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Public Electronic
Procurement System
annual report
summary

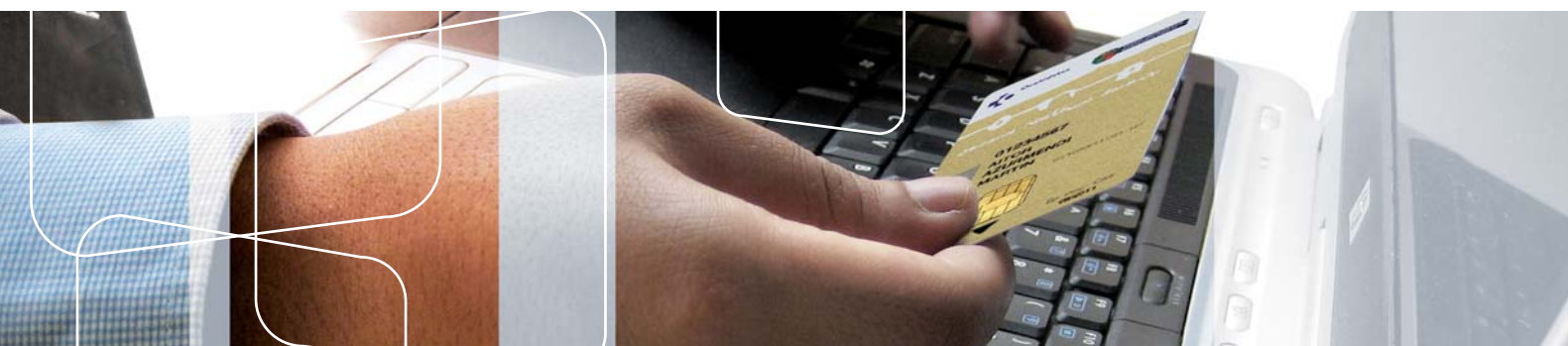
Public Electronic Procurement
System Technical Secretariat.
Patrimony and Procurement
Directorate.

Public Finance and
Administration Department.
Basque Government.

(15 April 2009)

Project integrated in the Basque
Governments Strategic Plan for Electronic
Administration and Government.





Introduction

Since 2005, the Basque Government has been the first and only administration to implement Public e-Procurement in Spain. Likewise Treasury and Public Administration Department Order No. 4673, of 16 August 2004, by the Treasury and Public Administration Ministry, regarding the “telematic processing of certain procedures and actions contemplated in Public Administration contract legislation”, constituted the first legal reference for the **regulation of Public e-Procurement in Spain.**

In order to provide a greater level of security, the Basque Government opted for the most guarantee based/secure system from those available, having adopted Qualified Electronic Signature certificate technology. The solutions adopted for the development of the Public e-Procurement system allow all critical functional and procurement security aspects to be guaranteed.

The Public e-Procurement System has been developed based on the Basque Government’s general e-Administration architecture applications, in the context of the Administration and Electronic Governance Strategic Plan. Such architecture provides extreme levels of security and confidentiality and, probably, unique amongst public e-procurement developed in Europe.

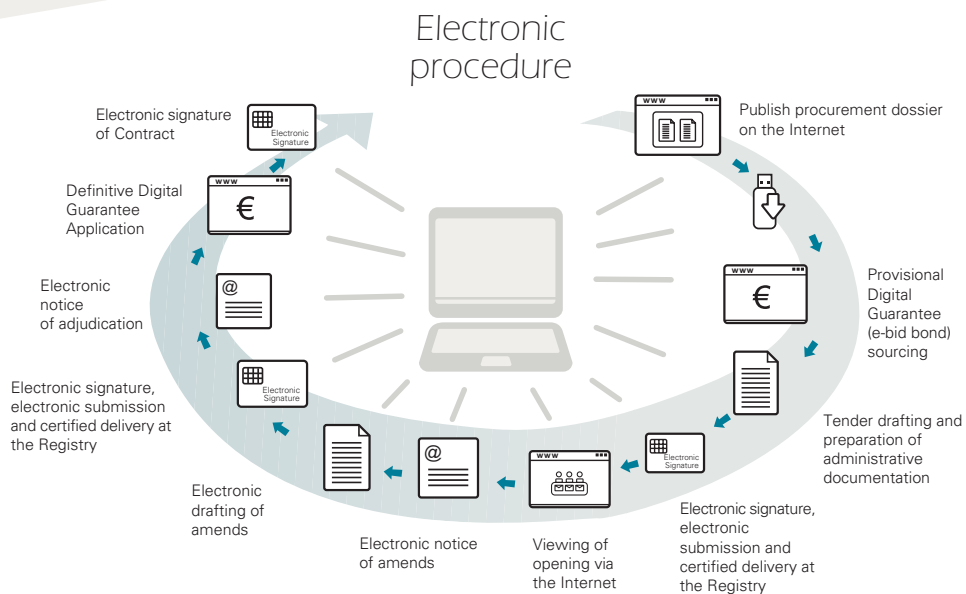
Added to the difficulties inherent in any change of this magnitude, is the fact that the Basque Governments Public e-Procurement Model develops **Comprehensive** electronic procurement, given that **all** file procedures are performed electronically, from internal processing (including publication of procurement advertisements on the Internet and associated documentation, and the opening of tenders), to external (e.g. the presentation of bids by bidders, the receipt of notices or the signing of contracts).

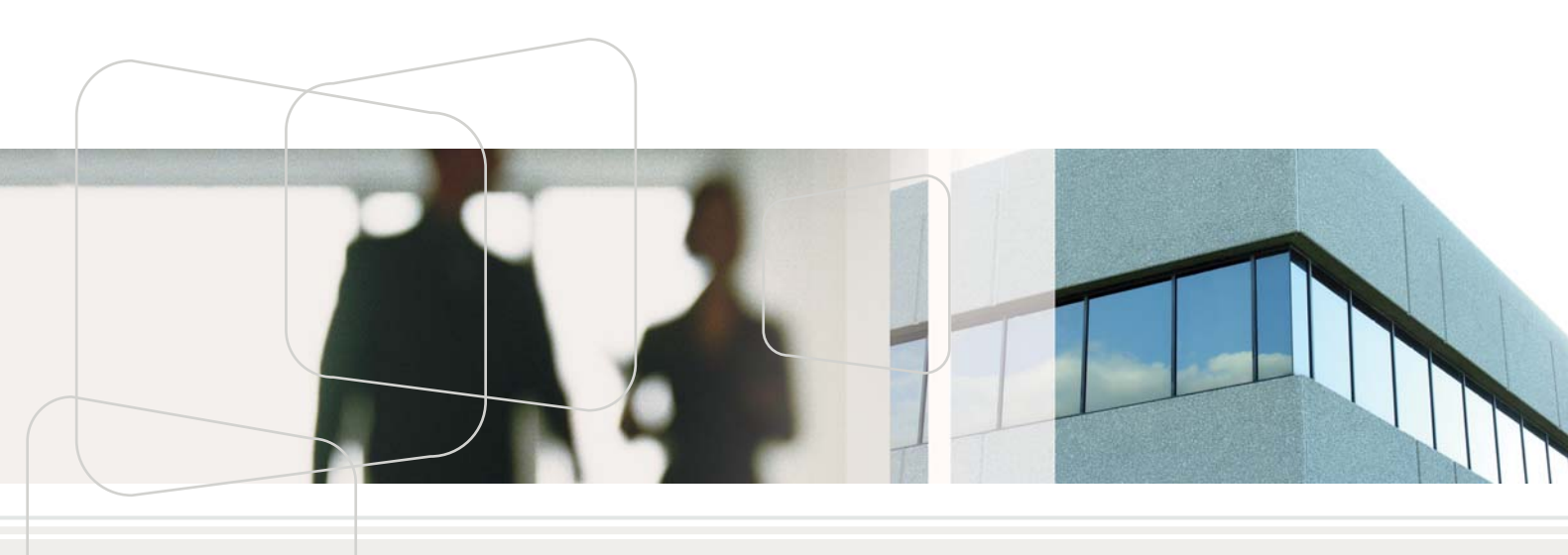
The Basque Government's Model for Electronic Procurement



All relevant interventions are guaranteed by the requirement for recognised electronic signatures, highlighting the fact that electronic tenders are encrypted with the Qualified Electronic Signatures of the members of each procurement desk, in such manner that they can only be opened by such members if they form a quorum and present their electronic signature cards at tender opening desks. In effect, as a result of its nature, configuration and the solutions adopted the e-Procurement System guarantees the following critical procurement functional aspects:

- Data and information access and usage restricted to authorised persons.
- Bidder confidentiality.
- IT processes protection from unauthorised modification.
- Bid confidentiality.



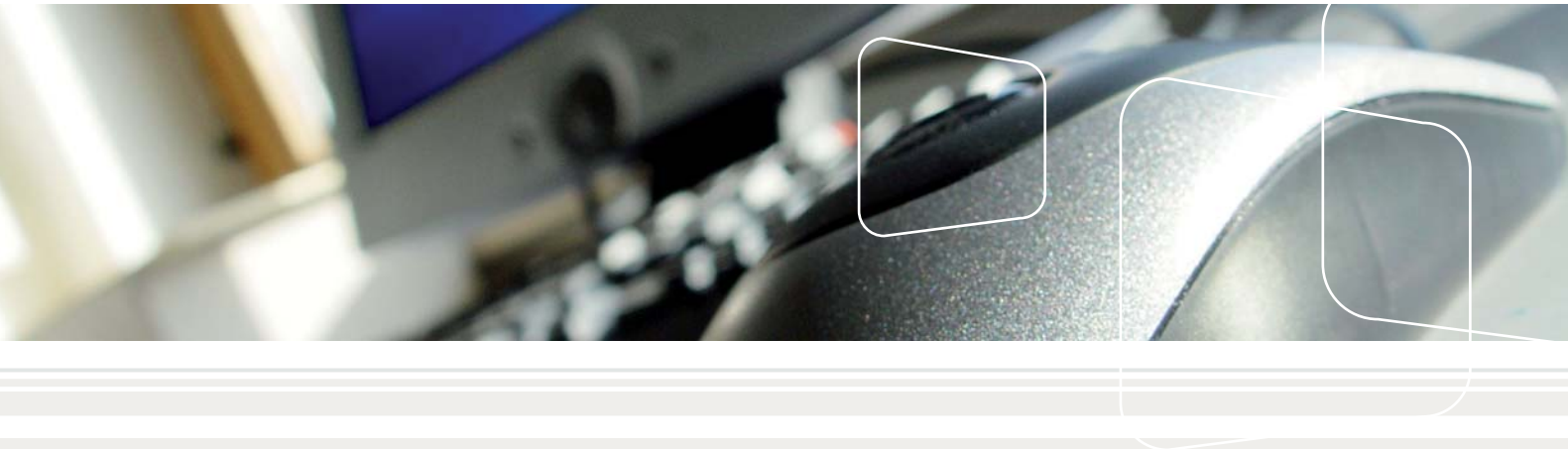


A surplus of security and confidentiality arises from the fact that all processes are run on a bidder's own computer, such that nobody can gain access in any way to a Company's tender.

If we add to such security measures, the fact that on the one hand such dossiers do **not** deal with lesser contracts (which would receive abbreviated processing), but rather open, restricted or negotiated contracts, and we add that for legal reasons the aforementioned electronic dossiers have to enable the presentation of tenders via traditional paper means, it is clearly that the challenge presented is substantial.

The individuals responsible in the Basque Government believe they generated a significant contribution to the evolution of e-procurement's organizational, procedural, technical and operational aspects. Special mention is made of the informational and training effort conducted for the 3,800 supplier companies, training provided to officials and multi-channel support provided for all project areas.

Given that today, electronic procurement is not compulsory in Spain, and with the aim of achieve its generalised introduction, the Basque Government has considered it necessary to drive its adoption by bidding companies, particularly the 3,800 companies that are currently registered with the Official Register of Contractors. Taken as a whole, promotional actions are undertaken within the framework of the **Rollout Master Plan** which contemplates the following types of activity:



- **General promotional activities to encourage Company adoption.**
- **Development of Internet presence.**
- **Promotional Days to promote Company adoption of e-procurement.**
- **Early Warning launches and other messages to promote the use of e-procurement.**
- **Training offer for Bidding Companies.**
- **Creation of a Public e-Procurement User Support Centre.**
- **Holding of Administration procurement direct training courses.**
- **Preparation work for rollout and adoption of Electronic Procurement by Basque Government Departments.**
- **Accompaniment in the preparation of Basque Government Department Pilot Tenders.**

Applications, informational and educational materials are considered “open source” and available to all interested administrations. In effect, as established by the Governing Council Agreement, in approval of the e-Procurement Project Rollout Master Plan for the Autonomous Basque Community General and Institutional Administration, “The General Secretariat for Modernisation and Electronic Administration, with the collaboration of the Patrimony and Procurement Directorate, will promote collaboration with Regional and Local Administrations in the context of Public e-Procurement and, with this in mind, will establish stable collaboration instruments with regional and local administrations that request them, for e-Procurement implementations with sufficient representation”.

The European Union has established the objective that 50% of procurement by European administrations as a whole must be conducted by electronic means by 2010; it being the Basque Government’s intention to reach this goal as soon as possible, as it is firmly convinced that, aside from the intrinsic benefits of e-procurement, its introduction constitutes an “opportunity for experimentation and familiarisation” for Basque companies with a mechanism that all administrations (Government, Regional, Council) will have to adopt in the near future.



Summary of technological evolution during 2008

The practical experience gained over the period (2005-2008) has evidenced the advisability of introducing new features that complete advances already made. The following activities were performed during 2008 in this area:

- **Development of new functions for the e-Tendering System.**
- **Extension of the number of Qualified Electronic Signature certificates accepted in the e-procurement process.**
- **Launch of developments relating to e-Procurement Provisional Enablement.**
- **Launch of the second version of the Official Basque Country Register of Contractors telematic application.**
- **Culmination of the technological evolution of the Procurement Dossier Management Application.**
- **Introduction of Opening Hall for exclusive e-Procurement dossier opening sessions.**
- **Start of works to adapt the web site of the Electronic Procurement System to the new Public Sector Contracts Act.**
- **Operational fine tuning of automatic submission of tender advertisements in XML format to the Official Journal of the European Union (DOUE).**
- **Specification of the Basque Country Public Procurement Subject Area Portal.**
- **Specification and development of an advanced version of the "Profile of contracting body".**

Introduction to marketing and promotional activities performed during the period (2005-2008)

Despite the benefits of e-procurement appearing obvious from the Basque Government's perspective, it is also the case that the Information Society and Digital Administration are advancing at a slow pace, and therefore it is **increasingly necessary to develop individual efforts to general sufficient social and business awareness to motivate demand for the new uses and applications involved, and articulate clear mechanisms for learning and promotion.**

Therefore, in the specific case of e-procurement, **the Basque Government has decided that it is necessary to promote its adoption amongst the 3,800 businesses** that have to date registered with the Official Register of Contractors, and **has therefore developed the following specific marketing and promotional activities:**

01 Development of the Public e-Procurement System Corporate Identity

The abundant graphic and documentary material generated for the Plan has required the creation of a Corporate Identity manual.





02 Development of an extensive documentary presence, to date comprised of:

Annual reports, in summary and in full, for the 2006, 2007 and 2008 periods.

4 User Manuals for the different applications that make up the Public e-Procurement System.

21 leaflets about different aspects of e-procurement.

12 issues of the "Prest" magazine about e-procurement, in Basque and Castilian.

Complete material for the 2nd and 3rd Seminars on Public e-procurement, held in Bilbao and Donostia-San Sebastián respectively.

Opinion of the user **satisfaction study** regarding the e-procurement's stakeholders (July 2008).

03 Postal mailings

4 mailings were performed in 2006 to the entire supplier base registered in the Official Register of Contractors, containing 13 different information leaflets.

04 Launch of information loyalty activities through the dispatch of 6 issues of the "Prest" magazine

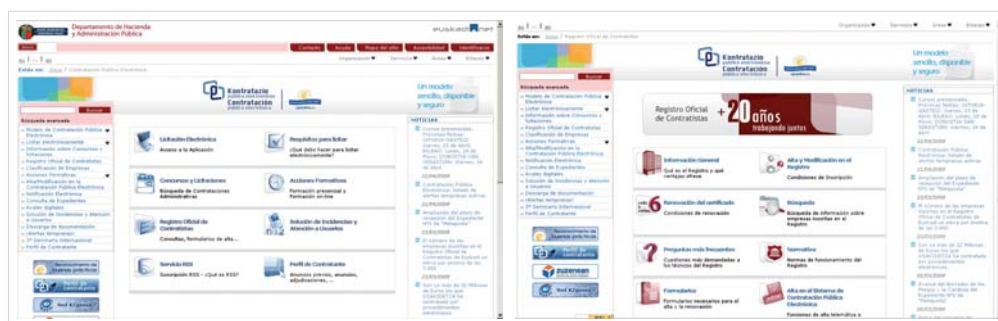
Edited by the Electronic Public Procurement Model Technical Secretariat, and sent by post to all companies registered with the Official Register of Contractors.





05 Development of Internet web site.

06 Electronic Public Procurement displayed in the Official Basque Register of Contractors



07 Development of promotional days



08 Early Warnings and other messages to promote the use of e-procurement. In synchronisation with such Marketing and Promotional activities, **training activities for companies** have also been developed.





Promotional Days held in 2008

As a result of such new activities, quantitative indicators for company promotional material are as follows:

27 Information
days held
1.324 Companies
1.100 Individuals

One of the important areas of activity in the period (2006-2008) has been the development of Training Days for more than 3,800 companies that have, to date, registered with the Official Register of Contractors. This has been an important mission objective, as very few companies are aware of the scope, advantages and usage conditions of Public e-Procurement.

Said activities were held in cooperation with the individuals responsible for the SPRI "Empresa Dígitala" Programme, and held at Technology Centres in Miñano (Álava), Zamudio (Biscay) and Miramón (Guipúzcoa).

Training for Bidding Companies during 2008

The adoption of e-Procurement is not something that the 3,800 companies registered with the Official Register of Contractors are having to face alone and at the last minute. The Basque Government has prepared the following training elements:

- **Direct training:** With an average frequency of 5 courses/month and an estimated duration of 3 hours, held at the three Basque capitals.
- **Online training over the Internet.**
- **Recording of an entire training course and provision of videos on YouTube.**
- **Free trial tenders open to companies.**

Very notable training milestones were reached throughout 2008. And we can state that:

- More than **110 direct training courses** were provided.
- The number of individuals that have received direct training now totals **1,019 individuals**, representing **529 Companies**.
- The number of training videos downloaded via "YouTube" has exceeded 14,000.
- More than **600 free Trial Tenders** were created during the period (2005-2008), out of which 60 relate to trial tenders submitted on account of the new e-Procurement System (version 3.01). Companies have used free trials extensively, both from their offices and from direct training classrooms. Trial dossiers have been essential to company preparation and familiarisation with the electronic tendering application, by providing remote help functions (webcontrol) for setting up bidding company PCs.



Direct training for officers

During the period (2006-2007), in collaboration with the Basque Institute for public Administration (IVAP), the Technical Secretariat for the e-Procurement Model has continued to provide training courses for procurement technicians responsible for managing tendered dossiers via the electronic procurement system in each department.

The adaptation of electronic procurement applications to the new Public Sector Contracts Act, and the development of new versions of the Procurement Dossier Management and Electronic Tendering applications, have led to the creation of a new training offering aimed at all individuals involved in the Basque Government's administrative procurement.

To date, **220 individuals have been trained in Electronic Procurement and 150 for the new version of the Procurement Dossier Management Application.**

Officers from other public administrations are increasingly attending training courses provided by the Electronic Procurement Technical Secretariat, which are certified by the Basque Institute for public Administration (IVAP).

Therefore, during 2008 there was collaboration in the training of technicians from:

- The Alava Regional Council Treasury Department.
- Basque Country University (EHU-UPV).
- SPRI.



Evaluation of the User Support Centre

In accordance with the IT and Telecommunications Plan (P.I.T) 2003-2005, at the beginning of 2006 an e-Procurement Support Centre was established to provide user support, technical assistance, articulate access channels, personify marketing and promotional features, etc.

Zuzenean, the Basque Government's Citizen Support Service, is the point of entry for queries over the phone and through email.

One of the most representative services of the Support Centre are its "remote collaboration" (WebControl) features. Such features are provided over the Internet whilst support technicians attend to users over the phone. If the user accepts the offer of support from the Support Centre, both the user and the support technicians connect to certain web addresses that will enable them to simultaneously observe what is happening on the companies' screen.

Company users and support technicians can thereby perform electronic tendering functions and verify that everything is working correctly.

In summary, the activity of the User Support Centre in 2008 was as follows:

752 Total number of
Incidents and
Queries handled

300 Queries

452 Incidents

+ 34,5% The percentage
increase for the Total
number of Incidents
and Queries handled
(2008/2007) has been
very notable

+121% Queries

+8% Incidents



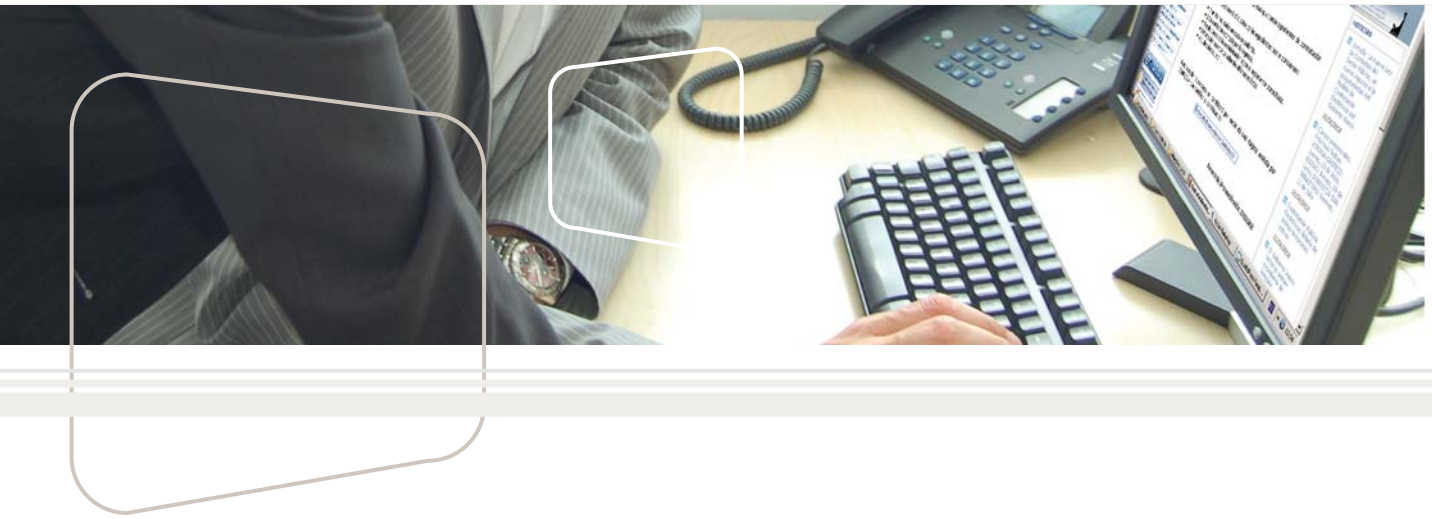
In practice, the increase is due to the launch of versions V.1 and V.2 of the new telematic application for the Official Register of Contractors. In the past, this application only allowed data queries, and did not allow digital Register registration or renewal requests to be carried out.

The increase in incidents related to the Electronic Tendering Application has been more reasonable (+7.8%), and is indicative of an increase in the number of companies preparing for e-procurement.

In July 2008, a satisfaction study was performed amongst bidding companies. Some of its most notable results were:

- 70% of those surveyed classified the training offered as good or very good.
- 67% had conducted trial tenders.
- 78% of those surveyed rated the e-procurement system as good or very good.
- 87% of those surveyed did not indicate having problems with tendering electronically.
- More than half of those surveyed had used the e-Procurement User Support Service and 80% of these valued the service as good or very good.





Operational state during 2008 and current situation

The number of e-Procurement dossiers offered throughout 2008 was much lower than expected. In effect, the work to prepare and launch e-Procurement dossiers in 2008 was very much influenced by the entry into force of the new Public Sector Contracting Act.

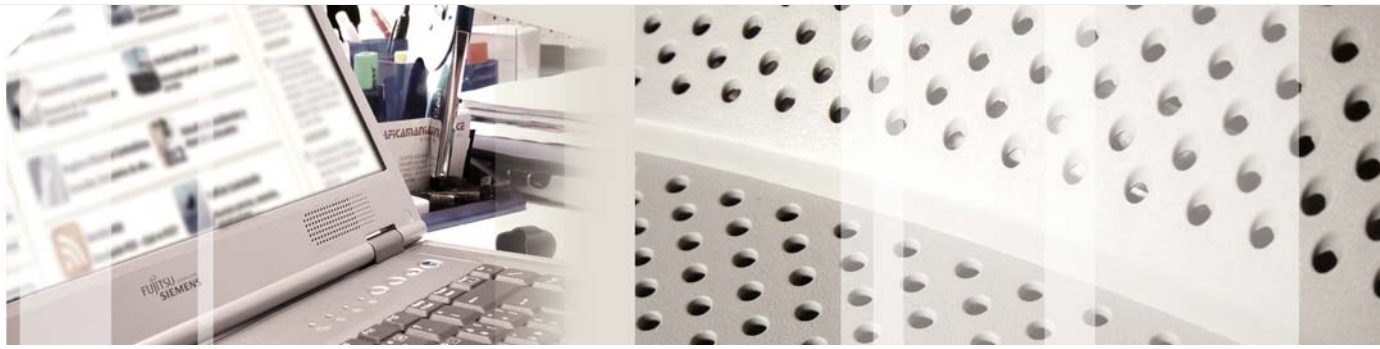
In addition, the coincidence of the end of 2008 with the end of this legislature has brought with it different phenomena that have had a notable effect on administrative procurement, both in terms of traditional methods, and new channels via e-Procurement.

The difficulties alluded to have been gradually resolved with the launch at the end of 2008 of the new version of the Procurement Dossier Management Application and the production of the new version of the Electronic Tendering Application, version 3.01. The enormous effort in updating the training of procurement officers in both application systems opens the way for normal operating activity to resume in the second quarter of 2009.

In comparison, 2008 was characterised by important operational achievements such as the following:

- Generalisation of exclusively electronic procurement tenders.
- Basque Government certified as OJS eSender and can automatically send adverts to the Official Journal of the European Union (OJEU).
- The Basque Government has not provided over 100 e-procurement training courses to bidding companies and, as a consequence, more than 1,000 individuals had participated in e-procurement training activities by the end of 2008.
- 220 Basque Government technicians have been training in electronic procurement.
- The Procurement Dossier Manager has been extended to practically all Departments, with more than 150 officers trained in its use.





Forecast of operational evolution for the 2009 period

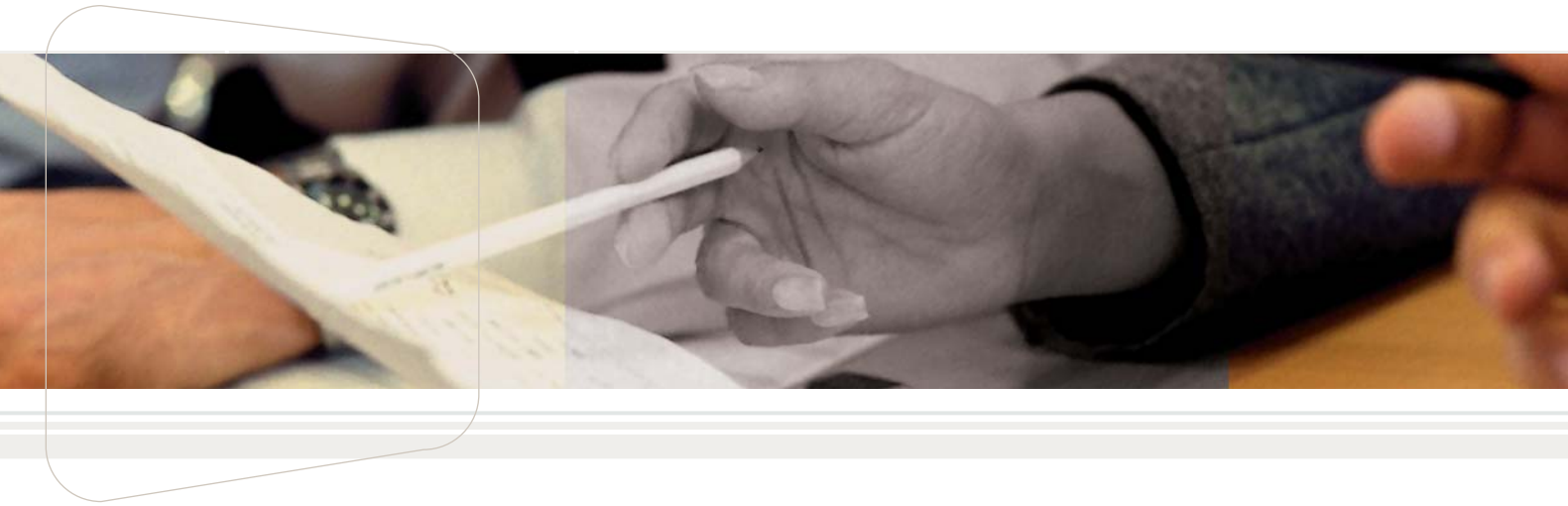
2009 will be characterised by a renewed effort to create awareness, promote and collaborate in the preparation of dossiers to be tendered electronically.

Objectives for 2009 are as follows:

- **Dossiers launched: 75.**
- **Exclusively electronic dossiers: 20.**
- **Compulsory e-Procurement.** The Basque Government intends to generate exclusively electronic procurement typologies, not only via dossier typologies that have been planned to develop electronically, but rather via the generalisation of compulsory e-procurement for dossiers that have been traditionally tendered using traditional paper means.
- **Compulsory Electronic Notification.** The Basque Government, under Royal Decree 209/2003, of 21 February, which regulates telematic registers and notices, has been intensively using electronic notification for e-procurement procedures. Throughout 2009 a qualitative jump will be taken, consisting in making Electronic Notification compulsory, independent of whether a dossier has been tendered via e-procurement.
- **Radical boost to the extension of e-Procurement to Public Entities linked with the General Administration of the Autonomous Community of the Basque Country and, in general, to the Basque Public Administration.**

The European Union has set as an objective for 2010 that 50% of all European public administration be performed via electronic procedures; and it is the aim of the Basque Government to achieve this level as soon as possible.





Legal and Regulatory development Activities

The legal basis for the Basque Government's Public e-Procurement is very recent, basically resting on Order No. 4673 of 16 August 2004.

General technological developments, experience gained through actual implementation and legal developments in the Basque Government, Spanish State and European Union, all point to the importance of continuously evolving the regulatory and legal aspects of e-Procurement.

In line with this thinking, a draft Basque Government Decree was worked on throughout 2008, to regulate the electronic processing of certain procedures foreseen in the Law on Public Sector Contracts.

Some of the most innovative aspects of the draft are as follows:

- Regulation of telematic processing for the Official Register of Contractors.
- Regulation of the Procurement web portal at the institutional website www.euskadi.net and Contracting Profile.
- Extension number of electronic bidding companies via "Provisional enablement" for e-Procurement.
- Contract Register, Procurement Dossier Management Application, prior Notices and Early Warnings.
- The regulation of complementary documents provided with electronic tenders.
- The treatment of errors and the unavailability of e-procurement systems.
- The treatment of provisional and final guarantees (e-bid bond) in the context of e-Procurement.
- Compulsory use of electronic notification for all bidders, independent of whether they have bid electronically or not.
- Launch of exclusively electronic tenders.

Collaboration

in extending electronic procurement to other Administrations

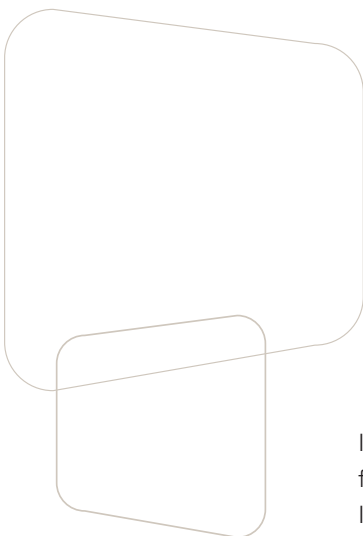
The Agreement of the Governing Council approving the e-Procurement Model Rollout Master Plan, states that it will “promote collaboration with Regional and Local Administrations in the context of Public e-Procurement and, with this in mind, will establish stable collaboration instruments with regional and local administrations that request them, for the development of e-Procurement implementations with sufficient representation”.

The Patrimony and Procurement Directorate will collaborate (available human and technical e-Procurement System resources permitting) with their adoption by any Autonomous Basque Community Regional and Local Administrations that may require them, by providing methodological and training support and help applications for implementations that can count on sufficient representation.

The types of collaboration offered by the Basque Government in the period (2005-2008) were as follows:

- Knowledge exchange.
- Development of an agreement for the transfer of e-procurement system technology to other interested Administrations.
- Extension of e-Procurement in Public Entities linked with the General Administration of the Autonomous Community of the Basque Country.
- General offer of collaboration in the extension of the Public e-Procurement Model to the entire Basque Public Administration. On the basis of the agreement alluded to above, the Basque Government offered its collaboration to the Province Councils of Araba, Biscay and Gipuzkoa and the Basque Federation of Municipalities (Eudel) for the following e-Procurement Areas:
 - Creation of a Basque Public Procurement Portal amongst the Regional Councils and the Basque Government, open to all interested administrations.
 - Creation of a “Contracting Body Profile” for the Basque Country amongst the Regional Councils and the Basque Government, open to all interested administrations.
 - Availability of a new version of the Procurement Dossier Management application (T-66) and creation of a Work Group for its development.
 - Collaboration regarding the Official Basque Register of Contractors.
 - Adoption of the Basque Government’s Electronic Tendering System by Regional Councils, based on 3 different alternatives:
 - Use of the B.G. electronic procurement system to develop pilot tenders during the first learning phase.
 - Delivery of an electronic tendering product usage licence, free of charge for unlimited use.
 - Delivery of source code for the electronic tendering product software.

It is important to highlight that during the 2008 period, a collaboration agreement was signed for Public e-Procurement between the Basque Government and the Alava Regional Council. In effect, the Chairman of the Alava Provincial Council, Xabier Agirre and the Vice-President of the Basque Government, Idoia Zenarrutabeitia, signed an agreement by which the Alava Regional Council may use, free of charge, the electronic tendering system such that all phases of public procurement at the Alava administration can be undertaken by entirely electronic means.





Awards and recognition in the period (2004-2008)

During its lifetime, the Basque Government's Public Electronic Procurement Model has received the following awards:

- Technimap Award 2004, awarded by the Public Administration Ministry for the best digital service aimed at companies.
- Award for Electronic Administration Best Practice 2006, awarded by the Journal Expansión, T-Systems and the Recoletos publishing group.
- Inclusion in the list of reference projects for "IDABC Programme studies on European eProcurement projects".
- Inclusion in the IDABC Programme. ("State of the art report: case studies on European electronic public procurement projects". Under the heading DFPA (Spain-Basque) the PETM-BCS is mentioned as one of the reference in e-Procurement projects in Europe).
- Presentation to the Spanish Parliament Legislative Committee. The individuals responsible for the Basque Government's Public e-Procurement Model - were invited to appear before the Committee that is working on the new law on public sector contracts.
- European Union ePractice.eu Good Practice label for 2007.
- Award "Best Initiative or Technology Project 2008, in the area of Electronic Administration in an Autonomous Administration" by the DINTEL Foundation for the Promotion of IT and Telecoms engineering.



Presence at **national and international events in the period (2005-2008)**

For the past 3 years, the Basque Government has presented its Public Electronic Procurement Model at the following events:

- IANIS + conference (the Innovative Actions Network for the Information Society).
- Inaugural meeting of the EU e-Procurement Working Group.
- Presentation to the Burgundy Regional Council (France).
- III International Congress on Public Procurement, held in Amsterdam.
- Plenary meeting of the European OMC - PTP Project (Open Method of Coordination - Public technology procurement), aimed at promoting innovation through administrative procurement.
 - Presentation to the United Nations Institute for Training and Research, UNITAR and the International Training Centre for Local Authorities (CIFAL).
 - Presentation at a course organised by the United Nations Institute for Training and Research.
 - Presentation at Administrative Procurement Days organised by the University of Murcia.





For any postal queries related to the Basque Governments Electronic Procurement System, please write to the following address:

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