

E-procurement in Europe: state of the art

CONSIP e-Procurement for SMEs
4th December 2009

Political vision for e-procurement

- Key component of push for e-government solutions;
- Manchester declarations (2005): By 2010:
 - all public administrations across EU will be able to carry out 100% of procurement electronically;
 - All public administrations across EU will ensure that >50% above-threshold procurement is carried out electronically.
- EU adapts procurement legislation to support MS switch-over (2004);
- Adopts and implements action plan to demonstrate and support on-line procurement.

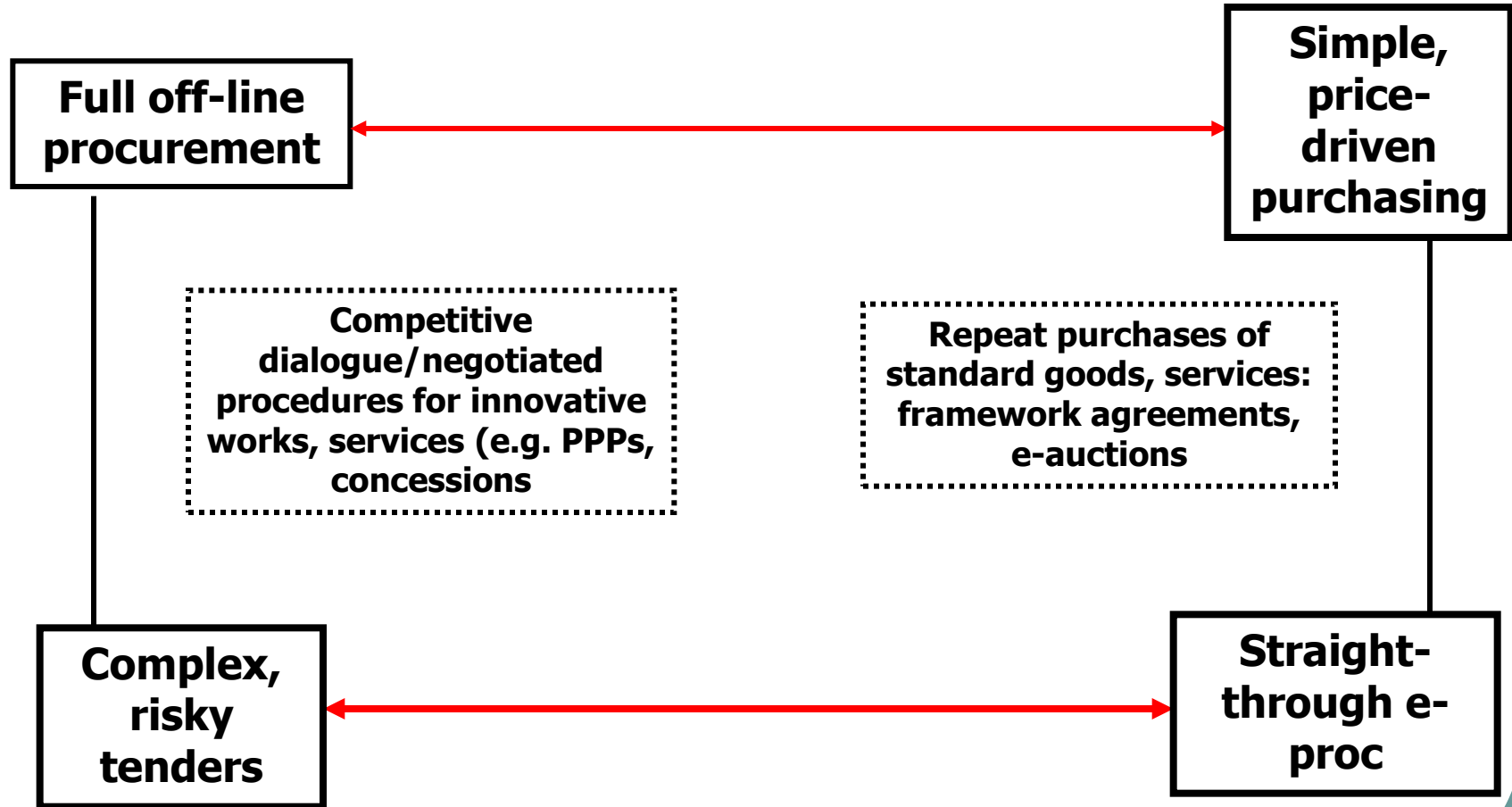
Why the policy focus on e-proc?

- **Efficient & inclusive procedures:**
 - Reduce transaction costs for authorities and tenderers;
 - Accelerate document transmission and handling;
 - Increase participation rates in tenders – including by SMEs.
- **Market aggregation:** centralisation of procurement on e-platforms increases market transparency.
- **Technology test-bed:** stimulate ICT solutions for business processes of wide market relevance.

Conditions to be met:

- **Technical:** Availability of commercially viable and technically sound solutions;
- **Market infrastructure:** capacity building and standardisation;
- **Legal and policy:**
- **Behaviour:** change behaviour;
- **Organisation change:** rewire back-office
- **Investment and up-front costs;** for public authorities and economic operators.

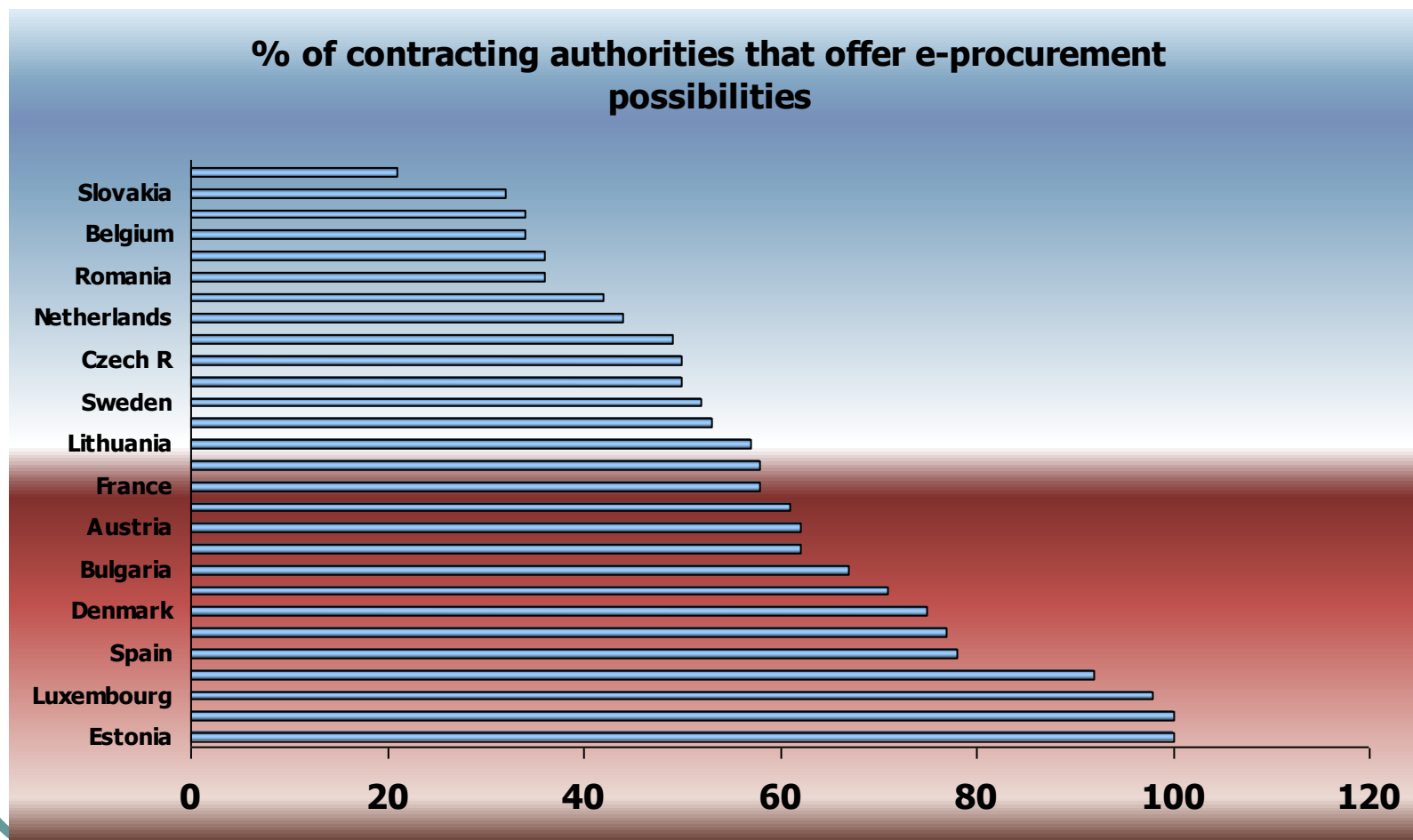
e-proc not only procurement method





Is e-procurement taking root?

E-procurement availability by MS



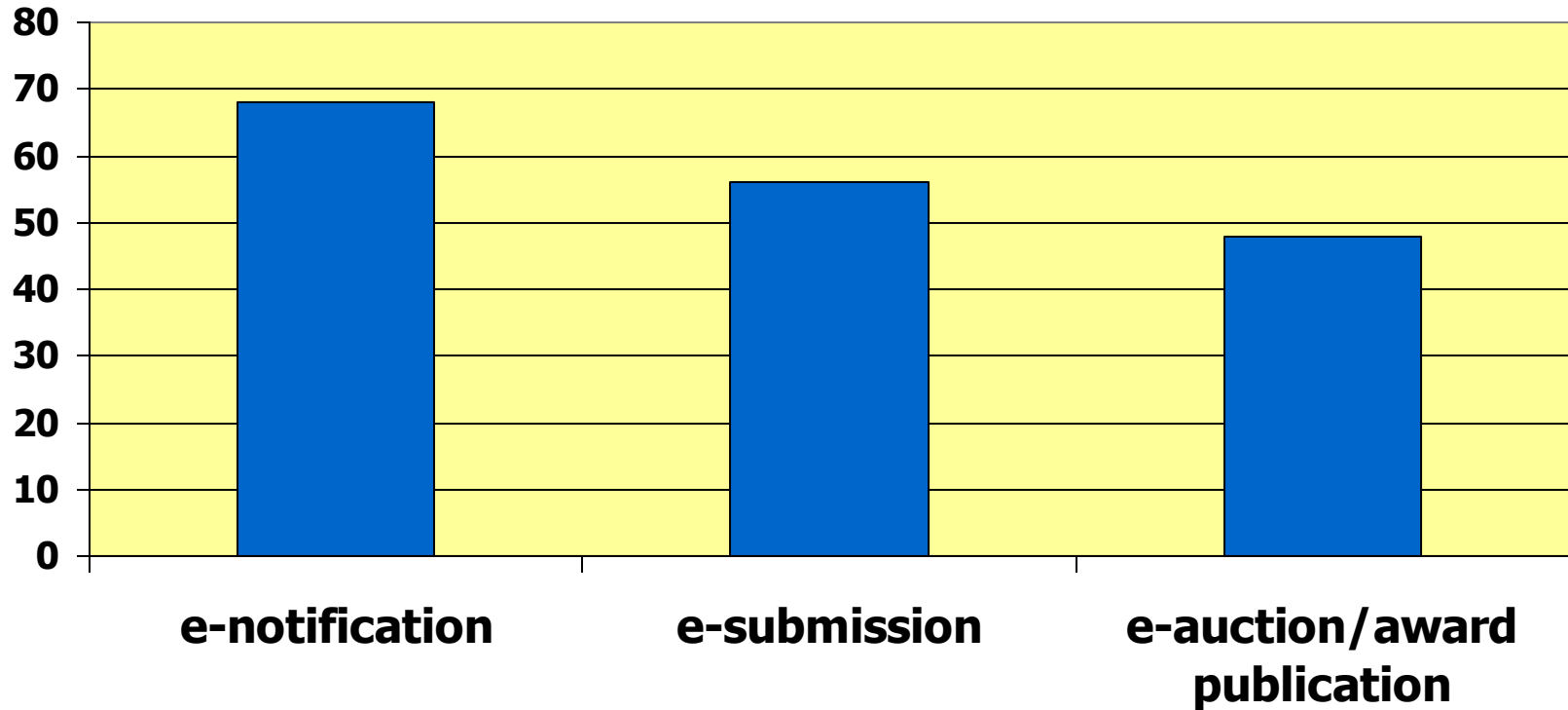
Source: Cap Gemini et al, DG INFSO (2009)

e-Procurement availability

- Most contracting authorities surveyed (56%) have some e-procurement capacity;
- 26 EU MS have national platform – some MS have several:
 - UK =29; FR = 21; DE = 14; IT = 11). In total, 138 identified
- Wide variation across MS: small MS with centralised administration and procurement have more availability;
- Availability at central government level (58%) slightly higher than local/regional (52%).

Which procurement phases can be completed on-line?

processes that can be completed on surveyed portals



What % of procurement budget is spent on-line?

- Aggregate volumes of e-proc expenditure unknown: some platforms have high volumes (e-proc Scotland = 30% of Scottish govt purchasing of goods & services);
- E-proc platforms seem best suited to purchasing of repeated small volumes of standard supplies (through framework agreements, qualifying systems).

Assessment of progress:

- **E-proc takes root – but use varies across MS.**
- **Some procurement phases heavily automated** (notification, access to documents), **others less** (post-award).
- **e-proc most widely used for framework agreements;** mixed views from first experiences with e-auctions. Little use of DPS.
- **Price effects are perceptible but tentative:** minority observing changes noted a decrease of >5%.
- **Positive assessment by** stakeholders: investments in e-proc already paid off or expected to soon.



What is EU doing?

What are EU objectives?

1. EU legal and policy environment to support speedy roll-out of e-procurement and widespread participation – including by SMEs;
2. Remove technical, practical and administrative obstacles to cross-border participation in e-procurement. **e-procurement must not fragment procurement markets.**

Challenges for SME participation in procurement markets:

- Identification of relevant opportunities;
 - *Action: TED, database of national web-sites (for below-threshold procurement);*
- Preparation of tenders;
 - *Action: tools to help operators identify certificates and attestations required in other MS (e-Certis);*
- Compliance with procedural requirements.

e-proc challenges for SMEs:

- Relevance of tools for SMES (e-catalogues);
 - ICT literacy;
 - Investment costs of building connectivity to platform;
 - Adapting accounting and reporting systems.
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- The particular challenges facing SMEs need great attention – see work on e-invoicing.

Adapt e-invoicing to needs of SMEs

- Recommendations of COM expert group on e-invoicing (27/11/2009):
 1. Use common invoice standard for entire supply chain process;
 2. E-invoicing solutions should be easy to use and deliver favourable cost/benefit for SMEs;
 3. Clarify all legal/compliance requirements;
 4. Broad communication, share good practice;
 5. Maintain competitive & trusted market place for services.

Meeting interconnectivity challenge

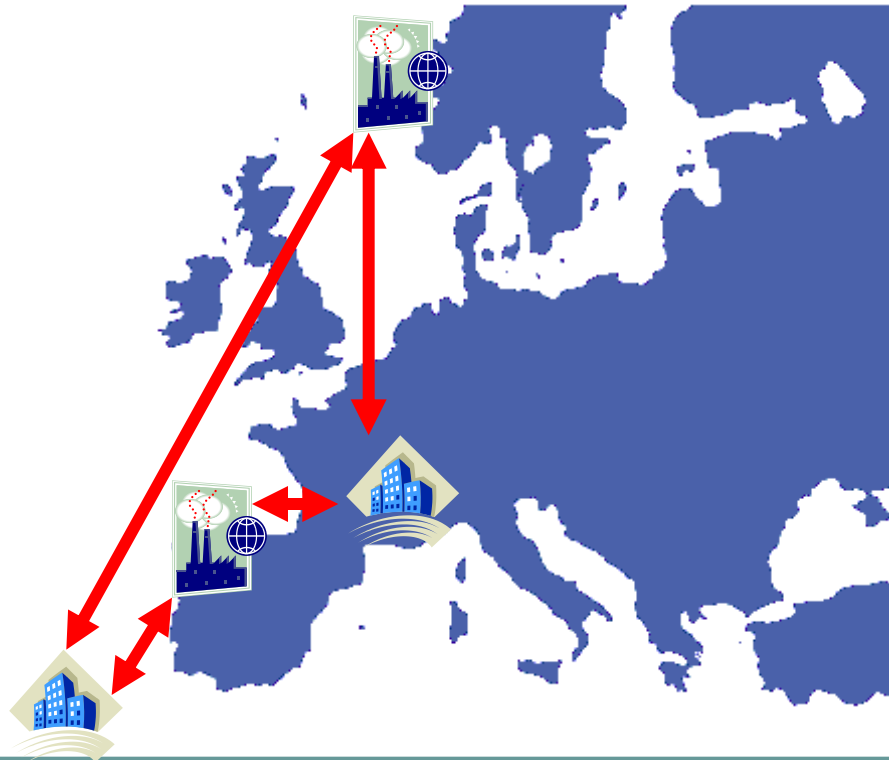
- In start-up, pre-standard phase
 - Risk of technical barriers to system access;
 - Risk of emergence of 'island' solutions (138 platforms).
- Transition to e-proc entails risk of new generation of ICT-originated market barriers.
- COM focus will be on minimising this risk as migration gathers pace.

What is EU doing to promote e-proc

- **Enabling legislation:** change EU procurement rules to permit electronic procedures (2004);
- **Remove other legal/policy barriers;**
- **Promote inter-operability:** ensure national systems can receive submissions from operators using generally available technology/applications;
- **Encourage standardisation** (e.g. CEN ICT standardisation, CPV classification)
- **Invest in interoperability and inter-connectivity:** (e.g. PEPPOL);
- **Evaluate and review EU policy** - 2010.

COM/PEPPOL vision of inter-connected procurement

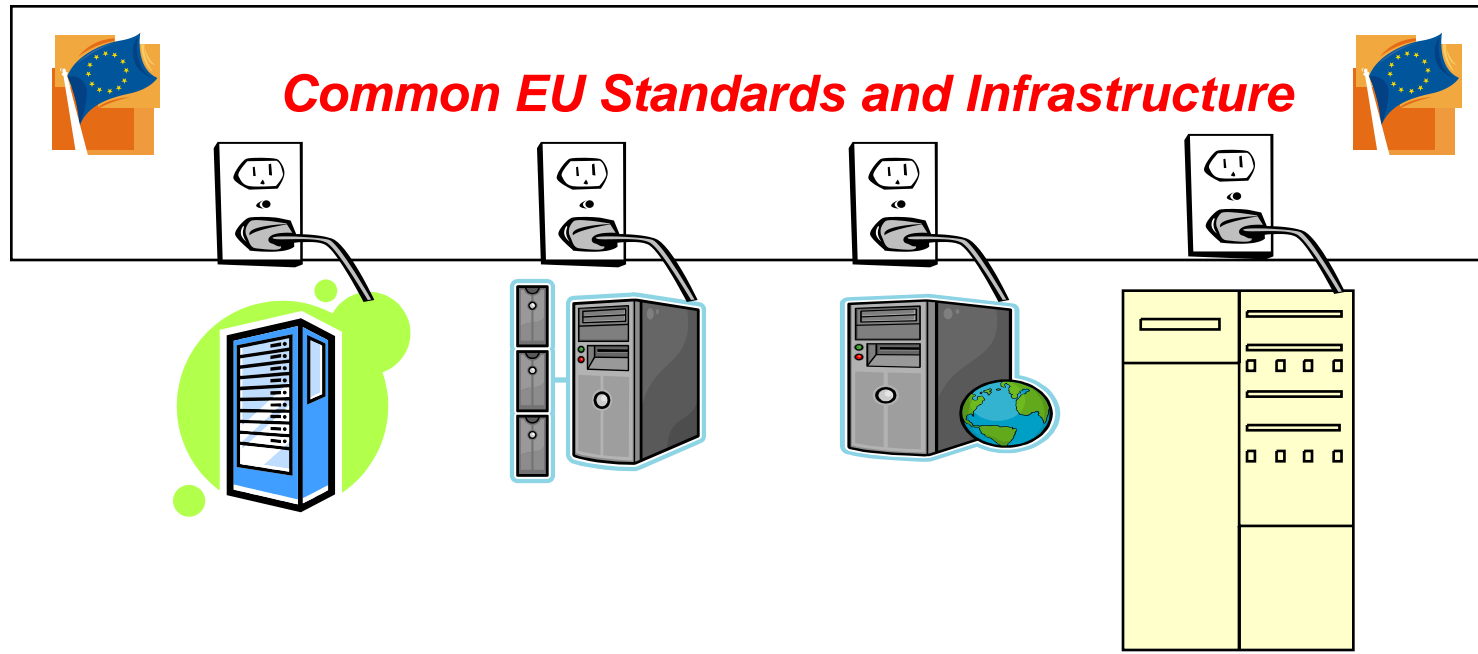
Any company (incl. SMEs) in the EU can communicate electronically with any EU governmental institution for all procurement processes.



Source: PEPPOL

PEPPOL strategy

National solutions will not be replaced. Instead they will be aligned with common European standards and then linked through a common interoperability infrastructure



Source: PEPPOL