

# Chapter 12

## European Public E-Procurement: The Italian Experience

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### ABSTRACT

*The public procurement of goods and services is a strategic activity for governments for at least three reasons: a) it has a relevant economic impact (15–20% of the GDP of European countries); b) it is relevant for potential improvements in governments' public services; and c) it affects both the competitiveness of nations and the welfare of citizens. After a description of the European central procurement models for the public sectors, this chapter identifies the specificities of the Italian situation, discussing the role of e-procurement platforms across the whole system from an organisational and an economic point of view. Focusing on the Italian Central Procurement Department, the authors conducted a survey on e-transactions over the past four years. The results show the kinds of goods and services that are more compliant with the use of e-procurement tools, trends in transaction volumes and economic amounts and the relevance of different geographical areas and different public organisation typologies. A major change in e-procurement transactions has occurred because of the compulsoriness enforced by legislative framework.*

### INTRODUCTION AND BRIEF LITERATURE REVIEW

Procurement is now seen not only as a strategic player in the value chain, but also as a major driver in the extended supply chain (Kalakota and Robinson, 2001; Percy et al., 2008). Some literature espouses the benefits of innovative solutions through procurement systems, mostly

connected with ICT implementation (Aberdeen Group, 2005; Heywood, Barton and Heywood, 2001; Schoenherr and Tummala, 2007; Tanner et al., 2007). These benefits include the acceleration of the execution times of procedures and reduction in announcement expenses, simplification of processes and the direct and constant monitoring of public spending; the opportunity to spend time out of routine administrative tasks (automated by new tools) through activities with higher added value in terms of function-specific purchases

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(e.g. marketing intelligence); the improvement in transparency because of the uniformity of access to information without discrimination because the tender documents are online; and the standardisation of procedures, which ensures that the timing and quality of processes can be more easily controlled by external actors (e.g. information asymmetries).

However, some studies (Andersen, 2004; Henriksen, Mahnke and Hansen, 2004; Vaidya, Sajeev and Callender, 2006) reveal that these benefits tend to decrease in the public sector, mainly because of the impact of different economic, institutional and social factors (Calista and Melitski, 2007; Gichoya, 2005; Heeks, 2008; Mahadeo, 2009; Maniatopoulos, 2004; Tonkin, 2003). These differences have resulted in a number of specific regulations and standards that have been developed for public (e)-procurement that require bureaucratic procedures. This bureaucracy, which is also related to the nature of the institutions involved (Castelnovo and Simonetta, 2007; Kanishka and Hepu, 2010; Somasundaram and Damsgaard, 2005), covers audit, accountability and compliance standards with national and international rules to ensure supply competition and transparency in the awarding of contracts. In particular, certain problems remain crucial, such as inadequate Internet coverage and the digital divide and the inertia of users in change management from an organisational and cultural point of view. Moreover, resistance at the local level in wanting to play and compete within a system tends to increase by bringing into question its own consolidated market components (Liu, Derzsi, Raus and Kipp, 2008; Schwester, 2009; Shackleton and Dawson, 2007; Thomson, 2009).

Despite these weaknesses, the public procurement of goods and services in the European context is a strategic activity for European governments. Thus, it is worth studying this topic for at least five reasons: a) it is economically relevant, b) it has a substantial impact on governments' public activities, c) the juridical panorama has strongly

evolved in the past 10 years, d) there exist different institutional and management models and e) it affects both the competitiveness of nations and the welfare of citizens.

Following new rules and orientations of the EU and Member States, new ICT tools have been introduced to facilitate the match between demand and offer (e.g. Simap website, electronic tendering, directives to stimulate the use of ICT, etc.). The more the public service impacts on individuals and communities (for example, health care services, environmental issues, creation of job opportunities), the more public procurement rules and ICT tools should be effectively managed. Moreover, the EU harmonisation process can face difficulties depending on the different national contexts and the political, juridical, cultural and institutional profiles of each country (UNDESA, 2008). The public procurement models of EU countries can be identified by their grades of centralisation/decentralisation and by the extensions of their public mandates (i.e. their scopes and whether they are mandatory or not), as well as on the different typologies of goods/services.

## **RESEARCH METHODOLOGY**

To understand how the role of central public e-procurement should be developed from its current standpoint, we analysed different situations in old European countries. In these countries, we observed the presence and relevance of public e-procurement projects either at a regional level or at a national level in order to centralise the purchasing of products or services with all the relative advantages. To study the use of public e-procurement in the EU, various approaches were adopted. Data were collected using a content study of major central and local government websites in the most developed European countries.

To understand the Italian experience, we conducted a survey on the Italian Public Administration eMarketplace over the past four years

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