

## **Bristol City Council spearheads major South West drive to recruit suppliers for e-procurement**

With the Government stepping up the pressure on local councils to introduce e-procurement by 2005, Bristol City Council is focusing its attention on the potential impact that online trading could have on thousands of its local small and medium- sized suppliers.

“Procurement in Bristol is an economic development issue. It’s not just a best value issue,” explains Sue Lutkenhouse, Economic Regeneration Coordinator for Bristol City Council. “There is a danger that if local businesses do not take on board the Government’s 2005 e-procurement agenda, they will lose business. It will go to those companies who can most easily access the systems the council is putting in place. Alternative suppliers might be from elsewhere in the UK and overseas. E-procurement is an international phenomenon.”

In order to encourage local suppliers to overcome their reservations about e-procurement, Bristol City Council has set up a regional procurement forum and is working closely with Business Link and other business support agencies in the region. “The main message is that we have got a whole pyramid of e-procurement advice for suppliers who are spooked by it all,” says Russell Darling, Account Services Manager for Bristol City Council.

Each year Bristol City Council spends about £478,000 with 19,000 suppliers and Darling says that 90 % of them are SMEs. The council’s new e-procurement system, called Bristol e-business, goes live in early September. About 35 suppliers have already signed up to the new electronic trading system which will be used by private companies and other public sector agencies such as the University of Bristol as well as local councils in Bath, Somerset and Gloucestershire.

Darling says that many more SMEs have expressed an interest in joining the new e-procurement platform and he is hoping that the involvement of business support agencies across the South West region will help local companies overcome any doubts or fears they hold about the introduction of e-procurement.

The Government is keen to promote collaboration across the public and private sectors to facilitate the widespread adoption of e-procurement as this will help generate savings. Currently about 20% of Bristol City Council’s transactions cost more than the items they acquire. By removing traditional manual methods and streamlining processes in a more efficient manner, the council expects e-procurement to achieve annual savings of at least one per cent which would generate an extra £3 million for the council to devote to front line services.

Darling maintains that the collaborative approach being undertaken across the South West by the public sector will bring real benefits to local suppliers. “As well as making small and medium-sized companies fitter for business, e-procurement is opening up new markets for them.”

Last year the Government kicked off a national e-procurement initiative to encourage local councils across the country to automate the internal and external processes associated with buying. Collectively the local authorities of England and Wales spend about £25 billion a year on bought-in goods and services. One of the key elements of the national e-procurement programme, which aims to improve the performance of authorities and save money, is to ensure that councils devote sufficient resources to supplier adoption of new e-procurement computer systems.

Speaking at a recent South West Regional workshop in Bristol, Martin Scarfe, chair of the national e-procurement project, urged councils and public sector agencies to develop collaborative strategies to support SME inclusion. Talking to businesses in a non-technical way was likely to be more effective. He said it was essential that coherent policies were developed by local councils in order to deal effectively with any concerns local suppliers might have about e-procurement. "If we don't address supplier adoption in a strategic way our local businesses could suffer. We need to link up with business support agencies to assist businesses with the transition to e-commerce."

Business Link West, which is involved with the introduction of Bristol City council's e-procurement programme and the pan South West initiative, believes that the technology is no longer the main obstacle to supplier adoption. "The technology is a no-brainer. What we're trying to do is to get suppliers used to the idea that e-procurement is no more frightening than using a fax machine," explains Donovan Taylor, e-business adviser for Business Link West.

He says that e-procurement could lead to faster payment for suppliers. It has the ability to reduce queries and misunderstandings; and updating catalogues online can be quicker and cheaper than traditional publishing methods, he adds.

Despite the progress that Bristol City Council and its partner public sector organizations are making in the area of supplier adoption of e-procurement, there are still plenty of challenges facing them as they try to win companies over to the Government's desired way of trading for the future.

"I don't think we are entirely addressing the supplier adoption issues of e-procurement. But we are quite well down the road," explains Sue Lutkenhouse. "We have to make sure we take our local economy with us by ensuring our e-procurement systems are as accessible and as easy as possible to use, and by continuing to learn from what other councils across the country are doing."

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## CHECKLIST

E-procurement supplier adoption tips for local councils:

- Getting suppliers on board is crucial to the success of e-procurement.
- Councils need to understand the strategic issues and opportunities of e-procurement.
- Undertake a thorough risk/benefit analysis.
- Ensure sufficient resources are allocated to communicating with suppliers.
- Ensure that a coherent policy is developed for dealing with local suppliers. An e-procurement impact assessment is required.
- Depending on their size and age, suppliers are likely to have sharply different attitudes to trading online.

Key e-procurement tips for suppliers:

- Many councils are already buying and tendering online.
- E-procurement will improve cash flow by speeding up payments.
- An SME will improve its visibility by being on a council's e-procurement system.
- Suppliers can reach wider markets through e-procurement especially with public sector agencies pursuing collaborative strategies which is a priority of the Government's national project.
- E-procurement potentially reduces a company's 'hassle factor' by cutting down on the number of queries and misunderstandings from customers as prices are pre-agreed and are displayed online.
- Online catalogues are cheaper and quicker to update than traditional publications and deliver valuable cost savings in the long run.

### Bullet

A guideline has been developed to help local authorities succeed in supplier adoption. This will be published shortly on the National e-Procurement Project website. Meanwhile contact [nepp@imaginist.co.uk](mailto:nepp@imaginist.co.uk) for further information.

Links: National e-procurement project's web site: [www.nepp.org.uk](http://www.nepp.org.uk)