

Supplier Adoption and Economic Development (Strand 5)

Case study: NEPO E-Procurement Centre of Excellence

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Case study: NEPO E-Procurement Centre of Excellence

The Government has set an ambitious target of having all services capable of being delivered electronically by 2005. NEPO has seen this as an opportunity for the region's councils to work together through a formal partnership to deliver strategic and operational progress to meet e-government targets.

In this NEPO has a clear aim, one that has been agreed by all its constituent members:

“To work effectively in partnership to embrace e-procurement opportunities and the benefits it will deliver through the shared economies of scale, sharing of best practice and the development of common procurement goals.”

In 2002 NEPO was awarded £90,000 pump prime funding by the ODPM to develop a business case for a **strategic shared e-delivery partnership** which would then compete for further funding in 2003/04.

Deloitte and Touche were appointed to prepare a report on the feasibility of developing a North East electronic marketplace and to help with the preparation of an initial business case. This initiative saw close working by all the NEPO members within a formal project management structure demonstrating equal commitment while ensuring the deliverables were achieved within timescale and budget.

The initial project utilising the pump prime funding focused on economic regeneration and engagement with suppliers. The project was successfully completed before the end of March with the following functions all delivered in line with the project plan:

- An electronic version of How To Do Business Guides for NEPO and the member authorities
- A prospectus of future tender opportunities available electronically
- An electronic facility for potential suppliers to register their interest in NEPO contracts
- E-mail alerts to potential tenderers advertising tender opportunities
- E-tendering

Using this as a 'proof of concept' of a genuine partnership NEPO was able to take this further with all individual members agreeing to commit to further work on joint e-procurement initiatives. A further bid was then submitted and NEPO was awarded over £200,000 to develop a number of electronic procurement functions, including a regional e-procurement portal.

This project which had to be delivered by the end of March 2004, was project managed on Prince 2 principles with member authorities taking lead roles in the various strands. Each strand was led by a Project Manager from one of the NEPO member councils reporting to a joint Programme Manager. The Project was overseen by a joint Steering group with regular updated reports to elected members.

Case study: NEPO E-Procurement Centre of Excellence

The Objectives of this Project were:

- To deliver a North East Centre of Excellence that will enable regional e-commerce.
- To deliver a regional integrated e-procurement solution and a single North East Marketplace that will enable savings and maximise the benefits of aggregated procurement arrangements
- To deliver a Best Practice Procurement Model to enhance collaborative regional working
- To deliver joint policies that will support local suppliers and assist their entry into electronic trading with NEPO and Local Authorities.

The deliverables included:

- A regional portal with a range of unique functions.
- Standardised documents and processes across all NEPO authorities
- A supplier adoption programme
- Support of NEPO members with e-procurement integration

The **North East Portal**, www.nepoportal.org went live on 1 April 2004 and provided a significant step towards the establishment of a single e-procurement community through greater joint working and best practice. The portal enables NEPO members to develop a strategic sense of direction, engage suppliers and share skills and knowledge. These common goals enable NEPO's purchasing power to maximise economies of scale, drive down costs to improve service delivery and to ultimately reduce prices of goods and services.

The portal also acts as a hub to provide businesses with a single entry point for dealing with all the North East Authorities. By registering on this site existing and potential suppliers are able to identify and access tendering opportunities for both NEPO contracts and those of the individual member Authorities.

The annual NEPO catalogue is also linked to the portal. The link between the catalogue and the portal sites is seamless, providing customised views for suppliers and for customers, and enabling the implementation of customer on-line ordering to be delivered.

Under this project NEPO also **Standardised and Harmonised Documents and Processes**. Suppliers can be faced with a daunting task when bidding for contracts from individual councils with a myriad of tender documents, systems and evaluation procedures.

Case study: NEPO E-Procurement Centre of Excellence

NEPO harmonised this by rationalising and standardising a range of tender documents and procedures including:

- Pre Qualification Questionnaires
- Financial Checks
- Tender documents, including terms and conditions
- Equal Opportunities procedures
- Environmental issues
- Health and Safety evaluation

All member authorities now use the same framework documents for tenders providing a standard approach for suppliers to follow.

With the **Supplier Development and Adoption stream** NEPO engaged local and regional suppliers to assess the readiness of suppliers to become e-enabled. It is important to work with suppliers in order to remove perceived barriers to e-enablement, a particular problem with SMEs, so NEPO is working with them to encourage low-risk, low cost entry into electronic trading. As many of the regions suppliers trade with most, if not all of the local authorities, this joint initiative by NEPO is eradicating duplication and presenting a co-ordinated approach. By helping suppliers to build electronic strategies NEPO is working in partnership to communicate the benefits of e-procurement across the region.

All NEPO contracted suppliers have been surveyed and categorised to assess their readiness for e-trading. The results showed that:

70% of respondents were Ready, Willing and Able
20% of respondents were Willing but Unable
2.5% of respondents were Unwilling but Able
7.5% of respondents were Unwilling and Unable

NEPO has also been holding dissemination events and exploring ways of working with other stakeholders such as Regional Business Links, NECC, LSC, Local Authority Economic Development Services, One Northeast, as well as private sector organisations such as Sage who are currently supplying accountancy/sales software to many of the SMEs in the region.

It is clear to the project group that all of the above stakeholders have an interest in ensuring that local suppliers and SMEs in particular are not disadvantaged by the introduction of electronic trading. For this reason NEPO has held a series of meetings with these stakeholders where collaboration models for supplier engagement and adoption and SME inclusion have been agreed in principle, subject to the required funding being made available by the Regional Development Agency.

Case study: NEPO E-Procurement Centre of Excellence

NEPO members are working at very different rates towards e-procurement. Within these authorities ongoing action continues to ensure that e-government targets for 2005 will be met. NEPO is continuing to work and review contracts to ensure contract rationalisation takes place and that procurement continues to be founded on the principles of best practice and knowledge sharing.

Process harmonisation across NEPO will assist suppliers while providing all NEPO member councils with a toolkit of template documents and processes. Once processes are consistent NEPO will be able to assist with the selection and implementation of new procurement systems and ICT infrastructures across membership in readiness for migrating towards a joined up marketplace.

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