Welcome
to
Case study on
A.P eProcurement

Dated 4th JUNE 2007
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Information Technology & Communications Dept
Government of Andhra Pradesh
Agenda for Presentation

- Current Status
  - Pre-reform situation
  - Model – core capabilities - Spread
  - Impact
- Process Re-engineering - Legal reforms
- Challenges in Public Private Partnership
- Change Management – Capacity Building
- Growth /deployment trends
- Project implementation Unit
- Learning & Critical Success Factors
- Demo
Situation before eProcurement

- Discrimination in issue of tender schedules
- Physical threats to bidders
- Cartel formation - suppresses competition
- Pressures on dept officials
- Inordinate delays in tender finalisation
- Human interface – Manipulations, tampering
- Inadequate transparency
- Adverse Press coverage on Tender fracas
GoAP eProcurement Calendar

- Cabinet sub committee recommended eProcurement in 2000
- eProcurement identified as a core eGoverance in 2001 - project with relevance across the government
- Appointment of consultants in 2001
- Selection of Private Partner July 2002
- Pilot launched in January 2003
- Scale up in July 2004
Model – Core capabilities

- Statewide common procurement portal
- Public private Partnership

Core functions
- Supplier Registration
- Pre – Procurement processes
- eTendering
  - IFB – Bid submission – Evaluation - Award
- eAuctions/ reverse auctions
- eRate Contracts
Software features

**Department**
- Dashboard
- User configuration
- Automatic workflows
- Pre Bid meetings
- System aided evaluation
- Review of suppliers
- Tender monitor
- Audit logs
- MIS reports

**Suppliers**
- Self registration
- Digital Certificate authentication
- Dashboard
- Auto emails on favorite tenders
- Tender search
- Tender status
- Modify bid
- Bid clarification
- Briefcase for storage
eProcurement Status

- 12 Govt Departments
- 19 Public sector Units
- 100 Municipalities
- 5 Universities
- 300 Locations across the state
- 1500 govt users
- 22000 vendors
- Turn over
  - 2003-04: Rs 1,982 Cr (564 Nos)
  - 2004-05: Rs 15,600 Cr (2215 Nos)
  - 2005-06: Rs 15,808 Cr (9981Nos)
  - 2006-07: Rs 16411 Cr (16046 Nos)

31430Transactions

Rs50000 Crores
Or
US$12 Billions
## Project Roll Out Status

<table>
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<tr>
<th></th>
<th></th>
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<td>Departments</td>
<td>9</td>
<td>4</td>
<td>3</td>
<td>16</td>
</tr>
<tr>
<td>PSUs</td>
<td>7</td>
<td>6</td>
<td>9</td>
<td>22</td>
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<tr>
<td>Universities</td>
<td>0</td>
<td>1</td>
<td>4</td>
<td>5</td>
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<tr>
<td>Municipal Corporations</td>
<td>02</td>
<td>08</td>
<td>04</td>
<td>14</td>
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<tr>
<td>Municipalities</td>
<td>14</td>
<td>27</td>
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<td>75</td>
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<td>2</td>
<td>1</td>
<td>3</td>
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<td><strong>48</strong></td>
<td><strong>52</strong></td>
<td><strong>135</strong></td>
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## eProcurement Roll out trend

<table>
<thead>
<tr>
<th>Year</th>
<th>No of Depts</th>
<th>Value Transacted in US$</th>
<th>No of transactions</th>
<th>% of eProcurement out of total govt spend</th>
</tr>
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<tbody>
<tr>
<td>2003-04</td>
<td>8</td>
<td>447</td>
<td>564</td>
<td>20%</td>
</tr>
<tr>
<td>2004-05</td>
<td>7 Depts 9 PSUs 17 ULBs</td>
<td>3522</td>
<td>3746</td>
<td>85%</td>
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<tr>
<td>2005-06</td>
<td>8 Depts 13 PSUs 51 ULBs 5 Univ</td>
<td>3740</td>
<td>9981</td>
<td>90%</td>
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</table>
Range of procurements

- Drugs, Medical equipment, Furniture, edible items, Electricity Sub-stations, Vehicles, Auto spares, Transformers, Pumps, H/W, S/W
- Works contracts, EPC - Turnkey contracts
- Highest value Rs 2350 Cr Irrigation project
- Lowest Rs 55,000 drain in a Municipality
- 65 bidders for a single tender
- 347 tenders closed on a single day (26th May’06)
- 3500 Govt users, 17000 suppliers
IMPACT
Transparency

- Automatic e-mail to Bidders on tender publication
- Bid documents available on Net in public domain.
- Corrigendum in public domain
- No interface with departments up to tender opening
- Support documents are open to competitive bidders soon after tender opening
- Tender evaluation status automatically notified to bidders
- Procurement status in Public domain
- Effective tool for RTI Act
Cost & Time Savings to Departments

- Total anonymity generated more competition
- Discount quotations even in Single bid tenders
- Cost Savings

<table>
<thead>
<tr>
<th>Year</th>
<th>Tenders</th>
<th>Value</th>
<th>Cost savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003-04</td>
<td>564</td>
<td>Rs1982 Cr</td>
<td>Rs 255 Cr</td>
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<tr>
<td>2004-05</td>
<td>2215</td>
<td>Rs 15600 Cr</td>
<td>Rs 1000 Cr</td>
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<tr>
<td>2005-06</td>
<td>9981</td>
<td>Rs 15808 Cr</td>
<td>Rs 801 Cr</td>
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- Automated work flows shortened tender lead time from 90 to 180 days to 36 days
- Savings in Print media advertisement costs
## Cost savings in Municipalities

source- MA&UD Department

### Comparison of two systems in 2005-06 (up to Oct’05)

<table>
<thead>
<tr>
<th>Type</th>
<th>No. of ULBs</th>
<th>No of Procurements</th>
<th>ECV (Cr)</th>
<th>%</th>
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<tbody>
<tr>
<td>eProcurement for State Govt funded schemes</td>
<td>52</td>
<td>383</td>
<td>60.33</td>
<td>(-)10.31</td>
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<tr>
<td>Conventional for World Bank Schemes</td>
<td>35</td>
<td>173</td>
<td>29.33</td>
<td>(+) 7.4</td>
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Effective cost savings due to eProcurement is 17.71%
Awards

- 2007: United nations Public Service Award
- 2007: Short listed for the P.M’s Award
- 2006: Topped the independent assessment by MIT, GOI- Score 83.7
  www.mit.gov.in/SA/index.asp
- 2005: Recognised as best practice by GOI.
- 2005: Best IT implementation in country by PCQUEST for creating Social Impact
- 2004: Golden Icon award for exemplary eGov initiative by GOI
BUSINESS MODEL
PPP for e-GP

- No Capital cost to the Government
- State of the art technology
- High quality resources
- Low Risk
- Combining accountability with efficiency
- Services are governed by SLAs
Selecting a Partner

- Use public tendering process
- Prepare a good RFP
- Partner with previous PPP experience
  - Culture of relationship building
  - Management & staff stability
  - Skills transfer and development
Role of Private Partner/ Service Provider

- Implementation of the E-Procurement functionality across all departments
- Customizing software
- Setup and management of hardware and software for the Portal
- Trainings
- Helpdesk services
- Operation & Maintenance
Challenges in PPP

- **Appropriate Model: Revenue/ Period**
  - Charge for completed transaction / Participation
  - Fixed / proportionate charge

- **Quality of Service**
  - Comprehensive SLA
  - Third party monitoring

- **Collaboration**
  - Risk sharing
  - Guarantees, Incentives

- **Irreversible**

- **Vendor rivalry**
Business Process Reengineering
BPR- Standardisation

- Objective is to cut down non-value processes
  - No prior application sale
  - No application fee
  - No Physical copies
  - Auto bid evaluation
- Redesign bid forms
- Contractors Database
- Standardisation of processes
  - Sub-committee chaired by Secretary(Projects)
- Universal item codes

**Standardisation reduces customisation- facilitates quick scale up**
Legal framework & Executive orders

- IT Act 2000
- Executive Orders
- Generic order for Pilot issued by IT&C Dept
  - Rs 1 Crore (US$ 0.22 Millions) & above through exclusive eProcurement mode
- Process guidelines issued by User Departments
- Service Level Agreements signed by User Departments
- Roll out orders issued by IT&C (July 2004)
  - Rs 10 Lakhs (US$ 22000) for Works, Rs 5 Lakhs for goods
Digital Certificates

- Password authentication is weak and does not address repudiation issue
- Mandatory Secured login with Digital certificate authentication for all suppliers
- Digital certificates – IT Act 2000
  - Issued by Certifying Authority authorized by CCA (Controller of Certifying Authority) India
  - CA establishes trust chain
  - Class 2 certificates are issued after validating with documented data base.
  - Certificate keys generated in pairs one is made public and other is private
CHANGE MANAGEMENT
Change Management

- E-Govt Procurement is not an off-the-shelf software
- Implementation involves cultural change, attitudes, perceptions, Processes
- It is not mere IT but more of Reform
Change Management

- **Stake Holders**
  - Departments
  - Contractors/Suppliers
  - Politicians
  - Press
  - Citizens

- **Issues**
  - Security Concerns
  - Computer awareness
  - Internet connectivity
  - Loss of Authority by departments
  - Resistance from some bidders
Change Management

- Involvement of Stakeholders from the initial stages
- High powered committee to buy in of Top Management
- Project Implementation Unit under IT&C Dept
- Departmental core committees – internal champions
- Trainings & workshops
- Post Implementation Support
- Legal frame work - Executive orders
- Mandatory eProcurement
- Reviews and Reporting
Steering Committee

- Chaired by Spl. Chief Secretary, Transport Roads & Buildings Dept during pilot phase: Now chaired by the Chief Secretary.
- Members include:
  - Concerned Principal Secretaries/Secretaries
  - Heads of all participating Departments and organizations
  - Representative of Service Provider
- Mandate to take decisions on business model, selection of service provider, process re-engineering & change management
- Periodicity of Meetings: Twice in a month initially
- Decisions taken by Committee are binding
- A platform for Inter Departmental Collaboration
Change Mgmt. - Departments

- Project Champions identified
  - Domain Experts
  - Senior level management
- Trained as Chief Information Officers
  - 12 week program jointly by IIM-A & HRDIAP
- Formation of core groups
  - As Is process
  - To Be process
  - User requirements
  - Software requirements
- Series of workshops – Regional/ Hqrs
- Reviews and reporting
Change Mgmt..- Suppliers

- Involvement of Supplier Professional Bodies in FRS
  - Builders Associations
  - Small scale industries manufacturers associations
  - Federation of Chambers of Commerce
- Customised screens, prototypes vetted by Supplier bodies
- User friendly Interface, easy navigation
- Department vocabulary used in the front end
- No tender fee on eprocurement (in the pilot)
Trainings

- Trainings in Application software
  - Hands on trainings
  - Supplier registrations
  - Mock bids
  - Training CDs
  - Trainings modules hosted on web site
- 1000 + officers trained
- 2000 + Contractors/ Suppliers trained
- New version trainings
Post Implementation Support

- Call Center type Help Desk maintained by Service Provider
- On 24x7 basis
- Log of all Help Desk calls maintained
- Call disposal tracked
- Based on the severity of problem call is escalated up to Project Manager level
Security & Authentication

- Secured Hosting facility
- Web security
  - SSL technology
  - Firewalls, Anti Virus, IDS
- Two factor authentication
  - Password
  - Digital Certificates: IT Act 2000
- Bid encryption at data base- Asymmetric public key Cryptographic method.
- Audit trail of each activity
- Good backup policy
- Security audit by independent third party
- Time stamping.
- Access control systems
TENDER.EPROCUREMENT.GOV.IN is a VeriSign Secure Site

Security remains the primary concern of on-line consumers. The VeriSign Secure Site Program allows you to learn more about web sites you visit before you submit any confidential information. Please verify that the information below is consistent with the site you are visiting.

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<th>Name</th>
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<td>Validity Period</td>
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**Server ID Information**

- Country = IN
- State = Andhra Pradesh
- Locality = Hyderabad
- Organization = C1 India Pvt. Ltd.
- Organizational Unit = Technical Terms of use at www.verisign.com/rpa (c)00
- Organizational Unit = Terms of use at www.verisign.com/rpa (c)01
- Common Name = tender.eprocurment.gov.in
Growth – Deployment Trends
Phased Implementation

- Pilot in to test proof Concept- January 2003
  - APTS, APHMHIDC, APSRTC, COT
  - Above Rs 1.0 Cr
  - Mandatory electronic mode – No paper bids
- Review the Performance of Pilot
- Quick Roll out Across the state- July 2004
  - Above Rs 10 Lakhs for works
  - Above Rs 5 lakhs for goods & services
Scalability

- Robust & Scalable Architecture
- High volume of transactions
  - 354 tenders closed on a single day
  - 800 bids received from suppliers
  - More than 10,000 documents uploaded
- Caters to all types of procurements
  - High value – Rs 2365 Cr (US $ 500 Million): EPC project
  - Low value – Rs 56,000 (US $ 1200): Drains in a Municipality
Project Management Unit

- IT&C nodal implementing agency
- Full time Project Director
  - Reporting to Secretary IT&C
  - Procurement expert trained in IT
- Supporting team
  - Functional
  - Technical
  - Security
- Roles & Responsibilities
### List of Reports

- Total Procurement Summary
- Summary of Works Completed
- Feedback Report
- Summary of Products Completed
- Tender Search Details
- Tender Data Statistics
- Tenders Geographical Wise
- Department Wise Tenders
### Total Procurement Summary

- **Department Name**: ALL
- **Date From**: 1 April 2003
- **Date To**: 28 October 2006

<table>
<thead>
<tr>
<th>Procurement Type</th>
<th>Transactions Completed</th>
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<th>Total Transactions</th>
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<tbody>
<tr>
<td></td>
<td>Numbers</td>
<td>Value (INR)</td>
<td>Numbers</td>
<td>Value (INR)</td>
<td>Numbers</td>
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<tr>
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<tr>
<td>Tenders</td>
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<tr>
<td>Total</td>
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<td>291,926,963,250.00</td>
<td>11837</td>
<td>99,859,711,669.00</td>
<td>21868</td>
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</table>
Learnings

- Reforms/ BPR in Procurement processes and eProcurement to synchronise to derive full potential of eProcurement
- Statewide eProcurement portal beneficial
- Suppliers adaptability to change is better
- Stakeholders are demanding for complete automation- Auto Bid Evaluation
- Desirable to Develop a Monolithic platform with all modules, but implement incrementally
- HoD support is critical
- PPP Model useful for rapid Scale up
Critical Success Factors

- Top Political leadership support
- High level Project Implementation Committee
- Right policies, Objectives
- Significant Process Re-engineering
- Active involvement of Stakeholders
- Standardisation of processes
- Workshops/trainings
- Public Private Partnership Model
- CIOs from domain are project leaders
- Active Helpdesk
Thank You

Question & Answers

For more details
Visit
www.eprocurement.gov.in

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