



E-procurement in Europe

-- benefits, barriers and role of EC

Jeremy Millard

jeremy.millard@teknologisk.dk



DANISH
TECHNOLOGICAL
INSTITUTE

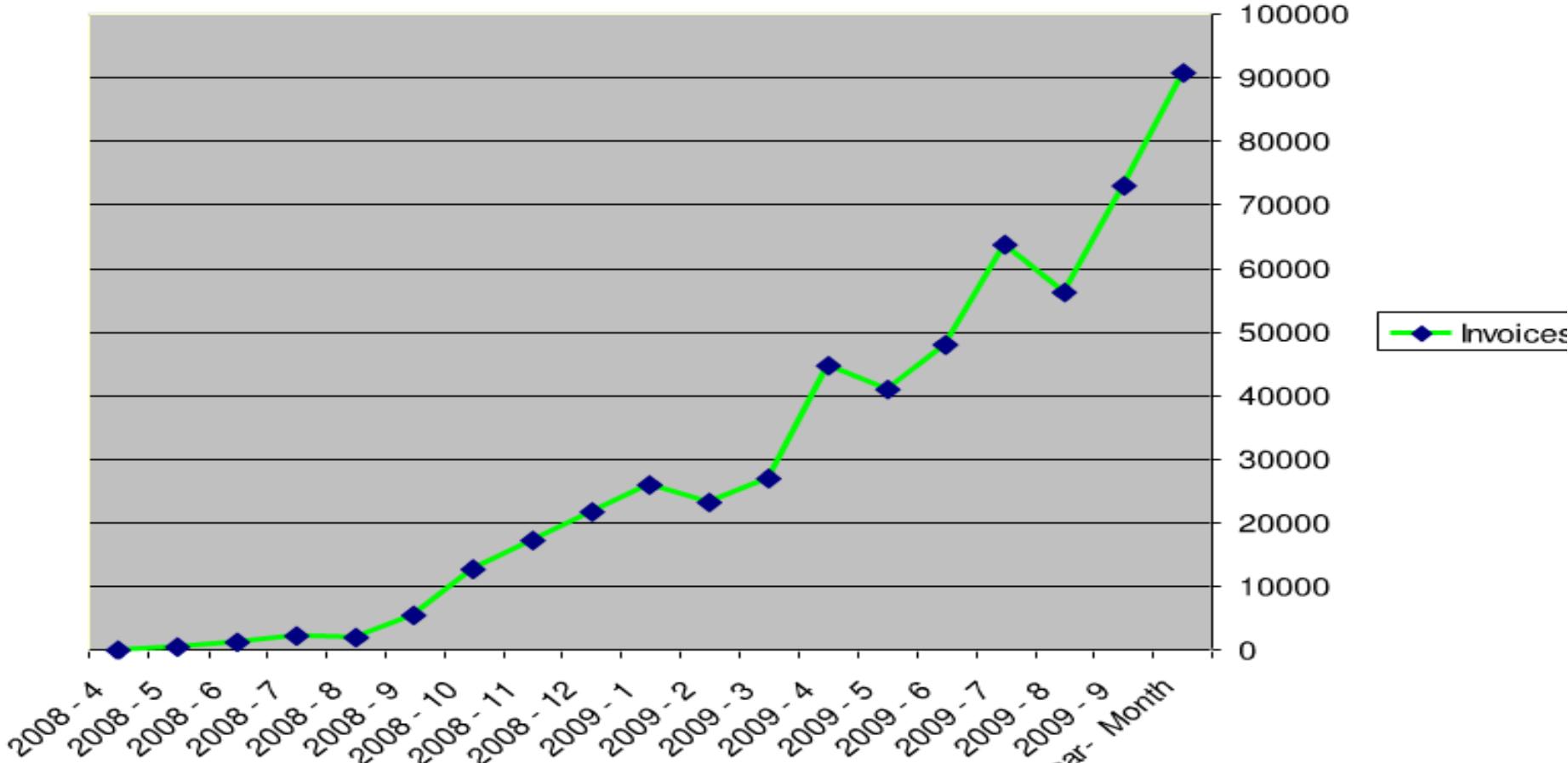
E-procurement benefits in Europe

- Government revenues are 45% of GDP
- Public authorities purchase 15-20% of GDP (€1,500 - 2,000 bn) p.a.
- eProcurement and eInvoicing could save at least 5% of GDP, and reduce transaction costs by at least 10%
- But, less than 5% is processed electronically
- ...ergo, potential savings of tens of billions of Euros annually are not yet being made
- In particular, SMEs could benefit from easier access to public procurement markets and increasing their ICT capabilities and thereby competitiveness

E-procurement and e-invoicing benefits in Denmark

E-procurement: annual savings €95 million (launched January 2002)

E-invoicing: annual savings €120 million (launched January 2005)



Sources: "Progress report on i2010 Action Plan", Jeremy Millard for European Commission (2009) , and "An open and shared infrastructure for exchange of e-business documents", Bergtor Skulason, Danish National IT and Telecom Agency, May 2011.

eProcurement barriers in Europe

Barriers to availability	Barriers to use
<ul style="list-style-type: none">• Fragmented procurement platforms and procedures makes implementation complex• Uncertainty about legal framework• Lack of integrated eProcurement strategy and complexity of eProcurement legislation• Lack of resources, especially for specialised software and IT infrastructure• Lack of coherence between parts of eProcurement IT systems (eTendering, eNotice, eSubmission, etc.)• Lack of common European approach on e.g. eSignatures	<ul style="list-style-type: none">• Inertia and resistance of purchasers• Lack of awareness, understanding and practical skills of eProcurement among public agencies and suppliers (especially SMEs)• Limited use of eSignatures and eCertificates• Limited internet / broadband penetration• Use of eProcurement is voluntary. Legislation making eProcurement obligatory is needed.• Lack of confidence in electronic exchange of data on contracts among contracting parties• Contracting parties are used to paper-based communication

What the EC should do for E-procurement

Apart from the Large Scale Pilots like PEPPOL for cross-border e-procurement.

- Help to accelerate the switch-over from offline to online procedures suggesting further simplification of procedures, exploring the role of mandatory use of e-procedures, identifying regulatory incentives, analysing the role of specialised platforms
- Support the diffusion of simple, practical solutions for example. facilitating the mutual recognition of solutions and supporting the main building blocks
- Make it easy for suppliers to operate across systems and borders removing and preventing barriers