

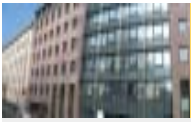


# Coordinated (E-)Procurement for the Republic of Austria

**Andreas Nemec**

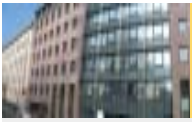
CEO

Austrian Federal Procurement Agency



# **Federal Procurement Agency in Austria - Chances and risks of central public procurement**

**THE AUSTRIAN  
FEDERAL PROCUREMENT COMPANY LTD  
BUNDESBESCHAFFUNG GMBH - BBG**



# Reasons for Central Purchasing of Public Authorities

## **Dezentralisation of Public Procurement leads to:**

- Differing Methods, Procedures & Standards
- Loss of Synergies
- Market Power of Public Demand used inadequately

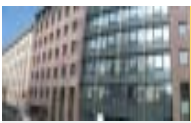
## **Substantial Loss of Public Resources**



## Solution

- Aggregation of Public Demand
- Optimization of Procurement Methods through Spezialisaton  
& Significant Reduction of Tendering Procedures
- Establishment of Austrian Federal Procurement Company Ltd.  
by June, 2001

## Centralisation of Public Procurement



# LEGAL FOUNDATION

- **Federal law (BGBl I Nr. 39/2001)**

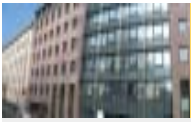
It was issued to establish an Austrian federal procurement organisation, which is regulating the procurement within federal organisations for goods and service supplies.

- **Accompanying regulation (BGBl II Nr. 208/2001)**

Was issued by the ministry of finance, defining goods and services which will be procured centralized by the BBG.

- **Federal law for tender (BVerG)**

The base for all tendering activities of the BBG.



# Objectives

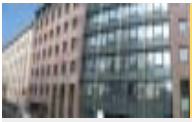
- Demand Aggregation
- Standardisation
- Optimization of Purchasing Conditions
- Process Simplification
- Transparency
- Broaden Competition

**Improve Efficiency of Public Procurement &  
Reduce Public Expenditure**



## BBG Operations

- Needs Analysis
- Document Draft for Tender
- Supplier Selection
- Conclusion of Contract
- Provision of Catalogues
- Market Survey & Analysis
- Standardisation
- Controlling
- Contract Management



## **BBG Operations**

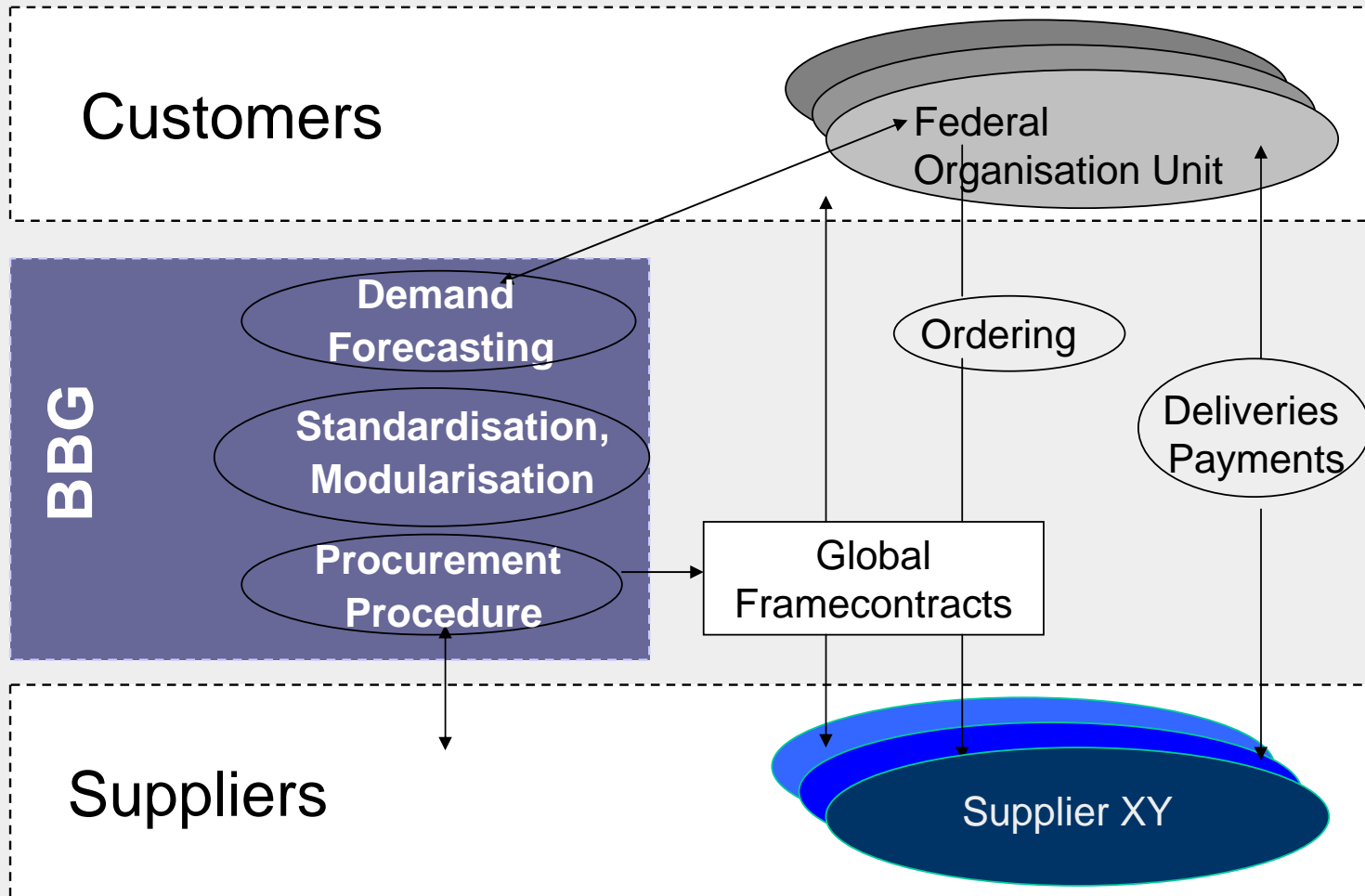
- Supplies & Services Contracts
- Definition of Goods of Services by Regulation

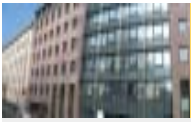
## **Economically Reasonable Aggregation of Demand**





# Links between suppliers and federal entities





## Fields of Activities

- IT Hard- and Software
- Photocopiers, Printers, Desktop PC's & Maintenance
- Paper & Stationary
- Utilities
- Telephone
- Transport
- Cars
- Meal Coupons
- IT Hard- and Software
- Facility Management
- Office Equipement
- Postal Services



## Fields of Activities

- Pharma
- Laboratory Equipment
- Books, Newspapers, e-Media
- Security Services
- Cleaning
- Food
- Textiles
- Chemicals
- Insurance
- Facility Management
- Metallic products, Machines, Tools ect.
- Electronics & Maintenance

**Federal Administration Must Use BBG Contracts**



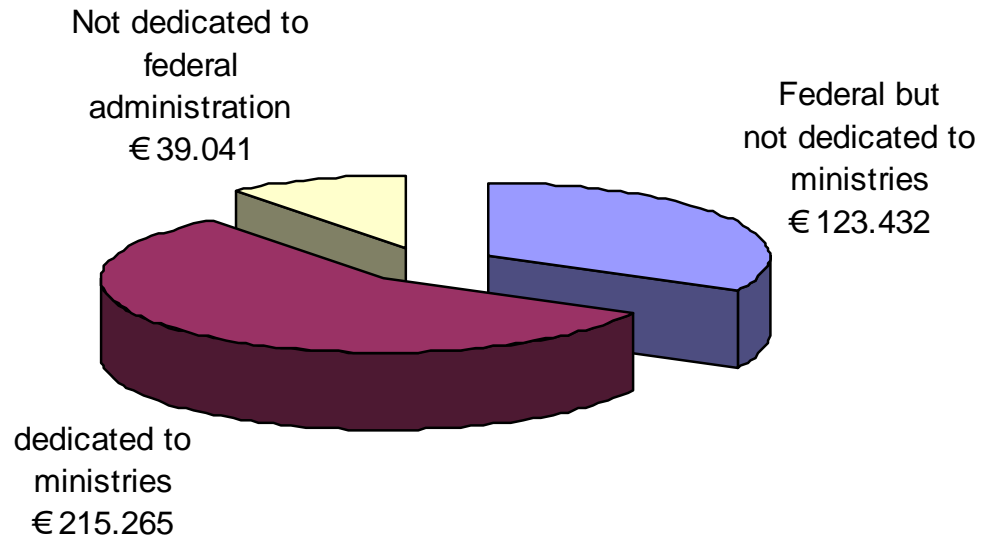
## Fields of Activities

Training  
Project Management  
Public Relations  
Individual Requests

**Federal Administration May Use BBG Contracts**

<i>BBG Procurement agenda</i>	Orders from BBG Contracts		
	2002	2003	Steigerung in %
<b>Furniture</b>		<b>4.877</b>	<b>100%</b>
<b>Energy</b>	<b>72.035</b>	<b>101.431</b>	<b>41%</b>
<b>Telecommunication</b>	<b>47.250</b>	<b>35.937</b>	<b>-24%</b>
<b>Security of buildings</b>		<b>1.557</b>	<b>100%</b>
<b>Cleaning</b>	<b>3.727</b>	<b>20.848</b>	<b>459%</b>
<b>Facility Management</b>		<b>281</b>	<b>100%</b>
<b>Motor Pool</b>	<b>44.224</b>	<b>14.343</b>	<b>-68%</b>
<b>Hardware and machines</b>		<b>1.330</b>	<b>100%</b>
<b>Fuel incl. lubricants</b>	<b>22.503</b>	<b>35.996</b>	<b>60%</b>
<b>Electric euquipment</b>		<b>1.617</b>	<b>100%</b>
<b>Transport and Traveling</b>	<b>15.129</b>	<b>22.859</b>	<b>51%</b>
<b>Office material</b>		<b>3.333</b>	<b>100%</b>
<b>IT-Hardware</b>	<b>26.745</b>	<b>45.940</b>	<b>72%</b>
<b>Office machines</b>		<b>524</b>	<b>100%</b>
<b>IT-Software</b>	<b>14.528</b>	<b>30.544</b>	<b>110%</b>
<b>Pharma</b>		<b>2.498</b>	<b>100%</b>
<b>Letter post</b>	<b>49.164</b>	<b>51.989</b>	<b>6%</b>
<b>Total</b>	<b>295.305</b>	<b>377.737</b>	<b>28%</b>

## Total Volume 2003 Orders €377,7 million

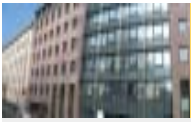




## Other Users

- Public Companies owned by the State
- Regional Governments, Cities, Municipalities
- Universities
- Health Sector

**These Entities May Use the Services of BBG**



## Lessons Learned I

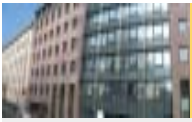
- Demand Aggregation
- Need to develop Adequate Accounting & Controlling System
- Technical Specifications are the core of each Tender
- Cooperation & Communication with Clients = Ministries
- New Coordination Efforts
- Hidden Costs





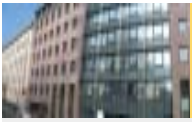
## Lessons Learned II

- Changing of Public Demand
- Impossibility of Knowing the Exact Need
- Limits of Standardisation
- Open Contracts & Catalogues
- Product Developements
- Need for More Flexible Purchasing Techniques
- Framework Agreements
- E-shop



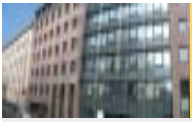
## Lessons Learned III

- Formal Requirements May be on the Detriment of Competition
- Development of Qualified Suppliers
- Increasing Need of Specialists
- Multiplicity of Tresholds
- Litigation
- Need for Simplification of Existing Legal Framework



## Lessons Learned IV

- Closed Markets
- SMME
- **Better Value for Money Can Only be Achieved through Competition**

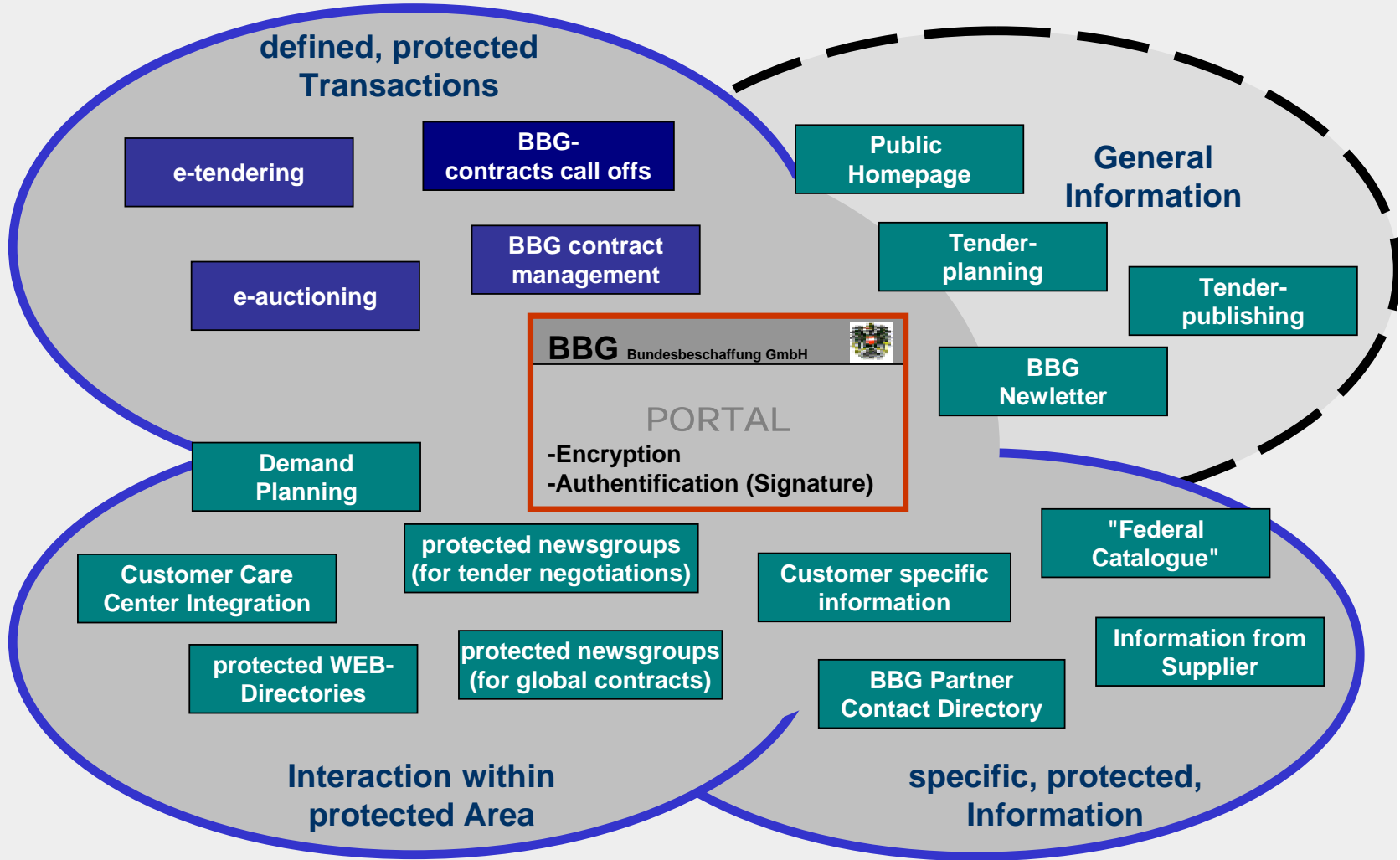


# E-procurement

- Electronic Tender Notice
- Information Platform – [www.bbg.gv.at](http://www.bbg.gv.at) ; [www.auftrag.at](http://www.auftrag.at)
- Electronic Provision of Tendering Documents
- Clear & Defined Procedures
- Transparency of Public Demand



# Masterplan - [www.bbg.gv.at](http://www.bbg.gv.at)





# Expected E-Procurement Support

