

Exploiting the possibilities of e-procurement in the public sector

Transferability

The key innovations of ehandel.no lies in the flexible Internet based service provision concept and the business model for co-operation with a private company as service provider. The concept and business model has made it easier for public sector entities to take e-procurement into use and led to a considerable reduction of cost and risk in implementation projects. The result is easy access to a user friendly and affordable tool for operational e-procurement both for public sector entities and their suppliers.

The lessons learned through the Norwegian initiative should be relevant to all member state administrations that are interested in following up the EU Action plan for the implementation of the legal framework for electronic public procurement.

The ehandel.no project covers planning, design, implementation, roll-out and monitoring of an electronic public procurement initiative. Other administrations would have the best value from sharing the Norwegian experiences in the planning and design phase of new projects.

More information on Norwegian experiences, specifications etc. can be found on www.ehandel.no/english.
The Norwegian Ministry of Modernisation eProcurement secretariat is available for further information and sharing of experiences.
Contact us via info@ehandel.no.

Background

Electronic public procurement is a tool for modernisation of the public sector and realisation of benefits both in administrations and businesses. Modernisation of the public sector is necessary in order to ensure future welfare for the citizens.

The Norwegian electronic public procurement portal ehandel.no was established in 2002 in order to attain a critical user mass of electronic public procurement. The introduction of electronic public procurement has been embedded in different national and local/regional eGovernment strategies since 1999. In October 2005 the strategy document "Strategy and actions for the use of electronic business processes and electronic procurement in the public sector" was presented as a follow-up to the eGovernment initiative "eNorway 2009 - the digital leap". Participation in ehandel.no activities is open for central, regional and local authorities and their suppliers. The total budget for centralised co-ordination, facilitation and support activities has been €2,5M from 1999.

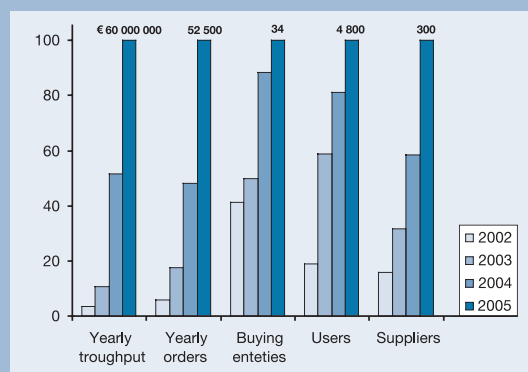
The purpose of ehandel.no is to give public sector entities and their suppliers easy access to a user friendly and affordable tool for operational e-procurement with each other.

Impacts and benefits

The use of electronic public procurement has benefits for both administrations and businesses, such as:

- Fiscal savings through increased loyalty towards procurement procedures and existing agreements. Better basis for entering into new contracts.
- Improvement of procurement process quality, less bureaucracy.
- Less error handling and increased basis for control through electronic traceability.

For administrations, the use of electronic public procurement has made more time and money available for improved public service production. Experiences from Norwegian public sector entities indicate a potential for 20-40 % time reductions on handling of orders, goods receipt and invoices, and between 2-10 % price reductions in operations related procurement expenditures.



The operational e-procurement solutions available through ehandel.no can be accessed by the users via web-based services or through internal procurement or order handling systems. Integration with ERP-systems is available both for the public sector buyers and their suppliers. As part of the agreement with the operator of the ehandel.no services, the available functionality is updated frequently on basis of user input and availability of new software.

The current public sector user organisations on ehandel.no, represent approximately 25 % of the total Norwegian public sector operations related procurement expenditures (€14 billions). There is a huge growth potential in actual use, but the general perception is that critical mass of users has been reached. In a study initiated by the European Commission* ehandel.no is recognised as a leading solution for electronic public procurement in Europe.

Learning points

The single most important learning point from the establishment and operations of ehandel.no so far is that introduction of e-procurement should be looked upon as a change management project, that needs top management attention and involvement.

This conclusion is derived from the experiences that:

- Introduction of e-procurement takes more time and more resources than expected – both in the public sector and among their suppliers.
- Few of the challenges related to implementation of e-procurement are e-procurement specific, most can be related to change management and organisation of the procurement function and processes.
- The most important unique e-procurement related challenges are to provide the buyers with relevant, correct and up to date information as a basis for the buying decision, this implies a focus on:
 - Supplier adoption – to have the relevant suppliers available.
 - The establishment of high quality e-catalogues.
 - Functionality in the solution and the user interface.

The actual service delivery and access to the operational e-procurement tools are provided by a private operator selected through international competition. The ehandel.no model for co-operation with a private company as operator has been a success so far. There are substantial synergy effects with the operations of similar services in the private sector, and the chosen business model has led to a considerable reduction of cost and risk for the Norwegian administration compared to self development or other more traditional models.

* European Commission, Internal Market Directorate-General: Impact Assessment: Action Plan on e-Public Procurement, Part 1: Baseline Analysis, December 2004.