Chapter 4

E-Procurement: Understanding Implementation

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ABSTRACT

Over the past three decades, government has been making a steady push towards utilizing more entrepreneurial means of governance. This chapter explores one of those techniques and its proliferation in governments throughout the world – electronic procurement. Furthermore, it provides a deeper understanding of some of the most advanced governments that utilize electronic procurement. The findings suggest that there is broad implementation of electronic procurement throughout the world; however, it also shows that there is uneven implementation as far as details of adoption. It also discusses that cost is a primary reason for the adoption of e-procurement.

INTRODUCTION

Over the past three decades, government has been making a steady push towards utilizing more entrepreneurial means of governance. This implies utilizing a number of different governing tools to operate in a more flexible and efficient manner. In addition, it means partnering with the private sector whenever government needs services or products that might be accomplished in a more efficiently under the influences of market forces. The most common tool utilized when partnering with the private sector is a contract.

In the federal government, contracts are utilized when goods produced or services performed are not considered “inherently governmental,” – a term utilized in a contract guidance document Circular A-76. If the federal government is any indication of the trend of contract use in the public sector, then the use of contracting has drastically increased over the past decade (Figure 1).
E-Procurement

Although it is difficult to gain a similar comprehensive view of state and local government contracting, it is assumed both levels of government trend in the same direction.

For example, New York City (NYC) had 3,852 contracts awarded worth 7.3 billion dollars in 2002. In 2009, NYC awarded 54,400 contracts worth 13.4 billion dollars. Yet the increase in contract transactions is not the entire story.

As the use of contracts increases, so does the need to make those contracts efficient and cost effective. In a study conducted about a decade ago by Moffett and Dilger, (1997) of managers from the 100 largest cities in the United States (U.S.), they found many of these entrepreneurial techniques (including contracting) were adopted for the primary reason of reducing costs. Evidently, a decade later, managers continue to adopt new techniques to realize additional cost savings in contract procurement. Among the most promising are those associated with the rapid advancements in information technologies (IT).

Many have looked to automate processes through IT solutions proven to be effective in the private sector. Following the implementation of e-business and e-commerce, the public sector developed the idea of e-government (Moon 2002). E-government includes “the use of all information and communication technologies, from fax machines to palm pilots, to facilitate the daily administration of government” (Moon 2002). The use of IT in the public sector has “contributed to