

e-Procurement – A Guide For Suppliers

1. Introduction

Background

The Government has given councils targets for the implementation of e-procurement and for benefits to be achieved from e-procurement. These targets have implications for the way in which South Somerset District Council will trade with suppliers in the future.

This information is intended to provide practical advice to suppliers by highlighting the implications of e-procurement and suggesting responses that suppliers should be considering.

Structure

This document has the following structure:

- Section 2 – What does e-procurement mean for suppliers?
- Section 3 – What will be different?
- Section 4 – What do suppliers need to do?
- Section 5 – Checklist
- Section 6 – Frequently asked questions
- Section 7 – What is Somerset County Council doing about e-Procurement
- Section 8 – Where to get further information
- Section 9 – Glossary of terms

2. What does e-procurement mean for suppliers?

Background

Using email and internet technology, e-procurement removes traditional paper processes, providing organisations with the ability to trade electronically. It has the benefits of making trading simpler and more cost effective for both purchasers and suppliers.

Since it is a government requirement for councils to trade electronically with suppliers, councils will have a preference to work with those suppliers that have e-procurement capability.

e-Procurement will affect the following aspects of the way in which councils trade with suppliers, eventually:

- Request for quotations and tenders (non-OJEU and OJEU) – will be done online via e-tendering systems.
- Final price submissions – will be made online via e-auctions
- Selection of suppliers – will be made via e-marketplaces and e-tendering
- Purchase orders – will be made electronically
- Invoicing – will be done electronically
- Payment – will be completed via BACS, and / or p-Card.

Suppliers should be aware that having an e-procurement capability would be equally important for the way in which they are likely to trade with their private sector customers in the future.

Benefits to suppliers

e-Procurement offers a range of benefits to suppliers:

- The automated capture of orders means that more business can be accepted without having to increase administration staff. Orders will be received by email and can be uploaded electronically into the supplier's order management system. This saves time in comparison to the traditional process of receiving manual orders which have to be manually entered onto the supplier's order management system, meaning that suppliers can process more orders with the same levels of administration staff. In addition, errors will be reduced since details of orders will not be manually keyed into the supplier's order management system.
- Faster order processing (which is particularly important where goods or services are expected to be delivered within a short timeframe). Since orders are sent electronically to suppliers, receipt of the order is immediate and orders will not be delayed or lost in the post.
- Prompter payment, partly because invoices are likely to be approved more quickly (because they will be automatically matched to orders and evidence of receipt) or as a result of purchasing with a purchase card (payment is typically made within 3 days of placing the order).
- Greater exposure to new customers, for example, if a supplier's catalogue is included in a marketplace accessed by many purchasers. The catalogue will contain a description of the goods and services that the supplier is offering to the council and may be used by other councils who have access to the e-procurement system.

It is not necessary to invest in expensive or complex technology to start taking advantage of the opportunities offered by e-procurement. At the most basic level it is possible to take part if a business has just one computer and an internet connection

Challenges for suppliers

Whilst e-procurement offers benefits to suppliers, it can also pose challenges:

- Increased competition and keener prices. For example, as a result of advertising requirements on the internet, more suppliers will have the opportunity to bid for the council's business.
- Whilst suppliers can participate in e-procurement with just a computer and access to the internet, achieving some of the benefits described above may require investment in more sophisticated systems. For example, to capture orders automatically from the council, the supplier will need to have an order processing system. There is a range of low cost systems available for suppliers to consider.