

eProcurement: steps for success

With mature technology, a wealth of implementation experience and proven savings opportunities, eProcurement should be considered a top priority within eGovernment initiatives



The nineties saw a whole host of new words added into business vocabulary with the simple addition of an e prefix. It all started rather inconspicuously with email, then we had eBusiness and eCommerce. So far, so good. Soon everybody was jumping on the bandwagon and before we knew it we had eSales, eLearning, eBanking, eMarketplaces, eEconomy – the list went on and on; it was eEndless.

It's interesting to look now at the concepts that stood the test of time, those concepts that really did represent a fundamental step change. Nobody could argue with the importance of email and the difference it has made to everyday life. Nor can one ignore the central concepts of eBusiness or the fact that many organisations are using it to change the way they think, function and deliver goods and services to their clients.

The concepts that have persisted are those where moving from largely manual, time consuming and inefficient processes to electronic-based technologies really made sense. These concepts have now achieved the transition into everyday business reality.

eGovernment meets eProcurement

eGovernment is another concept that has quickly turned into reality. The UK Online strategy of managing and delivering government services electronically by the end of 2005 is causing a wide scale assessment of current practices and procedures within central and local government. One area where eGovernment interest is currently focused on is the procurement of goods and services. The use of eProcurement technologies and processes represents an opportunity to deliver significant savings within the eGovernment strategy.

eProcurement has been on the ground for some time now and as both public and private sector experience grows, the opportunities for achieving significant benefits have become apparent. We have finally reached the point at which eProcurement can be considered an application for all, not just the early adopters.

eProcurement implementations

eProcurement represents a central pillar of eGovernment strategy and is being championed by the Office of Government Commerce (OGC), the Improvement and Development Agency (IDeA) and the Local Government Online National eProcurement Project. Central and local government have started to embrace eProcurement, although many projects are still in their infancy.

One example of eProcurement already delivering significant benefits is the implementation by Essex County Council and five of their district councils of the Essex Marketplace. Based upon the IDeA: Marketplace solution, the councils are already benefiting from an estimated 9 per cent saving across a range of commonly ordered stationery goods.

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Kenisys have been delivering eProcurement solutions for over three years and have seen clients pursue a variety of implementation strategies, many of which have been highly successful. That said, in the early days it was probably a bit too leading edge; the technology wasn't quite there, suppliers were unfamiliar with the concepts of eProcurement and everyone struggled with the levels of change required.

Today, things are thankfully a lot easier. Implementations are being carried out to rapid timescales with a much greater degree of ease and yet with ever-increasing sophistication.

So, given the wealth of experience that has been gained over the past few years, what can we learn from existing eProcurement implementations?

Steps to success

General hints and tips for successful eProcurement initiatives:

- Ensure sponsorship throughout your organisation and get your best people involved in the project from the start
- Conduct an analysis of your spend categories and current supply base, including any contracts you may already have in place
- Engage your suppliers early and involve them at all stages of the project
- Choose initial commodities carefully: getting people to use the system is a number one priority, followed closely by making sure spend is significant enough to deliver the benefits. It's a balance between volume and value.

Pitfalls to avoid:

- Don't become tech-obsessed, this isn't a technology project
- Don't try to blaze a trail when often the tried and tested route is the one that will deliver success
- Don't think that only strategically-sourced commodities belong on your chosen eProcurement system – you'll miss valuable process savings and management information by not including them

What makes really successful implementations stand out?

Firstly, they have a relentless drive to cover as many spend areas as possible. A rolling programme of enablement is established with commodities coming online at regular intervals. In this way, successful organisations view eProcurement implementations as a journey rather than a destination.

Throughout the course of the project, implementation teams liaise with suppliers to close down the traditional routes to purchase, ensuring that spend is channeled through the eProcurement system.

Simple techniques such as getting suppliers to direct all phone, fax and email orders back to their originator for input into the eProcurement system are highly effective.

In this respect, suppliers should be viewed as collaborative partners within eProcurement projects. In doing so, an understanding is developed of each other's business and the drivers that are important to them.

Focus can be turned to collaborative opportunities and agreements between buyer and supplier rather than buyers simply trying to order goods and suppliers attempting to get paid on time.

Perhaps one of the most important elements within successful projects is the tracking and communication of success. One of the great attributes of any project that focuses on savings is that success always makes a good story. It is therefore important to track spend and measure cost savings according to your business case and to communicate these figures to ensure a feel-good factor and continued usage of your eProcurement system.

Even without the deadline for making government services available electronically, eProcurement is an initiative that should be on everybody's radar screen. Maturity in eProcurement applications, a wealth of implementation experience and proven savings opportunities make eProcurement no longer a nice-to-have, but a top priority within eGovernment initiatives.



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