

UK Public Sector eProcurement

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EGEE'06 - 26/9/06

Agenda

- OGCbuying.solutions
- Drivers for eProcurement in UK
- eProcurement Solutions Toolkit
- Technology Issues
- Questions

OGCbuying.solutions?

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- Public sector body, part of HM Treasury in the UK
- Central Purchasing Body helping the UK Public Sector to save money
- Setting up Value For Money Framework Agreements by aggregating demand and conducting OJEU procurements
- Provides Government wide Managed Services - Government Secure Internet, eCommerce, Energy
- Total UK Public Sector spend on goods and services = £125bn ~ €185bn

UK Public Sector eProcurement Drivers – UK Efficiency Review

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£21.5 billion a year efficiency gains by 2008



£8 billion efficiency gains to come from procurement

UK Public Sector eProcurement Drivers – European Commission

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**24 Nov
2005**

EU i2010 Ministerial Declaration on “Transforming Public Services”

By 2010:

- all EU public administrations will have capability to carry out 100% of their procurement electronically
- at least 50% of public procurement above “OJEU” threshold will be electronic



UK Public Sector eProcurement Drivers

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- Modernising Government
- Making government business open and accessible to Small and Medium Enterprises and “Third Sector”
- eInvoicing Directive
- Sustainability – reducing paper and distribution

Tools in eProcurement Lifecycle

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..... Customers choose the tools which give them the biggest benefit – some are free for buyers!

OGCbuying.solutions eProcurement Solution Toolkit

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- Implemented by Sourcing and Outsourcing Services Limited
- Uses Commercially available products - easy to use technology
- Hosted on internet to avoid technology investment for buyer and suppliers
- Hosted solutions scalable for large customer and supplier numbers
- UK eGov Government Security accreditation
- Support collaboration and aggregation between customers
- Achieves time savings in regulated processes
- Available to all Public Sector organisations
- Access to Best Practice and implementation expertise from OGCbuying.solutions eCommerce team and User Groups
- Managed service model releases customer time for operational activities whilst ensuring security of supply and service level achievement



Dependable solutions
for the public sector

Department for
**Communities and
Local Government**



NHS | SOURCING &
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Greater Manchester
Collaborative Procurement Hub

DWP Department for
Work and Pensions

ufi

NHS

The Coal
Authority 

*NHS Purchasing
and Supply Agency*



Llywodraeth Cynulliad Cymru
Welsh Assembly Government



jobcentreplus

eSourcing (Jun 2004)



**LIBRARY
HSILIRB**

B B C

lifesource

 **dca** Department for
Constitutional Affairs
Justice, rights and democracy

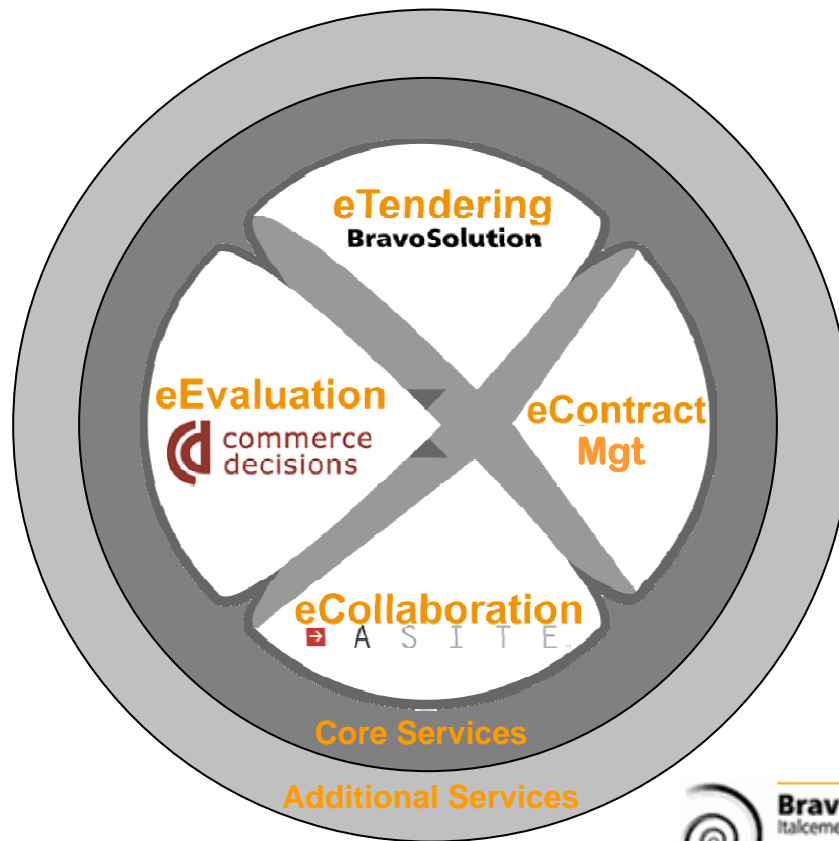
 **Transport for London**

**KENT
POLICE** 

eSourcing Managed Service

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Web based, collaborative tools used by buyers and suppliers to conduct the sourcing process online – 4 modules provided by BravoSolution with additional services



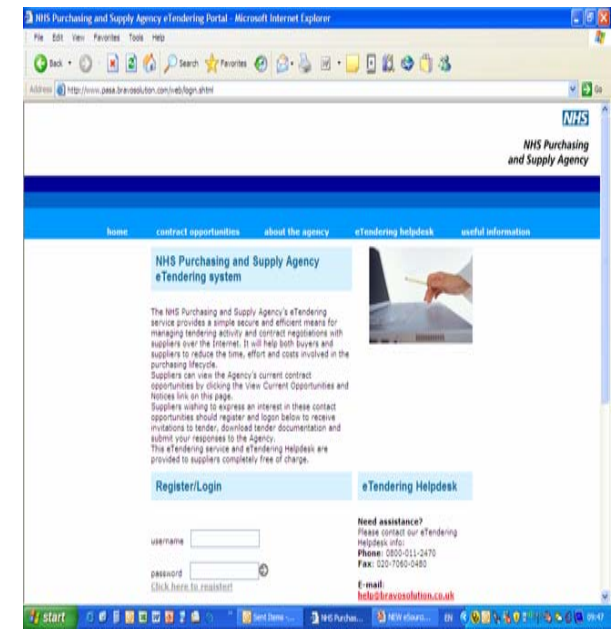
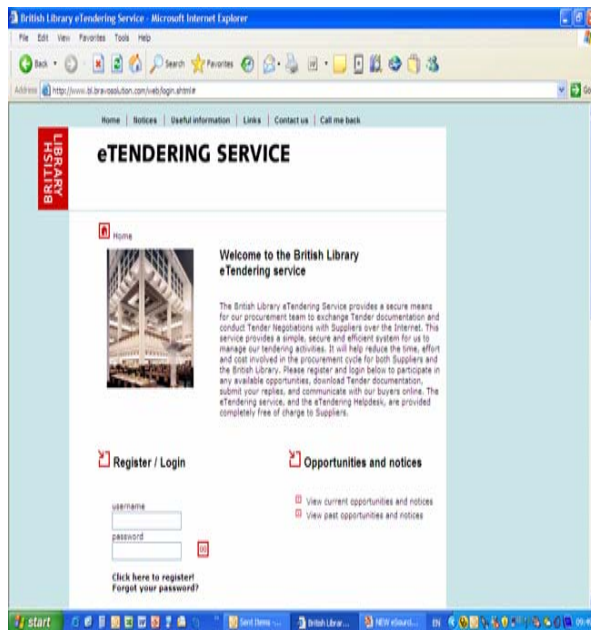
The eSourcing managed service provides:

- compliance with UK Public Procurement regulations
- best practice templates
- UK Government security accreditation
- extensive support
- customer implementation toolkit
- reduced sourcing costs
- reduced risk and audit trails
- collaborative working
- supplier performance information

eSourcing Hosting

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Buyers and suppliers access via customised eSourcing portals over the internet



The managed service means:

- no IT investment , implementation, upgrade or maintenance effort
- available for immediate deployment and go-live within 4-6 weeks
- a helpdesk for buyers and suppliers

eSourcing: Delivering Savings, Efficiency & Value

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£10bn

32 Customer's combined spend

450 - £2bn

eTenders run...

11,000

suppliers involved...

At least 25%

typical time improvements...

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eAuctions (Dec 2003)



*NHS Purchasing
and Supply Agency*



eAuctions Framework

4 suppliers provide systems to negotiate numeric attributes

- Transparent Bidding process with ranking of all evaluation components (required by UK law)
- Suppliers negotiate against each other to achieve market price at a point in time
- Speed up the negotiation process
- Drive higher savings than just using tenders
- Easy to repeat for regular negotiations
- Require clear definition of specification to avoid ambiguity

UK eAuction results

£421m

Pre-auction value of Goods/Services procured using OGCbuying.solutions eAuction framework contracts since 2003

£95m

Amount saved using OGCbuying.solutions eAuction framework contracts since 2003 (22%)

Under £10,000

Average cost of running an eAuction.....

£700,000

Average savings from an eAuction.....

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Department for
**Communities and
Local Government**

DWP Department for
Work and Pensions

Zanzibar
(Feb 2006)

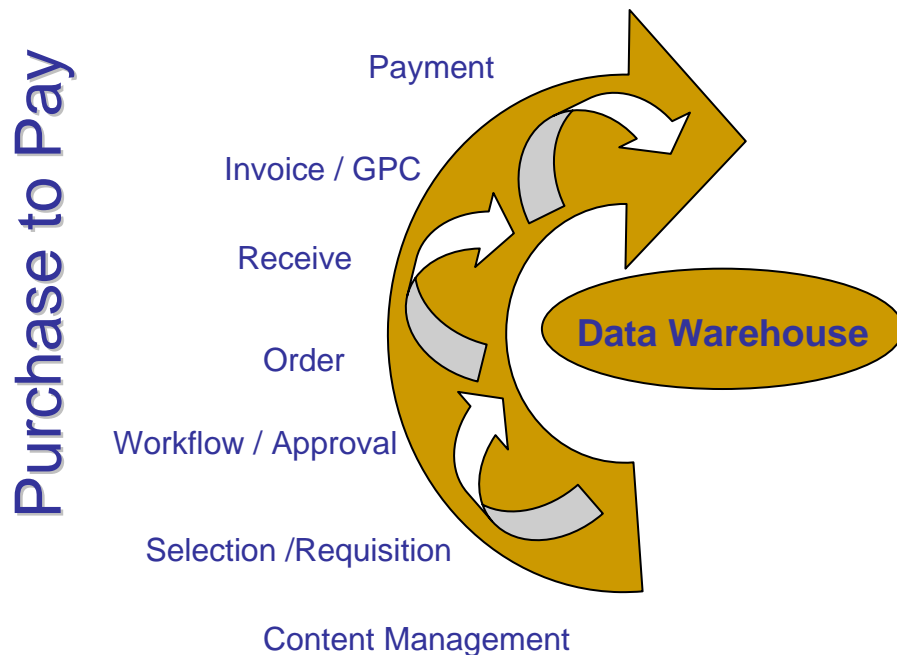


NHS

North West London Procurement Confederation

Zanzibar Service

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The Zanzibar Service™ allows government buyers to trade securely with suppliers over the internet

3 main features:

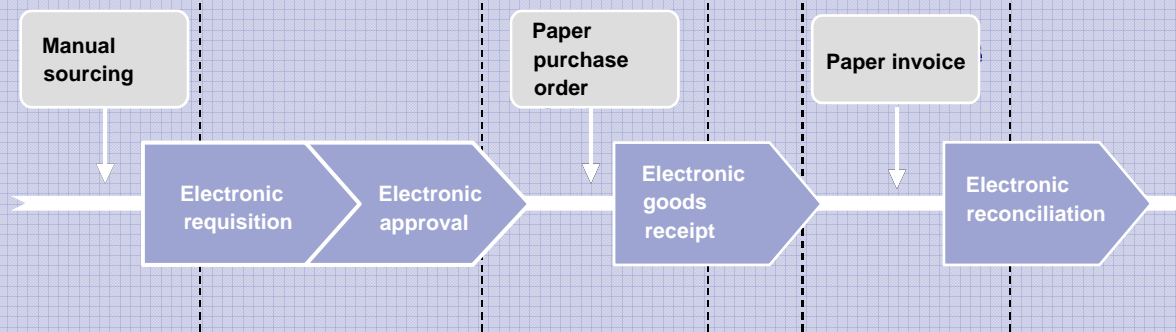
- Hosted eMarketplace connecting buyers and suppliers, containing Supplier “content” allowing search and comparison of goods and services
- Pan-Public Sector Data Warehouse
- Optional P2P – Online Requisition, order and pay using GPC or e-invoicing

Zanzibar Service is a registered Trademark of OGCBuying.solutions

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What is different about the Zanzibar Service?

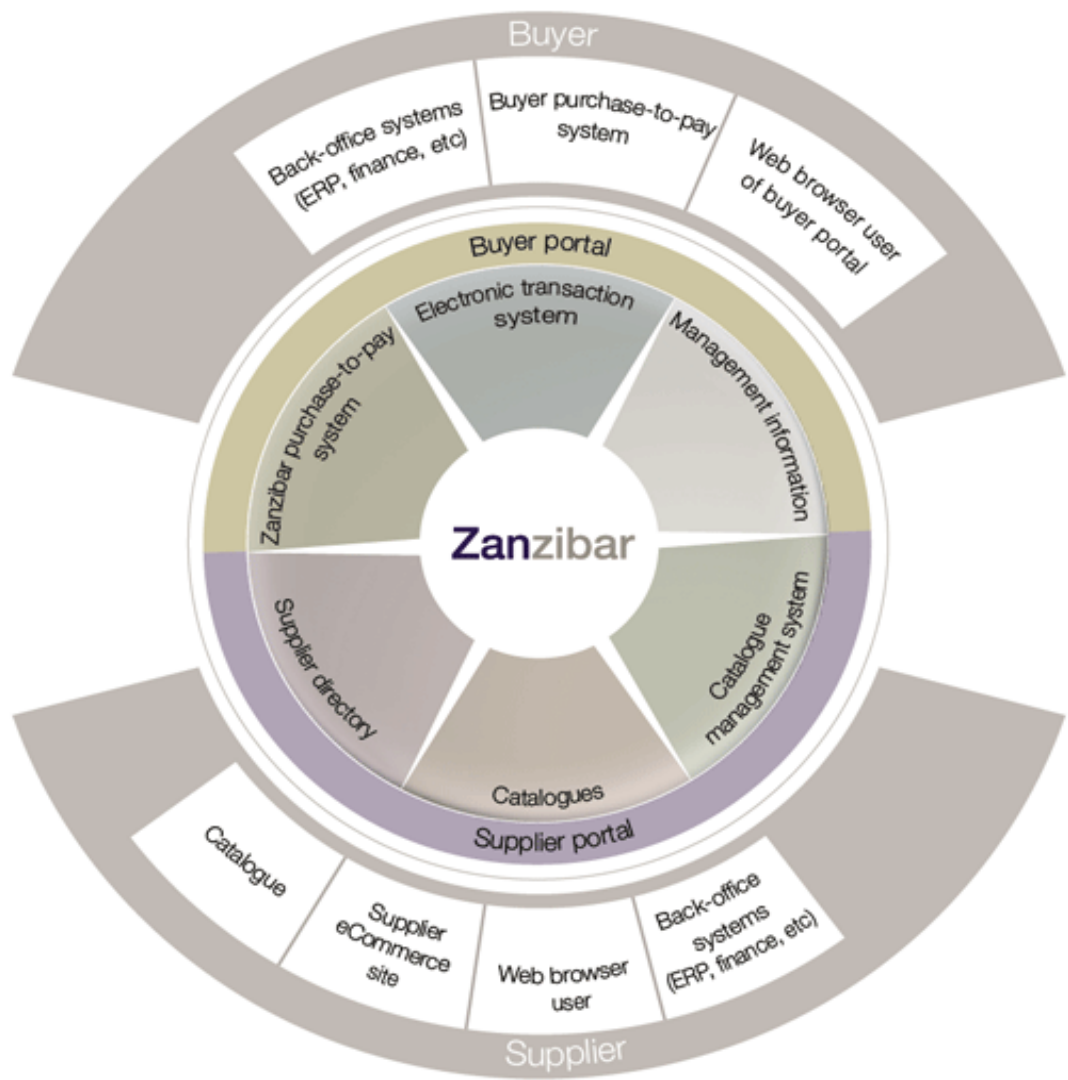
Traditional eProcurement environments, have some automated functionality, but still rely on manual processing at key points.



Zanzibar provides a **fully integrated** eProcurement solution where data persists throughout



Zanzibar components



Hosted eProcurement solution available to all UK Public Sector Organisations

Customers subscribing to Zanzibar get all components

A fully paperless procurement process to both suppliers and buyers

A level playing field for all suppliers

Savings in back-office processes

Provides rich information that allows the requisitioner to make value-for-money decisions

Zanzibar System

- Single point of access for buyers and suppliers
- Lower cost P2P solution for smaller customers
- Centrally managed supplier adoption
- Suppliers manage own catalogues
- Negotiated contract pricing drives value for money
- Reduced buyer and supplier process time and cost
- Ability to enforce controls and contracts
- Access to data about spending patterns, suppliers and demand
- A catalyst for collaborative opportunities and benchmarking
- Link to marketplace leverages existing ERP investments

Zanzibar Savings Benchmarks

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PROCESS SAVINGS

- Process saving of £41 per fully automated transaction from requisition to payment
- Process saving of £6 per transaction for Buying Organisations using currently using eProcurement but not eInvoicing

PRICE SAVINGS

- Price Savings expected from access to more contracted prices and better Management Information – 2-4% of cost of goods and services

Technology Issues – General

- Universal Access – web browser and email account
- Interoperability – multiple systems connecting (currently using cXML)
- Information security at transactional and aggregate level
- Payment security – passing of payment details
- Barriers - Registration, Verification and Authentication
 - Certificates
 - Digital Signatures

Technology Issues – Grid Computing

Review by National Infrastructure Security Co-ordination Centre (3 years ago), noted:

- Significant interest – potential to boost innovation in UK where intermittent processing requirement means that investment in dedicated resources is not cost-effective
- Risk assessment difficult - processes operate across multiple systems
- Mutual Authentication of Partners
- Data Integrity
- Information Confidentiality
- Model of acceptable behaviour for hosted processes

Useful UK eProcurement websites

- www.zanzibaronline.gov.uk
- www.ogcbuyingsolutions.gov.uk
- www.nepp.org.uk
- www.purchasingcard.info
- www.idea.gov.uk/knowledge/eProcurement
- www.ogc.gov.uk
- www.buyitnet.org/Best_Practice_Guidelines/e-Procurement/index.jsp
- www.capsresearch.org
- www.idea-knowledge.gov.uk/idk/aio/70780