

eProcurement Opening doors to cross- border business



Many EU countries use electronic procurement (eProcurement) to make bidding for public sector contracts simpler and more efficient. However, these national solutions have limited communication across borders. The European Commission is launching a pilot project to make electronic communication between companies and government bodies possible for all procurement processes in the EU. It will connect existing national systems, crucial for allowing businesses to bid for public sector contracts anywhere in the EU; an important step towards achieving the Single European Market.

At a Glance

Project:

Pan European Public Procurement OnLine (PEPPOL)

Projects coordinator:

Agency for Public Management and eGovernment (DIFI)

Partners:

Austria, Denmark, Finland, France, Germany, Hungary, Italy and Norway

Duration: 3 years

Total cost: €19.6 million

Programme: ICT Policy Support Programme under the Competitiveness and Innovation Framework Programme (CIP)

Further information:

<http://www.peppol.eu>

eGovernment: <http://ec.europa.eu/egovernment>

ICT PSP: http://ec.europa.eu/ict_psp

CIP: http://ec.europa.eu/cip/index_en.htm

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ELECTRONIC PROCUREMENT

Governments are the largest buyers of services in the European Union. Total public procurement in the EU is estimated at about 16% of the Union's gross domestic product (GDP) or €1,500 billion.

eProcurement allows the electronic exchange of all documents related to the various phases of the procurement process: tendering, bidding, ordering and invoicing. This makes the process much simpler and more efficient: saving money for the bidders and the tax payer.

eProcurement systems are already functioning in several Member States. However, many public administrations lag behind industry in electronic data exchange with their suppliers. The lack of common standards is a major obstacle for companies - especially small and medium sized businesses (SMEs) - participating in public procurement.

In 2006, EU Member States agreed to enable public administrations across Europe to carry out 100% of their procurement electronically and ensure that at least 50% of public procurement - above the legally set threshold values - is indeed carried out electronically by 2010.¹

¹ i2010 eGovernment Action Plan

OBJECTIVES OF THE PROJECT

The pilot project will build on current eProcurement activities at national level to allow companies in the EU to communicate electronically with government institutions in other countries for procurement processes.



IMPLEMENTATION

The pilot project will facilitate the electronic cross border exchange of orders, invoices, and catalogues. It also includes the reuse of company information required for bidding. The mutual recognition of electronic signatures will also be addressed.

At all stages, the work will be carried out openly to facilitate consensus on the results by public administrations, their suppliers, software industry and standardisation bodies. All reports will be made publicly available and the software solutions will be published under the EUPL license (European Public Licence) or equivalent.

PARTICIPANTS

A core team of EU Member States are involved in this project in order to ensure that the development of new technologies in different countries does not create new barriers to the Single Market. Eventually, other Member States and stakeholders, such as the software industry, can follow the work and influence the definition of specifications as they are developed. This will facilitate acceptance of standards by all countries and enable an effective cross-border eProcurement service. National solutions will not be replaced; instead they will be aligned with common European standards and then linked together.



The pilot will be open to any interested parties. In its first phase, ministries and public authorities will be the most active. Public authorities from all Member States and Associated States are encouraged to join the reference group, which currently comprises the project partners as well as Belgium, Bulgaria, Croatia, Iceland, Estonia, Luxembourg, Netherlands, Romania, Scotland, Slovenia, Spain, Sweden and Switzerland.

Software companies are also invited to monitor the development and prepare their own product in view of the expected outcome. Consultations with private sector organizations such as chambers of commerce, the software industry and the banking industry are foreseen to achieve a broad acceptance. Later, when the service will be used and tested under real conditions, SMEs will also be engaged.

IMPACT

Both governments and their suppliers will benefit from more efficient, harmonized electronic procurement and invoicing processes.

The project will also be a catalyst for introducing e-business in companies and for speeding up the overall uptake of new technologies.

SMEs will benefit from easier access to new markets within two years of the start of the pilot. Software and processes to connect to an open eProcurement infrastructure will be available by the end of the second year. The real benefit will be realised once the project ends and the specifications are adopted throughout the EU.

It is anticipated that the use of eProcurement will save billions of Euros not only by reducing administrative burden but also by increasing competition and transparency. Taxpayers will ultimately benefit from the increased efficiency of the procurement processes and the savings achieved through better competition.

