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# Perceptions of Electronic Public Procurement

## Summary

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At the request of the French Ministry for the Economy, Finance and Employment, TNS Sofres has carried out a qualitative survey by means of individual interviews on perceptions of the dematerialisation of public procurement (e-procurement), together with the drivers and impediments to its utilisation.

33 individual interviews were conducted: 15 of them with buyers or procurement officers (central and devolved government departments; local authorities; State-owned companies and public bodies) utilising or not utilising e-procedures; 18 with vendors (very small businesses, small and medium-sized businesses, and large firms: managers in charge of replying to invitations to tender, Chief IT Officers, etc.) utilising or not utilising e-procedures.

The survey was carried out between 18 July and 1 October 2007.

## Introduction: public procurement breeds anxiety

Perceptions of public procurement for both targets revolve around the notions of **complexity** and **fear**:  
-- fear among buyers of legal action against them and the risk of contracts being cancelled by the administrative courts for procedural error (this fear is still sharper among local authorities, where political issues loom very large),  
-- complexity of administrative procedures for vendors (especially for the least experienced), but also the fear that their bids will be rejected or fail for the same administrative reasons (missing documents, signature in the wrong place, etc.).

Both targets approach this universe with some trepidation.

## 1 – Support for e-procurement in principle, but grave misgivings over its implementation

### 1.1 Principles and objectives are welcomed...

In this relatively complex context, e-procurement is viewed with apprehension, and its utilisation is extremely embryonic for the time being.

Cutting across both targets, there is general approval for the principles underlying the implementation of e-procurement: i.e. the unification of procedures across the European Union, more efficient procedures, reduced costs and less wastage **an ineluctable modernisation of administrative procedures, in keeping with the spirit of the times** (particularly in its environmental dimension), **and indeed called for by a large number of respondents.**

### 1.2 ...but acceptance remains elusive

**Two main reasons account for this difficulty in gaining acceptance for e-procurement:**

-- first of all, **the lack of experience and experimentation**, as well as a failure to educate and train: buyers and vendors agree in condemning a **blatant lack of information** about the implementation of e-procurement; this information could have helped people to grasp the issues at stake, its scope, its modus operandi, and finally its benefits.

-- next, and correlated with the above, **the lack of motivation**, reflecting both the absence of clearly identified benefits, especially in the reception and transmission phases, technical impediments, and, secondly, a global lack of means; finally, less rational objections such as fear of mistakes or non-completion of the procedure are also mentioned.

All these are so many *a priori* obstacles to a clear understanding of the underlying thinking behind e-procurement.

## 2 – Uneven acceptance of e-procurement depending on the phase concerned

### 2.1 The upstream phase of replies to invitations to tender: general acceptance, though certain impediments remain

For all respondents, buyers and vendors alike, **there appears to be general acceptance of the upstream phase**, indeed some appear to have mastered it.

-- selection of platforms by buyers: this phase now no longer poses any problem, although initially it was found difficult to deal with due to lack of information and advice.

-- publication of notices of invitation to tender: buyers emphasise several benefits, including time saving (the invitation to tender needs to be entered only once for publication on all sites) and easier dialogue with firms. NB: some of them also use the platforms to administer the adapted procedure, even though according to the Code its use is compulsory for formalised contracts only.

Two precise situations were mentioned to explain the non-use of platforms in the publication of notices of invitations to tender: the case of documents too voluminous to put online and download for vendors, and invitations to tender concerning sensitive or confidential sectors such as Government-owned assets, defence, national police, etc.

-- consultation of invitations to tender and downloading of dossiers: notices of invitations to tender are increasingly identified on the Internet via a battery of tools that simplify the work of companies: e.g. search engines on advertisers' sites, such as the *Bulletin officiel des annonces de marchés publics* (BOAMP— Official Bulletin of Public Procurement Contract Announcements), platforms' alert systems, service providers specialising in the search for notices of invitations to tender, and special software to search for and prepare files used in administrative replies to the invitation to tender. These last two tools are used mainly by the vendors most experienced in the use of e-procurement.

Concerning the **downloading** proper of regulations on platforms, several benefits are identified: for vendors, time saving, ease of archiving and transfer of dossiers among staff; for buyers, time saving once again, savings on paper and postal expenses, easier dialogue with companies, and an appreciable reduction in red tape.

However, several negative points are emphasised in this phase:

-- For the vendors:

- the more or less restrictive policy of putting tender documents online depending on the public purchaser and, consequently, variable possibilities of downloading them,
- the large number of passwords to be remembered or stored to gain access to the platforms,
- the difficulty of downloading voluminous dossiers.

-- According to buyers, similarly, the main problem here concerns the vendors, whom they accuse of requesting a dossier in both paper and electronic form, doubling the buyer's workload.

### 2.2 the reply phase: rejected by all targets

The chief problem in this overall approach concerns the transmission and reception of electronic bids. Both vendors and procurement officers cite numerous obstacles to putting this phase into effect, **the benefits being perceived as minimal or even non-existent**. Today, electronic bids concern only an infinitesimal portion of vendors' replies to invitations to tender received by buyers.

-- For buyers: their experience with e-procurement for the filing of invitations to tender is frankly disappointing. Several problems are identified:

- the main obstacle to the reception of electronic bids lies in the fear of **legal action** against the procedure and, ultimately, the risk of invalidation of the contract: buyers fear that, by encouraging firms to send in replies in electronic form, they may be open to attack on grounds of discrimination against small businesses that may lack the technical and human resources needed to respond in this way and, related to that, they fear being accused of undermining competition because fewer bids have been received.

- the **opening of bids by the Tenders Commission** is a crucial moment for them: that is because this is often an occasion for serious tension, especially for local authorities where bids are opened in the presence of all elected representatives, including those of the opposition. Buyers fear computer glitches (e.g. a crash or loss of access passwords/keys), risks of confusion between two envelopes and consequently the risk of cancellation of the contract. Two further objections are emphasised at this stage, namely the need for adequate technical resources (overhead projector, laptop computer, a technician, etc) – which are not necessarily available, especially in small firms – but also the very frequent need to revert to paper form so that each participant can have a personal copy of the bids.

- moreover, the inability of the central government to sign its notifications of public procurement contracts electronically and thereby to finalise the e-procurement procedure strengthens perceptions that the procedure is incomplete.

- finally, the behaviour of enterprises and their lack of enthusiasm for e-procurement themselves singled out for criticism.

- in that respect, there is a noteworthy lack of any incentive policy in procurement departments aimed at convincing enterprises of the virtues of e-procurement.

-- For vendors: insofar as e-procurement remains optional for the time being, and especially since there is no clearly identified benefit, enterprises that have embarked on this road have done so knowing they are taking a gamble on the future and are getting a head start on a process that seems inevitable in the long term. Like the buyers, vendors identified a number of obstacles to the use of e-procurement today, eg.:

- the caution of public procurement officers contributes to the "nervousness" of bidding firms and, as we have seen, the hesitancy on the part of the latter confirms these buyers in the feeling they should not do anything beyond what is called for in the public procurement code. Consequently the vendors accuse public procurement officers of not systematically giving them the possibility of responding to an invitation to tender in electronic form.

- the investment in terms of training and learning, which needs to be repeated over and over again given the diversity of platforms, is another important obstacle for vendors.

- enterprises that have dematerialised their bids also emphasise that the platforms' hotlines are frequently inaccessible, the obligation to use certain file formats that are difficult to master, platforms with different user interfaces, as well as lack of uniformity in terms of their languages and modes of operation. Conversely, they are the only ones to perceive a clear benefit to e-procurement in terms of streamlining administrative and commercial tasks, e.g.:

- time saving in compiling dossiers and the possibility of storing all required documents in the computer memory; bid preparation software programs are frequently cited in this respect,

- reduced risks of error in compiling these dossiers: greater assurance of putting the right documents in the right envelopes thanks to the identification system these new software programs offer,

- finally, welcome savings in paper and postage expenses.

- Enterprises that have never used these procedures, meanwhile, chiefly fear the complexity of this procedure in general, particularly with respect to obtaining a certificate of signature -- whereas the more experienced ones treat this phase as utterly banal – and, finally, the fear of a failure of transmission or a problem that could lead to rejection of the documents they send.

Most of these firms are small businesses lacking fully developed technical and human resources; replying to invitations to tender for public contracts represents an infinitesimal proportion of their activity. In this context, the prospect of increased replies to invitations to tender in electronic form is driving them progressively to lose all interest in these contracts, because the investment in terms of finance, time and resources seems to them to be out of proportion to the potential gain.

### 3 – The future of e-procurement remains uncertain

#### 3.1 Buyers and vendors remain cautious

Given the low level of acceptance of the procedure, both vendors and buyers alike express great perplexity in the face of plans for the general introduction of e-procurement.

All are persuaded that this general introduction seems ineluctable, and yet the obstacles to its utilisation are so powerful at present, and the fear of mistakes so strong, that both targets admit to acting with extreme caution with regard to the future:

-- buyers state that, if they can, they will not impose e-procurement as the sole possibility of replying to an invitation to tender, unless they have a legal guarantee that they will not be prosecuted for procedural errors;

-- vendors, meanwhile, will adjust to the buyers' desiderata. A certain number of them, particularly the smallest ones, admit that if this procedure is brought into general use, they will stop responding to invitations to tender.

#### 3.2 Strong demands regarding the development of e-procurement

Buyers and vendors express two main demands:

- First and foremost, **building awareness, informing, and training**: the need to implement a fully-fledged policy of building awareness among enterprises on the one hand and public procurement officers on the other appears to be essential and a pre-condition of any plan to expand e-procurement. Similarly, presentation of the tools, platforms, obtaining electronic signatures, etc. is seen as essential to better understanding of the procedure and to dispel spontaneously expressed objections. For example, explaining what obtaining an electronic signature consists in, clarifying the procedure, stating deadlines, etc. could enable some firms to overcome their initial apprehension vis-à-vis e-procurement.

- Second, the **homogenisation of platforms**, with the adoption of a single platform, or at least an effort to create uniform user interface principles for existing and future platforms, so as to gain easier acceptance of the process. Similarly, respondents called for better hotline access, and greater support for these throughout the process.

- Finally, buyers also demand clarification of the regulatory framework, to reassure them over the conditions governing legal recourse.