Chapter 12
Benefits of E-Procurement Systems Implementation:
Experience of an Australian Municipal Council

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ABSTRACT
E-procurement systems are widely discussed in the eBusiness literature in which it is claimed that businesses generally experience three types of benefits (e.g. operational, tactical, and strategic) from implementing these systems. However, limited studies have so far been reported in the e-government literature on the benefits e-procurement systems have provided for the Australian municipality context. This chapter thus reviews the existing literature and reports e-procurement benefits experience of a large Australian municipal council. The findings indicate that the council’s experience is limited to the attainment of operational and tactical benefits, and no evidence has been found about gaining any strategic benefits. In addition, several factors are identified that influenced those benefits. The lessons learned from the experience of the council are discussed and contributions made to the e-procurement literature for the public government context are highlighted.

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INTRODUCTION

In recent years, many business organisations worldwide have streamlined and automated their manual procurement process using software solutions that are known as e-procurement systems (Ilhan & Rahim, 2013). These systems are generally package solutions that use web-based technologies to render support for the procurement process (Smart 2010). Examples of popular e-procurement solutions include SAP EBP, Straightbuy, and Oracle iProcurement, among others. These systems are generally initiated by the buying organisations, operate from their own IT infrastructure, automate procurement process, and send procurement related documents to suppliers over the Internet. When successfully implemented, e-procurement systems can offer three types of benefits (e.g. operational, tactical, and strategic) to organisations (Puschmann & Alt, 2005; Croom & Brandon-Jones, 2007; Caniato et al.; 2011).

Being attracted by the reported success of e-procurement systems in the private sector, government agencies too have begun implementing these systems to help them reduce their operational costs, exercise greater control over purchasing, and improve image by involving greater information exchange with suppliers for timely receipt of the items they seek to purchase. In the e-government literature, some studies have reported adoption phenomenon of e-procurement systems in the government organisations. Examples of include the works of Moe (2004), Henriksen and Mahnke (2005), Moon (2005), Doherty et al. (2013), Adebayo, and Evans (2015), and Ronald and Omwenga (2015). Relatively limited information is however available on how e-procurement systems are actually used in the Australian local government context (Rahim and Bantwal 2012; Rahim and Kurnia, 2014). As such, it is not clearly known on how municipal councils in Australia are experiencing three types of benefits (mentioned in the literature) from implementing e-procurement systems, and how the attainment of those benefits are being shaped by the context of the municipal councils. Evaluating the perceptions of the Australian municipal council managers who are involved with the e-procurement systems is important. This is because interesting insights and lessons can be learned on how council context can affect the attainment of e-procurement systems benefits, for context is known to influence how implementation of IT systems are negotiated and in what ways outcomes of implementing IT systems emerge (Staehr, et al, 2012; Bernroider and Schmöllerl (2013). Hence, the research question addressed in this chapter is: how are various benefits experienced by the Australian municipal councils? Addressing this question is useful because future growth in e-procurement systems market can be slower than expected when councils report unsatisfactory beneficial outcomes.
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