

eProcurement for Economic Regeneration:

BAPCO experiences to date

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'ICT as pathway from Recession to Recovery'

"Some parts of the economic system have broken.... "

"Countries must rebalance their economies to make a recovery sustainable.

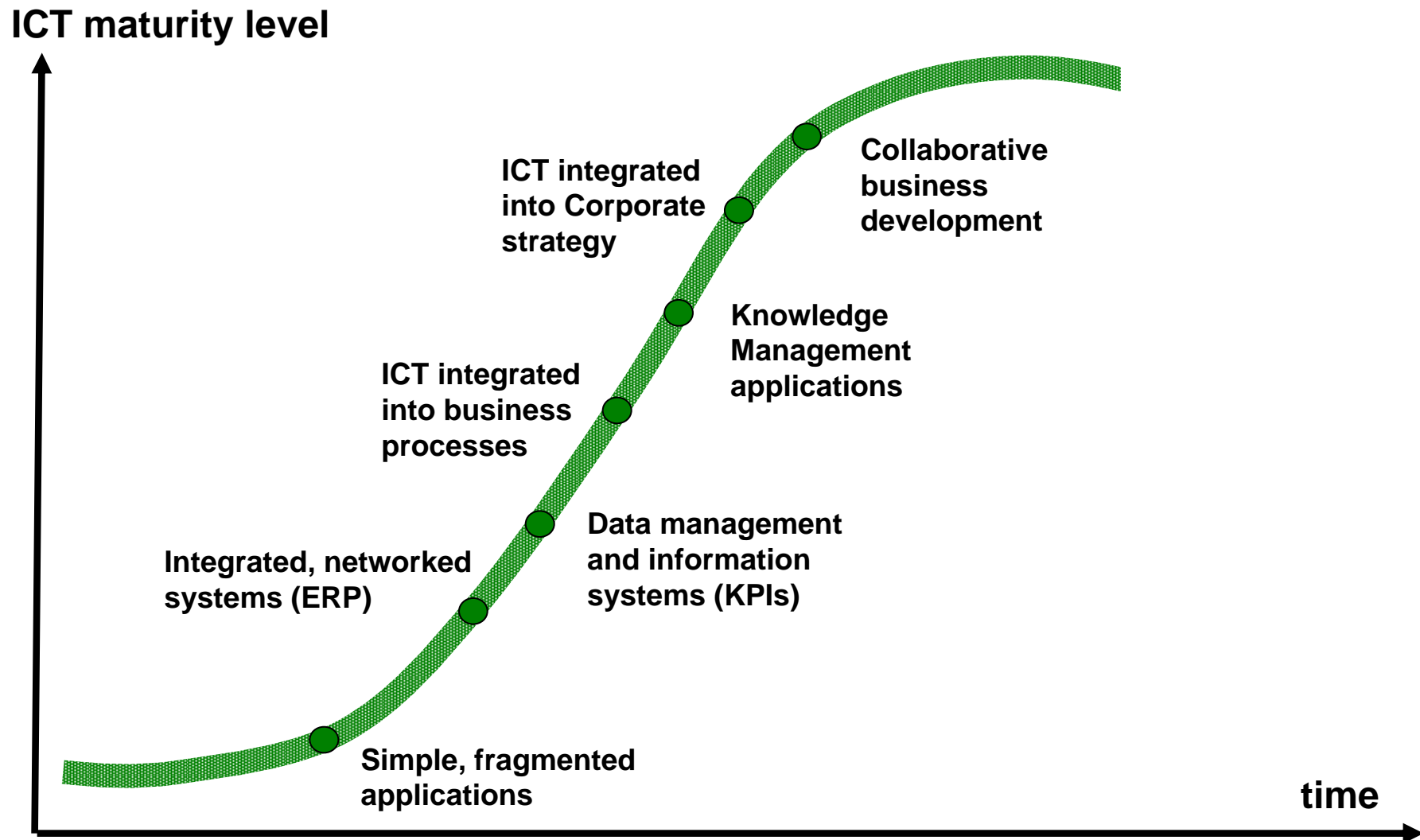
A 'new shape 'will be needed."



Olivier Blanchard IMF Chief Economist and Director of the IMF's Research Department

ICT must be a fundamental part of that reshaping exercise but requires a new level of maturity in the application of ICT to the business.

New level of ICT Maturity (Kondratieff curves)



Agenda

- 1: Where we are today?
- 2: Where are we going?
- 3: Support for Government objectives through eProcurement
 - Looking inwards
 - Sustainability (Corporate Social Responsibility)
 - Collaboration
- 4: How it fits together.

Where we are today

CRISIS 危
机

Chinese character wēi

DANGER

Chinese character jī (in simplified form)

OPPORTUNITY

(CRITICAL TIME FOR CHANGE)

Avoiding the Danger

Prudent Government action over last 30 years:

1. Diversification from Oil & Gas.
2. Development of highly respected and strongly regulated banking system.
3. Prudent financial policies.

More recently...

- widespread government reforms and reforms in education, labour market
- liberalisation, deregulation of key markets (including telecoms and logistics)
- development of infrastructure
- legal and regulatory environment – Bahrain Tender Board
- establishment of Bahrain Economic Development Council
- LMRA/ Tamkeen/ eGov Authority
- campaigns....Business Friendly Bahrain....

Where are we going?

The Vision for the future is clearly mapped out through Bahrain Vision 2030 and National Economic Strategy (2009-2014) documents.

"We aspire to shift from an economy built on oil wealth to a productive, globally competitive economy, shaped by the government and driven by a pioneering private sector – an economy that raises a broad middle class of Bahrainis who enjoy good living standards through increased productivity and high-wage jobs.

Our society and government will embrace the principles of sustainability, competitiveness and fairness to ensure that every Bahraini has the means to live a secure and fulfilling life and reach their full potential."

-Bahrain's Economic Vision 2030-

Translating this opportunity into real economic growth requires the full commitment of the business community. One of the ways that BAPCO is contributing to the Government Vision is through the BAPCO eProcurement initiatives.

eProcurement: three step process (Step1)

- Focused inwards.....
- Procurement improvement / eprocurement initiatives/ organisational changes.
- Focus on performance, efficiency, cost reduction, transparency - with some element of social responsibility.
- Development of internal Business case.
 - **Are we ready?**
 - **Is the infrastructure capable of supporting our requirements?**
 - **Are the legislative and regulatory systems up to speed?**
 - **Are suppliers ready?**
 - **Is there Government support for process improvement/ electronic business?**
 - **Will it provide the necessary ROI ?**

Objective: doing things better

Second step (Sustainability)

Do I have an obligation to support the social and economic objectives of the government? Should I care about the environment?

YES – BECAUSE IT IS GOOD FOR BUSINESS

- The development of an educated workforce with the skills and competencies we need will be a major benefit.
- Development of a thriving, competitive, innovative local supplier base will improve our bottom line.
- Provision of opportunities for small medium size business to compete on a level playing field with much larger competition will enable SMEs to grow and compete internationally.

Our Sustainability and Corporate Social Responsibility initiatives should be integrated into our long term business strategy - to ensure we continue to optimize our processes and provide maximum returns for Government.

Second step (Sustainability)

- All major companies in the region have a CSR – this should be channeled.
- Drive for profit is critical – but not at expense of local community, social/ environmental and sustainability considerations.
- Supplier rationalisation - but not to the detriment of local SMEs
- Best value principles - taking into account economic, social, regeneration and LM3 multiplier effects.

Our sustainable model breaks down Procurement into:

**Oil & Gas critical
core business
procurement**

To be delivered through strategic relationships, OEMs, negotiated prices in a competitive, international Oil & Gas environment.

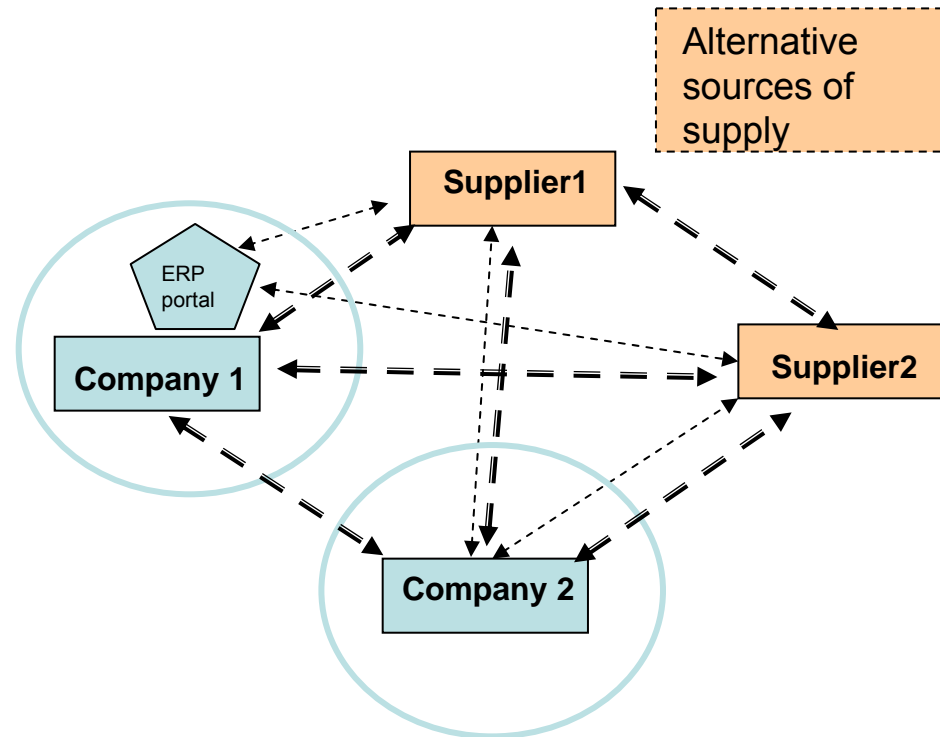
**None critical
non-core business
procurement**

To be procured at 'best value', providing local small and medium size businesses with equal opportunities to compete.

Third pass (Collaboration)

electronic procurement enables:

- electronic connectivity through the supply chain
- extension of company business processes outside the organisation
- opening up of competitive markets and sources of supply
- removal of barriers to tendering
- collaboration in protocols, messaging, content
- opportunities for collaboration through free flow of information and knowledge.



Opportunities with competitors and suppliers: for collaborative policy making, collaborative planning and scheduling of work, enabling demand aggregation, providing potential for inventory sharing and development of standardization of methods and resources.

Nature of eProcurement

REGIONAL **

Social, economic,
environmental,
sustainability,
Regional development,
Wealth generation

INDUSTRY / GROUP

Buyer collaboration
Supplier Consortia
Shared Inventories
Procurement economy of scale
Knowledge sharing

ORGANISATIONAL

Reduction in direct costs
Process efficiencies
Alternative sourcing opportunities
Best value for materials and services
Transparency and Audit
Visibility of supplier and spend information

**Doing things better...
+ doing better things.**

BAPCO new eProcurement Context

Assisting in development of Bahrain Tender Board eTendering system

Driving initiative with Govt Agency: TAMKEEN and nine large Bahrain companies to create local e-marketplace/ pCards

Supporting Bahrain Government Strategy 2007-2010 and Vision 2030

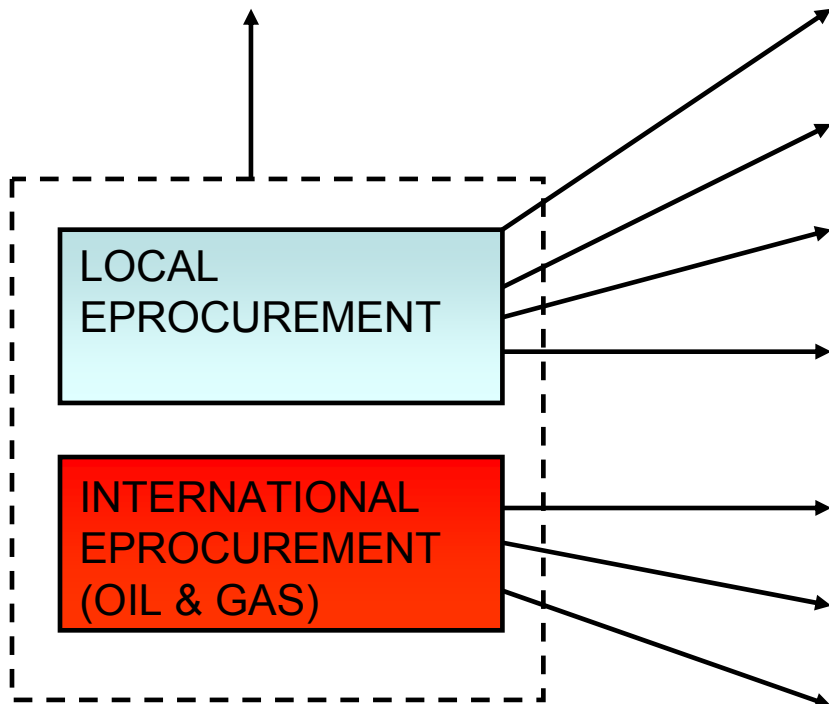
Integrating with eGov initiatives/ ePayments

Building local marketplace to suit regional and cultural needs

Integrating with NOGA/ regional NOCs in Oil & Gas marketplace

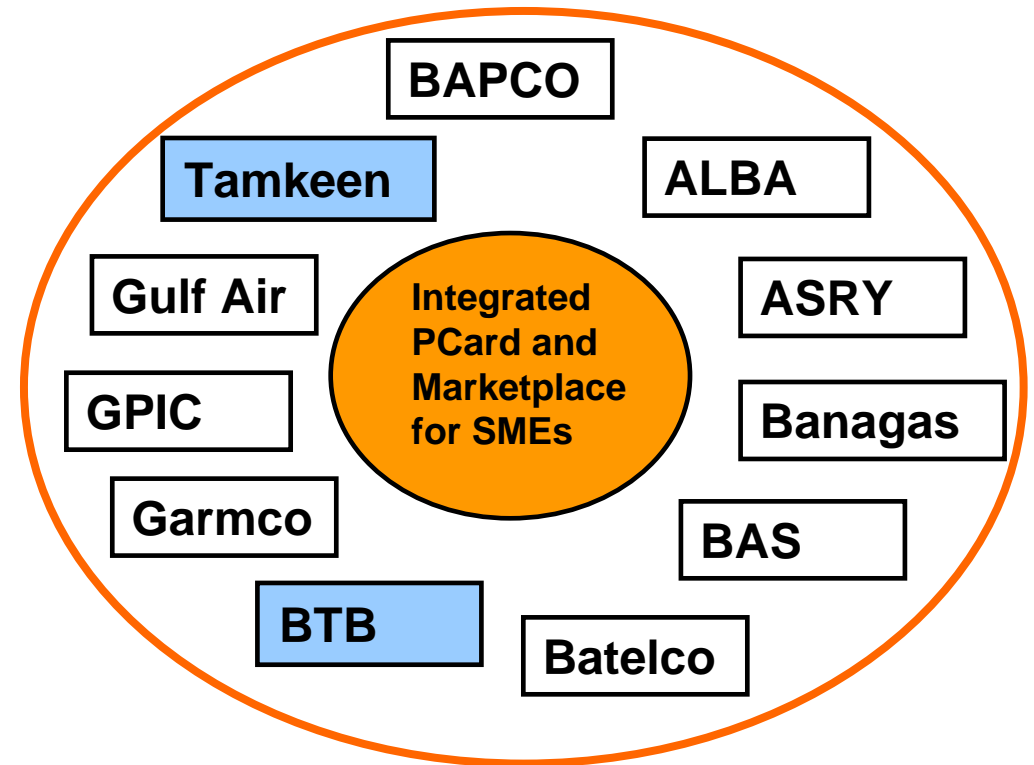
Need for internationalization of products/ services, processes (PIDX)

Need for standardisation of prequalifications



Local Collaborative, Sustainable eProcurement

- Develop integrated local marketplace for the benefit of local SMEs
- Include common PCard, eAuction solution
- Use Synergy of Big9 to drive.
- Provide SME opportunities to compete
- Develop economic benefits for Bahrain
- Development of Bahrain eProcurement Cluster for productivity and innovation
- B9 to become pressure group for eBusiness changes (tender fees, bonds, common best practice, collaboration)

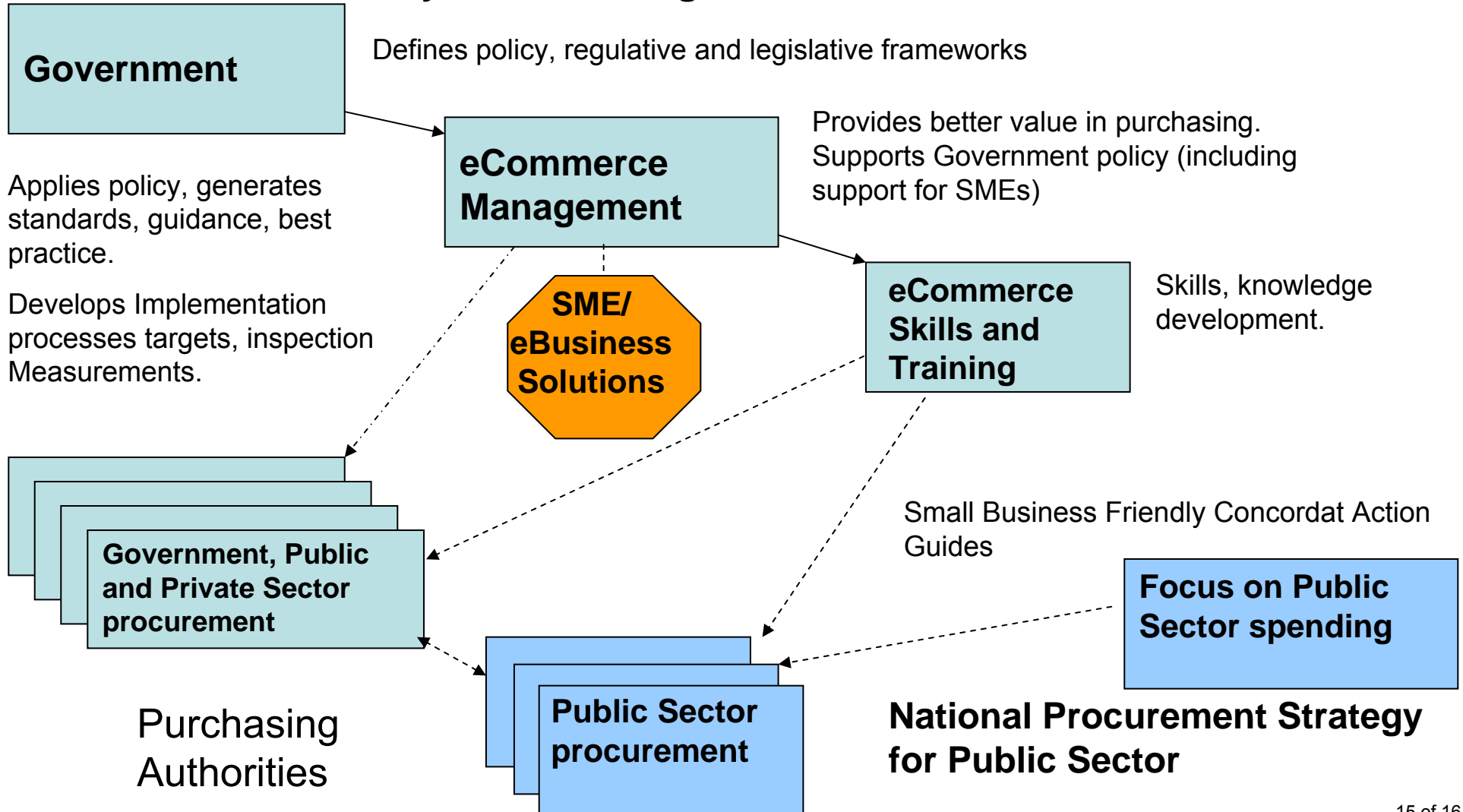


Integrated with Bahrain Economic Vision for 2030 for Bahrain (Our Vision) and National Economic Strategy (2009-2014)

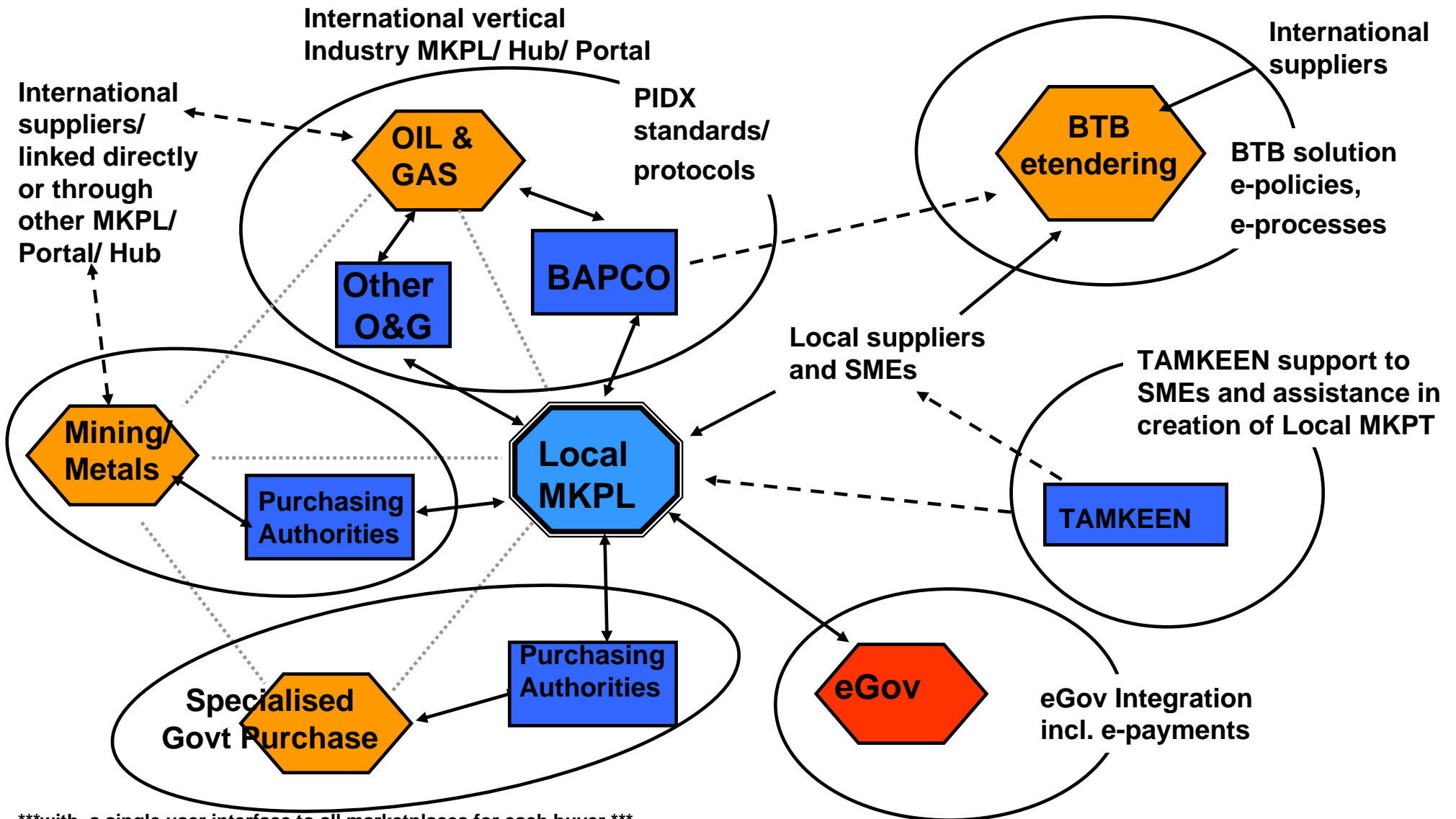
To be extended to other Govt. agencies, Bahrain Chamber of Ccommerce and eGov Authority after initial Scope definition and Business Case.

Map for eProcurement Authority (ref. OGC)

Government Policy: Transforming Government Procurement



How it all fits together – Joined up development



***with a single user interface to all marketplaces for each buyer ***



Thank you

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