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Title

National models of public (e)-procurement in Europe

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Introduction

The purchasing of goods and services in the public sector is central because it supports all functions of government; each governmental unit needs

supplies and equipment to accomplish its mission (Thai and Grimm 2000), that's the reason of the application of the ICT to procurement in this context.

In the public sector, e-Procurement is a collective term for a range of different technologies that can be used to automate the internal and external processes associated

with the sourcing and ordering process of goods and services. Across the EU e-Procurement is at an evolutionary stage. However, despite the variations in the

adoption of e-Procurement across member states, the trend towards its acceptance is strong, with the majority of national governments developing strategies to

expedite the implementation of e-Procurement projects. This diversity of government implementations reflects the variety of commercially available *technologies*,

business models, and *product coding (classification) schemes* (NECCC 2001).

Much of the e-procurement literature to date has focused on early adopters. The

particular areas of interest in these studies relate to system implementation, identifying efficiency effects, speculating about the potential changes in supply chain configuration

that may occur, and positing that e-procurement will have a major impact on the function by leading to its outsourcing or conversely raising its strategic role.

As emphasized by Thai and Grimm (2000), one of the most important challenges in government procurement is how to best utilize information technology in an

age of communications revolution. Numerous researchers have discussed this challenge under the label “e-procurement.” The issue has been discussed both in the

technological perspective (Panayiotou et al. 2004; Liao et al. 2003) and the managerial perspective (Devadoss et al. 2003; Coulthard and Castleman

2001; Oliveira and Amorin 2001; Rajkumar 2001).
Here it is useful to present the main studies focused on the adoption of e-procurement from the perspective of public

sector institutions. In their study about the adoption of e-procurement in Australia Coulthard and Castleman (2001) focused on the possible differences between

the adoption of eCommerce by businesses and public institutions. Their assumption was that public institutions pursue a wide variety of goals. These goals go beyond mere

efficiency and streamlining of benefits. Andersen (2004) also focuses on the public sector as the potential adopter of e-procurement. However, Andersen reaches similar

conclusions as Coulthard and Castleman, namely that there are no unambiguous economic or strategic outcomes of e-procurement adoption. Public sector

institutions have different objectives towards the implementation of e-Procurement and those cannot be seen simply as extensions of commercial e-

Procurement applications because government institutions pursue a wide variety of goals due to their different nature. Within this context the political and

legislative environment in which public sector institutions operate calls for conformity to a range of requirements that have little or nothing to do with

economic output (Maniatopoulos 2004). Regardless of whether adoption is viewed from the buyer's or the supplier's perspective it is apparent

from the last few decades of research that organizations face a plethora of challenges when implementing driven innovations such as e-

procurement (Larsen, et al., 2002).

Regardless of the perspective taken, there is widespread consensus among the above-mentioned sources on which

components constitute the concept of e-procurement and what the benefits of e-procurement are (Neef 2001). Those benefits are both tangible and measurable with

direct or indirect effect on cash flow such as price savings, and intangible such as cultural change and enabling e-Business into the public sector. On-line

purchases and payment for goods and services in virtual markets constitute crucial elements of e-procurement. Successful adoption leads to potential benefits, which

include the reduction of transaction costs, operational efficiencies, and a better foundation for decision making. Even if technological requirements are met and the

implementation of e-procurement systems seems feasible, from a managerial point of view implementation has proven to be a challenging venture.

Heywood et al. (2001) proposes that there should be three potential levels of benefit achievable from e-Procurement:

1. *Transactions*, focusing on e-enabling the purchasing process,
2. *strategic sourcing*, using the newly aggregated control information to

enable better and cheaper sources of supply, and

3. *market transparency*, facilitating innovation and collaboration across the supply chain.

As noted by Nelson et al. (2001), purchasing accounts for the majority of organizational spending. As such, the advent of web-based

electronic procurement has been heralded as a "revolution" because of its potential to reduce the total cost of acquisition (Rai and Tang, 2006). It is also

expected to impact on the nature of supplier governance, either reinforcing market-based relationships (Barratt and Rosdahl, 2002) or encouraging virtual

hierarchies (Brousseau, 1990). Finally, the e-procurement revolution is expected to enhance the status and influence of the purchasing function within

organizations (Croom, 2000; Osmonbekov et al., 2002). The development and implementation of electronic commerce business models, such as a procurement portal

in organizations is a challenge that goes beyond mere technological functionality (Larsen et al. 2002). Top management support, organizational adaptation, and

training of employees are examples of critical issues for the successful implementation of any IT-system (Kawalek et al. 2003). For the implementation of e-

procurement in the public sector, an extra set of factors is considered to be influential. These include the financial risk, risks in building the

portal, and legislative issues (Oliveira and Amorim 2001). Oliveira and Amorim suggest that three types of models should be considered in order to meet the specific demands

related to implementation of public e-procurement:

1. The public model. Here, all tasks, including the investment and the risks in building the portal, are

taken by the government upon itself.

2. The private model. Here, all tasks are taken by private entities that

assume the investment risks of the project.

3. The mixed model (Public-Private Partnership).

Rajkumar (2001) pinpoints the managerial challenges by listing critical success factors of e-procurement implementation. These include the definition of an e-

procurement strategy, re-engineering of procurement processes and management of expectations. The re-engineering of processes in the public sector is in itself a

very demanding process (Andersen 2004) which, at times, contains the enthusiasm for implementing e-procurement. Panayiotou et al. (2004) confirmed this

belief in their empirical analysis of e-procurement adoption in Greece. Their conclusion was that implementation must be achieved as an “incremental

change" where technological solutions apply to regulations and policies.

Most purchases in public sector institutions require

that a bureaucratic procedure be followed. The majority of items are bought on requisition. This means that a great deal of effort is put into sending forms back and forth

in the system. The internal coordination costs are therefore high with respect to the contracting procedure for commodities. As pointed out by Berryman et al. (1998),

electronic procurement of commodities represents the greatest potential for savings. E-procurement simplifies work procedures and automates processes, for

example in order processing and the handling of invoices and payments. This, combined with the regulated tendering processes, makes the idea of automating procurement an

attractive option compared to the status quo.

Research methodology

In order to understand the state of the art and how the role of central public e-procurement should be developed we have analysed different situations in old

European countries. In these countries we have observed the presence and the relevance of e-public procurement projects either at a regional level or at

national level in order to centralise the purchasing of products or services with all the relative advantages. In order to study the use of public e-procurement in EU,

various approaches have been adopted. Data have been collected using a content study of major central and local government websites in

the most developed European countries.

To understand the Italian experience, we have conducted a survey on the

Public Administration eMarketplace e-transactions for the last four years, through the elaboration of transactional data. The methodology is a case study

approach. The research case study has been defined as a method for learning the "right" questions to ask. That is, the purpose of case studies is said by some researchers to

generate hypotheses rather than to test or confirm them. The method involves an in-depth, longitudinal examination of a single instance. In our research, we

have used the research case study as a method to learn about a complex instance, such as the public e-procurement, based on a comprehensive understanding

of that instance obtained by extensive description and analysis of that instance taken as a whole and in its context. We've adopted an "illustrative approach" to case studies,

which primarily describes what is happening and why, to show what a situation is like. This can help in the interpretation of public e-procurement phenomena,

particularly because we have reason to believe most practitioners and academics know too little about the Italian experience.

The data compiled relate to the following dimensions:

1. value and number of transactions by six months' intervals and by geographic area;

2. value and number of transactions divided by modes of acquisition, specifically between Request for quotation

(RFQ) transactions and direct transactions or direct order of acquisition (RFO) over half-

yearly intervals and by geographic area;

3. average value of RFQ and RFO as well as the flow over six-monthly intervals;

4. number of active suppliers by geographic area and the flow over six-month intervals;

5. number of active suppliers by catalog type (ICT, office, services, health materials, others) and

the flow over six-monthly intervals;

6. number of active suppliers by type of catalogs that cover a single area per

catalog (e.g. ICT only), 2 areas per catalog (e.g. ICT and services), etc. ..

The European central purchasing bodies

The use of eProcurement in the management of the

purchasing process within Public Entities is a hot issue all over Europe where many local or central projects have been undertaken in order to spread eProcurement in

Public Administration. The 2004 European directive regarding public calls for tender has been acknowledged only in 2006 in many European countries (e.g.

Denmark incorporated the European Directives before). However many countries are considerably active and interested in the subject and have been investing resources

in the adoption of eProcurement databases/platforms for Public Administration purposes.

The Member States of the EU need organisational structures to carry out public procurement functions. These tasks range from the drafting of relevant legislation and

development of public procurement policies to the training of procurement officers and publication of contract notices. Although differing in terms of

responsibilities, functions and tasks, these bodies have several features in common. In comparison with the fairly uniform picture found in the new Member States, the “old”

Member States show a more diversified picture as we can see below.

The platform organization is usually managed by agencies appointed by central entities: such agencies manage the relationships with public entities and promote the use

of the platform. The analysis of all the various instruments available on the public eProcurement portals reveals a strong preference for auctions and calls for tenders

rather than catalogues and digital markets. It is also interesting to assess how the different European portals offer their services to users. In some countries, Italy for

instance, the use of the national eProcurement system is free both for entities and suppliers. (In other frequent cases) In Europe there are several examples of

platforms that charge for their services both users and suppliers. There are also different revenue policies within each country, where different payment methods

are applied to different eProcurement instruments (in some cases suppliers pay for a catalogue update, in some others entities are requested a fee for the use of the platform;

sometimes suppliers are requested a percentage fee on the goods sold).

The body responsible for the development of eProcurement in Austria is Bundesbeschaffung (Austrian Federal Procurement Company ltd.) which is wholly

part of the federal Ministry of Finance.

Most of the contracts are framework agreements. The shop contains more than

300.000 items from about 200 suppliers in 30 product categories. The services are used by 10.000 users from 2.000 different purchasing departments all over Austria.

In 2006 the Agency conducted about 330 contracts with a total purchasing volume of € 720 million. About 20% of the volume was handled over the

eOrdering and eCatalogue system.

Launched at the beginning of 2008, the Belgian public procurement portal provides

links to portals and platforms which currently cover three of the various phases of the procurement process, namely: eNotification, eTendering and eCatalogue. The benefits of

the system mainly focus on administrative simplification and faster and more transparent ordering processes.

In Denmark, the Public Procurement Portal (DOIP) is an electronic marketplace to which both private and public purchasers and their suppliers have access and

whose functionality, interface, security and transaction costs are regulated by the public sector. Launched on 3 January 2002, it was among the first public procurement portals in

Europe. DOIP, which results from a close collaboration between the public and private sectors, is a web-based system based on Oracle exchange software. The

current version supports eAuctions, eCatalogues and integration with back-office systems. The portal is operated by "gatetrade.net", which is established and

owned by Maersk Data, Danske Bank, Post Denmark and telecoms company TDC. The Agency for Governmental Management co-ordinates state interests in the portal.

Use of DOIP is recommended for all public bodies, but it is not mandatory. Some regional and local authorities make use of private marketplaces, and the state-owned company

National Procurement Ltd. (SKI) has also set up simpler eTendering solutions systems (NetIndkøb and Netkatalog). UBL has been compulsory for sending invoices to the Public

Administration since January 2004.

Hansel Ltd is the Finnish Government's central procurement unit. It is a state

owned company that functions under the Ministry of Finance and consists of over 50 experts within different sectors. The company objective is to create

savings for the Government by making the procurement processes of the public administration more efficient. The company also promotes the procurement of high

quality products and equal treatment of suppliers when offering tenders. Hansel is responsible for procurement decisions, contract administration and contract

management. Approximately five thousand contracting authorities issue calls for tenders through the eProcurement system, settling more than two hundred

tenders per year and creating an annual total purchasing value of €168 million.

In France, all central government ministries – with

the exception of the Ministry of Defence, which has its own platform (e-achat platform) – can meet the requirement by using the government wide eProcurement Platform. The

platform allows public sector bodies to publish calls for tenders online and receive electronic bids. It is commercialised by UGAP, an inter-ministerial service

dedicated to enhancing the efficiency of public procurement. The web-based platform helps public entities accept bids submitted electronically by 1 January

2005 for all contracts worth over EUR 230.000, a mandatory target set by a decree of 30 April 2002. The use of the platform by local authorities is optional, as they

are free to develop their own eProcurement solutions or to adopt commercial solutions if they wish to do so. At regional and local level, several eProcurement platforms

already exist and others are being developed.

The German Federal eProcurement Platform is called E-Vergabe. The Federal

Procurement Agency, based in Bonn, manages purchasing for 26 different federal authorities, foundations and research institutions that fall under the responsibility of the

Federal Ministry of the Interior.

In December 2001, the Irish public sector procurement portal E-Tenders was

launched. ETenders is the Irish central government procurement portal. It provides information and tools for electronic public procurement and advertises

notices for EU and sub-EU threshold contracts for the Irish public sector including central government, local authorities, Health Boards and hospitals, universities and

schools. Information is updated on a daily basis and is provided free of charge to all registered users.

There are two main target groups, i.e. public sector purchasing officers and their prospective suppliers. The eTenders portal has 4,000

public purchasers and 40,000 suppliers registered.

The Swedish government has not implemented a central electronic public procurement

portal as this is deliberately left up to private operators. Several privately owned and operated portals exist instead, some of which concentrate on public procurement (e.g. Opic

and Allego). Anyway a public Procurement information portal is maintained by the Swedish National Financial Management Authority; it serves as an information

database on the different framework agreements procured centrally by Verva (the Swedish Administrative Development Agency) and is available for national

authorities, government agencies, regions and municipalities.

At the present time there is no central eProcurement

infrastructure in the UK. However, the Office of Government Commerce (OGC) operates Catalist, a catalogue-based electronic procurement scheme. Catalist provides

public sector organisations with a simplified means of procuring and contracting for a wide range of products and services (information technology, telecoms services,

professional services, facilities support), based on a series of Framework Agreements signed by OGCbuying.solutions with a number of suppliers.

The Italian experience

The body responsible for the development of eProcurement in Italy is an independent agency called Consip (Concessionaria Servizi

Informativi Pubblici - Public Information Services Agency). Consip is a limited joint-stock company owned by the Italian Ministry of Economy and Finance that provides

consultancy and IT solution management in the field of eProcurment. Since 1 July 2007, the use of the Public Administration eMarketplace (MEPA) has become

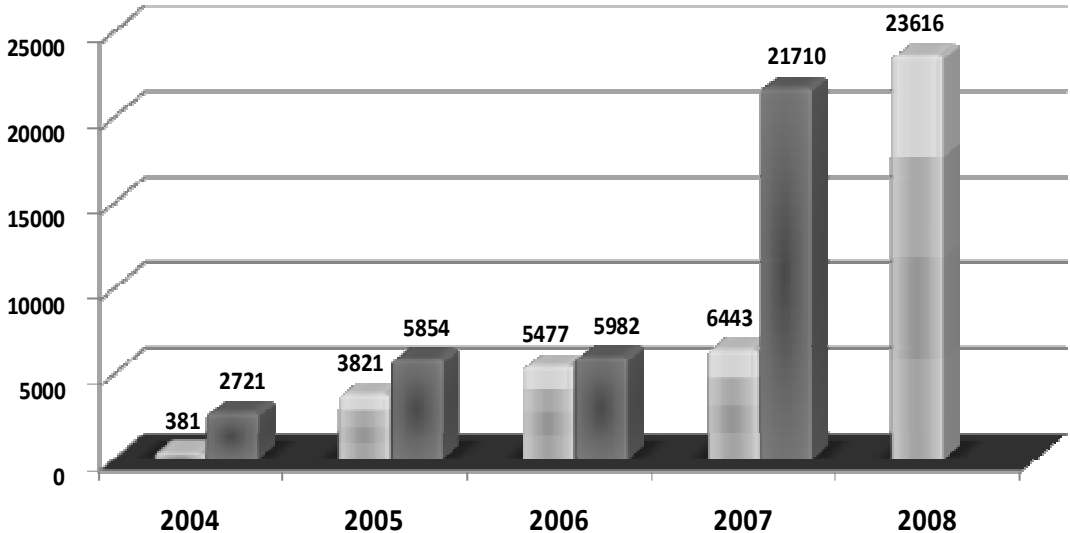
mandatory for all central public administrations for the purchase of goods and services valued below the EU threshold. Through this tool, Public Administrations can

make their purchases with a direct order or a request for quotation to suppliers, comparing goods and service features published on electronic catalogues.

The first illustration depicts the number of the transactions (figure 1), semester by semester over the period running from

January 2004 through
September 2008

Figure 1: Number of the transactions, evolution by semester


25000
20000
15000
10000
5000
0
381
2721
3821
5854
5477
5982
6443
21710
23616
2004
2005
2006
2007
2008

From the first semester of 2004 - the starting point of the analysis - up to the second semester of 2005, the trend in the number of transactions has always been on the rise,

going from 381 to 5.854 transactions by the end of 2005. This process of steady growth has slightly decreased by the first semester of 2006 just to go up again during the

second semester of the same year and carry on till June 2008- the month in which the analysis concludes. Taking into consideration the time scope that runs from the

second semester of 2005 through June 2008, two different situations emerge, however. Up *to (*until) June 2007 the process of growth in the number of transactions

was slightly closer to a situation of stability, while in the second semester of 2007 a clear acceleration tripled the number of transactions. The first half of 2008 marked

another increase in the number of transactions, but it seems that there was a movement towards (a situation close to) stability as in 2006, but at a higher level;

in fact in 2006 there were around 6000 transactions per year while in 2008 there are around 22.000-23.000 transactions a year.

This reading shows a gradual learning process on the part of the supply and demand elements, leading to a saturation of the market in late 2006. In December 2006,

the Law No. 296 of 27th December has introduced the compulsory membership to the system of conventions for public institutions and certain categories of private assets

identified annually by the Ministery of Economy. Hence the large increase in transactions since the second half of 2007 was clear.

The second illustration has still as dimensions the amount and number of transactions, divided into demand (RFQ – request for quotation) and direct

transactions (DT), through an annual scope of time (table 1).

Table 1 Amount and number of transactions for DT and RFQ

Year	Number		Amount (€)	
	DT	RFQ	DT	RFQ
2004	2.520	426	4.391.716,361	4.947.443,360
2005	7.721	1.253	12.699.547,334	17.144.210,030
2006	9.862	1.597	12.920.627,682	24.971.498,833
2007	23.393	4.760	30.593.134,495	53.021.577,794
2008 *(1st semester)*	19.199	4.507	20.861.319,495	42.528.345,454
Total	62.695	12.543	81.466.345,368	142.613.075,471

This table demonstrates that public institutions have been using since 2004 most of the DT tool more than RFQ one, even if the total amount of transactions through RFQ is

decidedly greater than through the DT. DT allows public institutions to purchase directly from the e-Catalog at pre-set prices. There is the possibility to choose a product

from this catalog, by investigating the general conditions of contract, filling the order form (number, place of delivery) and signing the form with the digital signature

that must then be sent to the supplier through the system. The contract is automatically and immediately a binding agreement between the parties in question and

therefore the supplier is obliged to implement the agreement respecting the terms and conditions laid down.

The RFQ is a competitive selection process through which public authorities make a request of supply to certain groups of suppliers or to all qualified suppliers so that

they are able to make their bids. The Suppliers in question should satisfy the money criterion and provide details related to the supply, including the technical ones

from a quality point of view. The contract is awarded to those who fulfill the price-quality combination. The assignment of RFQ is carried out at the discretion of public

authorities. They can, for example, pick suppliers that charge the lowest prices and promptly deliver on post-sale services. RFQ is therefore a

more complex purchasing procedure than DT.

According to the characteristics of the two types of e-Procurement, DT is

prompter and more straightforward than RFQ, which explains why the number of transactions through DT supersedes the ones done through RFQ. Even

if RFQ allows the making of requests on suppliers, it will require a greater commitment from both the requesting and the supplying party, which affects the element of

immediacy. Public bodies seek to obtain from suppliers offers tailored to their needs and therefore they buy more expensive products because of the greater focus in the

purchase and willingness to spend more money. RFQ transactions are of higher value than the DT ones. The greater focus is on the purchasing process and

therefore they will have more money at their disposal.

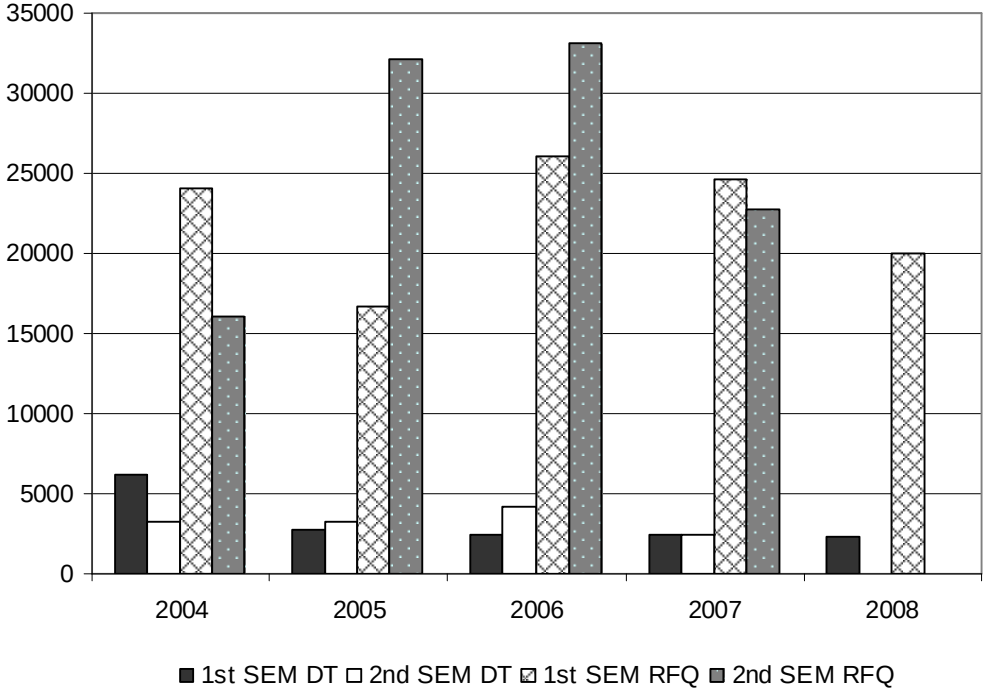
The third report describes the development of the average value of RFQ transactions, the

average value of the direct transactions and the flow of these values over half-yearly intervals (figure 2). The average value of transactions made through the DT is much lower

than the average value of the transactions made through the RFQ, as the number of the former greatly exceeds the number of the latter and the total amount of transactions

through RFQ is greater than that of transactions through DT for the reasons outlined above.

Figure 2: Average value of RFQ and DT transaction, evolution by semester


35000
30000
25000
20000
15000
10000
5000
0
2004
2005
2006
2007
2008
1st SEM DT
2nd SEM DT
1st SEM RFQ
2nd SEM RFQ

Analysis and reflection

The foundations of the European community are the four freedoms: the Single Market, the free movement of

goods, services, capital and persons; in line with this idea are the principles of transparency, competition and the prohibition of national discrimination. The two new

directives have come into force in 2006 giving a uniform legislative framework all over Europe and ensuring these principles in the conduct of electronic public procurement.

Modernizing and opening up procurement markets across borders is crucial to Europe's competitiveness and to create new opportunities for

businesses. Information technologies can contribute to reduce costs, improve efficiency and remove trade barriers. If online procurement is generalised, it can save

governments up to 5% on expenditure and up to 50-80% on transaction costs for both buyers and suppliers. However, the inappropriate introduction of e-procurement carries high

risks of market fragmentation. The legal, technical and organizational barriers that may result from procurement online are one of the greatest challenges for policy makers. In

the long run, computerizing public procurement practices impact on the way in which national public purchasing practices are organized. Successful implementation of e-

procurement may require changing administrative practices, not only those directly linked to the procurement process, but also those indirectly involved, such as

budgetary reviews. The sooner such reforms are implemented, the better for European citizens and businesses.

In order to understand how the role of central public e-procurement should be developed we have analysed different situations in old European countries and we can

assert that the trend of the public procurement is moving toward a centralization rather than a decentralization. In every country we observed there is an e-public procurement project or

reality either at a regional level or at a national level in order to centralize the purchasing of products or services with all the relative advantages.

Looking at the organizational structure, all EU Member States have organized core functions in a centralized manner, while supplementary functions may be carried out by a broad

spectrum of bodies, including the private sector, at both central and decentralized levels of the public administration.

The Public Purchasing bodies can have a centralized or semi centralized procurement structure, with a high concentration of procurement functions allocated to a few

central institutions or a decentralized procurement structure, with a dispersed concentration of procurement functions allocated to a range of bodies within the public

administration. In the federal Member States – Austria and Germany – and in Member States with devolved government – such as the United Kingdom, with the Scottish

Parliament and the Assemblies in Wales and Northern Ireland, often the federal states or units have procurement institutions that carry out limited, or even quite extensive, procurement

functions. Moreover, in many Member States the regions, provinces, districts, and municipalities may have similar bodies, which are either centralized or decentralized.

In Italy all regions, provinces, and municipalities have procurement units that carry out some of the relevant functions. Similarly, the devolved parts of the United

Kingdom have their own public procurement institutions. The functions of dependent branch offices are therefore rather limited. By contrast, the procurement institutions of

states, regions or municipalities may carry out a wider range of activities, including the development of local procurement policy, administration and monitoring

functions, publication and information functions, advisory functions, and training and research functions. In Member States with a decentralized procurement structure that is

characterized by a dispersed concentration of procurement functions, the relevant tasks are divided between many different institutions. However, in the near future, Finland might

remain the only country with such an organization, since all the other countries observed have already moved towards a stronger centralization of

functions and a limited number of players.

Whatever organizational model is chosen, it appears that public procurement is usually the

responsibility of the Ministry of Finance, the Ministry of Economy, or the Ministry of Works. Some Member States have established public procurement offices or agencies,

which are given a more independent status under parliament or directly under the government, while others act as departments within ministerial structures. Some functions of an

operational nature are carried out by public firms. Moreover, observing the common practice, the administrative capacity is not only linked to the amount of staff and financial resources

available within central procurement institutions, but it needs to be more broadly defined. The total accumulated capacity of Member States to support public procurement

operations may be strong if all actors in the society are included, such as associations of local and regional authorities, large contracting entities and utilities, training institutions,

and law firms, and it is thus not limited to the capacity of central institutions.

Public procurement in most Member States appears to be

financed from the general governmental or ministerial budget, and in all Member States the greater part of procurement costs is covered by such budget.

As regards the technical solution, probably the best informatics solution for the e-procurement platform is outsourcing it to an external specialized company or using an

ASP solution (Application Service Providing) which means renting the internet platform. The informatics standards used in procurement processes and information exchanges like e-

ordering/e-invoicing, e-tendering/e-awarding or electronic catalogues are XML and UML. Moreover, to contribute to the cooperation among different institutions and

countries CEN/ISSS, UN/CEFACT and OASIS are used.

However, in order to modernize European public procurement

markets and to make these more open and competitive we must remember that the Member States are following an Action Plan proposed by the

European Commission along three axes:

- Ensure a well functioning Internal Market when public procurement is conducted electronically. Implementing the

legal framework correctly and on time avoiding barriers to and distortion of competition.

- Achieve greater efficiency in procurement and improve governance. Accelerating

digitization through national plans for e-procurement and developing interoperable tools for e-transactions.

- Work towards an international framework for

electronic public procurement. The co ordination of international and intra European public procurement activities is an important function of a member state in

order to reach an international framework for electronic public procurement. Every country can contribute to international regulatory activities or can participate, either as a

representative of an institution or as an individual expert, in international networks, such as the European Public Procurement Network (PPN). We have also We also have

registered co operation with corresponding institutions in other countries like the "Northern European Subset" (NES), an initiative from a group of countries (Denmark, Sweden,

Norway, Iceland and Finland, with the collaboration of the United Kingdom) whose aim is to facilitate the interoperability and establishment of a common platform for eProcurement

among its members. Also Consip in Italy in 2005 started a interchange program with OGC buying solution in order to share knowledge in public procurement experiences.

Conclusion

Despite the differences in the Member States, the use of electronic means and methods on a wider scale in the various stages of the public

procurement process has gradually been introduced and practised in public procurement.

The benefits will be the following:

- acceleration of execution times of procedures;
- reducing the time of the purchasing process;
- reducing the expenses of announcements management

- simplification of processes, resulting from a re-engineering of such processes;
- the direct and constant monitoring of public spending by conducting comparative

analysis between the purchasing of similar products in different administrations;

- professional growth of employees;

- the opportunity to spend time out of routinely administrative tasks (automated by new tools) through activities with higher added value to the function-

specific purchases (e.g. marketing intelligence);

- a major transparency due to the uniformity of access to information without discrimination since the tender

documents are online, to the standardization of procedures to ensure that processes can be more easily controlled by external actors in time and according to the quality of

services provided in that each supplier will not be discriminated against (e.g. information asymmetries).

There are also several changes related to the rapid developments in the IT sector having an impact on the public procurement market, consequently generating a need

for all Member States to carefully consider how this challenge should best be met and what kind of preparations should be made to most effectively adapt the

procurement systems to new market conditions.

Technological developments produce a fundamental shift of practices and patterns in the

manner in which public procurement is executed. There is a need to develop central support functions with Internet based guidance systems, the creation of standardised

systems for tender and contract documentation, the design of improved and easily accessible Internet based publication and information systems, and development of systems for co

ordination and joint co operation between contracting entities. Public eProcurement implies opportunities and challenges for European administrations. The European

Union has fixed ambitious objectives by 2010: 100% electronic availability and 50% real use for procurement procedures above the legal thresholds.

To support this legal framework there are guidelines - most represented by the Community Action Plan - tools and services that help administrations,

business and consultants to develop compliant systems. However, there are still specific challenges for eProcurement in the field of catalogues, signatures and standards. These

challenges have to be faced to prevent interoperability barriers. By consequence, the Member States of the EU need organizational structures to carry out public procurement

functions. These tasks range from the drafting of relevant legislation and development of public procurement policies to the training of procurement officers and publication of

contract notices. Although differing in terms of responsibilities, functions and tasks, these bodies have several features in common. The evolution status of the various

public eProcurement projects in Europe is interesting and diversified. The platform organization is usually managed by agencies appointed by central entities: such agencies

manage the relationships with public entities and promote the use of the platform. The analysis of all the various instruments available on the public eProcurement portals reveals a

strong preference for auctions and calls for tenders rather than catalogues and electronical markets. In all assessed countries there is a project for the realization of an eSourcing

platform, although such projects are all at different stages: if on one hand the initial phases of the process are all covered in most cases (especially the phase of the call for tenders

publication), on the other hand the number of operating projects decreases as the further phases of the purchasing process are approached

(Finland, Greece, Sweden, Ireland).

In this outlook, the Italian experience can be considered a successful one. Since 1 July

2007, the use of the Public Administration eMarketplace (MEPA) has become mandatory for all central public administrations for the purchase of goods and services

valued below the EU threshold. Through this tool, Public Administrations can make their purchases with a direct order (DT) or a request for quotation to suppliers (RFQ), comparing

goods and services features published on electronic catalogues. According to the characteristics of the two types of e-Procurement, DT is prompter and more

straightforward than RFQ, which explains why the number of transactions through DT supersedes the ones done through RFQ. Even if RFQ allows the making of requests on

suppliers, it will require a greater commitment from both the requesting and the supplying party, which affects the element of immediacy. Finally the Italian experience

outlines the relevance of compulsoriness for the development of e-procurement, as suggested by the evolution of the number of transactions passed from nearly 6.000

transactions in 2004 to more than 21.000 transactions in the first semester of 2008.

Further useful research would be a comparative study of EU

countries that have achieved the best target in public e-procurement, to try and identify which factors are associated with progress and lack of progress. The findings of such

research could enable the most effective targeting of resources in less developed countries.

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