



CFEM Inauguration Event

Electronic Tendering

Summary of 15 years experience and an overview of future challenges

14 October 2010, Aarhus University - Denmark



Agenda

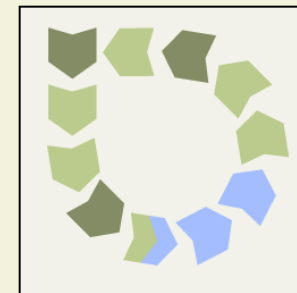
eTendering - Introduction

Resume of 15 years of experience

Overview of future challenges

Who is [inno:vasion]?

- Consultancy specialized in tender procedures and decision-making processes
- Developer and owner of the web based tender solution:
- IBM Business Partner



ETHICS



Challenge: The IT Tender in 1995



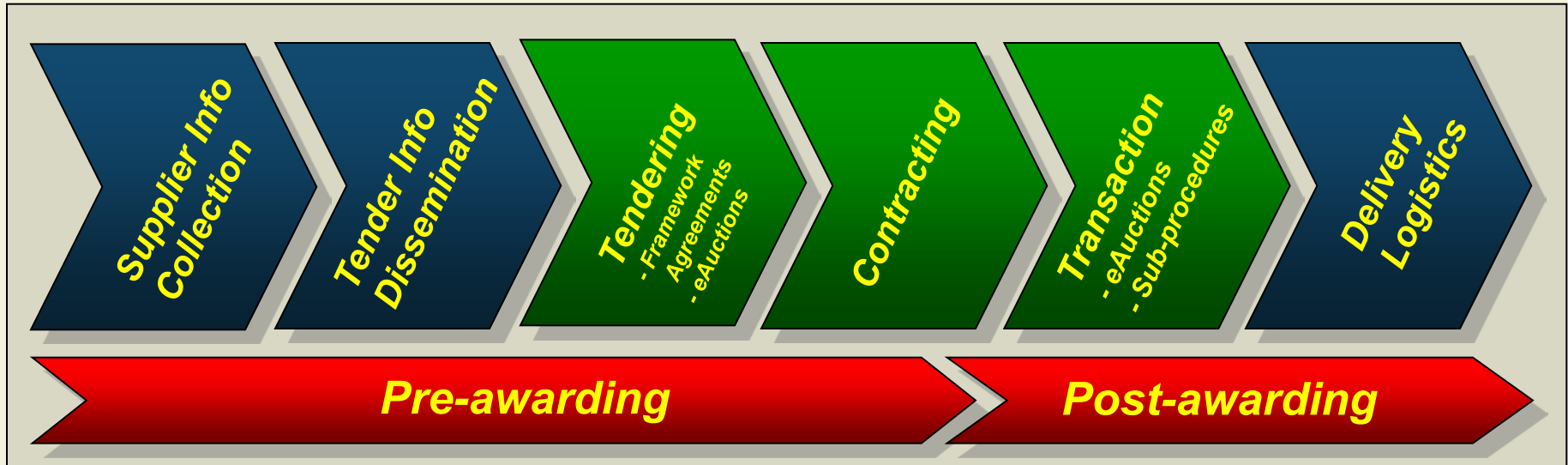
- More than 30.000 pages from 36 vendors
- Highly varied formats
- Decision process manual – discussing and voting
- Contract terms only in paper archives.
- ... Extremely cumbersome

Legal requirements to the system

To be able to respect the requirement on confidentiality, judicial evidence etc. importance has been attached to following conditions being met:

- the vendor must submit their **proposal digitally signed**.
- the contracting authority put af **time stamp** on the proposals when receiving these.
- it is not possibel to **open the bids until the deadline** for submission of proposals is met.
- proposals can only be **opened by persons authorized**.
- **Violation of the rules can be traced**

The scope of eTendering



- **Tendering procedures**

Open Procedure, Restricted Procedure, Negotiated Procedure (with or without Publicity), Competitive Dialogue Procedure, Open Procedure for Utilities, Restricted Procedure for Utilities, Negotiated Procedure for Utilities, Open Procedure for Utilities with Call for Competition, Restricted Procedure for Utilities with Call for Competition, Negotiated Procedure for Utilities with Call for Competition, Dynamic Purchase System, Qualification System
 - some with or without eAuctions

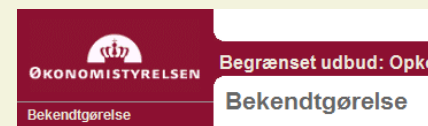
- **Transaction / Repeated procurement procedures**

Sub-procedure for specific procurement, Auctions, Dynamic Purchasing System

Status in Denmark today

- Danish Ministry of Finance

Objective: Mandatory Frame Contracts for Central Government
Voluntary for Local Authorities & Public owned Companies
[inno:vasion]'s role: 2-level Support & Solution Provider



- The Danish National Procurement

Objective: Voluntary Frame Contracts for the Public sector
[inno:vasion]'s role: Consultant, Facilitator, Supervisor, 2-level Support & Solution Provider



- Ministry Specific Tenders, i.e. Danish Defense or Tax Authorities or etc.

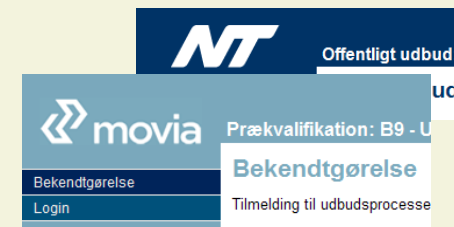
Objective: Frame Contracts for the Ministry in question
[inno:vasion]'s role: Consultant, Facilitator, Supervisor, 1-level Support & Solution Provider

- Cross Ministry Tenders, i.e. Danish Defense and Tax Authorities and etc.

Objective: Frame Contracts for two or more Ministries
[inno:vasion]'s role: Secretariat, Consultant, Facilitator, Supervisor, 1-level Support & Solution Provider

- Public Transport Entities

Objective: Frame Contract for all Bus or Variable transportation
[inno:vasion]'s role: Trainer, 2-level Support, Solution Provider & Developer



International ETHICS References - Slovakia

UVO - Slovakian eGovernment Organisation

- Ministry of Employment and Professional Training – IEFP
- First Tender executed Summer of 2006
- Implemented by law 2007
<http://evo.gov.sk>
- Target:
 - 1.800 Offices & institutions signed up
 - 30.000 Tenders pr. year



Manchester ministerial declaration

The Manchester ministerial declaration of 24 November 2005 provided the **political boost** to eGovernment until 2010.

In the field of eProcurement, the ministers proposed ambitious objectives:

- All public administrations across Europe will have the **capability of carrying out 100% of their procurement electronically**, where legally permissible;
- **At least 50% of public procurement above the EU public procurement threshold will be carried out electronically.**

The Manchester declaration has inspired the i2010 eGovernment action plan.

Ref: <http://archive.cabinetoffice.gov.uk/egov2005conference/documents/proceedings/pdf/051124declaration.pdf>

Manchester ministerial declaration - Questions

Are the e-procurement objectives in the Ministerial Declaration realistic?

e-Procurement is defined in Directive 2004/18/EC: it consists in publishing and managing procurement electronically. It allows an EU company to see and bid on any procurement across the EU. The Directive applies above a threshold value (referred to in the Ministerial Declaration), i.e. where the procedure is stricter. The threshold is from about €50,000 for simple public services to about €6,000,000 for public works.

E-procurement has several steps:

Notification → Publication → Submission → Evaluation/awarding → Ordering → Invoicing.

In the EU15 in 2002, more than 100,000 tenders were published on TED (tenders electronic daily). This is about 16% of all tenders.

<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/05/446&format=HTML&aged=0&language=EN&guiLanguage=en>

Manchester ministerial declaration - Questions (cont.)

Administrative cost saving of e-procurement are expected to be about 30%, while purchasing cost savings can be as high as 10% to 50%. Usually a more conservative figure of 5% savings is used (Commission Staff Working document).

Once above the threshold, public procurement procedure is more detailed and complex. Thus administrative costs are higher, and the benefits to be gained from e-procurement are also higher.

Currently the first two procurement steps are being carried out electronically at more than 50% (even 90% for the first step). It is the next step, “Submission” which is probably the major step forward. Electronic tender submission accounts for only around 9% of all tender submissions at the moment. It can be expected that even without further political push, this will rise to 20-25% within the next 5 years. Therefore a call for 50% take-up as in the Declaration gives the right – ambitious yet realistic - political signal.

i2010 eGovernment Action Plan

FIVE PRIORITIES:

- Access for all
- Increased efficiency
- High-impact eGovernment services
- Putting key enablers in place
- Increased participation in decision-making



Public contracts represent 15 - 20% of GDP, i.e. about 1 500 billion euro every year.

Electronic procurement could result in an annual saving of tens of billions of euro.

Ref: http://europa.eu/legislation_summaries/information_society/l24226j_en.htm

Current initiatives



CEN Workshop on 'Business Interoperability Interfaces on public procurement in Europe' (WS/BII2)

The objectives of the workshop are to **provide a basic framework for technical interoperability in pan-European electronic transactions**, expressed as a set of technical specifications that cross-refer to relevant activities, and in particular are compatible with UN/CEFACT - in order to ensure global interoperability.

Stakeholders: IBM and inno:vasion among others

http://www.cen.eu/CEN/Sectors/Sectors/ISSS/Activity/Pages/Ws_BII.aspx

<http://www.ds.dk/en-GB/Sectors/ICT/Bii/Sider/default.aspx>

PEPPOL 2 - Pan European Public Procurement Online

Objective: Enabling EU-wide public eProcurement

Old scope: **Virtual Company Dossier**, eCatalogues, eOrdering, eInvoicing, eSignature & Open Infrastructure

Stakeholders only from government organisations

<http://www.peppol.eu>



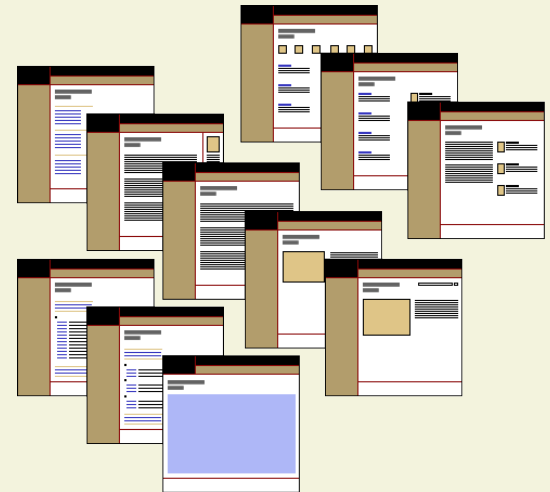
Vision - a glance into a future scenario

Tender procedure preparation based on templates

Wizard based Tender Notices

Template based preparation of Tender Material based on:

- The desired procedure type
- The desired language(s)
- The desired types of Economic Operators
- The desired evaluation model
- The desired contract template
- The desired set of selection criteria's covering:
 - Company Dossier
 - Economical Capabilities based on selected type of Economic Operators
 - Technical Capabilities based on the subject of the tender
- The desired set of Contract Award Criteria's provided by:
 - Public offices
 - Standardization entities
 - Consulting companies



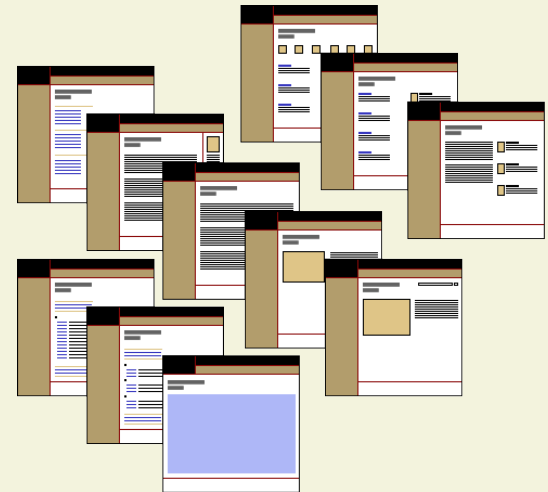
Reality - Making up where we are today

Tender procedure preparation based on templates

Wizard based Tender Notices **Standardized**

Template based preparation of Tender Material based on:

- The desired procedure type ✓
- The desired language(s) **Standardized**
- The desired types of Economic Operators ✓
- The desired evaluation model ✓
- The desired contract template ✓
- The desired set of selection criteria's covering:
 - Company Dossier ✓
 - Economical Capabilities based on selected type of Economic Operators ✓
 - Technical Capabilities based on the subject of the tender ✓
- The desired set of Contract Award Criteria's provided by:
 - Public offices ✓
 - Standardization entities ✓✓
 - Consulting companies ✓✓



✓ = In use but not standardized
() = Partly implemented

Vision - a glance into a future scenario

Automated tender publication

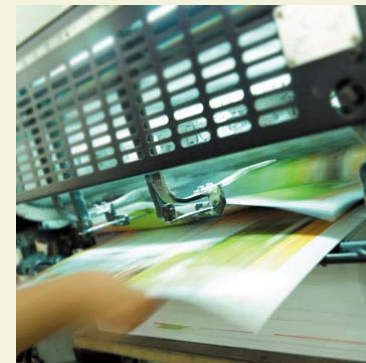
Automated submission of Notices to the EU Official Journal

Automated submission of Notices to local Journals

Automated signup of the interested Economic Operators

Automated distribution of electronic signatures

Automated access to the Tender Material and Tender compilation/encryption tools



Reality - Making up where we are today

Automated tender publication

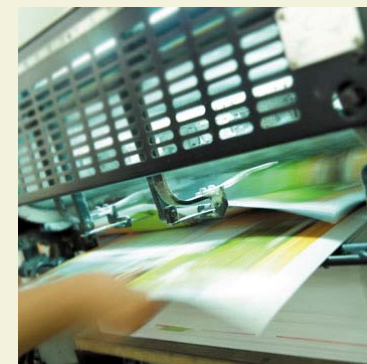
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Vision - a glance into a future scenario

Guided proposal compilation

Questionnaire based tender material

Tools to secure that all required information has been provided

Tools to ensure that all necessary documentation has been included

Tools for encrypting and transmission of proposals

Tools for signing the proposals



Reality - Making up where we are today

Guided proposal compilation

Questionnaire based tender material ✓

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Vision - a glance into a future scenario

Guided proposal evaluation

Automated control that all conditions to participate are met by the bidders

Automated pre-evaluation of the selection criteria's

Automatic preparation of the evaluation phase to be carried out by:

- Inhouse resources with or without use of predefined guidelines
- External experts that follow predefined evaluation guidelines

Tools for compiling and analyzing the final result

Tools for setting up and executing the following eAuction (if applicable)

Automated feedback to the bidders whose proposals have been declined



Reality - Making up where we are today

Guided proposal evaluation

Automated control that all conditions to participate are met by the bidders (✓)

Automated pre-evaluation of the selection criteria's ✓

Automatic preparation of the evaluation phase to be carried out by:

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- External experts that follow predefined evaluation guidelines ✓

Tools for compiling and analyzing the final result ✓

Tools for setting up and executing the following eAuction (if applicable) ✓

Automated feedback to the bidders whose proposals have been declined ✓



✓ = In use but not standardized
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Vision - a glance into a future scenario

Automated contract awarding

Automated preparation of contracts to be signed

Automated distribution of contracts to the Economic Operators that have been awarded the contract

Tools for signing the contracts

Tool for creating templates and guidelines for evaluating any succeeding (if applicable):

- Sub-procedures
- eAuctions



Reality - Making up where we are today

Automated contract awarding

Automated preparation of contracts to be signed (√)

Automated distribution of contracts to the Economic Operators that have been awarded the contract √

Tools for signing the contracts √

Tool for creating templates and guidelines for evaluating any succeeding (if applicable):

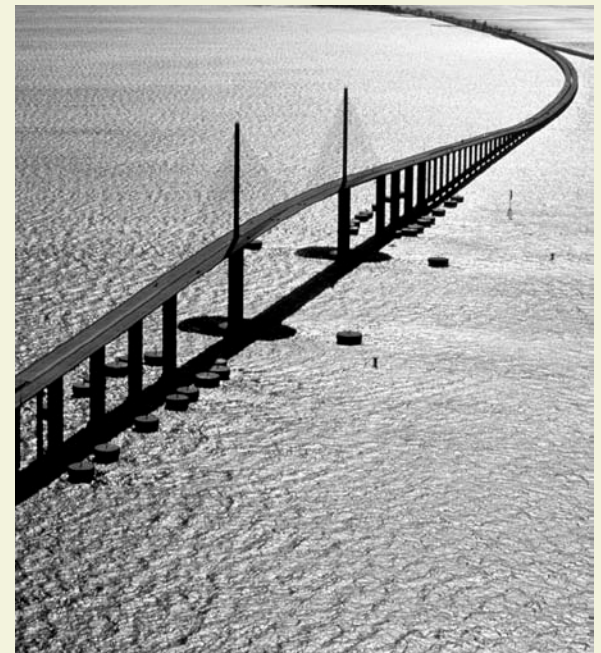
- Sub-procedures √

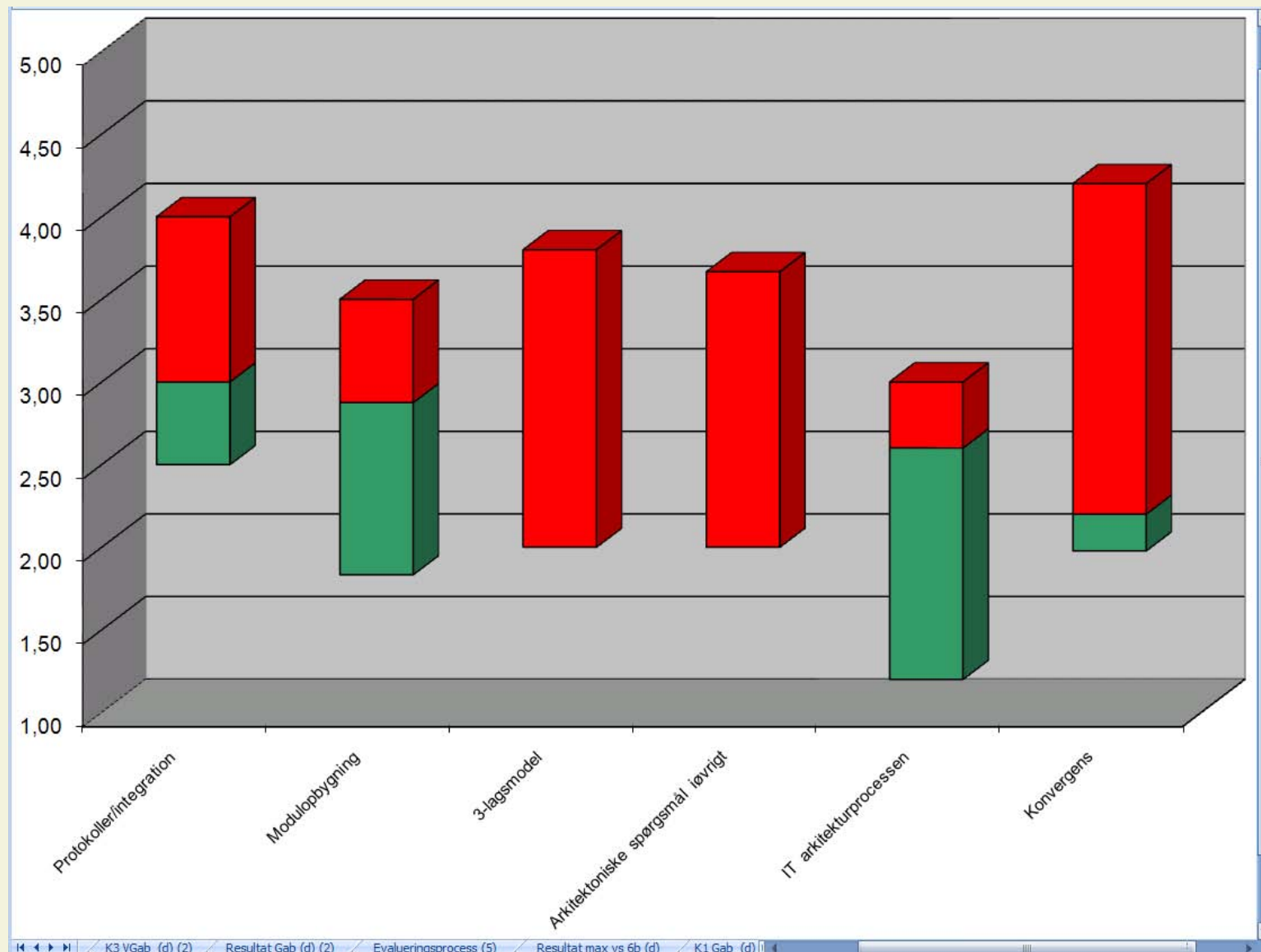
- eAuctions √



Overview of future challenges

- Measures for countering corruption
- Dissemination of tendering competences
- Multi criteria eActions





Summary

E-tendering based on propriety standards is a reality
⇒ next step is to agree upon & implement open standards

Tendering is a complex tasks that involves many different skills
⇒ which is therefore very suitable for standardization

Who will benefit on E-tendering based on open standards?

Every one ⇒ Efficiency & Transparency

Contracting authorities ⇒ Tools for knowledge management

Economic Operators ⇒ Better proposals

Stake holders ⇒ Better control

3-party entities ⇒ Tools for providing their services and knowledge

