eProcurement: the Italian experience

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The Italian Public Administration: a complex scenario

- Population: ca 59 mln
- Public Admin. employees: 3.350.000

Fragmented Public Administration

- Ministries: 21
- Central PA Authorities: >100

- Regions: 20
- Provinces: 110
- Municipalities: 8.101
- School system: Universities: 94
  Public schools: >10.000
- Health Sector: Hospitals, Local Health Agencies, Public Clinics: >300

Fragmented industry market

- 98% of SMEs
- 20% of EU SMEs
Introducing innovative procurement tools and models aimed at public spending rationalization, enhancing simplification, transparency and competition.

MEF entitled Consip to carry out the implementation of the Programme.

The Programme is part of a bigger government project, the e-Government plan, aiming at digitalization of public administration.

Financial Act 2000 (law n.488 - Dec. 23, 1999 art. 26) laid down the foundations for the Programme for the rationalization of public spending on goods and services.

Framework Contracts
Mandatory for Central Administrations
Benchmark for Local Administrations
Public Procurement Centralization

- **Consip (MEF)**
  - Frame contracts
  - Contracts Reporting
  - Monitoring Tools

- **Suppliers**
  - Needs Feedback
  - On-line/fax order
  - Delivery

- **PP.AA.**
  - Payments
Process simplification

The process for the purchase of goods and services

Consip’s activities

* Demand analysis
  - Contract and Tender documentation
  - Supplier Selection
  - Possible litigation w/suppliers
  - Contract award
  - Delivery of goods and services

Payment

On-line or Fax order

Reduction of administrative procedures for both the P.A. and Supply Market

* The demand analysis is made in cooperation with Consip and MEF
ITALY
- Population: ca 60 mln
- PA employees: 3.700.000
- 98% enterprises are SMES
- €120 bln expenditure on G&S

CENTRAL PA
- Ministries: 21
- Central PA Authorities: >100

LOCAL PA
- Regions: 20
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- Municipalities: 8.101
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  Schools: >10.000
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CONTRACTING AUTHORITIES
- > 13.000 authorities
- Regional CPB: around 10
Consip’s eProcurement system

Eprocurement portal - www.acquistinretpa.it

Framework contracts

- Purchases within frame contracts
  - Large volumes
  - Demand aggregation
  - Standardized goods
  - Low price volatility

On line tenders

- Frame contracts or ASP
  - Large volumes
  - Demand aggregation
  - Standard /Specialized goods
  - High price volatility

MEPA

- Direct order or RFQ
  - Low cost goods
  - Spot purchasing
  - Highly fragmented offer
  - ecatalogue

FA and DPS

- On-line tenders in a structured and managed environment - two phase procedures
- Standardised procedures for commonly used goods & services with customisation

Above and Below EU Threshold

2000

- eshops
  - Purchases within frame contracts
    - Large volumes
    - Demand aggregation
    - Standardized goods
    - Low price volatility

2002

- On line tenders
  - Frame contracts or ASP
    - Large volumes
    - Demand aggregation
    - Standard /Specialized goods
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MEPA

- Direct order or RFQ
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2004

- FA and DPS
  - On-line tenders in a structured and managed environment - two phase procedures
  - Standardised procedures for commonly used goods & services with customisation

2010

- eMarketplace

2010 transaction value

- 2600 mln €

Above and Below

- 2010 transaction value
  - 250 mln €

- > 5000 suppliers making business
- 97% of enterprises using it are SMEs
- 66% of SME’s are micro enterprises ( < 10 employees)
- average number invited SMEs in RfO: 72 in 2010, 38 in 2007
### MEPA - Main Results Achieved

<table>
<thead>
<tr>
<th>Year</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>Aggregated value</th>
</tr>
</thead>
<tbody>
<tr>
<td>N. orders</td>
<td>20% RfQ</td>
<td>8,3</td>
<td>29,8</td>
<td>38,2</td>
<td>83,6</td>
<td>172,2</td>
<td>230,6</td>
<td>254,2</td>
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<tr>
<td>Value orders</td>
<td>67% RfQ</td>
<td>25%</td>
<td>28%</td>
<td>11%</td>
<td>106%</td>
<td>34%</td>
<td>10% *</td>
<td></td>
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<tr>
<td>Direct Order</td>
<td>1.400 €</td>
<td>10,600 €</td>
<td>1.100</td>
<td>1.255</td>
<td>2.748</td>
<td>4.288</td>
<td>5.070</td>
<td>5.339</td>
</tr>
</tbody>
</table>

### Enterprises
- 65% micro (<10)
- 25% small
- 8% medium
- 2% big

### Catalogues on line
- 309
- 597
- 868
- 1.156
- 2.088
- 3.027
- 4.556

### Articles on line
- 113.207
- 190.484
- 226.748
- 332.465
- 540.000
- 1.331.915
- 1.490.818

### Demand
- Active buyers
  - 540
  - 1.100
  - 1.255
  - 2.748
  - 4.288
  - 5.070
  - 5.339

### Offers
- Average yearly turnover 110,000 €
The adoption of different tools is related to the market (buy and supply side) characteristics.

More business opportunities for SME’s trough e-procurement.

More authonomy for PA.
New e-proc tools adoption calls for a strategic change in Consip’s role and capabilities

Evolution of e-procurement tools and Consip’s role

Consip role

• "MARKET MAKER"
• "Awarding Authority"

Framework Agreements

Framework Contracts

Dynamic Purchasing System

MEPA

Greater flexibility for the buyer
Greater participation of SMEs

Ministero dell’Economia e delle Finanze
A new e-procurement Platform for a new key role for Consip

From

Awarding Authority and eproc market maker

to

Change Management driver

- “Users’ network” development and management
- Service Customization and Integration
- End-to-end functionalities
- Unique ecatalogue
- User Assistance and Support
## KSF and Lessons Learned

### Innovation
- Highly skilled and professional human resources
- Re-engineering of procurement processes
- Advanced e-procurement technologies

### Efficiency
- Management by objective approach
- Efficient internal organization
- Capitalize on best practices (reuse, if possible)
- **Change management support**

### Sponsorship
- Support from Institutions
- Appropriate legal framework
- **Sharing of the goals with stakeholders**
- Involvement of all stakeholders, PA e suppliers, including local groups, ensuring the project is co-owned
- **Foster the creation of a network among stakeholders**

CONSIP NO LONGER SEEN AS A THREAT BUT AS AN OPPORTUNITY
Consip is a public stock company, created in 1997 by the Ministry of Economy and Finance (MEF), its sole stockholder.

Consip has no profit goals and deals with two main fields of action.

- **Eprocurement for Public Administrations**
  - 1997
  - MEF PAs
  - Procurement of Goods & Services
  - Set up, support, diffusion of eProcurement tools

- **ICT services**
  - 2000
  - MEF
  - Other PA

Consultancy on Technical and Organizational Projects

Procurement of Goods & Services
- Set up, support, diffusion of eProcurement tools

More information is available on the website: www.consip.it