



Red Interamericana de Compras Gubernamentales

Actividad: II Conferencia de las Américas en Compras Gubernamentales
Tema: Desarrollo Institucional
Título: Impact of Government Procurement - (English)
Presento: Booz Hamilton
País: USA
Fecha: 1 de Noviembre de 2005



Session 5: Governance: Impact of Procurement Policies/Procedures on Democratic Governance

E-Procurement, Transparency, and Democratic Governance

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Procurement Conference of the Americas
Atlanta, GA
November 1, 2005

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Glossary of Terms

- ▶ **Democratic Governance** – the public sector institutions and processes that operate in a manner consistent with democratic values, such as transparency and accountability
 - Source: *National Democratic Institute for International Affairs*
- ▶ **E-Procurement** – the application of systems to facilitate, integrate, and streamline the entire acquisition life-cycle
- ▶ **Transparency** – free from pretense or deceit; readily understood
 - Source: *Merriam-Webster Dictionary*
- ▶ **Competition** - the effort of two or more parties acting independently to secure the business of a third party by offering the most favorable terms
 - Source: *Merriam-Webster Dictionary*
- ▶ **Ethics** - the principles of conduct governing an individual or a group
 - Source: *Merriam-Webster Dictionary*
- ▶ **Strategic Sourcing** – the collaborative and structured process of analyzing an organization’s spending and using the information to develop strategies that reduce the purchase price of goods
 - Source: *Office of Management and Budget (OMB)*

Legislative Guidelines Driving E-Procurement

- ▶ President's Management Agenda
 - Improved Financial Performance
 - Expanded Electronic Government
 - Competitive Sourcing
- ▶ Clinger Cohen Act (CCA)
- ▶ Federal Information Security Management Act (FISMA)
- ▶ Government Performance and Results Act (GPRA)
- ▶ Recent OMB Memo
 - Chief Acquisition Officer (CAO)
 - Strategic Sourcing Plan

Effects of E-Procurement on Transparency, Competition, and Ethics

- ▶ Transparency
 - Improved reporting and disclosure
 - Greater accountability
 - Improved purchasing decisions
 - Example: FPDS-NG (reporting tool)
- ▶ Competition
 - Enhanced fair competition
 - Greater supply base
 - Example: FedBizOpps (on-line solicitation notification system)
- ▶ Ethics
 - Improved acquisition and financial regulatory compliance
 - Improved management controls
 - Example: GSA Advantage! (e-catalog)

Positive Impacts of E-Procurement

Reduced Acquisition Costs




- Streamlines costs for acquiring goods
- Improved competition
- Lower barriers to small businesses
- More efficient negotiations
- More effective strategic planning

Transaction Automation



- Transaction cost reduction
- Reduced cycle times
- Reduced inventories
- Validated requisitions
- Enhanced reconciliation
- Improved reporting

Spend Aggregation And Leverage



- Increased leverage in negotiations
- Lower material costs
- Improved quality

Improved Supplier Relationships



- Improved supply base
- Enhanced supplier relationships
- Ability to collaborate with suppliers

Better Financial Manageme



- Effective financ reporting
- Enhanced quali report data
- Compliance wit financial system

Successful U.S. Example: Integrated Acquisition Environment (IAE)

- ▶ Intent is to capture and centralize e-procurement capabilities to avoid redundancies
- ▶ Mandated in the President's Management Agenda as an e-Government initiative
- ▶ Provides additional cataloging capabilities and supports inter-departmental transactions
- ▶ Example tools included are
 - Central Contractor Registration (CCR)
 - Federal Procurement Data System – Next Generation (FPDS-NG)
 - GSA Advantage!
 - E-Buy
 - FedBizOpps

Future of E-Procurement

- ▶ Strategic sourcing
 - Focus on showing the value realized
 - Greater efficiencies will be realized as well
- ▶ System integration
 - Integration of e-procurement systems with other mission critical systems, such as financial and property management
 - Greater internal transparency in terms of asset management
 - Real-time access to data across the entire organization
 - Robust technology platforms enable mobile computing in the field
- ▶ Agency-specific e-catalogs
 - Support unique agency purchasing needs