public procurement**

- **An e-Procurement implementation strategy is a management and reform program**

- **It applies to the acquisition of works, goods and services**

- **Objectives include to improve efficiency and management**

What e-Procurement is NOT

- **e-Procurement is not a software program**

- **e-Procurement is not centralization of procurement**
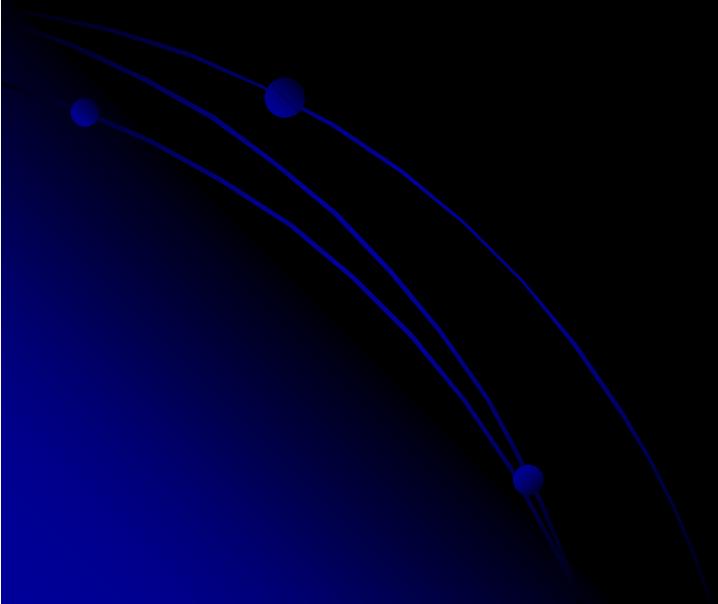
India experience

- Early Movers
  - DGS&D, Indian Railways
  - Andhra Pradesh
  - ONGC, GAIL, BHEL
- Increasing adoption
  - All Central Ministries
  - Karnataka, Rajasthan, Tamil Nadu, Orissa, Goa, Delhi, Chattisgarh, HP

e-Procurement is a mission mode project under eBharat project funded by the World Bank

Begin goals are different

E-GP

GOVERNANCE
Transparency
Accountability
Integrity
Public Confidence

EFFECTIVENESS
Efficiency
Informed Management
Value-for-money
Quality Outcomes
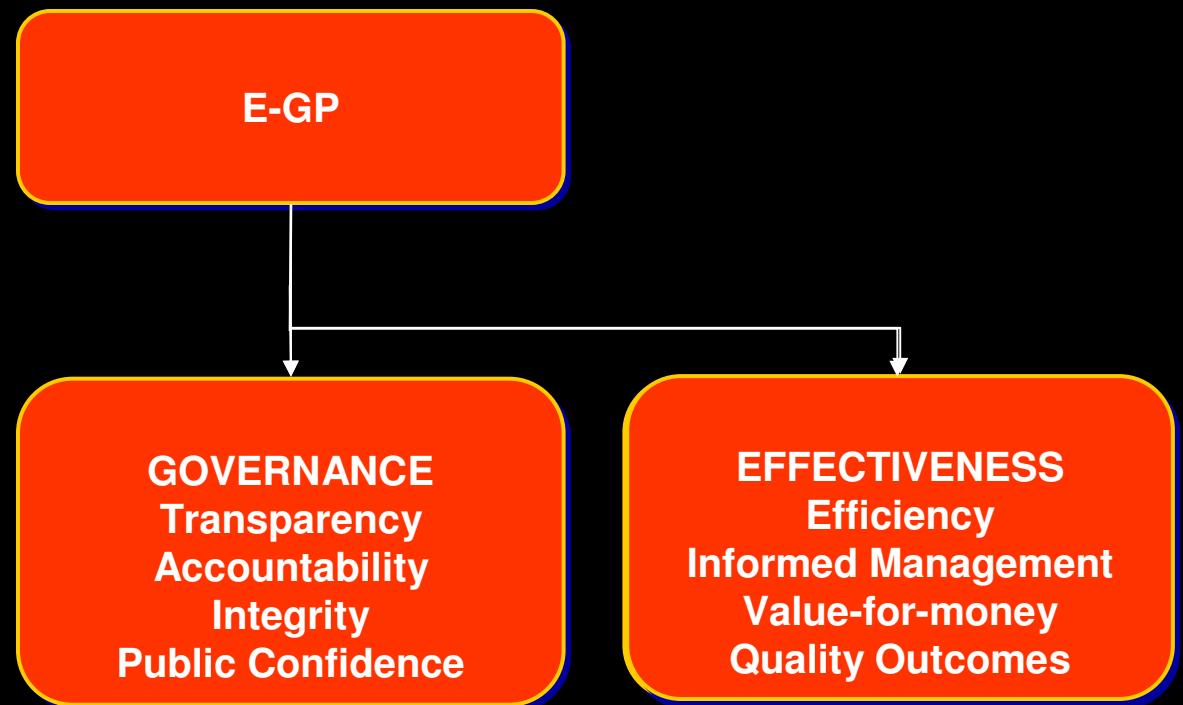
International experience

Governance

Italy, Brazil, Australia, Thailand, India

Efficiency

United States, UK, Germany

Economic Growth

Hungary, Korea
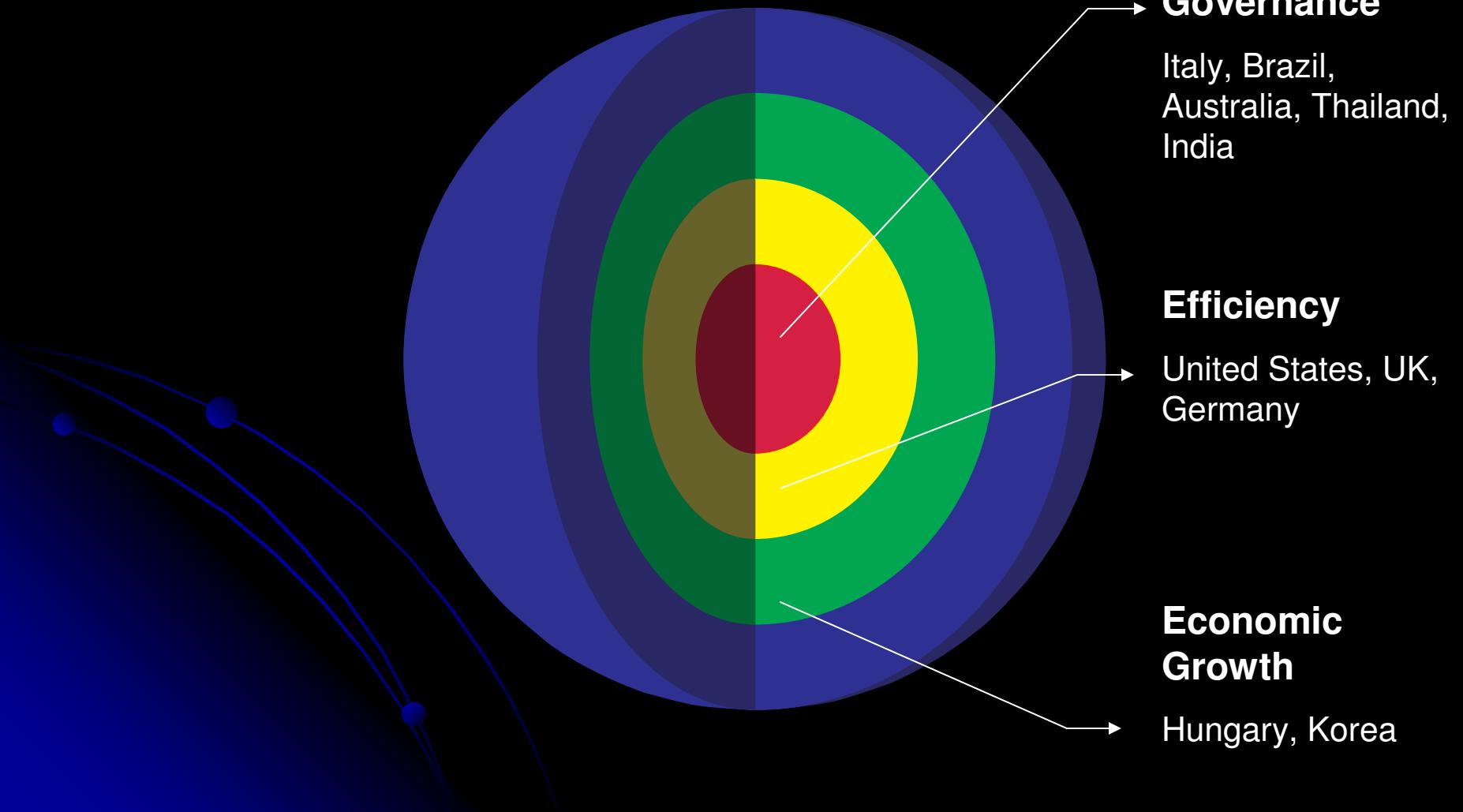
Illustration: GePS, Korea
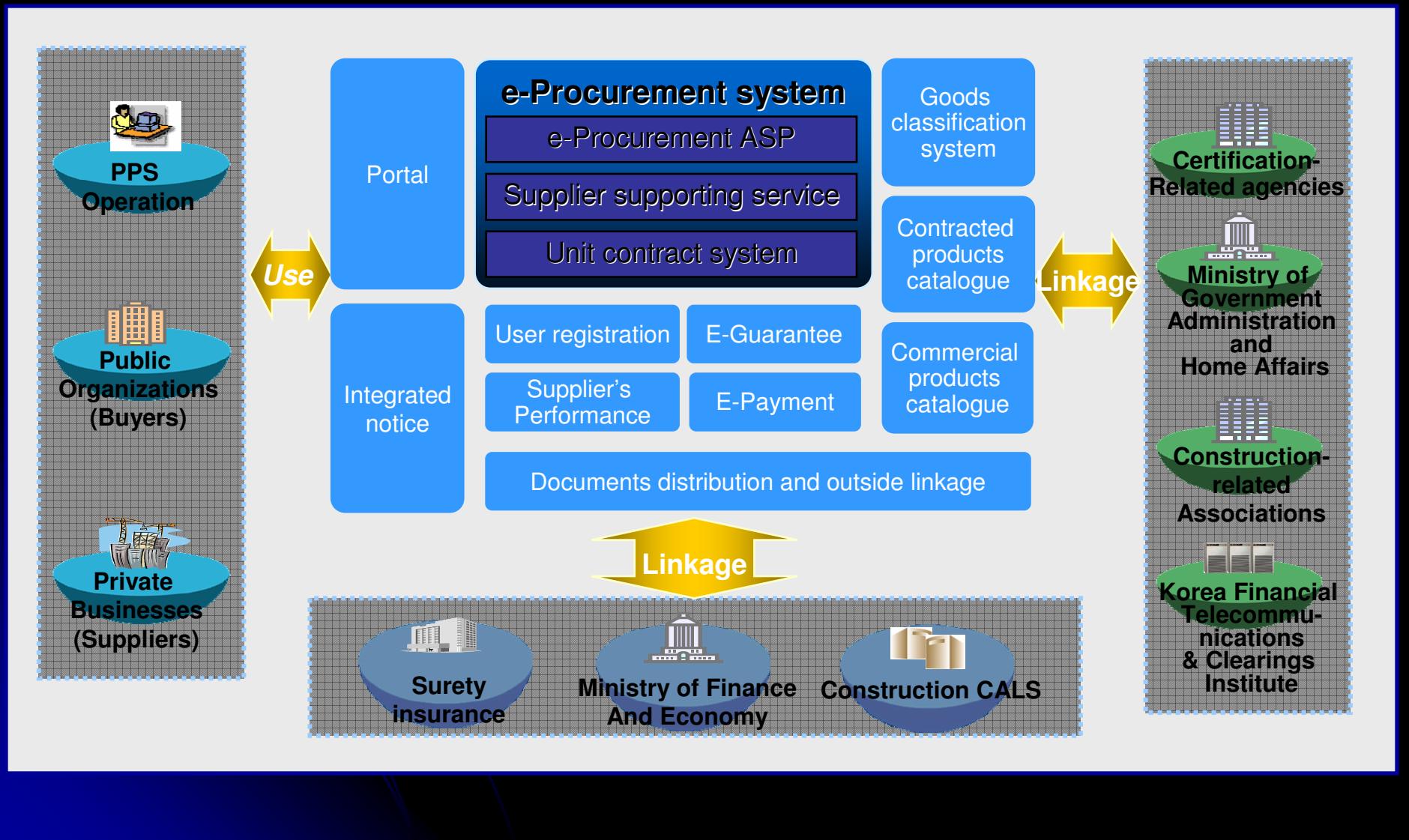
Illustration: GeBIZ, Singapore
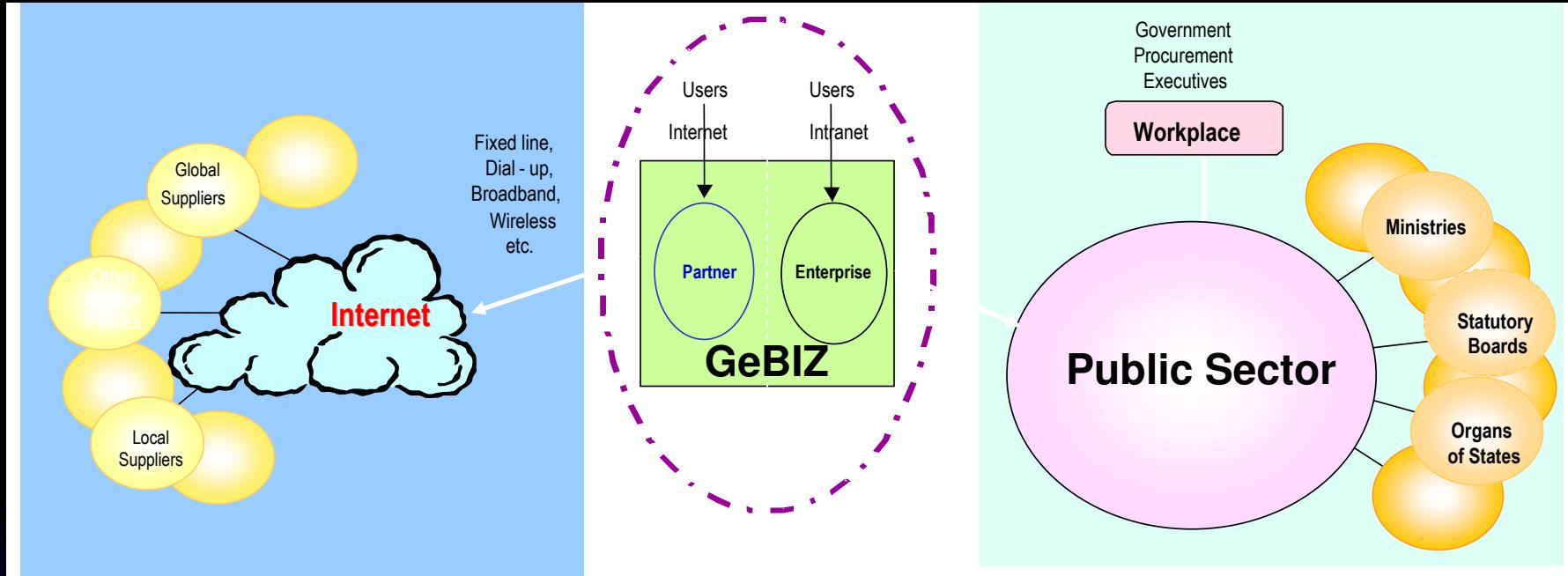
•GeBIZ is an Integrated One-Stop Electronic Business Centre which provides a convenient channel for Public Sector officers to interact with their trading partners for procurement and revenue tender activities & enables suppliers to trade with the entire Government

•Joint collaboration between Min of Finance, Defense Science & Tech Agency and Infocomm Development Authority of Singapore

Dimensions of e-Procurement

Technology

Process Re-engineering

Leadership

Change Management

Technology

- Relates to technological standards and rules
- Benefits all stakeholders
  - Transactional efficiencies
  - Improved access & management of information
  - Easier document transmission
- Standard processes

Business Process Re-engineering

e-GP is more a business initiative aimed at procurement reforms rather than a technology implementation, leading to:

- Simple, consistent, modern processes
- Enhancing management and audit data
- Better supplier management
- Efficiency, security and lesser need for discretion
- Improved understanding through structured training/ capacity building initiatives

Change management

Most critical dimension for success of e-GP reforms

- Business leadership
  - Process dimensions
  - IT dimensions
- Institutional arrangements
  - Responsibility & Accountability
  - Training & capacity building
- Stakeholder participation

Elements of e-GP strategy

Policy	Information & Comm Technology	Business Process Re-engineering	Change Management
Platform			
Process			

Where to start?

China
Canada
Japan
Argentina

Australia
Bangladesh

Low Volume, High Value

Tendering

Preparation | Selection | **Execution** | **Securities**

Purchasing

High Volume, Low Value

Brazil
Armenia
Hungary
Indonesia
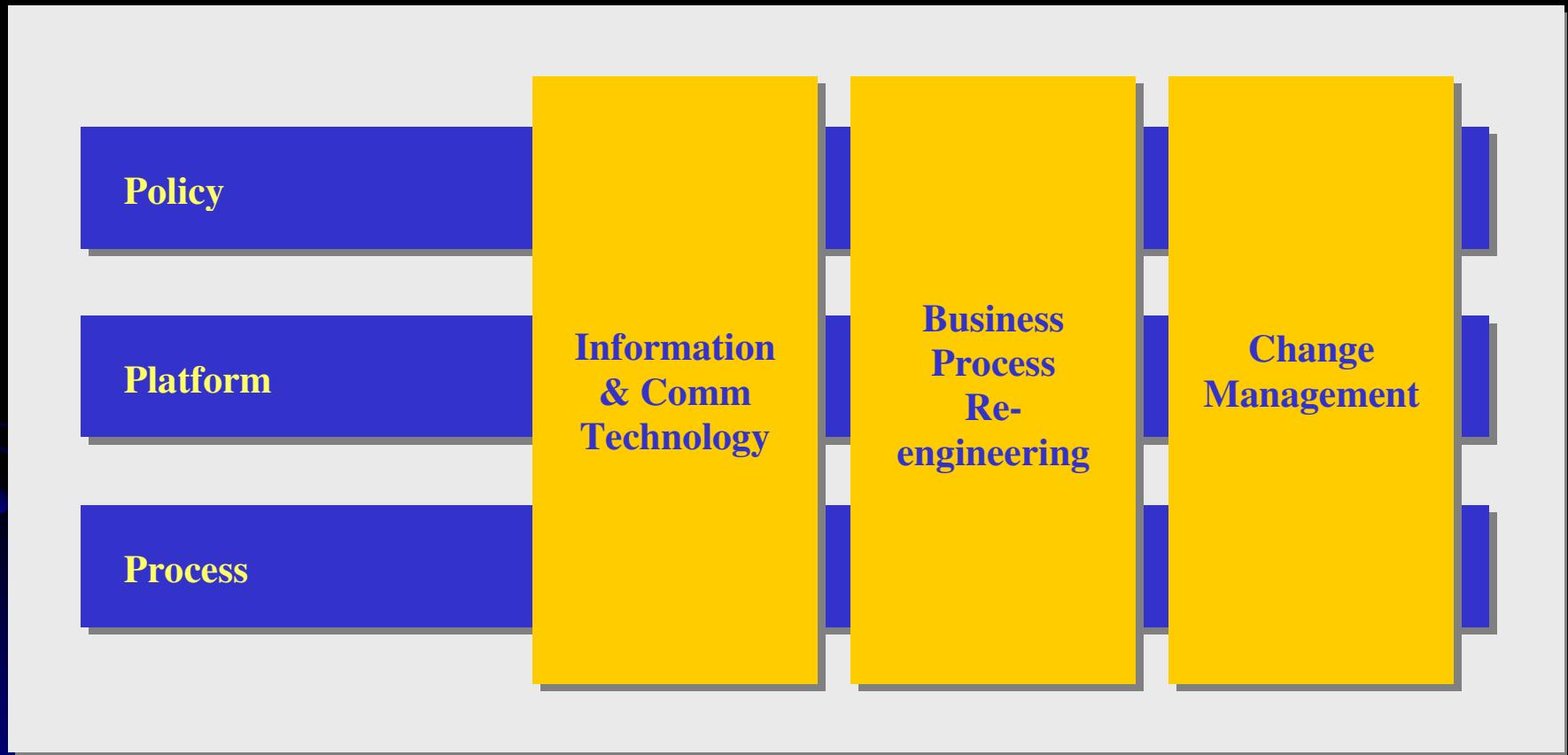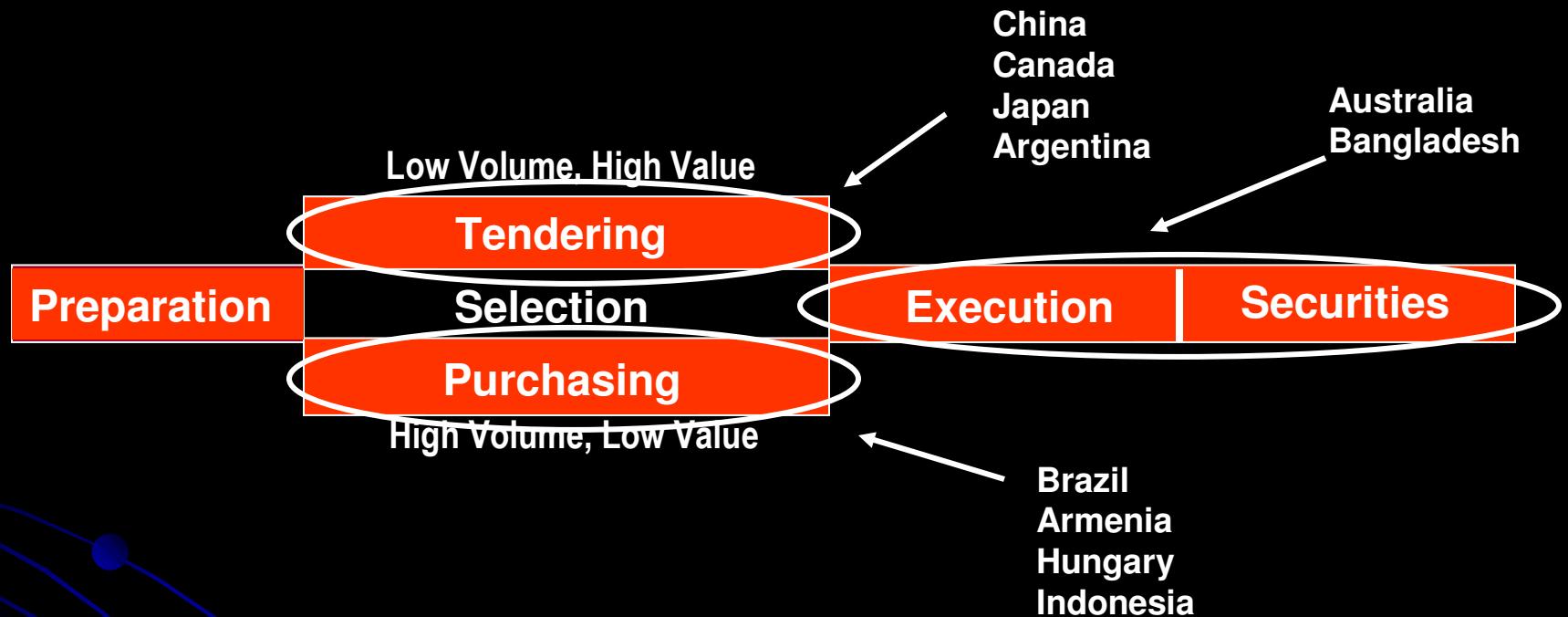
There is No Single Starting Point

Scope of e-Procurement

Procurement Need

Feedback

Notification

Monitoring

Publication

DOWNSTREAM   UPSTREAM

Payment

Submission

Ordering

Evaluation

Supplier Selection
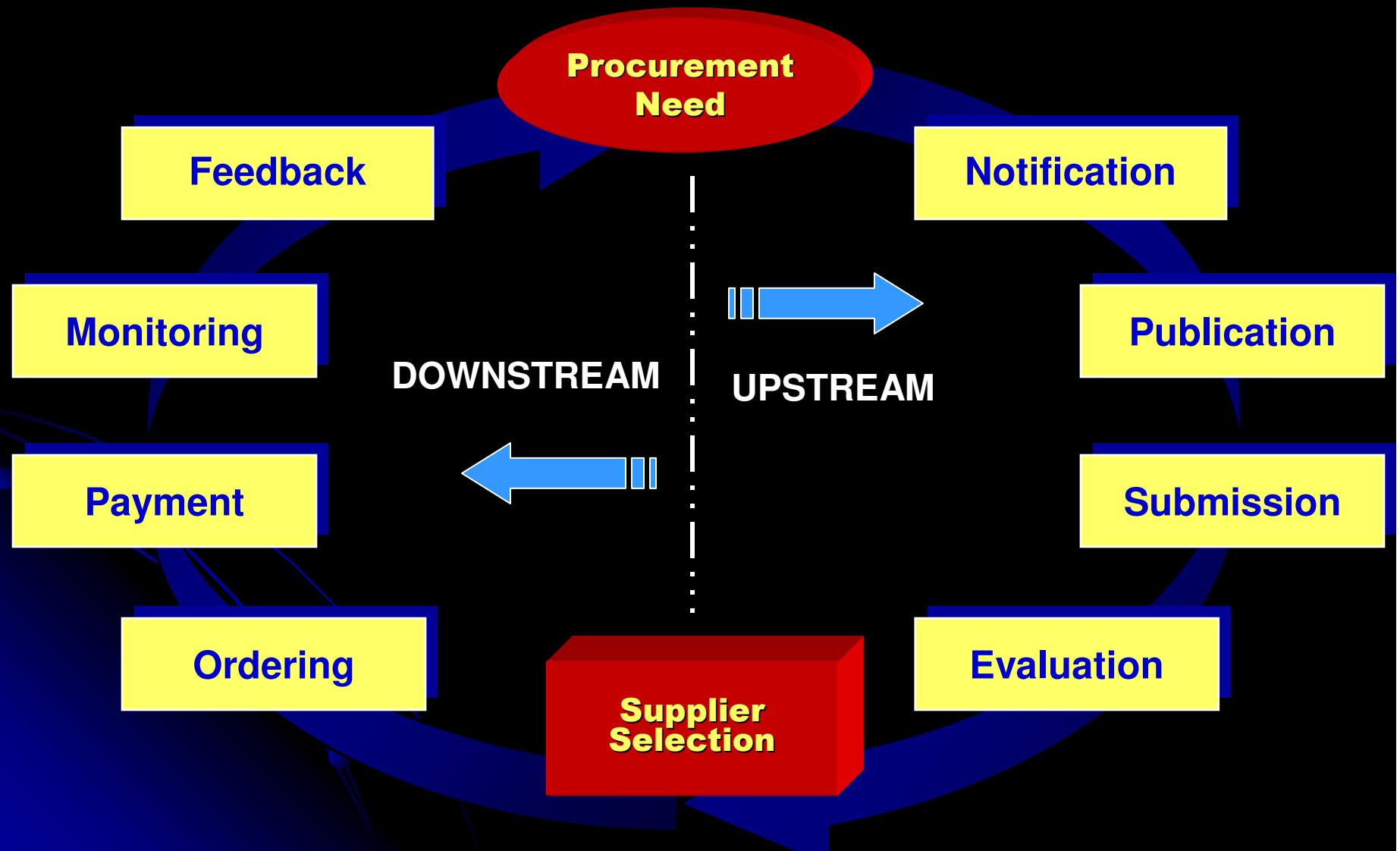
Sub Elements of e-Procurement process

- Government procurement processes require four different systems

  - Contract Development
  - Tendering or Bidding,
  - Purchasing or Quoting,
  - Contract Management or Execution

e-Procurement Framework

Portal to e-Government Procurement

	Public Purchasing		Public Tendering		

Purchasing (left vertical label)

Tendering (right vertical label)

Public Purchasing

Contract Development
- Contracted Suppliers
- Buyer Profiles
- Search & request info
- RFQ & Reverse Auctions
- Shopping trolley requisition
- Order approved / sent / accepted

Contract Management
- Receipt of goods / services
- Supplier invoice & payment
- Supplier performance
- Transaction reports
- Buyer fees Supplier fees
- Summary reports

- Single Supplier Registry
- Single Buyer Registry
- Drawings Online

- Inventory
- Data Warehouse & Reporting
- FMIS

Public Tendering

- Program Development
- Project Management
- Tender Watch | ETA
- Tender advert, lodge & award

Core Tender Development

- Construction
- Goods & Services
- Core Online Contract Management

Plan

Format

Management

Government Contract Policy & Management

The functionality is complex (but not excessively so) and there is more than one possible starting point

Phased implementation

Phase 1

Information Service
Tender Advertising
Document Down-Loads
Results Disclosure
Bid Qualification
Bid Up-Loads
Bid Processing
etc

E-Tendering

Phase 2

Contract Management
Contract Development

E-Contract Management

Phase 3a

Catalogue Purchasing
Framework/Rate Contracts
Online Transactions
Online Workflow

E-Purchasing

Phase 3b

Online Bidding
Reverse Auctions

Typical Implementation Schedule

Year 1	Year 2	Year 3

Analysis & Scoping

Central Site, Tenders

Results & Plans

Auto Search

Policies, Reg & Guides

Standard Documentation & Templates

Bid Documentation & Plans

Bid Submissions

Online Payments

E-Contract Management - Construction

Goods & Services Catalogues

Price Models

Purchase Orders & Information

E-Transactions

Reverse Auctions

Enabling Strategies – Infrastructure Enhancement, Business / Gov Connectivity & Awareness, Legislation, HR.Policy, etcetera

e-Procurement Strategy

Departments

Department A

Department B

Department C

Department D

Department E

Department F

Department G

Government **Value Added Services** **Business**

Policies & Legislation

Tender Advertising

Queries & Advice

Email Alerts

Electronic Tender Lodgement

Catalogues

Registries

Government Electronic Market

Web Based Contract Management

Contract Development

Businesses

Business A

Business B

Business C

Business D

Business E

Business F

Business G

Financial Integration

Process mapping

Legacy Systems

Finance management centric

High set up & maintenance cost

FINANCIAL SYSTEMS

E-PROCUREMENT

Web systems

Market centric

Open standards based

Existing Banking Infrastructure

Purchasing / Commerce Cards
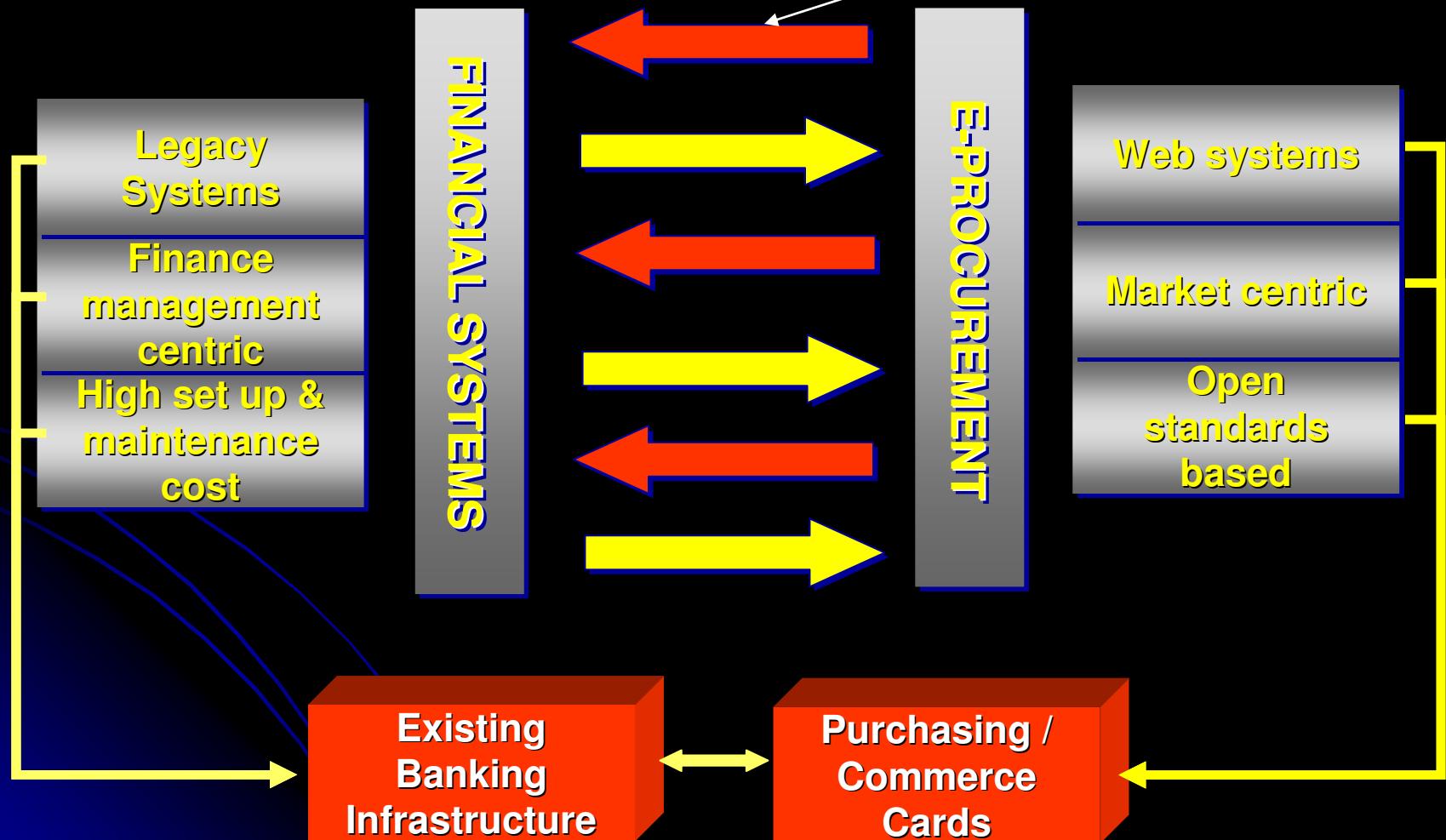
Must haves

- Vision and leadership

- Have a strategy with objectives

- Small Business friendly

- Management not technology

- Get right expertise

- Needs vs. vendor driven (don't listen to vendors until you know more about your needs than they do)

Must haves

- International standards based

- Small steps not big bang

- Education & training are essential

- Understand full scope including workflows, data captures, etc

- Customize departmental needs around common core architecture

What works (and what doesn't)

Fail Markers

- Multiple sites
- Devolved strategy
- Technology driven
- IT implementation
- Closed standards / closed access
- Vendor driven

Success Markers

- Central site
- Leadership strategy
- Objectives driven
- Procurement reforms implementation
- International standards / open access
- Needs driven

e-GP is a journey
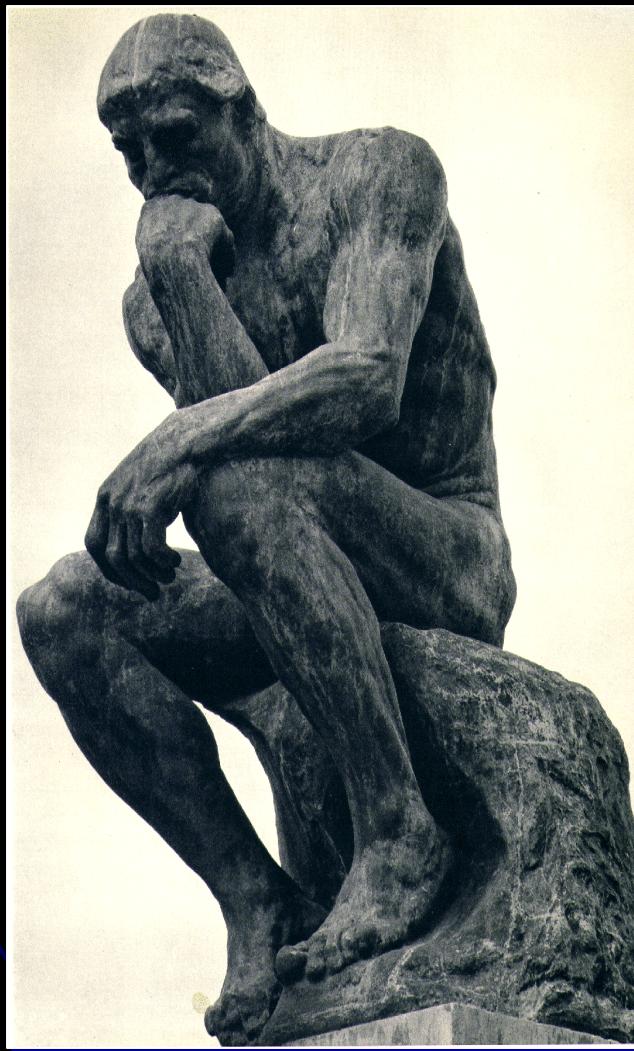
Further references

- MDB e-GP guidelines

  www.mdb-egp.org
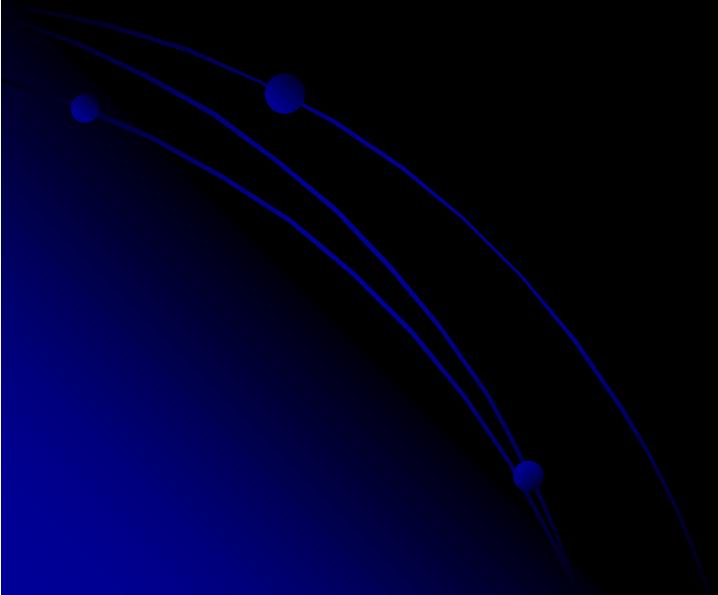
Illustration: Time Savings

Activity	Paper-based	Web-based
500 A4 pages mailed to 9 suppliers	4.500 pages	1.4 Mb disk space
Preparation of tender	12 hours	0.5 hour
Data capturing – 10 fields per record at avg. 5 characters per field at 0.5 second per character for 2.000 items and 9 suppliers	125 hours	1 hour
Evaluation and what-if scenarios on 18.000 records	40 hours	1 hour
Contract preparation and other documents	8 hours	0.5 hour
Total	185 hours	3 hours

Source: Intenda Ltd., Pretoria, South Africa, 2003