



eProcurement takes off in the Norwegian public sector – 500% growth in 4 years

Success factors behind the rapid adoption of eProcurement in the Norwegian public sector are high-quality content and fast activation of suppliers. Entities report benefits like a 20% increase in process efficiency and a 10% reduction in price.

The Situation

Norwegian public sector procurement initiative Electronic Procurement Platform (EPP) was established with the objective of providing an e-procurement platform to public sector entities and their suppliers. The Norwegian public sector consists of hundreds of organizations, such as municipalities, central government entities, hospitals and universities. Each one is too small individually to drive the development of e-procurement, but together they create a critical mass.

The Norwegian government wanted to achieve a dramatic change in how procurement was handled by establishing affordable, easy-to-use tools for public entities at a local, regional and central level. The primary goals were to lower the cost of procurement through standardization, increase contract compliance and lower the process cost for purchase-to-pay by automating administrative processes.

The Solution

It was important for the Norwegian government to find a solution that benefits buyers and suppliers alike. The activation of suppliers and content was identified as a key criteria for success. To reach a high rate of user adoption, accurate, high-quality content is key, since users will bypass the system if they cannot find what they need or if the provided data is not enough to make a purchasing decision. Automation of the invoice reconciliation process also relies

on accurate product content, as the wrong price in the catalog will result in an invoice mismatch that requires manual intervention.

The Capgemini IBX Business Network was selected as the sole operator of the Electronic Procurement Platform, responsible for connecting suppliers with buyers and activating product and service catalogs. What's more, the IBX Business Network is also one of the access points for the Norwegian e-invoice standard, and the analyst-recognized supplier activation service is a major contributor to EPP's success.

IBX Purchase-to-Pay enhances the different eProcurement systems of the 288 public sector entities with up-to-date content and supplier connectivity. The content solution provides full transparency and control to make sure catalogs meet contract specifications, while maximizing the process efficiency of 15,500 yearly catalog updates for the Norwegian public sector.

Suppliers efficiently publish catalogs, send e-invoices and receive orders and requests for quotations via the IBX Supplier Network. The benefits include increased customer retention and a streamlined order-to-cash process. The solution scales well, serving as a quick-start solution for small local businesses while meeting the fully automated needs of large global suppliers.

The Result

The Electronic Procurement Platform has been a success by any possible measure. There is now a snowball effect in the Norwegian public sector, with the amount of joining entities growing at a rate of 50% per year – from 58 in 2010 to 288 in October 2014. These 288 public sector entities (including municipalities, regional authorities and central government entities) are generating a yearly procurement transaction level for 2014 of more than 700,000 orders with a value of over NOK 10 billion (EUR 1.2 billion). The Norwegian government has set an ambitious goal for 2014 that 40% of all received invoices to the government should be in the Norwegian e-invoice format – a target that has been achieved already as of October.

On top of cost savings, users are reporting a number of other benefits. There is less ad-hoc procurement, an improvement in process quality, reduced bureaucracy, fewer handling errors and a greater capacity for control through electronic traceability. The automation of operational procurement leads to increased efficiency and makes it possible to shift from operational to strategic activities. As an example, the University of Oslo is today processing the same amount of orders as before with 20% less staff, and at the same time has been able to increase the number of sourcing events by 10%.

In addition, existing agreements are being better utilized, giving an improved basis for entering into new contracts. For example Trondheim Kommune has realized a 10% price reduction in operations-related procurement thanks to the IBX Business Network and the increase in contract compliance that it produces.

For more information on this project, please contact:

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About Capgemini

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About DIFI

Agency for Public Management and eGovernment (DIFI) aims to strengthen the government's work in renewing the Norwegian public sector and improving the organization and efficiency of government administration. One of their main goals is that the public sector conducts socially beneficial and efficient procurement. The Norwegian public sector consists of hundreds of organizations, such as municipalities, governments, hospitals and universities.

More information is available at: www.difi.no