



Successful e-tendering

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Welcome to a
guide on
successful
e-tendering



e-tendering (exchanging tenders documents electronically) can significantly improve the efficiency and time taken to complete a purchasing project, many of the activities listed above can be managed electronically and/or automated.

1. INTRODUCTION

It is not uncommon for the traditional purchasing cycle to take months from the initial formation of the specification through to the award of the contract. The Aberdeen Group suggests that the following are percentages of total time

- searching for/identifying appropriate suppliers is 53%
- managing/communicating preferred supplier list is 7%
- RFQ development is 10%
- RFQ response/receipt is 7%
- screening/sorting proposals is 20%
- contract negotiation 11%

The whole process takes, on average, 3.3 to 4.3 months. Countless man-hours can be input along the way from both the purchasing organisation and the suppliers taking part in the process.

e-tendering (exchanging tenders documents electronically) can significantly improve the efficiency and time taken to complete a purchasing project, many of the activities listed above can be managed electronically and/or automated.

e-tendering portals (secure dedicated websites, specifically set up for the exchange of information and tenders documents electronically over the internet) and systems should allow the buyer to create, manage and transmit contract announcements (notices and addenda) electronically. Tenderers can create and manage multiple profiles containing expressions of interest/pre-qualification information. Invitation to Tender (ITT) documents can be exchanged electronically, and the assessment and award of tenders is usually automatic.

e-tendering portals/systems can significantly reduce the numbers of hours and bureaucracy to create and award a tender. It also creates an electronic audit trail that can be used to provide more effective management information, particularly in respect of the statutory returns local government departments are required to produce on an on-going basis.

All contracts from the public sector which are valued above a certain threshold (see appendix 1) must be published in the Official Journal of the European Union (OJEU, formerly the OJEC) according to EU legislation. The production of the hard copy version of OJEC ceased in 1997. It can now be accessed on CD ROM or via TED (Online (<http://ted.publications.eu.int/official/>) or other intermediaries on the web.

The legislation covers organisations and projects which receive public money such as Local Authorities, NHS trusts, Central Government Departments, Port Authorities. They must advertise in OJEU if the value of the goods/services or works exceeds the relevant thresholds. Some privately funded/managed contracts will also be covered - if a project is in receipt of more than 50% public funds, - a good example being the Millennium Dome or the construction of the Scottish Parliament Building.

Around 2500 new notices are advertised every week - invitations to tender, pre information notices, qualification systems and contract award notices from over 80 countries worldwide. Around 10% - 15% of these are from the UK and Northern Ireland.

Because the legislation directly affects the public sector, e-tendering is currently used more by those involved in the tender process within the public sector. It may also be of interest and relevance to suppliers who take part or would like to take part in tenders. The private sector sometimes use a pre tender as a Request for Information (RFI) before selecting and entering suppliers into an e-auction. Although not legally required the private sector may also use the full blown e-tendering as a tool in their procurement toolkit as part of their procurement strategy.

e-tendering is only one element of an e-sourcing suite or a strategic sourcing strategy and should be considered alongside e-procurement in the context of an overall e-purchasing strategy. It is recommended that readers view the Topic References files under the Professional Resources area of the website at www.cips.org on the subjects of e-commerce and e-business and e-sourcing for more information on the subject. See Appendix 3 for information on EU procurement procedures for Tenders.



2. WHY ORGANISATIONS SHOULD BE AWARE OF E-TENDERS

e-tendering portals and systems can help with ensuring that the process and proper procedures are followed regarding the type of tender as described above. In addition the National e-procurement project has identified the following efficiencies and savings:

- e-tendering process efficiencies which total 725 full time equivalents within the public sector
- e-tendering overhead cost savings
- £8m across all councils
- enables staff to concentrate on their prime function
- meeting e-government targets
- financial transparency and accountability
- benefits to suppliers
- reduction in processing costs
- reduction in ordering costs
- reduced paperwork
- improved cash flow
- reduced costs of credit control

Benefits and Improvements to Buyers

Although there may be overlap between the categories the benefits and improvements to the buyers generally fall into one of these areas:

Cashable

- The Tender organisation can use e-tender sites to advertise tenders which can result in considerable cost saving from advertising tenders in more traditional forms, ie national press
- The dependency on, and cost of, sending proposals via post or courier is eliminated
- Document storage - no physical storage constraints
- Document distribution - saves administration time and cost.

Process Saving

- Process improvements
- Receiving documentation electronically means circulating tenders internally across multiple locations is simplified greatly
- If 200 people have registered to receive details of the tender and if one of these people asks a question, then it is necessary to make everybody who has registered aware of the query and the answer – this is simple to do with an e-tendering system/portal
- Saves time handling large numbers of expressions of interest and quickly reduces them to a manageable number
- Supplier can update pre-qualification and insurance details held on e-tendering portal
- e-tendering portal may be able to make use of such technologies such as XML questionnaires - the questions may or may not have mandatory options,

which the tenderer must fill in before they can return the questionnaire

- Secure communications with suppliers can be data encrypted and time locked to protect all sensitive information
- Improved continuity when staff are absent – information is easily shared via the e-tendering portal.
- Automatically generates and dispatches common correspondence
- Encouraging suppliers to respond electronically saves time recording vital information and allows the automatic score of responses
- Formal opening procedures - speeds up recording of bids
- Dramatic time savings allow more time to make professional, accurate buying decisions
- e-tendering system can help compile year end reports, for example Higher Education bodies have to submit return to the Higher Education Funding Council of England (HEFCE)
- Tender organisation can also use system for quotes, ie Local Government bodies must get three quotes for goods over £10K.

Reduction in Overhead Cost

- The administration overhead of producing multiple bound copies of large paper-based proposal documents is eliminated.

Non-Cashable improvements/benefits

- Electronic submission can support environmental policies
- Total visibility of all tenders - greater management/audit control
- Project Management - project access for remote users
- Compliance with e-sourcing guidelines (as recommended by the e-gov National e-procurement project)
- Privacy, authenticity, integrity and non-repudiation
- Document control - Freedom of Information
- Improved history function of procurements, - all emails between the tender administrator and the tenderers are automatically recorded by the system.

Buyers Viewpoint

“The system should prevent insider dealings and fraudulent submissions, plus significantly reduce construction tender programmes in the long term, through efficient supply chain procurement” – Timo Partanen, of SDA, Project Manager on Several Audi/VW projects





3. CASE STUDY

The University of Sheffield introduced e-tendering three years ago. Since then they estimated that the process cost of sourcing a product has roughly halved. One of the main benefits of the system is that it forces people to follow the written process and also allows for electronic management of the contract. Steve South, Purchasing Director for the University, thinks the time is now right for e-tendering with suppliers – three years ago only 20% of suppliers could deal with electronic tendering, whereas today the figures have reversed and 80% of suppliers are happy to deal with electronic tendering and only 20% cannot.

South thinks the change in adoption of e-tendering has been helped by broadband which makes the upload and download of documents over the internet much faster and less problematic. Suppliers also like the fact that they can now respond to the tenders in MS Word, save a copy to their systems to modify and adapt for future use and attach and send in response to the tender request easily.

The advantages to the University as a result of e-tendering have been huge. They now have 120 tenders on the system which is double the amount of three years ago, furthermore they have also halved the number of staff needed to achieve this increase.

The only challenge left now to overcome with this process is to switch the paper process off totally and rely solely on the electronic system.

Benefits and Improvements to Suppliers

Although there may be overlap between the categories the benefits and improvements to the buyers generally fall into one of these areas:

Cashable Improvements and Benefits

- Visibility of all current and future business opportunities
- No cost to view opportunities and to register an interest - free access to the secure area of the portal (there may be a charge from the contracting authority for issuing the relevant documents).

Process Savings

- Tender documents are easily accessed and downloaded from the e-tendering site
- The online submission process is simple to use, the upload is quick and a confirmation of receipt is usually issued
- Once a tenderer has gone through the pre-qualification process with the organisation issuing the tender, it is likely that the tenderer will be asked only to update their own details and may be asked for further information which is not stored on the system resulting in fewer forms for the supplier to fill in

- History log - keeps supplier up to date with the process
- No need to rely on third party delivery of documents
- More time to prepare their response, if a tender system is on a managed server and web-based, the minute the supplier sends their response the buyer should be able to view it - the supplier can therefore submit responses minutes before the deadline
- Project Management - all communications and documentation held on portal
- Suppliers can generally make changes to their submission, including adding or deleting documents, at any time up to the tender opening date.

Non-Cashable

- Various ways to return documents
- Ease of use
- Data security - secure communications with suppliers, can be data encrypted and time locked to protect all sensitive information
- Supplier can update pre-qualification and insurance details held on e-tendering portal

Benefits to Buyer

Supplier's viewpoint

“e-tendering makes communication between Newell & Budge and the Scottish Executive much more efficient. Our effort can now focus on the content and quality of our bids. We no longer need to worry about the administrative elements of getting a bid submitted on time” –

Alison McLaughline, Senior Account Manager for the Scottish Executive, Newell & Budge.

General features to look for in tendering portals/systems

- Fully OJEU compliant
- Manage expression of interest online
- ‘One Click’ publishing to websites and OJEU
- Complete tenderer management
- Different levels of access to the tender project can be assigned for different users
- Automatic generation and recording of common correspondence
- Easy to use questionnaire and score sheet creation
- Workflow management
- Transparent auditable process control
- Little or no internet knowledge required – should be intuitive help in the system
- Tenderers can receive everything they require via an e-tendering portal, there is no need for software to be downloaded.
- Competing tenders are unaware of each other
- Pre-qualifying tenders
- Submissions not visible until opening date

Successful e-tendering

- Messaging and feedback discussion area
- Can support all file types including PDF
- Involvement in tendering gives no rights of access to project data, other than to those documents included in the tender package
- The opening date for the tender can be extended if necessary, but cannot be brought forward. Supplier portal must be easy to use.

Running the process

Resources and Issues

Initially it is important to make sure thought is given to the resources required and any issues which might need attention upfront such as:

- Programme manager and sponsor to deliver the business case and drive the e-tender programme forward
- Decision on whether to involve an external ICT partner to deliver this or if there are the capabilities in house also to make the decision:
 - whether to engage with a hub exchange
 - whether buy off the shelf or bespoke software
 - whether to attempt a shared service
 - should this be recommended as part of a wider e-sourcing or e-purchasing system?
 - should this interface with the current financial system?
- Evaluation of risks and contingencies if the system breaks down
- Resources in terms of money and personnel to drive forward the programme
- Security, firewalls and other security related IT issues
- Training, cultural change and change management programme.

Planning and Design Using an e-tendering Portal or System

e-tendering allows professional buyers and sellers to announce their requirements online and gives an equal chance for all participants to respond by a set time on common terms. Control of the e-tender process remains with the initiating company who establish the tender terms, conditions and deadlines that need to be met by participating subscribers. (Please also refer to appendix 2 for a Tender Summary checklist)

- Create a project OJEU/Non OJEU

The best systems cut down on inputting data with information dropped into fields selected from predefined standard text that has been set up in the database. Information recorded at set up that is relevant to the OJEU form should default onto the form. If the system has contract management features then information collected during the tendering process should default onto the contract register.

During the process the system should allow actions,

with automatic email prompts, to be placed on key personnel to manage the workflow, for example, the checking of documents before despatch, advising the evaluation team that access to the returns folder is now available after the tender has been opened.

- Define its stages

The system should mirror the current procedures by building up the various stages of the tender within the Project. Any number of Stages should be possible from PQQ through to Award. These Stages hold the document sets associated with the tender. The system should also be capable of holding all documents associated with the Project - internal minutes, project plans and evaluation documents.

- Assemble Document Sets and enquiry document such as Tender enquiry documents:

- invitation to tender
- form of tender
- proposed form of contract and terms and conditions
- supporting and background documentation
- returns procedure
- specifications
- schedules
- health and safety plan

(for CIPS guidance on how to develop a model ITT, please log on to www.cips.org members log on, then under the professional resources area of the website, click tools templates and then, Model ITT, which will provide information on Cost price and delivery, Developing specifications, Tender terms and conditions, Tender offer, Quality standards, Health and safety environment, Declarations and other documents)

These documents will be uploaded from a network to the e-tendering system; the system should be capable of holding document templates to ensure that there is uniformity of approach across the whole organisation.

- Publish Project/Tender to OJEU/Web Site/Local Paper

The web site will have both a public area where anyone can gain access and a private area where access is gained through the use of a password and user identification.

The system should allow procurement personnel, through simple web management tools, to set the parameters for the web site:

- How much information and content the web advert will display
- Which part of the web site the advert will be published on, either in the forthcoming, current or awarded pages
- Restrictions such as those suppliers who might be invited to tender against a framework agreement



- Whether suppliers can express interest or not?
- Whether they can receive and management tender documentation electronically.

- Receive expressions of interest

The web site should allow suppliers to easily express interest in a tender and be able to automatically publish the first set of documents without procurement involvement. The system should also be able to manage expressions of interest that have been received through the postal system.

- Send out pre-qualification questionnaire via MS word or in an XML format

Sophisticated systems also allow for documents to be produced in XML format. Such documents ensure that questions cannot be altered; they can also be marked as mandatory ensuring that a return can only be made if the mandatory questions have been answered.

- Tender organisation receives word/XML pre-qualification questionnaires

The system should handle all existing documentation and file formats currently in use, including CAD files. The web site should provide free links for suppliers to obtain free viewers if they do not have the software installed on their computers.

XML questionnaires will be filled out online but should be able to be saved and printed from the website.

- Pre-qualification questionnaires are returned and suppliers short-listed

The use of automatic assessment tools at the pre-qualification stage can release time to be spent more productively. If the system has supplier management capabilities then the supplier, once qualified through system prompts, can keep the information up to date.

- Dispatch invitation to tender to approved suppliers
- Whilst the aim will be to encourage all suppliers to respond electronically, the system should be capable of handling different methods of delivery and receipt of documents. All information received should be capable of being loaded into the system so that, when the project is archived, all the information is in one place and can be easily retrieved.

Once the documents have been loaded into the document folder then publishing to the tenders is completed by the click of button. All information is sent out securely and encrypted for safe and secure delivery to the tenderers.

The system should indicate how many responses have been made but once the documents have been

published to tenderers, their identity should be hidden until the tenders have been opened on the due date and time.

- Tenderers receive document sets

The system should automatically prompt the supplier by sending an email advising that documents have been published on the web site. The system should provide the supplier with an audit log so that at every stage of the process the system automatically keeps them informed thus negating the need to phone the procurement team.

- Tenderers return document sets

The website must be easy to use and require little or no support enabling the supplier to easily log on and navigate to the documents. There should be the ability to download documents received and then upload the various documents requested by the procurement team for return to the secure tender box.

The system should be able to mirror existing formal opening procedures where only personnel with the authority and with the correct system rights and permissions can open the bids. The opening ceremony as with all other aspects of the system must have a clear audit trail indicating when and at what time and date the bids were opened.

- Assessment - Award of contract

Whilst certain elements of the tender could be handled automatically the majority will require the skill and expertise of the evaluation team to assess the subjective parts of the supplier's return. The system must be capable of recording and storing this information so that both auditors and any requests that are received through the Freedom of Information Act (2000) can be handled quickly and efficiently.

- Management reports

Systems should be capable of searching and filtering the data in the system with the ability to extract data to provide useful management information.

The risks

- 1) If the system fails you should make provisions for putting into a place a back up in the form of email, disk or even reverting to hard copy.
- 2) It is probably advisable to put a disclaimer on the e-tendering portal viewed by suppliers for any misinterpretation of instructions or downloads they receive by the e-tendering portal.
- 3) Ensure suppliers are aware of what they are signing up to, for example by making them read a summary of important points before they register. A good example is that if, when they register, they are asked for an email address and it only gives the



opportunity to add one, then they should be aware that if they give theirs and they are away they should give access rights to somebody else. If they give a generic email address, ie info@sales then there is a chance that emails could be deleted or re-directed to the wrong person. In this situation it might be advisable to get more than one person to register from the supplier's company.

- 4) It is advisable to hyperlink anything that is generic but important that the buyer wants the supplier to sign up to, ie terms and conditions to the tender documents.
- 5) Include legislative points which might affect the award of the tender such as the Freedom of Information Act into the T&C's.
- 6) It is advisable on a web based tendering portal to give the buyers access to a view-only account for each supplier. So if a supplier is having problems with inputting information the buyer will be able to see exactly what the supplier can see and talk him/her through the process.
- 7) Make sure that all parties are aware that the server clock gives the time that everybody should adhere to.
- 8) Ask for faxed/email (as soon as the network is back up) notification of proof from the supplier's IT department, if a supplier claims they could not access the e-tendering portal because their network was down, before making a decision to accept the late tender.

Things to avoid

- 1) Avoid excluding potential suppliers who cannot access an e-tendering portal via a website, if needs be make hard copy ITT available.
- 2) Change processes for the better – do not just implement the paper system as it is.
- 3) Do not rely on paper, once the e-tendering system proves it is working – switch off the paper.
- 4) Personalised letters etc, remember, the point of the e-tendering system is to make information accessible to everybody so address letters generically, ie 'Dear Sirs' etc.
- 5) Giving users access they should not have. Make access relevant to the user and bear in mind that procurement should have overall control, for example procurement may be the only users to have access to the final award of the tender.
- 6) Avoid making a final decision on the tender award before involving users, where applicable, to look at the quality aspects of submissions.

Selecting an e-tender Provider

Consider the following points;

- 1) To avoid problems with loading up software on specific machines, having powerful enough operating systems etc, and giving people access, consider implementing a browser based solution.
- 2) It may be more cost effective to have a site licence for an e-tendering system rather than having an individual charge for each user licence.
- 3) Select a system that is free to suppliers (even if there may be a charge for the download of the tender documents themselves).
- 4) Where possible an e-tendering system should give access to suppliers for them to maintain their own data.
- 5) The e-tendering site should be so easy to use that it can almost be used without instruction, however have online help and the ability to set up dummy accounts to see a view of the supplier's site, to give help if necessary.
- 6) It is advisable to write down the paper process in detail, to look to improve this process and then write a checklist of everything that you need an e-tendering solution to achieve as a checklist before selecting a solution.

4. SUMMARY

e-tendering solutions can undoubtedly improve the tendering process and drastically cut-down the amount of time taken. This can result in an increase in the amount of tenders undertaken at any one time and/or an improvement in the overall control of the process. End users can be given access rights to involve them in the process to a large degree ie the specification writing etc and work with purchasing to achieve the best overall value in terms of price and quality.

All historical information relating to the award of the tender will be held on the e-tendering portal/system. This means that auditors can find all the information they need in one place, along with an auditable trail of the award decision.

Anybody who has dealt with the reams of paper that can be involved in the traditional tendering process and has read this document will hopefully now see the obvious benefits that an e-tendering system/portal can bring.



5. APPENDICES

APPENDIX 1

EC Procurement Thresholds

The EC Procurement Rules apply to public authorities (including, amongst others, government departments, local authorities and NHS Authorities and Trusts) and certain utility companies operating in the Energy, Water, Transport and Telecoms sectors. The rules set out detailed procedures for the award of contracts whose value equals or exceeds specific thresholds. Details of the thresholds, applying from 1 January 2006 are given below.

| Public Sector, from 1 Jan 2004 | Supplies | Services | Works |
|--|---------------------------|---------------------------|-------------------------------|
| Central Government Departments, NHS Trusts, Health Authorities etc | £93,898 137,234 euros | £93,898 137,234 euros | £3,611,474 5,278,227 euros |
| Local Authorities, universities, schools and other public sector contracting authorities etc | £144,459 211,129 euros | £144,459 211,129 euros | £3,611,474 5,278,227 euros |
| Indicative Notices | £513,166 750,000 euros | £513,166 750,000 euros | £3,611,474 5,278,227 euros |
| Small Lots | Not applicable | £54,738 80,000 euros | £648,221 1,000,000 euros |

| Utilities Sector, from 1 Jan 2004 | Supplies | Services | Works |
|---|---------------------------|---------------------------|------------------------------------|
| Water, Electricity, Urban Transport, Airports and Ports sectors | £288,918 422,258 euros | £288,918 422,258 euros | £3,611,474 5,278,227 euros |
| Oil, Gas, Coal and Railways sectors | £273,688 400,000 euros | £273,688 400,000 euros | £3,421,105 5,000,000 euros |
| Telecoms sectors | £410,533 600,000 euros | £410,533 600,000 euros | £3,421,105 5,000,000 euros |
| Indicative Notices | £513,166 750,000 euros | £513,166 750,000 euros | As per appropriate works threshold |
| Small Lots | Not applicable | Not applicable | £648,221 1,000,000 euros |

Successful e-tendering



APPENDIX 2

TENDER FILE CHECK LIST

TENDER REF:

1. SYNOPSIS
2. TENDER PROGRESS SUMMARY SHEET
3. INVITATION TO TENDER
4. COPY OF RETURN LABEL
5. COPY OF EU NOTICE & FAX CONFIRMATION IF APPLICABLE
6. TENDER CHARGE
7. ALL RECORDED DELIVERY SLIPS ATTACHED, WHERE POSSIBLE, TO SUPPLIERS REQUEST FOR TENDER DOCUMENTATION - OR SEE E-TENDERING PORTAL
8. TENDER OPENING DOCUMENT
9. RACE EQUALITY COMPLIANCE DOCUMENTATION *****
10. ENVIRONMENTAL EVALUATION *****
11. ALL OTHER DOCUMENTS, LETTERS, EMAILS, PERTAINING TO SUCCESSFUL TENDERER - OR SEE INTEND
12. SUCCESSFUL TENDER DOCUMENTATION/CONTRACT
13. COPY OF AWARD NOTICE TO EU
14. VALUE ADDED
Signature cover sheet Analysis
15. COPY OF EQUIPMENT FORM (RGC2)
16. ALL OTHER DOCUMENTS, EMAILS, REJECTION LETTERS PERTAINING TO UNSUCCESSFUL TENDERERS - OR SEE INTEND

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APPENDIX 3

EU Procurement Procedures for Tenders

What are the different tender notice types?

The tender notices have different 'document types'. These document types are determined by the procedure that should be followed before a contract can be awarded. The most common notice types are listed below:

Invitation to Tender Notice - Open procedure:

This applies when a Contracting Authority has a procedure in place, which will definitely lead to the award of a contract. The procedure is open because all interested parties are invited to tender.

Invitation to Tender Notice - Restricted procedure: This applies when a Contracting Authority has a procedure in place, which will definitely lead to the award of a contract. The procedure is restricted because suppliers are first invited to express an interest and tenders are only invited from those firms that have qualified against certain criteria.

Invitation to Tender Notice - Negotiated procedure:

This applies when a Contracting Authority has a procedure in place, which will definitely lead to the award of a contract. The procedure is negotiated because the Contracting Authority may only consult suppliers of their choice and negotiate the terms of the contract with one or more of them. The negotiated procedure should only be used in exceptional circumstances, for example, in extreme urgency or perhaps in situations where it is difficult to define exact requirements.

Prior-information Notice:

These are released by public sector organisations only. They give prior information about requirements that are expected to be awarded in future. Normally an Invitation to Tender Notice relating to any of the requirements listed will be published at a later date. However it is clear that not all awarding authorities follow the proper procedures so it is advised that interested suppliers should contact the Contracting Authority regardless of the type of tender notice published.

Periodic Indicative Notice:

These are published by utilities as opposed to public sector organisations. They come in two main forms: (a) With call for competition or (b) Without call for competition. The former invites interested suppliers to contact the Contracting Authority and enter into a competitive process. The second acts rather like the Prior Information Notice, merely informing the marketplace of expected future requirements.

Qualification Notice: These are published only by utilities as opposed to public sector organisations. They invite potential suppliers to pre-qualify under certain criteria to enable them to be invited to bid for contracts at a future date.

Contract Award Notice:

This is published by the Contracting Authority after the award of a contract. It provides the date the contract was awarded, the name of the successful supplier(s) and the value of the contract (unless omitted for reasons of confidentiality).

Ref: www.tendersdirect.co.uk

Further Reading and Web References

<http://ted.publications.eu.int/official/>
www.tendersdirect.co.uk

e-sourcing Practice guide (www.cips.org)
 e-commerce and business Topic Reference File

