

Advanced User Guide

Public sector e-procurement: advice for suppliers

This guide is one of a series of "How To" Guides" produced by Enterprise Ireland to meet the needs of Irish companies, particularly our client base, the majority of whom are small to medium enterprises (SMEs) in manufacturing or internationally traded services.

They are designed for non-IT professionals charged with developing and/or implementing eBusiness/IT strategy in their companies. Hopefully they may also be of use to IT professionals.

These guides are only one of a range of eBusiness resources provided by Enterprise Ireland. Most of the other resources, can be accessed through our eBusiness webpages

www.openup.ie

Here you can access more guides and cases about eBusiness and related topics, details of solution providers, access to our free eBusiness e-zine and discussion forum, eBusiness events guide and links to interesting reports etc.

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Public sector e-procurement: advice for suppliers

Executive summary

The Irish Government is actively creating an environment whereby the public sector will conduct an increasing amount of its dealings with suppliers electronically.

If you supply, or plan to supply, products or services to government departments, local authorities, semi-state bodies, hospitals or any other part of the public sector this move could affect you.

This report is designed to explain what the Government plans to do, the likely implications for you as a supplier and to give some advice on how to prepare for these changes.

While this report is about public sector e-procurement, much of it is also relevant to supplying private sector companies, some of which are already much more advanced in terms of e-procurement than the state sector.

The key implications of e-procurement will vary greatly depending on your circumstances. They are elaborated on later but in summary include:

- Tender notices appearing online, not in newspapers
- Increased competition and keener prices
- Reduced paperwork and administration
- Suppliers having to improve IT/e-business capability (the level and nature of IT capability required may vary greatly)
- A move towards larger and/or longer-term orders
- Greater opportunities to seek business from overseas governments.

Advice on how to effectively deal with the above implications are elaborated on later but can be summarised as follows:

1. Make sure your IT systems are robust and adequately managed
2. If you are one of the declining minority who still do not have email and Internet access get it now
3. Prices are likely to get squeezed in many sectors so start or intensify efforts to improve efficiencies
4. Work at finding out how these changes will affect you (the effect will vary from company to company)
5. Bear in mind that in some cases the best response to the changes in public procurement may not necessarily be IT related, but may require a more general change in business strategy
6. Use the e-tenders site or tender alert agencies
7. Consider tendering for work from foreign public bodies.

E-procurement in context

The Irish Government is conducting an increasing amount of its business online as part of the drive towards e-government aimed at providing a better and more cost-efficient service to its citizens.

One of the key elements of e-government is moving the public sector's procurement processes to an electronic platform. E-procurement means that all purchasing is done through electronic channels. Tenders are run electronically so that the maximum number of suppliers can compete.

By fully embracing leading-edge e-procurement practices the Government can provide a massive stimulus for the

adoption of e-business tools by the wider business community. This is important to ensure the continued competitiveness of the Irish economy.

The Government is not simply overlaying electronic tools on current procurement methods. Its strategy dictates technology should only be considered when justified as an enabler of good procurement practice and processes. The implementation of technology will see beneficial changes made in areas such as strategic sourcing, business processes and supplier relations, providing both opportunities and challenges for small and medium-sized enterprises (SMEs).

The Department of Finance published a Strategy for the Implementation of E-Procurement in the Irish Public Sector in October 2001. It contained a number of ambitious targets to be achieved by the public sector before the end of 2007. These include a reduction of 5% in the average procurement cost for supplies and services and a reduction in the transaction costs for capital works purchases of 0.25% of total expenditure. The strategy also set a target of 90% of tender competitions (above EU threshold) to be carried out electronically and 80% of payments to be carried out electronically.

The introduction of e-procurement in Ireland is broadly in line with the rest of Europe - in fact by having published an e-procurement strategy in 2001 Ireland is considered one of the leaders in this area. While the strategy was far-sighted progress has not been as quick as envisaged but this should change since the establishment of the National Public Procurement Policy Unit (NPPPU) at the Department of Finance in 2003. Christine Tonkin, a procurement specialist from Queensland Purchasing who was one of the key players in the transformation of the Australian state's procurement process, has been seconded to the NPPPU for one year to initiate procurement reform in Ireland.

The NPPPU has now proposed a four-pronged strategy based on an incremental approach. The four elements are:

- Building organisational capacity to maximise savings
- Developing people to sustain improvements
- Reducing costs through aggregation of demand (ie smaller number of larger contracts)
- And improving efficiency through technology.

The latter two have particular implications for suppliers and the rest of this briefing note will focus on their likely impact and how suppliers should respond.

Implications for SMEs

The implications of e-procurement on your business will vary widely depending on the type of product you supply, the nature of your relationship with your customer and the particular part of the public sector you deal with. However, regardless of the impact on your business, one thing you will immediately notice is tender notices appearing online rather than in traditional media. This highlights the need for suppliers to have a certain level of information technology (IT) and Internet capability in order to take part in future government tenders.

Other key implications include a downward effect on prices and a shift to a smaller number of larger orders as the Government benefits from the efficiencies of e-procurement. These implications are discussed in more detail below.

While much of the above may seem negative from the supplier's perspective, there are many positive aspects. For example, paperwork and other administration costs involved in tendering will be vastly reduced, companies that embrace e-procurement opportunities may gain market share at the expense of their more conservative competitors and new export opportunities may open up especially for those who achieve early success at supplying the Irish public sector through e-procurement.

IT capability requirements

It is not necessary to have a huge and costly infrastructure in place to start taking advantage of the opportunities offered by e-procurement. At the most basic level it is possible to take part if your business has just one PC and an Internet connection. What is much more important is that your company begins to use electronic communications tools on a daily basis.

It will become increasingly difficult, if not impossible, to do business with any public sector organisation (and indeed with most private sector organisations of any size) if you do not have the above facilities. It will also be important to be able to use the type of word processing packages and spreadsheets used by your customers. If you are not yet at this level, the Appendix gives advice on how to get started.

While this is the bare minimum you need to get started, the pace of adoption of e-procurement by the public sector is set to accelerate over the next two years. It has already been announced that the eTenders website will introduce a facility for the secure transmission of bids by suppliers. For that reason it makes sense to put the IT systems in place now and get staff familiar with their use so that your company does not risk losing out on lucrative public sector business.

As more advanced features of e-procurement are introduced by the public sector, such as automation of the purchase-to-pay cycle, suppliers will need more sophisticated financial and back-office IT systems in order to link with those of their purchasers. Some of the additional capabilities that may be required of some suppliers are outlined below.

Online catalogues are Internet-based catalogues that describe and display products for sale from a limited number of preferred suppliers. Each staff member, with the requisite authority, can electronically order what he or she needs from these catalogues without any internal paperwork. However, he or she is generally restricted to ordering items listed on the catalogue and can be prohibited from buying through other channels. This can mean, for example, that a branch office is forced to cease buying from a small, local long-term supplier that has not embraced e-procurement and hence does not feature on the company's online catalogue. In some cases, suppliers considered too small to appear in the corporate catalogue could also lose out, even if they do develop sophisticated IT capabilities.

Electronic data interchange (EDI) is the transfer of data between different companies using networks, such as the Internet. As more and more companies get connected to the Internet, EDI is becoming increasingly important as an easy mechanism for companies to buy, sell and trade information. In the private sector, many large purchasers already use EDI with regular suppliers. In such a system, the customer's stock control software may, for example, communicate directly with the supplier's production scheduling software, without any human intervention. This is most common where, as part of a long-term contract, the customer needs to place a large number of individual orders every day with a particular supplier. Public sector buyers in similar situations are likely to demand similar capabilities from their suppliers.

If you are likely to be asked to develop EDI links you may find it useful to learn about the experience of companies who have already developed this capability. The Case Studies section of Enterprise Ireland's Openup website (www.openup.ie) describes how two Irish companies, Shabra Plastics & Packaging of Monaghan and C&D Foods of Longford, established EDI links with major customers. The reports describe the various problems the companies had to overcome in the process and the advice they would give to others pursuing similar projects.

Online collaboration allows businesses to work closely and interact on projects with partners using web-based technology regardless of their location. The main benefits are potential productivity gains, better communication and better system integration. Online collaboration can also help companies accelerate product development.

As public sector buyers get used to the benefits of such systems some are likely to start giving preference to suppliers that can offer this capability.

The Compuscript case study on the Openup website (www.enterpriseireland.com/ebusiness/Case_studies/compuscript/compuscript_index.htm) explains how one Irish company implemented such a system to help it outsource white-collar work such as text editing and graphic design.

Reliable IT systems are vital when the Internet is an integral part of how your company interacts with suppliers and customers. A system that is secure, backs up data and is highly dependable is a must. No buyer wants to hear that the company it commissioned to prepare a report for them has just lost all the work done to date because its computer crashed and there was no data backup. Suppliers have also been known to miss tender deadlines because their computer went down just as they tried to print out their tender.

Equally, buyers do not want to receive complaints that a contractor working on their behalf is spreading viruses or that hackers accessed confidential information about their project stored on the contractor's database.

As buyers inevitably experience this type of problem, they are likely to start demanding that suppliers have systems in place to ensure adequate IT security, data backup and a reliable computer system. A number of How to Guides on the Openup website (www.enterprise-ireland.com/ebusiness/guides/how_to_guides_index_full.htm) provide advice on these issues.

Depending on the current condition of your IT systems, data and IT management procedures, it may take time and money to get your computer systems up to scratch. Do not leave this work until the last minute.

You may also find it worthwhile to review the key messages about IT best practice on the Openup website (www.enterprise-ireland.com/ebusiness/key_messages/key_message_index.htm).

Customer consultation

Just because your customers do not currently need you to have certain IT capabilities, having these capabilities is not pointless. As public sector buyers move towards longer-term contracts, they are likely to consider future electronic trading needs during the tender-evaluation process. It is important to talk to your customers about their likely IT needs going forward. Case studies on the Openup site are full of examples of companies that wrongly assumed they knew what their clients wanted on the IT front.

Customer consultation is also important to get adequate notice of new requirements. Some IT facilities take a long time to implement. If you only find out what IT facilities are needed when the contract is up for renewal, you may be unable to develop the required capabilities in time. You should also be aware of future needs if considering upgrading your existing IT systems.

Pressure on pricing

EU membership and directives on public procurement have enabled companies from other EU countries to compete for Irish tenders. Ireland has also signed up to the World Trade Organisation's (WTO) Government Procurement Agreement, which means companies in WTO member states can also compete here. The Irish public sector is obliged to treat tenders from EU- and WTO-based companies exactly as it would an Irish company and must recognise their qualifications and certifications. The electronic publishing and submission of tenders also makes it easier for foreign companies to find out about and compete for Irish government tenders.

The flipside of this increased competition is that Irish companies can also compete for public tenders in EU and WTO states. There are no information barriers stopping Irish firms from finding out about relevant opportunities overseas. There is a range of free and subscription-based services on the Internet that list these opportunities (see the Resources section of the Appendix for more details of these sites).

When the Department of Finance published its e-procurement strategy in October 2001, it suggested that if the

measures recommended were implemented in full, savings of EU414m could be made in the five years up to 2007 with additional savings of EU177m per annum thereafter. That is a saving of approximately 2%, which could be said to be a conservative figure.

A 2001 study by management consultants Accenture found that average savings on purchasing costs from e-procurement are between 10 and 12%, while the state of California estimates that it has made annual savings of 5%. Some of these savings arose from reduced administration costs but a lot resulted from lower prices.

There is evidence to suggest that some of the private sector companies that used e-procurement to drive prices down, from an already low base, have used techniques such as online reverse auctions to achieve even greater price reductions since this Accenture report was published.

The move to e-procurement is, therefore, likely to increase price pressure on suppliers in a number of ways:

- E-tendering is likely to increase the number of people bidding on each tender
- The move to larger orders will enable purchasers negotiate bigger discounts
- Traditionally, many individual departments and branches in large organisations made their own purchases without reference to the central purchasing department. They often ended up paying more than the central purchasing department would have paid. Internal computerised controls allied with e-procurement are likely to greatly reduce this tendency and thus cause a higher proportion of purchases to be made at the keener prices negotiated by central purchasing
- Some suppliers will be able to save money on administration, stock holding and so on by making effective use of IT inside their companies and in their relationship with the customer. Over time, competition will force them to pass on some of these savings in the form of lower prices and this will, in turn, squeeze prices for their competitors.

Bigger contracts

One of the challenges e-procurement in the public sector presents for SMEs is consolidated buying patterns. If a number of agencies in a particular sector (e.g. health) start to purchase together to make the process more efficient, larger tender sizes may make it difficult for small firms to fulfil these contracts.

Some large private sector companies have greatly reduced the number of smaller suppliers as a result of consolidated buying. One large multinational has reduced to two the number of stationery suppliers for its approximately 100,000 staff in its home country.

Enterprise Ireland's (EI) print purchasing is an example (albeit on a smaller scale) of the way in which things have moved and will continue to move. It publishes a large number of booklets, leaflets and other literature every year and traditionally the print work was negotiated separately each time. Nowadays, EI has a small panel of printers, selected by public tender, that does all its print work. These are appointed for a three-year period. Typically, each gets more work from EI than would have been the case under the old, more fragmented system and EI gets keener prices.

Bigger contracts not only cut administration costs, they also can help the buyer negotiate better prices. For public sector bodies facing budget constraints such practices are obviously beneficial. However, this can isolate long-standing small suppliers that are no longer big enough to handle the orders.

However, there is nothing in current public sector procurement guidelines to stop a number of small companies coming together to submit a tender.

In this respect the Internet is a useful tool to research complementary companies in your sector or to find companies in other EU states or WTO countries that are entitled to tender for Irish public contracts. The European and Irish regulations for public sector procurement also allow a company to include the resources of another company in its

tender. All that is required is to prove a relationship or arrangement is already in place with the other supplier whose resources form part of the tender. However, it is not permitted to sub-contract an entire contract to other suppliers.

Whether using subcontractors or partners, consider using IT links between partners to assist collaboration. See the previously mentioned Compuscript case study on the Openup site as an example of a company whose IT links with suppliers has placed it in a position to bid for much larger contracts than before. Apart from the direct benefits of using them, such IT systems may give potential customers more confidence in your ability to collaborate effectively.

The e-tendering process

One of the ways in which the Government plans to apply technology to procurement is by the computerisation of the tendering process.

Traditionally if an organisation was interested in tendering for public sector contracts it was necessary to keep a close eye on the national papers, local papers and journals, such as the Official Journal of the European Communities (OJEC), for advertisements. The move to e-tendering means that tenders are advertised online and eventually print advertising will be phased out completely in a drive to reduce costs. Further down the line it is hoped e-tendering and e-procurement processes in the public sector will become even more sophisticated so the whole process from tender formulation to contract signing will be carried out electronically.

Since 2001, Irish companies with Internet access have had a much more efficient and free way to monitor advertised public sector tenders by using the Irish Government Public Sector Procurement Opportunities website, which can be accessed at www.etenders.gov.ie. The website is funded by the Department of Finance and is steadily evolving to offer more and more interactivity. It has recently undergone a major redesign, which has seen the introduction of new features such as the ability to register an interest in a particular tender.

The site, which is updated on a daily basis, publishes all public sector procurement opportunities advertised in the press and journals. Although not obliged to do so, public sector bodies are encouraged to publish other supplier opportunities as well as award notices. Prior Information Notices (PINS) are also published on the site. These are annual publications, which indicate contracts that may be awarded over the coming 12 months by the buying agencies and give an important indication of the likely market for your product or service.

Neither the public nor the public sector bodies that post tenders on the site have to pay to use it. It is operated under contract for the Department of Finance by Aberdeen-based Millstream Associates.

There is a huge range of opportunities published on the site that can be bid for by companies of all sizes, although some tenders may have specific criteria regarding a company's turnover or other capabilities to fulfil the contract. The published tenders range from small contracts for items such as office supplies or bird control at a landfill site to major multimillion euro construction projects. By advertising all tenders on the public sector procurement website it ensures the public sector can cast its net as wide as possible to ensure it receives optimum value for the Irish taxpayer.

Although anyone can enter the site and browse the opportunities advertised, to download any of the tender documents associated with a particular opportunity it is necessary to register. This is so that the interested party can be informed of any clarifications or changes that may occur before the closing date for the tender.

In addition to listing current opportunities the site also has an archive of closed opportunities and contract award notices. This information is provided so suppliers can see if there is a demand for their product or service based on past opportunities and informs them if any of their competitors are presently supplying those goods and services. A constantly updated database of public sector organisations is also available so that visitors to the site can learn more about awarding authorities and relevant contact points.

The site also provides background information on procurement rules and guidelines including European and National Directives regarding public sector purchasing. As with all Irish government publications the site is available in both English and Irish, although tender notices may only be published in the language used by the awarding authority.

Registered users and visitors to the eTenders site can view a summary of all currently open opportunities by clicking on the notice search page. All recently published tenders are listed with the title of the tender, the name of the awarding authority, the closing date and when the tender was advertised. Additional icons indicate whether there are additional documents attached to the tender and if the tender has been published in the OJEU.

By clicking on the title of the tender the full tender notice can be viewed. The notice provides comprehensive information on the chosen tender. This includes: status of the tender (whether open or closed); an abstract that gives the core details of the tender; application deadline, if any; tender deadline, including date and time; the type of notice (whether a tender, PIN notice, competition or contract award); the full notice as published in other media; and links to any other documentation that may be available to download.

In order to download documents users are now required to register an expression of interest with the awarding authority, which they can do by clicking on a button in the notice. Documentation may not be provided if the documents are very large or if there is an applicable fee but information is then provided on how these documents can be obtained. The notice may also contain links to relevant websites and email addresses such as the main contact for the tender or the awarding authority's website.

The Public Sector Procurement website does not currently facilitate the electronic submission of tenders but this feature will be added in the near future. The private sector already makes extensive use of e-procurement from end to end (ie managing everything from ordering through to electronic payment) in addition to publishing contracts that they wish to have filled. A message board facility associated with each tender notice is also being developed to facilitate Q&A sessions between buyer and suppliers.

There is often a misconception the public sector is conservative and risk-averse and as a result it prefers to purchase only from large established companies. Nothing could be further from the truth. Smaller companies often provide a level of flexibility, individual service and commitment, which is hugely attractive to public sector buyers. Furthermore because of their size and low overheads SMEs can be very competitive when tendering for public contracts.

In fact, the move to e-tendering is intended to provide a more level playing field for all organisations interested in winning public contracts and in particular to increase the participation in the tendering process by SMEs.

Responding to e-procurement

The right way to respond to tenders will vary, but the following guidelines are well worth considering:

1. Make sure your IT systems are reliable, your data is accurate and that you have structured processes in place to deal with IT security, data backup and so on. The Openup website gives plenty of advice on this area.
2. If you do not already have basic Internet/email capability, acquire it now. The "Getting email and Internet access" section of the Appendix gives guidelines on this. Once you give a customer your email address it then becomes necessary to ensure emails sent to that address are read regularly and anti-virus measures are kept up to date. If there is only one computer user in the company, you need make arrangements to have emails read in his or her absence.
3. Look for ways to improve efficiency using IT or other methods. This can take time, so start working on it before you feel the pressure of reducing prices.

4. Ask your customers about the type of IT capability they will require from you in the future. Ask also about how any moves towards bigger orders will impact on you. Keep an eye on these developments through other means such as reading newspapers, trade press, Enterprise Ireland's e-business ezine (accessible via the Openup site) and talking to your peers. If you are too small to continue supplying your existing key customers, the sooner you realise this and start doing something about it the better. Possible responses could include looking for business elsewhere, changing the nature of your service and collaborating with others to achieve scale.
5. Look for ways to add value and improve customer service through IT and the Internet. Not all contracts are awarded solely on price. If you can offer additional facilities suited to the type of service you provide, this could help secure a contract. For example, for certain tenders, having the ability to collaborate online with your customer (as outlined above) may give you the edge. Always consult with your customers before investing in such capabilities. If you have a particularly useful extra service and make the customer aware of it before they issue a tender, they may specify this as desirable or, better still, essential, when writing the request for tenders.
6. Start using the eTenders site and/or consider signing up for some of the agencies that give email alerts about tenders of relevance to you.
7. Consider tendering for public sector work overseas.
See the Appendices for more general advice on supplying the public sector.

Appendix 1

General advice on supplying the public sector

1. Establish demand

The first thing any organisation interested in supplying to the public sector needs to establish is whether there is a demand for its particular product or service. Using the Internet to facilitate this market research can save a vast amount of time. Don't just think of e-procurement and your adoption of e-business methods as a way of automating the purchase process - electronic tools, such as the Internet, can be used in many ways to help your company become a public sector supplier.

2 Register

You should register with the eTenders Public Procurement (www.etenders.gov.ie) website to gain access to all published government tenders. You can view past and current tenders and see additional notices, such as Prior Information Notices (PIN), which indicate what tenders an agency is likely to issue in the coming year. You should also visit the websites of the almost 300 individual agencies that make up the Irish public sector. These can help you to develop a picture of their likely purchasing needs and other useful background information. Key information you should be able to glean through web-based research includes what organisations buy your products or service, the staff responsible for tenders, how often they award contracts and whether procurement is centralised or decentralised in the sectors you intend to target.

3 Make the contacts

The ultimate aim is to introduce your company to the relevant agencies to ensure inclusion on any future tender lists. This is important because there are broadly three different types of tender competition in the public sector - open, restricted and negotiated.

Any supplier can compete in an open tender and, on condition that it demonstrates the required competencies, it has a chance of being awarded the business.

In a restricted tender process only those who are selected for the tender list based on the eligibility criteria are invited to tender.

Finally, under a negotiated procedure, the awarding agency consults suppliers, service providers or contractors of its choice and negotiates the terms of the contract with one or more of them.

Where larger contracts are concerned, under European procurement directives, agencies are allowed to choose the open or restricted procedures as a matter of routine. However, they may only use negotiated procedures under special conditions that are specified in the directives. It should be emphasised that negotiations should not be allowed to distort competition or allow unfair competition to take place.

There is no regulation regarding a supplier contacting a public sector agency while there is no tender competition being conducted. Once you have identified the relevant contact in a public sector agency you should email or write to them directly to introduce your company. Using email has the advantage of enabling you to include links to your own website, your customers' websites and articles that may have been written about your company. You should also request a direct meeting with the buyer at this point and follow this up through email or phone calls if you do not receive a response.

It is also worth attending industry events or seminars where you are likely to meet buyers. Again the Internet is an invaluable resource for finding out about these events. For example, the Enterprise Ireland e-business website www.openup.ie lists relevant e-government and ICT-related events.

4 Research

If you are still unsure about how you can trade over the Internet it is worth doing online research to see what your competitors, customers and other companies in your sector are doing. Search engines, such as Google (www.google.ie), are powerful tools to find companies in your sector. The Openup site also has a guide to using the Internet as a business Intelligence tool.

In order to successfully tender to the public sector it is important to understand its purchasing needs and how it operates. The public sector is heavily regulated in terms of how it operates its purchasing but buyers are just as keen, if not more so, as those in the private sector on achieving value for money. However, it covers central government, the health sector, education, local and regional authorities, state bodies and utilities so the opportunities available are many and varied.

Because Irish companies can also compete for public tenders in EU and WTO states they should make themselves aware of the relevant opportunities overseas. There is a range of free and subscription-based services on the Internet that list these opportunities (see the Resources section in the Appendix for more details).

Finally, any company that wins a public sector contract has to promptly produce a valid Tax Clearance Certificate or a sub-contractor's C2 Certificate. If you do not have one already it would be advisable to apply for it from the Revenue Commissioners early in the tender process.

Appendix 2

Getting email and Internet access

To get started you will need a PC that is equipped with a modem and a phone line to connect it to. You will then need to set up an account with an Internet service provider (ISP) to gain access to the Internet and establish an email address. A standard dial-up Internet account is generally free to set up, while a basic PC with a modem will cost from about EU800.

While this is the bare minimum you need to get started, the pace of adoption of e-procurement by the public sector is set to accelerate over the next two years. It has already been announced that the eTenders website will introduce a facility for the secure transmission of bids by suppliers. For that reason it makes sense to put the IT

systems in place now and get staff familiar with their use so that your company does not risk losing out on lucrative public sector business.

A DSL or broadband connection to the Internet would be advisable if you do not already have one. Broadband is now widely available in most urban areas of the country using a number of different technologies. In parallel with the nationwide rollout prices have fallen and now start at as little as EU40 a month. In addition to providing a faster connection to the Internet, which means you can do more in less time, broadband provides an always-on connection. This means email can be pushed down to your PC at regular intervals without the need for you to dial up, which means you can respond to it more efficiently.

If you are doing business on the Internet you should consider registering a domain for your company. This does not require you to immediately establish a company website but it does mean you will be able to set up email addresses that reflect your company identity, e.g. john@abcwidgets.ie. Once you have your own domain you can set up literally as many email addresses as you want for each member of staff in your company. Your ISP can register a domain and manage your email for you or there is a range of independent companies that also offer these services on a cost-effective basis. Email hosting packages with up to 100 email addresses are available from about EU70 per year, while registration of an Irish .ie domain also starts at EU70 depending on the service provider you choose to do this on your behalf.

You may want to consider having an email address to which messages specifically relating to tenders can be sent, for instance tenders@abcwidgets.ie. Emails sent to this address can then be automatically forwarded to all the relevant people in your company that look after tenders. This ensures all communications relating to tenders can be dealt with quickly and efficiently rather than if a named person happens to be out of the office due to illness or some other reason.

While it is not necessary to have a website to get involved in public sector e-procurement opportunities, a professional website that gives detailed information on your company and its products and services is a useful calling card when trying to sell yourself. When submitting tenders electronically, do not forget to include a hyperlink to your website. At least some buyers are already in the habit of clicking on such hyperlinks in tenders and are likely to notice the companies that do not have a website. Of course, buyers may also notice inconsistencies between what the website and the tender says about the tendering company.

For more information on getting started with IT consult the Basics of Information Technology in the Guides section of Enterprise Ireland's Openup website (www.enterprise-ireland.com/ebusiness/guides/basics_bht/basics_index.htm).

For more advice on Internet connections see "Choosing an ISP and a Telecommunication Method" in the Guides section of the Openup site (www.enterpriseireland.com/ebusiness/guides/choose_isp_aht/choose_isp_index.htm).

Appendix 3

Resources The eTenders Procurement website

Publishes all Irish public sector tenders on a daily basis
www.etenders.gov.ie

Information Society Commission reports

Reports on a range of relevant topics including e-government
www.isc.ie/about/reports.html

Enterprise Ireland Guide to Tendering for Public Service Contracts

www.enterprise-ireland.com/documents/uploaded/tender_pub_service.pdf

Go Source :

All-island directory of all public sector procurement opportunities. Produced by Enterprise Ireland, Intertrade Ireland and InvestNI
www.go-source.com/

Local Government Computer Services Board

Follow the link to News and Events to download the Local Government eProcurement Strategy Report
www.lgcsb.ie/

Tenders Electronic Daily (TED) Website

This site publishes all large EU tenders and is free to use
www.ted.eur-op.eu.int

SIMAP (The European Electronic Procurement Information Service)

A free Internet service that links to TED and contains more information on public procurement
<http://simap.eu.int>

Forum on Public Procurement in Ireland

Information and resources on public procurement in Ireland (North and Republic)
<http://www.fpp.ie>

The Green Book

Official government publication outlining Irish legislation and requirements for participation in public tenders
Government Publications Office, Molesworth St, Dublin 2

Tenders Ireland

Commercial Information Company's (CIC) directory of construction and non-construction tenders in the Irish public sector. CIC also offers an email service whereby EU and UK tenders can be emailed to you daily
www.tendersireland.com

Irish Institute of Purchasing and Materials Management

The professional association and main reference point for purchasing and supply chain professionals in the Republic of Ireland
www.iipmm.ie

European Procurement Information Network

Subscription-based service with a database of contract notices from public agencies in Europe, US and GATT countries www.epin.ie

Enterprise Ireland Guide to Tendering for Public Xtender

Xtender lists European-wide procurement opportunities from national, regional and local governments, as well as the private sector
www.xtender.com

UK Government Procurement Service

Unit of the UK's Central Procurement Directorate that helps SMEs to compete for public sector business
www.cpdni.gov.uk/ps/index.htm

Openup, Enterprise Ireland's IT and e-business website

Publishes a wide range of advice and information on the use of IT and the Internet, designed to be comprehensible even by those who know little about IT
www.openup.ie

Proposal Writer.com

Website of a US consultant who helps people prepare tenders for government contracts or grants. Contains many useful worldwide public procurement-related links
www.proposalwriter.com

Chambers of Commerce of Ireland.

At the time of writing the Chambers of Commerce were in the process of developing an eBusiness portal with various resources including an online eProcurement training programme. There may be a charge for non members of Chambers wishing to use this material. Keep an eye on the Chambers website for details
www.chambersireland.ie

Case study 1

The Local Government Computer Services Board (LGCSB) is one of the key facilitators supporting Ireland's local and national government organisations currently striving to implement e-government support and services.

The LGCSB is a public sector organisation established in 1975 with the fundamental aim to make the interaction between councils and citizens easier. It employs approximately 100 people who possess a wide range of skills to meet the computing needs of local government.

The implementation of e-procurement is key to local authorities and the LGCSB. Local authorities want to reduce the unit costs of goods they buy and reduce the transaction costs of procured goods and services through the use of e-procurement. It will also help them to streamline their logistic processes by reducing the number of orders being processed and reducing logistics and inventory costs.

Local authorities spent approximately EU1.3bn in revenue procurement and another EU2.4bn in capital procurement works last year.

"By devising systems and processes to reduce procurement costs by even a fraction of a percentage, the savings potential to the authorities runs to tens of millions of euro," says Brendan Nicholson, e-procurement project manager with the LGCSB.

The implementation of the national e-procurement strategy is key to the drive towards e-government and purchasing online. It aims to tackle the specific procurement needs of the county, city and district council sector. All local government procurement, whether done by e-procurement or by traditional methods, must comply with both Irish and EU legal and regulatory requirements. Both the LGCSB, government and local authorities must operate within this framework.

While playing a major role in supporting the implementation of e-procurement, the LGCSB has also embraced e-procurement for its own needs. It handles a lot of its purchasing electronically and uses its experience as a testing ground for many of the technical projects it sets up for local authorities around the country.

"We were a test base for the Agresso FMS [the financial management system rolled out to 30 of the 34 local authorities between 2000 and 2003]," says Nicholson. "If we cannot do it, we do not expect the local authorities to be able to do it. We prove to the local authorities that it can be done."

The LGCSB is also involved in piloting electronic applications, and bills the county councils electronically for its services, while paying all of its accounts by electronic funds transfer. To ensure it is fully embracing the ethos of e-procurement, it sends remittance advice to its suppliers by email.

Nicholson claims that the LGCSB has saved local authorities 25% on hardware and 40% on anti-virus software by collectively tendering for hardware and software on behalf of the local authorities. It has also negotiated licensing deals with Microsoft that has saved the sector tens of millions of euro over the past couple of years.

According to the LGCSB, the prospects for e-procurement are strong and feedback from projects to date is positive.

"Initial results are positive with several large and small enterprises eager to participate in a number of pilot projects," Nicholson comments. "The local authorities will seek to accommodate those suppliers lacking the technical capability of interacting online with the local authority by providing advice on how to set up an email presence, for example, and also by hosting their product catalogues on the web."

For more information visit www.lgcsb.ie.

Case study 2

South Dublin County Council (SDCC) recently took part in a pilot e-procurement scheme organised by the Local Government Computer Services Board in July 2003. The scheme's focus was to enable the SDCC to have a business-to-business relationship with its local suppliers and other companies with which it trades.

It is estimated 80% of all local authority transactions carried out are valued at less than EU100. Streamlining those transactions would provide huge administrative and cost benefits to the SDCC.

"At present, we do things such as raise the orders manually, post them out to suppliers or turn up in companies with official orders," says Joe Horan, county manager of the SDCC. "We will be able to cut through that and supply the order electronically, and we will be able to access catalogues electronically. On the plus side for the suppliers, they will be able to transmit their information back to us also electronically."

The council is currently developing a web-based e-procurement system. Suppliers will be able to access this over the Internet in order to interact with the local authority.

"I imagine that a lot of small companies would feel they are not ready for this," says Horan. "Essentially, you are going to be getting your orders via email and you are going to be doing your bank transactions online. Not everyone is going to be immediately ready for it and we think there is a job of work to be done there."

However, Horan is confident that the potential benefits will be a key driving force in turning owner-managers on to e-procurement.

"There is an advantage in pushing this agenda because it will actually help small businesses to reduce their own costs. I think the good news is that because these systems are browser based, they sit on the web and the interface is very, very straightforward and small businesses can almost jump a few generations of systems and go with it," he says.

The SDCC will also use an online tendering process to choose suppliers for bigger contracts. In common with other local authorities, it will use the national e-tenders website (www.etenders.gov.ie) run by the Department of Finance.

The council expects to make bottom-line savings using e-procurement. This will be as a result of not only finding cheaper goods online, but also by the more efficient use of administrative staff.

"We are trying to change the way we work and we are pursuing a modernisation programme," says Horan.

"We want to interact a bit more on other issues that we're not able to attend to. I see huge savings in terms of staff time, so that allows me to make more flexible arrangements for staff."

For more information visit www.sdcc.ie.

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