



# Digital Public Procurement

**Prague**, 06 June 2018

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DG GROW G4

# Agenda

1. Digital Transformation in Public Procurement
2. The European eTools
3. The state of play in EU
4. EXEP activities
5. eCatalogues



# 1. Digital Transformation in Public Procurement

# *Change is the only constant in life*

Heraclitus of Ephesus,  
the pre-Socractic Greek philosopher

# Digital Transformation

McKinsey's 2014 analysis suggested that capturing the full potential of government digitization could free up to \$1 trillion annually in economic value worldwide, through improved cost and operational performance. Shared services, greater collaboration and integration, improved fraud management, and productivity enhancements enable system-wide efficiencies. At a time of increasing budgetary pressures, governments at national, regional, and local levels cannot afford to miss out on those savings.

Dilmegani, C., Korkmaz, B., & Lundqvist, M. (2014, December). *Public-sector digitization: The trillion-dollar challenge*. Retrieved from McKinsey & Company: <http://www.mckinsey.com/businessfunctions/digital-mckinsey/our-insights/public-sector-digitization-the-trillion-dollar-challenge>

**Digital Transformation** is the use of new digital technologies (social media, mobile, analytics or embedded devices) to enable major business improvements (such as enhancing customer experience, streamlining operations or creating new business models).

Fitzgerald, M., Kruschwitz, N., & Bonnet, D. (2013, October 07). *Embracing Digital Technology, A New Strategic Imperative*. Retrieved from MIT Sloan Management Review: <http://sloanreview.mit.edu/projects/embracing-digital-technology/>.

# Digital Transformation

- New technologies
  - Big Data and Analytics Reporting
  - Blockchain
  - IOT (Internet of Things)
  - AI (Artificial Intelligence) and ML (Machine Learning)
  - AR (Augmented Reality) and VR (Virtual Reality)
  - Voice Personal Assistants Chatbots
  - Robots, Drones and Self-Driving Safety Features in Vehicles
  - ...

# Digital Transformation

- In Public Procurement
  - Blockchain examples in contract management or suppliers registries;
  - AI or ML examples in automatic contract structure or forecasting needs;
  - AR (Augmented Reality) and VR (Virtual Reality) examples in simulating new environments in public works;
  - Voice Personal Assistants Chatbots examples in assisting both CAs and EOs during the procurement process.
  - ...

# Digital Transformation

The innovations and disruptions of the past ten years have been nothing short of astonishing, but they are just the beginning of much more of what is to come.

Westerman, G., Bonnet, D., & McAfee, A. (2014). *Leading Digital*. Boston: Harvard Business Review Press



# Digital Transformation of Public Procurement



Conference  
**18 October 2018**  
Lisbon

# 2018 Annual Conference



## 2. The European eTools



# Tender Electronic Daily (TED)

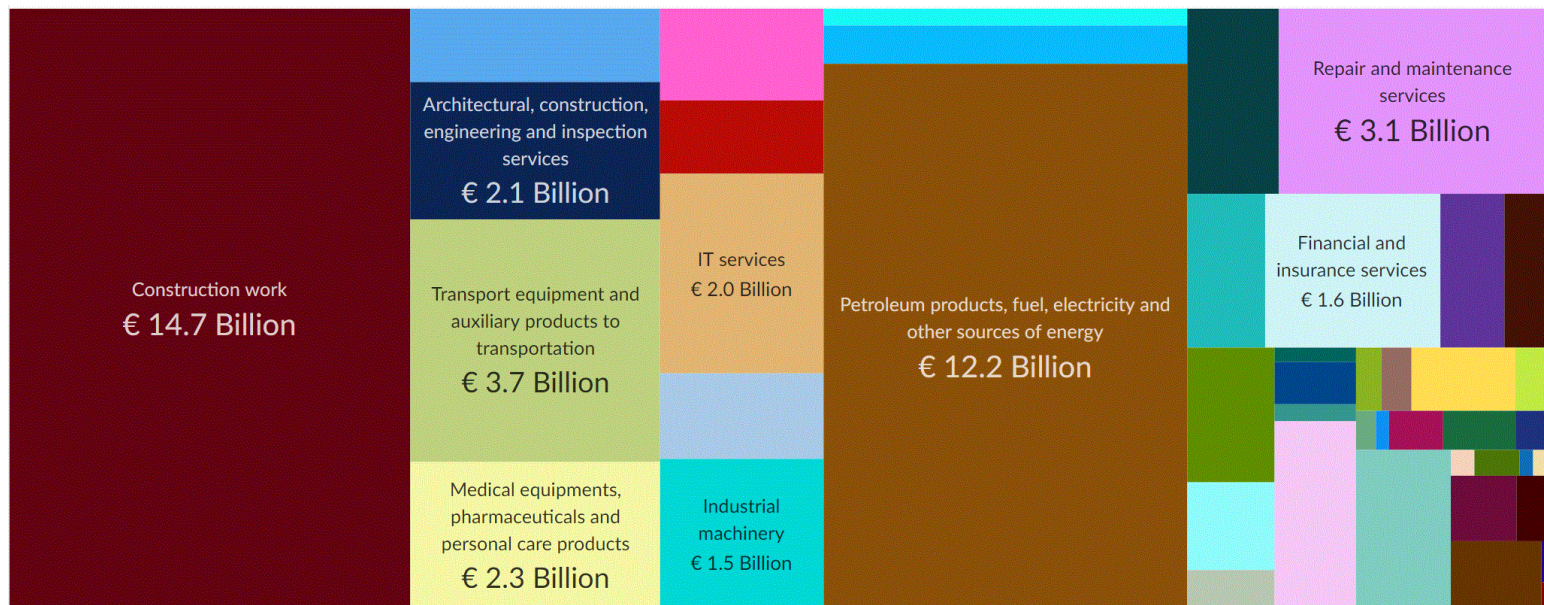
## What is TED?

- TED (Tenders Electronic Daily) is the online version of the 'Supplement to the Official Journal' of the EU, dedicated to European public procurement.
- TED publishes 460 000 calls for tenders per year, for about 420 billion euro of value.

<http://ted.europa.eu/TED/main/HomePage.do>

# OpenTenders.eu

This platform allows you to search and analyse tender data from 33 jurisdictions (28 EU member states, Norway, the EU Institutions, Iceland, Switzerland, Georgia) and is also using data from TED.



# European Single Procurement Document

- Consisting of an updated self-declaration as preliminary evidence in replacement of certificates issued by public authorities or third parties confirming that the relevant economic operator fulfils the required conditions (suitability, financial status and abilities.)



[http://ec.europa.eu/growth/tools-databases/newsroom/cf/itemdetail.cfm?item\\_id=8611](http://ec.europa.eu/growth/tools-databases/newsroom/cf/itemdetail.cfm?item_id=8611)

# List of means of proof in the Member States

- Online database with the characteristics of the documents requested in the Member States of the European Union during the formation and performance phases of public contracts.



# eCertis

An improved interface since February 2018

OVERVIEW

FEEDBACK

ECERTIS QUICK GUIDE

ABOUT ECERTIS

	AT	BE	BG	CY	CZ	DE	DK	EE	GR	ES	FI	FR	HR	HU	IE	IS	IT	LI	LT	LU	LV	MT	NL	NO	PL	PT	RO	SE	SI	SK	UK
Issuers	13	9	23	7	15	13	5	5	11	4	4	15	3	17	3	6	16	4	7	3	6	6	8	3	11	4	5	9	5	17	
Criteria	10	15	55	34	41	26	23	52	40	7	66	69	7	61	22	5	40	43	27	3	65	12	48	28	36	19	35	20	57	39	33
Evidence	7	15	32	13	21	26	32	10	34	8	7	44	5	27	5	6	31	3	10	3	33	10	12	5	23	18	5	4	8	14	35
Total	30	39	110	54	77	65	60	67	85	19	77	128	15	105	30	17	87	50	44	9	104	28	68	36	70	41	45	33	70	70	68

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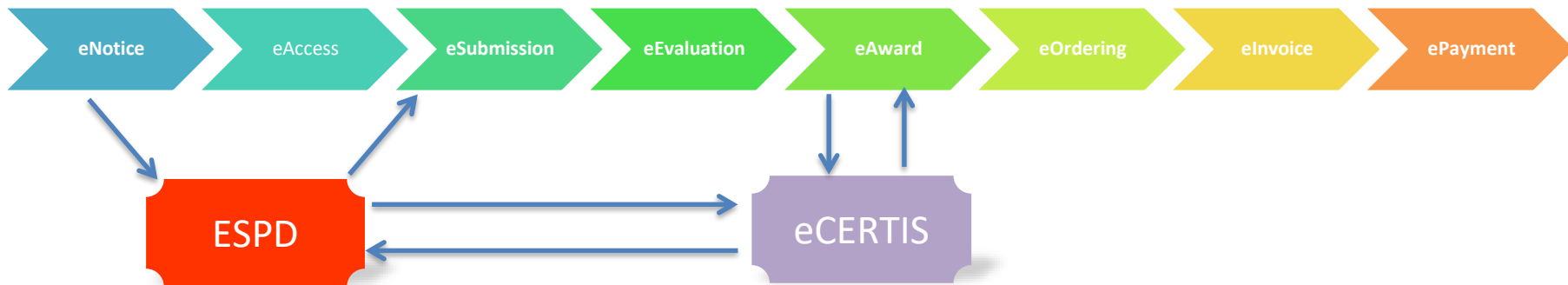
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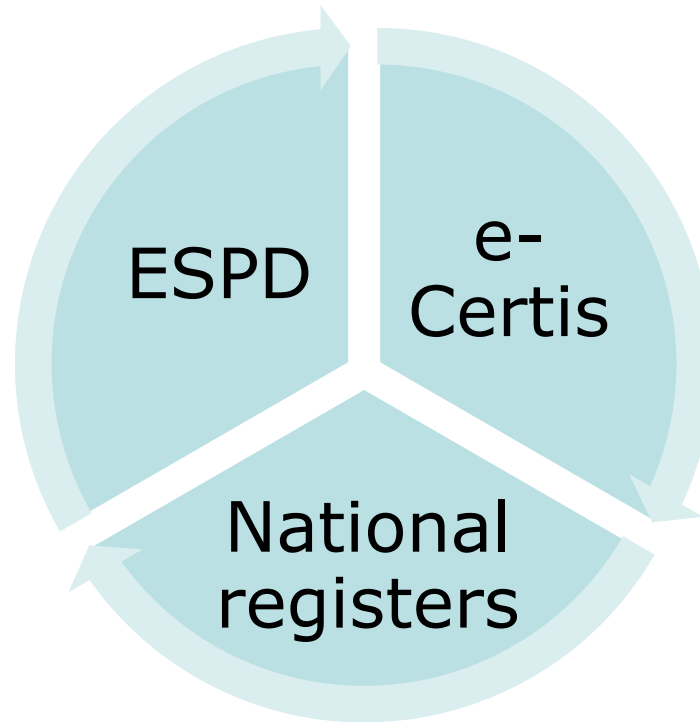
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<https://ec.europa.eu/tools/ecertis>

# eProcurement life cycle



# Only Once Principle



# Integration of the ESPD in the national eproc system

## Finnish case

B: GROUNDS RELATING TO THE PAYMENT OF TAXES OR SOCIAL SECURITY CONTRIBUTIONS		Information checked 21/01/2018
Payment of taxes <a href="#">Show metadata &gt;&gt;</a>		
Has the economic operator breached its obligations relating to the payment of taxes, both in the country in which it is established and in Member State of the contracting authority or contracting entity if other than the country of establishment?	No	VEROTUSTIEDOT: 2017 Välitön verotusarviosyy: ALV-arvio (€): 0,00 € ALV-arvio (kpl): 0 TA-arvio (€): 0,00 € TA-arvio (kpl): 0  2016 Välitön verotusarviosyy: ALV-arvio (€): 0,00 €

# Integration of the ESPD in the national eproc system

## Finnish case

<p>Is the economic operator a Micro, a Small or a Medium-Sized Enterprise?</p> <p>Cf. Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium sized enterprises, (OJ L 124 of 20.5.2003, p. 36). This information is required for statistical purposes only. Micro enterprises: enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 2 million. Small enterprises: an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 10 million; Medium enterprises, enterprises which are neither micro nor small and which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million</p>	<p>No</p>	<p>Tilikausi: - Liikevaihto: Tase:</p> <p>Tilikausi: 01/01/2016 - 31/12/2016 Liikevaihto: <a href="#">88 567 641,30 €</a> Tase: <a href="#">13 368 138,38 €</a></p> <p>Tilikausi: 01/01/2015 - 31/12/2015 Liikevaihto: <a href="#">87 975 721,82 €</a> Tase: <a href="#">10 561 255,51 €</a></p> <p>Tilikausi: 01/01/2014 - 31/12/2014 Liikevaihto: <a href="#">84 612 510,73 €</a> Tase: <a href="#">10 714 865,55 €</a></p> <p>Tilikausi: 01/01/2013 - 31/12/2013 Liikevaihto: <a href="#">74 977 371,01 €</a> Tase: <a href="#">13 063 059,22 €</a></p>
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# Integration of the ESPD in the national eproc system Finnish case

*The data come from several official databases*

- **National Board of Patents and Registration: Trade Register, Register of Enterprise Mortgages**
- **Tax Administration: Employer Register, Prepayment Register, VAT Register, shareholders, holdings, reference relationships**
- **Finnish Center for Pensions: employment pension insurance**
- **Unemployment Insurance Fund: unemployment insurance**
- **Finnish Workers' Compensation Center: workers' compensation insurance**
- **National Board of Customs: customs charges**
- **Legal Register Center: bankruptcy and restructuring stages**
- **Execution Offices: Execution Register**

# Benefits – Finnish case

## Time savings to CAs and EOs

- MoF estimate: time savings 2 - 3 million Euros / year

## Trusted sources of information

- Information in real time
- No documents, stamps and signatures

## Everything in the same place

- Stored alongside with tendering and evaluation records
- No need for separate storage

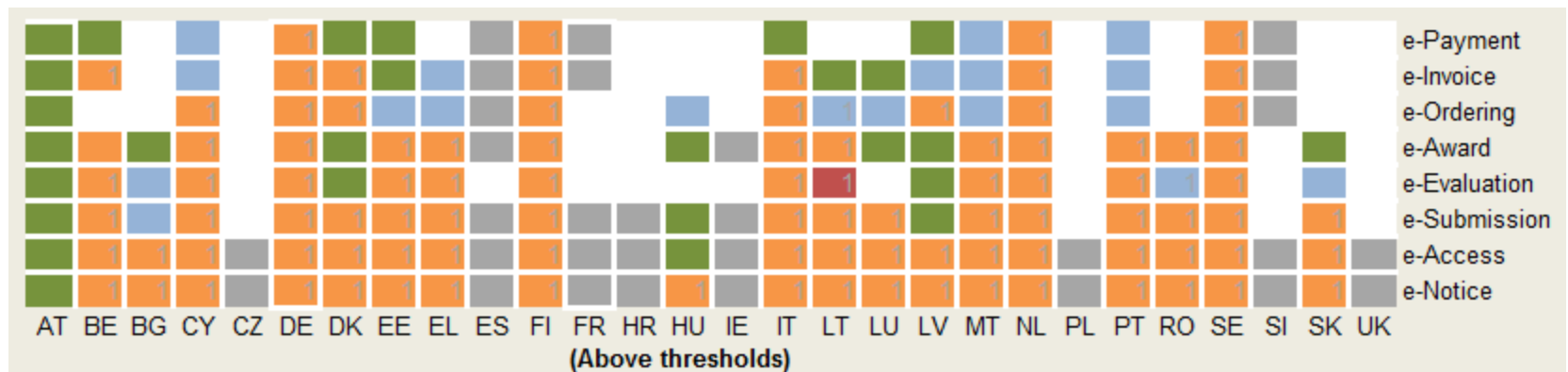


# 3. The state of play in EU

## E-Proc survey

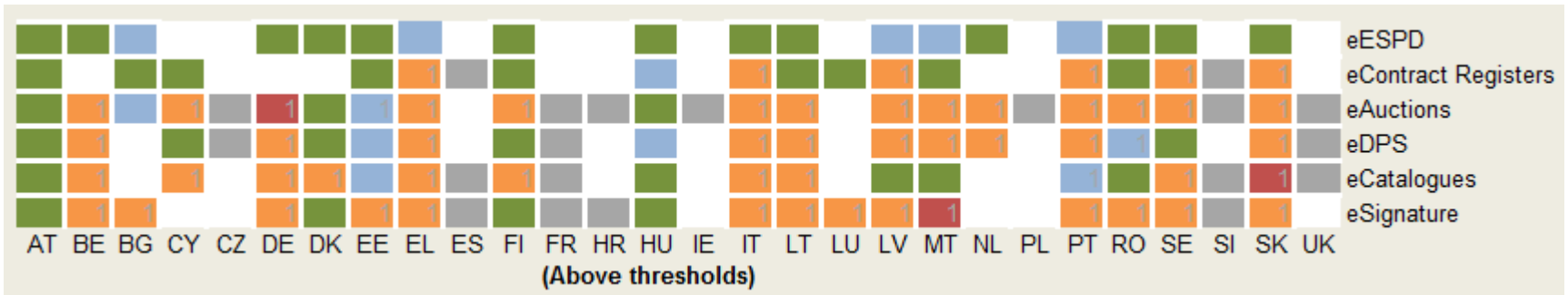
- Initial survey launched on 2016 Summer
- The survey covered 7 topics
- Answers from 27 MSs
- Updates are being collected through e-proc workshops in MS.
- So far we have collected updated info in 20 MS.

# Digitised public procurement phases 2017 - 2018



- This data is updated, the functionality is still in place.
- This functionality was not in place in 2016 or this is new information.
- This functionality was available in 2016, but in the updated info is not in place anymore.
- The development of this functionality is ongoing or partially in place.
- The data was not updated yet.
- This functionality is not available.

# e-Procurement functionalities 2017 - 2018

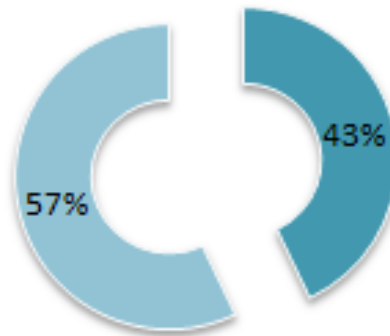


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# National business model 2017 - 2018

## Single v.s. Multiple Platform

- Several Platforms
- National Platform procured or developed by the State



eTendering systems

# 4. EXEP activities

## EXEP Working Group

- Multi-Stakeholders Expert Group on eProcurement (EXEP) is an informal permanent consultative group set up in 2014 by DG Internal Market, Industry, Entrepreneurship and SMEs to provide it with sound advice and expertise on the implementation of eProcurement, ESPD, transparency, accessibility, interoperability, data usage and associated eProcurement policy areas. Experts are drawn from both the public and private sector.

## EXEP Objective

The objective of the group is to assist and advise Member States (MS), stakeholders (service providers, standards bodies and potential suppliers) and the Commission on implementing the provisions of the 2014 EU Directives relating to electronic procurement and associated governance and technical issues.

# EXEP reports

- On 19 September 2017, the Multi-Stakeholder Expert Group on e-procurement (EXEP) endorsed 3 reports, prepared by EXEP subgroups: "[Contract Registers](#)", "[Electronic Catalogues](#)" and "[Certification of e-Tendering Platforms](#)".
- On 24 October 2016, the Multi-Stakeholder Expert Group on e-procurement (EXEP) endorsed 3 reports, prepared by EXEP subgroups: "[Solutions and Interoperability](#)", "[Governance and capacity building](#)" and "[Regulatory Aspects and Interpretation](#)".

[https://ec.europa.eu/growth/single-market/public-procurement/e-procurement\\_en](https://ec.europa.eu/growth/single-market/public-procurement/e-procurement_en)

# 5. eCatalogues

# eCatalogues report

## **Application Areas of Electronic Catalogues**

- Electronic Catalogues during pre-award stages
- Planning Stage
- Tendering Stage
- Ordering and call-off stage
- Use of electronic catalogues in procurement under EU thresholds
- Standardisation

## **Implementing electronic catalogues**

- Rationale for implementation of electronic catalogues
- Responsibility of electronic catalogue implementation
- Setting-up and managing electronic catalogues

## **Country Examples**

# Finland case

## Scope of eCatalogues

Post-award – eOrdering

## Type of information in eCatalogues

Product / services, prices, pictures of products that have already been subjected to competitive tendering procedure. Generally, the awarded suppliers provide the information but also the contracting authorities can upload catalogues to the system. The system includes: electronic catalogues, punch out catalogue, and free text ordering.

## Users

Several organisations: Central government including CPB

## Description

Finland introduced eOrdering system for central government organisations in 2008. The eOrdering system called Tilha works in government intranet system and is intended for all central government organisations. The main rationales for introducing electronic ordering were to support calling off from the newly established CPBs framework agreement and to match invoices automatically against orders. The system has contracting authorities' own contracts as well as framework agreements concluded by the central government central purchasing body, Hansel Oy. The system is bought with Software as a Service model and its supplier is Basware ([www.basware.com](http://www.basware.com)). The system can match invoices automatically against both purchase and standing orders (contracts and agreements). The system is separate from the eTendering system the central government uses. The usage of the system has remained low: in 2016, only 781 orders were place through catalogues, 18.000 from punch-outs and 28.000 with free text ordering. The value of orders places through the system amounted to less than 4 % of the government spending. 16,9 % of the value of the orders placed through the system were for CPB's framework agreements. However, the value presented only around 4 % of all purchases made with the CPB's framework agreements. The system is currently in active use in around 30 out of 80 central government agencies. A new contract that will replace the Basware system was awarded in September 2017. The contract was awarded to Softco ([www.softco.com](http://www.softco.com)), a provider of purchase-to-pay automation systems from Ireland.

# Italian case

## Scope of eCatalogues

Pre-award- Post award - eOrdering Above/ Below OJEU Threshold

## Type of information in eCatalogues

Product / services, prices, pictures of products that:

- have already been subjected to competitive tendering procedure (Framework agreements, Frameworks contracts)
- or are freely offered by suppliers on the eMarketplace for PA (MEPA).

In both cases the suppliers provide the e-catalogues in the System using web based functionalities or massive upload with an xls format.

## Users

Several organisations covering all public sectors from central government, to local governments; to regional government; to CPB; to Health care. More or less 36,000 contracting authorities.

## Description

The National eProcurement platform managed by Consip SpA was introduced in 2001 with the first usage of e-catalogues to enable public buyers to order goods and services from Framework contracts.

In 2004 was launched the MEPA, the virtual market in which any Public Administration (PA) could buy goods and services below the European threshold from eCatalogues offered by suppliers qualified according to non-restrictive selection criteria.

Since 2012 the ordering process is exclusively digital and the usage of digital signature is mandatory to ensure transparency of the process.

As for MEPA, it is a dynamic tool in which products and services are presented in e-catalogues according to standard formats.

It allows registered administrations to use 2 main purchasing tools: Direct Order (DO), and Request for Quotation (RfQ). The latter allows the PA to negotiate the price and service conditions by inviting a pool of qualified suppliers to make a customized quotation, providing both price and technical/quality details. This dynamic procedure stimulates strong competition, gathering offers from various suppliers. The role of Consip is to define qualification requirements, terms of conditions, and to monitor that transactions are performed according to the MEPA rules. Mepa is a public EProcurement tool focused, on the supply side, on SMEs.

The platform works according to the three layer models, implementing a presentation layer, that displays to users the Web Interface, accessible by a standard browser, and an application and database layer that runs the business logic and data management.

### Impact (2016 figures):

- Numbers of e-orders: from awarded contracts catalogues: 106.000; from not pre-negotiated catalogues (MEPA – direct orders): 400.000.
- E-orders value: from awarded contracts catalogues: 3.889 M; from not pre-negotiated catalogues (MEPA – direct orders): 699 M.
- MEPA Active buyers (the Administrations' users that made at least one order per year): 41,261
- Suppliers with active catalogues: 68,248.
- Items offered on the MEPA e-catalogues at year end: 8,975,611.

# Slovenian Case

## Scope of eCatalogues

Pre-award: ePlanning; Post-award – eOrdering

## Type of information in eCatalogues

Product/services, prices, pictures of products that have already been subjected to competitive tendering procedure. Generally, the awarded suppliers provide catalogues and contracting authorities can upload catalogues to the system. Catalogues are not seen before signed and published framework agreements and framework contracts.

## Users

Several organisations – for some CA is mandatory (according yearly Government regulation).

## Description

The National eProcurement platform managed by Ministry of Public Administration. EProcurement consists of five modules and eCatalogue is one of them

It is part of a project that establishes electronic public procurement of goods and services to individual public administration bodies.

The basis for the execution of individual orders is framework agreements or contracts between contracting authorities and suppliers concluded after the execution of public procurement procedures. With the possibility ordering through the eCatalogue, it is simplified and ensures the unification of the procurement process, ensures transparency of orders and shortens the time required for the preparation and execution of an individual order

The eCatalogue system enables:

- Preparing a eCatalogue - preparing a new section with content input,
- Confirmation and publication of the eCatalogue,
- Entry of limits according to contractual values,
- Preparation of orders according to needs - shopping cart,
- Forwarding orders to the supplier,
- Production of statistical reports and analyses for orders at all levels across different parameters for all types of users,
- Statistical management of the use of funds,
- Different levels of users.

Impact (2016 figures):

- E-orders based on catalogues: 3.465
- Orders value: 889.450 euros

Active users per 25th Aug. 2017: 712



# Thank you!

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