

Patricia Hewitt - E-Commerce Minister

I define e-commerce in its widest sense to mean the flow of information across electronic networks. And as such, it is the essential ingredient of the information age into which we are all moving.

There is no doubt that e-commerce is beginning to introduce major changes, not just to business and commerce, but to the way that people run their lives. Truly imaginative uses of the advantages of e-commerce are only just beginning - but already the new direction that both businesses and consumers will take is becoming clear. The opening of new opportunities is both driving, and being driven by, an explosion in internet-related business technologies - as consumers explore the new options open to them, and businesses see a huge variety of new ways of delivering products and services. But as we become more used to the technologies, consumers will expect the convenience of online facilities and the e-commerce environment to become more competitive. Businesses will need to be able to meet this demand, both to keep current markets and reach new ones.

The Vision - why is it needed?

The target of making the UK the best place in the world to trade electronically by 2002 was announced in the Government's Competitiveness White Paper in December 1998. And the Government's vision for achieving this in the UK is set out in the Performance and Innovation Unit (PIU) report on e-commerce (e-commerce@its.best.uk). The report sees us as a powerful and innovative country leading a strong and successful single European market. We need this vision because of the enormous impact that e-commerce will have on the economy. It is intermediary organisations for example, because manufacturers and consumers are able to deal directly (on the Dell pattern). But other jobs will be created, for instance in distribution, and in new industries such as "information brokering".

The monetary impact of e-commerce will also be significant. UK e-commerce revenues will probably exceed £10bn this year. And transactions have the

potential to grow tenfold over the next two years, reaching around 4% of total UK Gross Domestic Product (GDP) by 2002. Their contribution, however, is likely to be disproportionately greater. E-commerce tends to put downward pressure on inflation and increases economic growth. Figures published by the US Department of Commerce suggest that in the years 1995 to 1998 e-commerce-related industries were responsible for 35% of US real economic growth, while representing only 8% of US GDP. In 1996 and 1997 these same industries are believed to have lowered overall US inflation by 0.7%.

Internationally, the UK has key advantages which help us to capitalise on the opportunities that e-commerce presents. Not only is the English language used on more than 80% of websites worldwide, we also have particular advantages. First, in strong overall levels of awareness of e-commerce - 13 million people have access to the internet in Britain already. Second, in our excellent performance in the development of third generation mobile phones and a liberalised telecommunications market. And third, in our world-beating introduction of interactive digital TV.

The micro-economic impact of e-commerce is increasingly acknowledged. Firms can make revolutionary changes in the way they manage information, deal with their suppliers and sell products and services. This can bring great cuts in costs and benefits to the consumer. The next step is to act on this knowledge. It is a worrying fact that a recent survey showed that more than 50% of the UK's senior executives had never received a technology briefing - and even more worrying that most of them didn't feel the need for such a briefing!

Why we need to change

E-commerce offers great advantages, but is dangerously easy to ignore for established businesses, because its practices and technologies are so different. However, as the Prime Minister himself has pointed out: "if you don't see the internet as an opportunity, it will be a threat". Within 2-3 years, the internet will be as commonplace in the office as the telephone. So any company that doesn't embrace e-commerce risks going out of business. And

any individual without IT skills risks losing their job. If the UK fails to capitalise on the opportunities that e-commerce presents, then jobs and prosperity will be eroded by competition from overseas. Businesses must move quickly in this fast-changing world. It is vital to realise that the internet is a "weightless" place, where business can defy gravity - small enterprises can leap over lumbering giants in a single bound! We are, for example, seeing some businesses splitting into small, fast-moving new units to take advantage of this - perhaps even competing with their parent company. The Government does not exclude itself from the e-commerce revolution. We can learn from Industry about business process change, and are keen to respond to the needs of the people of the UK - who are our customers. In particular we need to learn how to deliver the information and services they want, when they want them, 24 hours a day, 365 days a year. We can only do this by moving to a wholly new, information age model of government.

How can the Government help?

The UK has the expertise and the technology. I believe that it also has the imagination to lead the way in the information age. The Government wants more businesses to take up e-commerce opportunities and sees for itself a clear role in encouraging the UK to take up the challenges.

In September last year, the Prime Minister appointed me as e-Minister and Ian McCartney as Minister in the Cabinet Office with special responsibility for information age government issues. At the same time, Alex Allan was appointed as e-Envoy. Together we intend to lead the UK into the information age. Our aim is to help everyone in the UK take advantage of the opportunities e-commerce presents. We need to modernise markets, by getting the national and international market framework right and helping businesses to carry out a higher percentage of transactions on e-commerce networks.

We must also ensure that we become a nation of confident people - equipped with the skills to use the technology effectively. And the ability to access e-commerce networks from home at lower cost. Above all, we must transform

public service delivery to give us leading-edge government in this information age.

But anything we do will be meaningless unless people such as you, the readers of Government Opportunities, are prepared to take part in the revolution and to let us know what is working and what is not.

For more information on our programme and strategy, please visit the e-Envoy's web site at: www.e-envoy.com

The "e-Forum" on the website is open for dialogue - help us to carry it on: take part, and follow the Government in taking up the challenge of the information age.

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Electronic Tendering in the European Public Procurement Market

Every year in the European Union (EU), public contracting authorities purchase goods and services worth around 720 billion ECU (\$800 billion). This substantial procurement market involves some 400,000 contracting authorities and many times more private sector suppliers. Improving efficiency in the procurement process can lead to major savings for public authorities.

Public procurement has a major role in achieving the objectives of the European single market, which include:

- generating long-term growth and creating jobs;
- increasing European competitiveness in global markets; and
- ensuring value-for-money for taxpayers.

Within this context, public procurement is governed by two fundamental policy principles: open competition and transparency.

The Internal Markets Directorate of the European Commission has enshrined these principles in a body of legislation - the Public Procurement Directives. These specify detailed procedures for carrying out procurement above certain thresholds.

Study into the Implementation of Electronic Tendering

On behalf of the Internal Markets Directorate, a consortium, led by Ernst & Young, recently conducted a study into the potential use of electronic commerce in European public procurement (both above and below the legal thresholds). The study produced a vision of how electronic procurement could work in Europe, as well as a set of strategic recommendations for action, including pilot projects. The following discusses some of their conclusions.

Trends in Electronic Commerce

It is believed that the public sector should adopt a flexible approach to Electronic Procurement and be able to adopt the best of the practices, tools and protocols that are emerging in the private sector, as long as they are widespread and easy to use. Developments in public sector electronic commerce have therefore been analysed for the report to give a view of a short-term future electronic commerce landscape. One of the most important elements of this landscape will be services produced by infomediary companies, such as Business Information Publications Ltd.

These infomediary services may include an electronic meeting place for buyers and suppliers. Information is provided in usable value-added forms accessible via online services. Such services could reflect both public and private sector needs. Infomediary networks can also be similar to Virtual Procurer Networks: here, control of the system is 'outsourced' to the infomediary as opposed to being in the hands of the buyers.

Focus on Short-Term Strategy - Infomediaries and Virtual Networks

The infomediary model is at the heart of Ernst & Young's recommendations, because:

- EDIFACT and EDI provide good solutions for the later phases of the procurement lifecycle (ordering and invoicing), but the start-up costs are high and they lead to closed communities.
- The infomediary is a flexible, low-cost solution which can focus initially on making the complex earlier phases of procurement more effective by providing value-added services, some of which are shown below.

Greater use of the electronic retailers/suppliers for occasional, low-value, simple goods is also envisaged; and electronic catalogues for frequent low value purchases of simple goods. However, they conclude that no direct

action is needed at an EU level to make this happen, although global decisions on payment and security mechanisms would speed up the acceptance of these channels.

Value Added Services for Suppliers

Automated searches and e-mail notification of public sector contract opportunities (BiP's TRACKER service)

Translation Services

Information on current contracts soon to expire

Information on contracts awarded to competitors

Past buying histories of procurers

Teaming/subcontracting partners

Advice on preparing bids

Single place to submit bids

Marketing seminars etc

Competitive analysis/credit ratings

Legal and consultancy services

Value Added Services for Procurers

Seminars and training programmes

Qualifications and professional development

Sharing specifications and tender documents

Identifying partners for joint purchases

Screening bids

Activities (electronic commerce, legal etc) in other Member States

Job vacancies

Expertise on sectoral procurements

Brokering relations with similar procurers

Procurer-driven virtual networks are less relevant for public purchasing as only the largest public procurers would have the ability to take on the pivotal role. However, the basic principle of the virtual network which covers the whole procurement lifecycle can be adapted to involve infomediaries which would take on the driving role and prevent the exclusivity of the procurer-driven versions.

Infomediaries work both for complex and non-complex, and for above- and below-threshold purchases.

Many of these services are already provided by BiP and are well known to our subscribers.

How BiP's tendering intermediary environment works

Electronic Transmission of Contract Announcements

Hundreds of public procurement professionals are now producing their contract announcements not in word processor documents, but in bespoke database format using the new BiP PrOJECT Online.

Accessible on the Internet, PrOJECT not only provides the issuing authority with the means to produce and transmit their notices for publication in the OJEC and other contract information publications, electronically using email, but also ensures that these notices are fully compliant with the requirements of the EC Procurement Directives. PrOJECT uniquely validates compliance with the Directive timescales and the mandatory information requirements before it will accept transmission.

Entering data within PrOJECT also allows authorities to retain copies of all notices within a secure password protected bespoke online database for later interrogation and PrOJECT has additional fields for the registration of other information pertinent to that announcement, such as date of publication and OJEC number. This additional feature can be extended to include all aspects of the subsequent tendering process, so that all data - the original notice, expressions of interest, received tenders, evaluation and notice of award can be processed within a single standard data format.

PrOJECT also allows for varied levels of administration.

Once this notice is received by the publishers an email confirmation is sent. Deposit allows for the creation of additional information pages linked via the internet directly from the original contract notice. Having additional information immediately available to clarify the requirements has reduced the number of expressions of interest from companies not fully understanding the

requirement or not capable of satisfying it. It has also reduced the number of calls received by the issuing authority from companies seeking further clarification, thereby releasing resources.

Supportive Contract Information Online

Contractors wishing to work with the public sector also now have available to them the unique information resource of BiP's Purchaser Profiler. This free website details information on virtually every UK public body. Companies accessing Purchaser Profiler can search for specific public bodies and access their Buyer Guide which gives invaluable information on the department's requirements, purchasing processes and procedures. Purchaser Profiler also highlights key procurement personnel, the department's current open contracts, past requirements, future contracting opportunities and current suppliers lists.

Electronic Expressions of Interest

To ensure universal access to electronic tendering, UK contractors can use REQUEST software, specially developed by BiP to allow them to input in database form all the information likely to be required by departments when issuing a tender notice.

When preparing an expression of interest, contractors merely access their BiP REQUEST software program and enter the title of the contract announcement, the contract number and the issuing authority's address details into a new response form. Then they return to their data stored in REQUEST and click on those items applicable to the expression of interest. Selected data, such as contact details, CVs, Environment Policy etc, is automatically transferred to the new form. Once all required information has been imported into the new Expression of Interest form, it is emailed to the issuing authority.

Evaluating Electronic Expressions of Interest

To facilitate the receipt and evaluation of electronic Expressions of Interest public authorities can use RECEIPT.

The RECEIPT software allows authorities to view REQUEST-generated Expressions of Interest in text, spreadsheet and graph format, so facilitating rapid evaluation for selection of those candidates to be invited to tender.

Financial Evaluation and Verification Online

BiP's gateway to Companies House and Dun & Bradstreet allows instant validation of companies' accounts and credit ratings.

Select Lists & Supplier Appraisal

SELECT allows authorities to electronically maintain select lists of pre-evaluated suppliers and appraisals of suppliers for their own and other departments' use in a format that is easily transmittable and at no cost.

Electronic Invitations to Tender

Those who are not to be invited are informed by email. Those invited are similarly informed by email, and are provided with a website address and pass code which allows them to access BiP's Vault Service where the contract's specific tender documentation has been deposited by the issuing authority along with the department's Standard Terms of Contract. These can then be down-loaded by the tenderer. The Vault is protected by digital certificates.

Vault - Encryption and Storage of Electronic Tenders

Once completed by the tenderer, the tender document is now returned encrypted to BiP's Vault service, a secure internet site, access to which is impossible until a specific previously selected date and time. Only when this time has passed can access be obtained by the issuing authority and then only by the person holding a passcode.

Contract Award

When the contract has been awarded, all tenderers are informed by email and a notice is produced using PROJEct for transmission by email to the relevant publication.

Supplier Management

By reverse engineering the information contained in BiP's database, Public Bodies can retrieve information on supplier's and the Public Sector's requirements in a wide range of formats. For instance, BiP's data may be used to identify:

- Good suppliers, to ensure they are made aware of your intended
- procurement;
- To which authorities suppliers are contracted;
- Similar contracts currently open to tender - potential "piggy-back"
- procurement;
- Potential procurement partnering opportunities - through PINs;

- Recent awards - to discuss client experiences;
- Contracts that potential suppliers hold - to secure more references;
- Monopoly suppliers;
- Contracts of which other Public Sector bodies can purchase - and so saving tendering;
- Bad procurement practice; and
- Past procurement notices - for use as templates.

To facilitate this, BiP's systems are firewalled to GSI Standards.

The Way Ahead [<Top>](#)

BiP is by far the largest disseminator of open contract information within the United Kingdom and is therefore aware of the vital role it has in ensuring electronic tendering is introduced in a way which empowers all to participate through open and accessible gateways and related services.

For further details of PrOJECT, VAULT or any of our other Electronic Tendering products, please contact Gillian Cameron at Business Information Publications Limited, Park House, 300 Glasgow Road, Shawfield, Glasgow G73 1SQ. Tel. (0141) 332 8247. Fax. (0141) 331 2792.

For other information on our Free online services, including Purchaser Profiler, Supplier Profiler and Supplier Guides visit our extensive web site at: www.bipcontracts.com. This site also contains demo sites for all our online open contract information services.

BiP Supplier Profiler

BiP are pleased to offer organisations interested in supplying their products and services the opportunity to register details of their organisation within our Supplier Profiler site, free of charge.

Supplier Profiler is a free internet service designed to provide your company with new business opportunities.

Supplier Profiler lists sufficient detailed information on your company to allow potential clients to assess the services your company offers and its trading status.

Supplier Profiler is accessible to all and is promoted to the Public Sector by BiP as a reliable source of information on companies with which they already trade, or organisations with which they may wish to trade in the future.

So why not take a few minutes to complete the Supplier Profiler forms and accept this offer of a free promotion of your company?

When completing the Supplier Profiler form for your company, care should be taken to ensure its accuracy. However, it is not necessary to complete all sections. Information which you consider to be confidential or sensitive may be withheld.

Your company's address and your website address will be automatically linked to your home site to facilitate further enquiries.

BiP Supplier Profiler can be found in Marketplace

"<http://www.bipcontracts.com>"

All information in this guidance is checked and believed to be correct, but cannot be so guaranteed and the publishers shall not be liable for any loss suffered directly or indirectly as a result of its use.