

Title:	e-Tendering
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e-PROCUREMENT OVERVIEW			
CONTROLLING		BUYING	
SOURCING	MANAGING	ORDERING	PAYING

Terminology

Definition: an electronic tendering solution facilitates the complete tendering process from the advertising of the requirement through to the placing of the contract. This includes the exchange of all relevant documents in electronic format.

Similar terms:

- RFQ (request for quotation)
- RFT (request for tender)
- e-bidding

Related Products

Some e-tender solutions are packaged with evaluation tools, which assist in comparing tenders from suppliers in order to select the winning tender.

E-tendering is similar to Request for Quotation (RFQ). RFQ is sometimes included as part of the functionality of an e-tender system. (See e-Marketplace Overview for a more detailed explanation of RFQ)

Why should I use e-tendering?

Business benefits:

- Reduced tender cycle-time
- Fast and accurate pre-qualification and evaluation, which enables the automatic rejection of suppliers that fail to meet the tender specification
- Faster response to questions and points of clarification during the tender period
- Reduction in the labour intensive tasks of receipt, recording and distribution of tender submissions
- Reduction of the paper trail on tendering exercises, reducing costs to both councils and suppliers
- Improved audit trail increasing integrity and transparency of the tendering process
- Improved quality of tender specification and supplier response
- Provision of quality management information
- Compliance with OJEU is made easier (Electronic Notice)

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Manual tender processes can be long and cumbersome, often taking three months or longer, which is costly for both buyer and supplier organisations.

e-Tendering replace these manual paper-based tender processes with electronically facilitated processes based on best tendering practices to save time and money.

Buyers are able to manage the tenders coming in, with all tenders stored in one place. Buyers can cut and paste data from the electronic tender documents for easy comparison in a spreadsheet. Evaluation tools can provide automation of this comparison process.

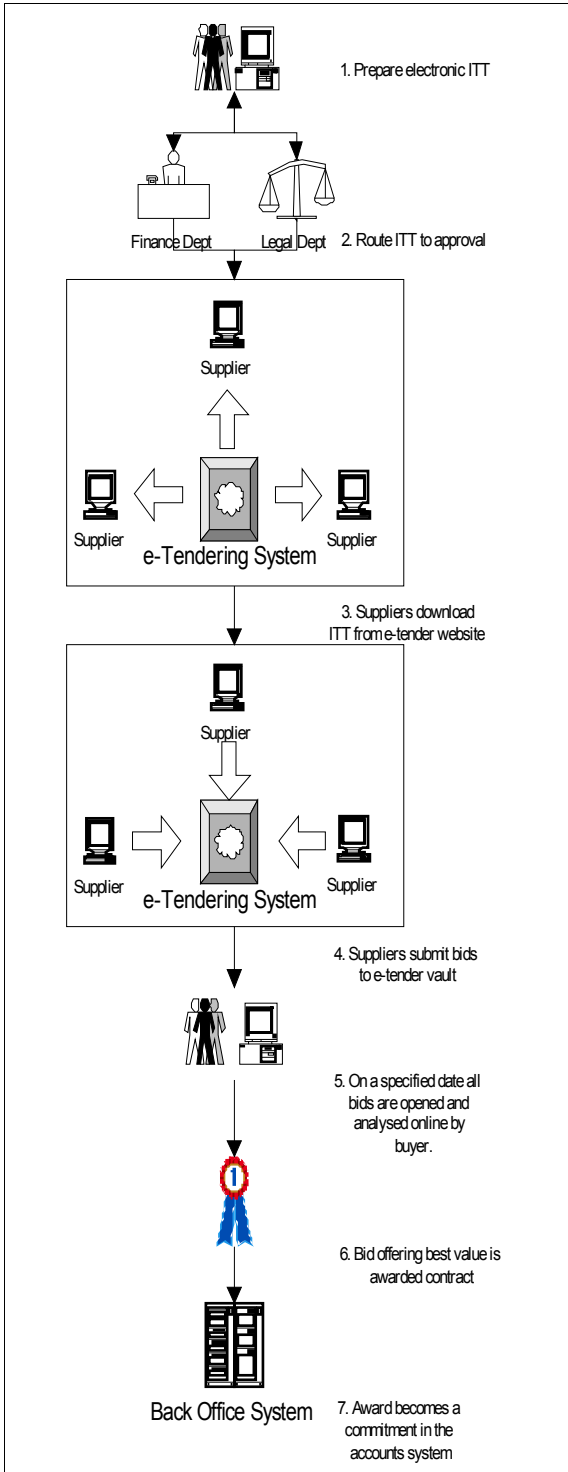
Suppliers' costs in responding to invitations to tender (ITT) are also reduced as the tender process cycle is significantly shortened.

E-tendering offers an opportunity for automating most of the tendering process: from help with preparing the tender specification; advertising; tender aggregation; to the evaluation and placing of the contract.

How is e-tendering used?

Using an e-tendering solution for procurement of goods and services involves the following steps:

1. Council employees can collaborate on-line to create the electronic ITT document
2. The workflow functionality of the e-tendering system can be used to route the ITT document to all the parties involved in the approval process such as finance and legal departments
3. The ITT is published via the e-tendering system and is available online for interested suppliers to view. Suppliers would normally access the e-tendering system to view the ITT via the council's website
4. Suppliers respond to the ITT by sending their bids using secure e-mail to the e-tendering system's 'electronic vault'. In-built security features prohibit council access to any of the tender responses until a specified time
5. Once the tender deadline has been reached the council users of the system can view the tenders and collaborate on-line to evaluate the submitted bids. In the case of e-tendering systems, which include bid evaluation tools, much of the evaluation analysis can be automated.
6. The supplier of the winning bid can be automatically notified of the award via the e-tendering system.
7. In the case of integrated systems, the award automatically becomes a commitment in the buyer's accounts system.



Some key things to look for and think about

Features:

e-Tendering is a relatively simple technical solution based around secure e-mail and electronic document management.

It involves uploading tender documents on to a secure website with secure login, authentication and viewing rules.

E tenders must comply with OJEU requirements where required

Compliance with your own standing orders need to be considered Changes made to standing orders if necessary

Tools available in the current market offer varying levels of sophistication. A simple e-tendering solution may be a space on a web server where electronic documents are posted with basic viewing rules. This type of solution is unlikely to provide automated evaluation tools; instead users are able to download tenders to spreadsheet and compare manually, but in an electronic format. Such solutions can offer valuable improvements to paper-based tendering.

More sophisticated e-tendering systems may include more complex collaboration functionality, allowing numbers of users in different locations to view and edit electronic documents. They may also include e-mail trigger process control which alerts users for example of a colleague having made changes to a collaborative ITT, or a supplier having posted a tender.

The most sophisticated systems may use evaluation functionality to streamline the tender process from start to finish, so that initial ITT documents are very specific and require responses from vendors to be in a particular format. These tools then enable evaluation on strict criteria which can be completely automated.

You need to consider if the market sector you are trying to source from is ready for E tendering >Loss of bidders due to perceived complexity may be a problem

Typical features of an e-tendering system may include:

- Secure electronic communication- allowing buyer to post ITT and supplier to post tender
- User interface with a list of current tenders
- Controlled access to tenders using passwords, user profiles and permissions
- Central storage of documentation
- Repository of previous ITTs
- Repository of standard terms and conditions
- Audit trail
- Management information & reporting

Other features that an e-tendering solution may include are:

- Workflow functionality which routes documents to appropriate people or alerts individuals of actions in the system
- Collaboration facilities enabling a number of people to work on creating an ITT document or to evaluate tenders
- Automated evaluation of tenders and award notification
- Tools to assist the pre-qualification of suppliers

- Automated award notification

Integration Opportunities

The benefits of e-tendering can be achieved without the need to integrate with other systems.

An e-tendering system may be offered as part of a suite of e-procurement systems. In such situations there may be integration with the e-ordering functionality whereby a winning e-tender creates a purchase order in the order system.

In addition, an e-tendering system may be integrated with back office financial systems where a winning bid automatically becomes a commitment on the system and creates an order entry.

Effort and Cost

E-tendering solutions are usually offered as web solutions, which are either hosted on the buyer's own servers (internet or intranet) or by third party service providers. E-tendering systems may also be provided as part of a suite of e-procurement solutions, bundled with e-ordering, contract management or e-auctioning systems, for example.

The effort and cost involved in implementing an e-tendering solution is relatively low, especially in comparison to some complex e-ordering systems, mainly due to the low-tech nature of many systems and limited necessity for change management and training of either buyer or supplier.

Many end users and suppliers regard e-tendering as a positive development eliminating many mundane tasks and speeding up the procurement cycle.

The financial benefits of using e-tendering are based around process efficiencies rather than reduced purchase prices.

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