

# **Success factors for governments and business in standards-based cross-border implementations: the case of e-procurement**

André Hoddevik  
Head of e-procurement unit, Agency for Public Management and  
eGovernment (Difi)  
Secretary General, OpenPEPPOL AISBL  
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## **Agenda**

The case of e-procurement

- Why governments are important...
- What governments need...
- What governments don't need...
- What (some) governments are doing...

## WHY GOVERNMENTS ARE IMPORTANT...

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### Market impact

- ▶ In Europe, governments purchase supplies, works and services worth 2.200 billion euro, or approx. 19% of the European GDP
- ▶ Governments are buyers in most product categories – everything from pencils to space shuttles are purchased
- ▶ Governments are dominant buyers in a number of sectors, marginal in others
- ▶ Commercially powerful with or without legislative instruments

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## Market role

- ▶ When governments buy supplies, works and services, they act as ordinary buyers with an aim to get the best value for money through effective procedures and in conformance with rules and regulations – not under exclusive authority
- ▶ Most governments have rules and regulations governing their procurement activities, fostering equal treatment, non-discrimination, transparency and proportionality
- ▶ Governments have short term relations with their suppliers – in Europe, contracts should normally not be longer than four years

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## WHAT GOVERNMENTS NEED...


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# An integrated electronic business framework

European Interoperability Framework 2.0



- Meaningful and timely recommendations and standards;
- Common business process and information models which capture user requirements independent of any specific technology;
- Mapping these models to new technologies as required. 

## Good Governance of the Standards Framework

- Avoid duplication of effort
- Facilitate life cycle management
- Ensure stakeholder involvement
- Provide a common understanding of different deliverables
- Promote best practices
- Provide long term security for public-private stakeholders

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## Standards based solutions delivered by market

- ▶ Governments have an interest in market driven development of innovative standards based ICT products and services supporting public procurement processes
- ▶ Governments sets the requirements for business processes and information content at functional level and requires interoperable solutions meeting these requirements on technical level
- ▶ Governments need many-to-many interoperability and easy access for new suppliers (including SME)
- ▶ Governments *may* set legal requirements for use of specific standards and/or solutions

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## WHAT GOVERNMENTS DON'T NEED...

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## Lock in

- ▶ Proprietary system solutions that are expensive to replace
- ▶ Special procedures per service provider or supplier
- ▶ Leading to lack of choice...
  - ...of software solutions supporting the defined business processes
  - ...of supplies, works and services providers due to process incompatibility
- ...that increases cost for public service delivery
- ...that leads to waste of tax payers money

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## WHAT (SOME) GOVERNMENTS ARE DOING...

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## Taking control over their processes



### ► Holistic view on the complete process...

- ...focusing on how they can obtain the best value for money through effective procedures and in conformance with rules and regulations
- ...knowing that integrated process thinking gives bigger savings than focus on stand alone process steps

### ► Searching for the best means to realize the benefits

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## Some examples

- EU initiative on e-invoicing in public procurement
- Pan-European Public Procurement Online (PEPPOL) and OpenPEPPOL AISBL
- Norwegian e-invoicing and e-procurement efforts

Direktoratet for forvaltning og IKT






# E-invoicing in public procurement

**DG MARKT**

April 2013



## Why an e-invoicing initiative?

- **e-Invoicing offers significant economic benefits**
- **MS becoming active in this area**
  - Several already made e-invoicing mandatory
  - Others developing national e-invoicing standards and/or launching pilot projects

**Result:**

- **Multiple standards and formats in e-invoicing & lack of interoperability**
  - Higher costs and additional complexity for enterprises which need to support several standards
  - Disincentive for participation in cross-border public procurement

*Fragmentation of the Single Market*

10/06/2013





## Political context

- **European Council of June 2012** – "priority should be given to measures aimed at further developing cross-border online trade, including by facilitating the transition to e-invoicing"
- **EP resolution of April 2012** – "make e-invoicing in procurement mandatory by 2016"
- **Annual Growth Survey 2013**: priority on modernisation of public administration & "Ensuring the widespread, interoperable digitalisation of public administration"
- **Single Market Act II**: Key action 10: Make electronic invoicing the standard invoicing mode for public procurement.

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## Policy context

- **Digital Agenda**
  - Promotes the development of the digital society across the EU
  - e-Government as one of the main elements
- **Revision of the public procurement Directives**
  - Modernisation and streamlining of public procurement rules
  - Introduction of mandatory e-procurement
  - Negotiations on-going in the Council and the EP

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## Objective of the initiative

**Improve the functioning of the Single Market  
by introducing mechanisms  
to diminish market access barriers  
in cross-border public procurement**

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## Scope (I)

- **Linked to some aspects of the public procurement directives...**
  - Focus is on above-threshold public procurement
- **... but with a more holistic approach**
  - Public procurement as "publish-to-pay" process
- **Should nevertheless aim to maximise potential benefits**
  - all Contracting Authorities (central as well as regional/local) and Contracting Entities
  - all types of invoices covered by the directives

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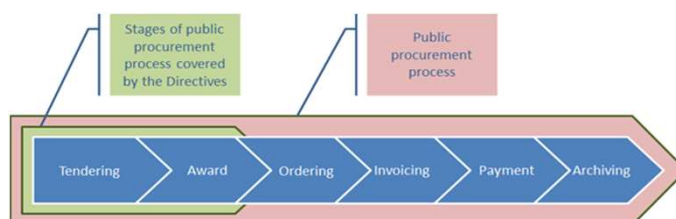
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## Scope (II)

### - Opportunities for spillovers into areas not covered by the initiative

- vertical – to below-threshold procurement
- horizontal – into B2B sector
- to other processes (e-ordering, e-payments, e-archiving...)



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## Preconditions for success

### - Availability of "common standard"

- Whatever approach is chosen, it would set a general framework & high-level requirements
- Details left to be worked out by standardisation bodies
- MS will still be able to use their national e-invoicing systems

### - Need to leverage existing experiences from existing national B2G and relevant B2B e-invoicing schemes (best practices) and EU-level projects

- e.g. CEN BII, PEPPOL (inter-operability)

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## SUMMARY

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## Success criteria

- ▶ Holistic view on procurement processes
- ▶ An integrated electronic business framework
  - ▶ **Standardised business processes**
  - ▶ **Standardised information content (semantics)**
  - ▶ Standardised business document formats
  - ▶ Standardised transport infrastructure (eDelivery mechanism)
- ▶ Governments with a primary focus on procurement as buyers...
  - ...with an aim to get the best value for money through effective procedures and in conformance with rules and regulations
- ▶ Legislative measures to be used as enabler for widespread implementation
  - ▶ An example: EC is considering to introduce legislative measures making e-invoicing a standard practice in public procurement and make the public sector a 'lead market' for e-invoicing and spearhead its wider use in the economy

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Thank you for your attention!



[andre.hoddevik@difi.no](mailto:andre.hoddevik@difi.no)

+47 913 97 587