

Launching and Implementing Electronic Procurement System in Korean Government

Professor Suk-Won Lee
Graduate School of Public Administration
Seoul National University



Agenda

- Overview of Procurement in Korea
- Introduction of GePS
- Policy Development Process
- Benefits of GePS
- Future Tasks
- Conclusion

Overview of Procurement in Korea



Centralized procurement system



Overview of Procurement in Korea

Domestic Procurement

Foreign Procurement

Construction Contracts

Property Management

Stockpile Management



PPS

Annual public procurement: \$56 billion

Accounts for 47% of the total government expenditure

30% of the public procurement handled by PPS



What is integrated GePS?

A single window for comprehensive information on procurement of all public organizations, providing one-click online service for government procurement

A device for dramatically enhancing transparency and fairness in the government procurement administration

Expanding the expertise and efficiency of Public Procurement Service (PPS) to all other public organizations

One of the most Sophisticated E-procurement solution covering everything from provision of information and electronic tendering service to actual online payments



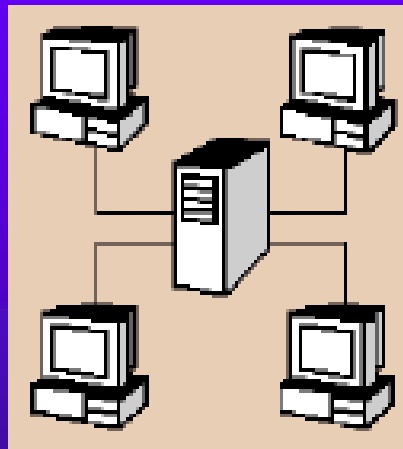
Features of GePS

Transparency
Clean Government

Convenience
Speed Management

Efficiency
Perfect On-Line System

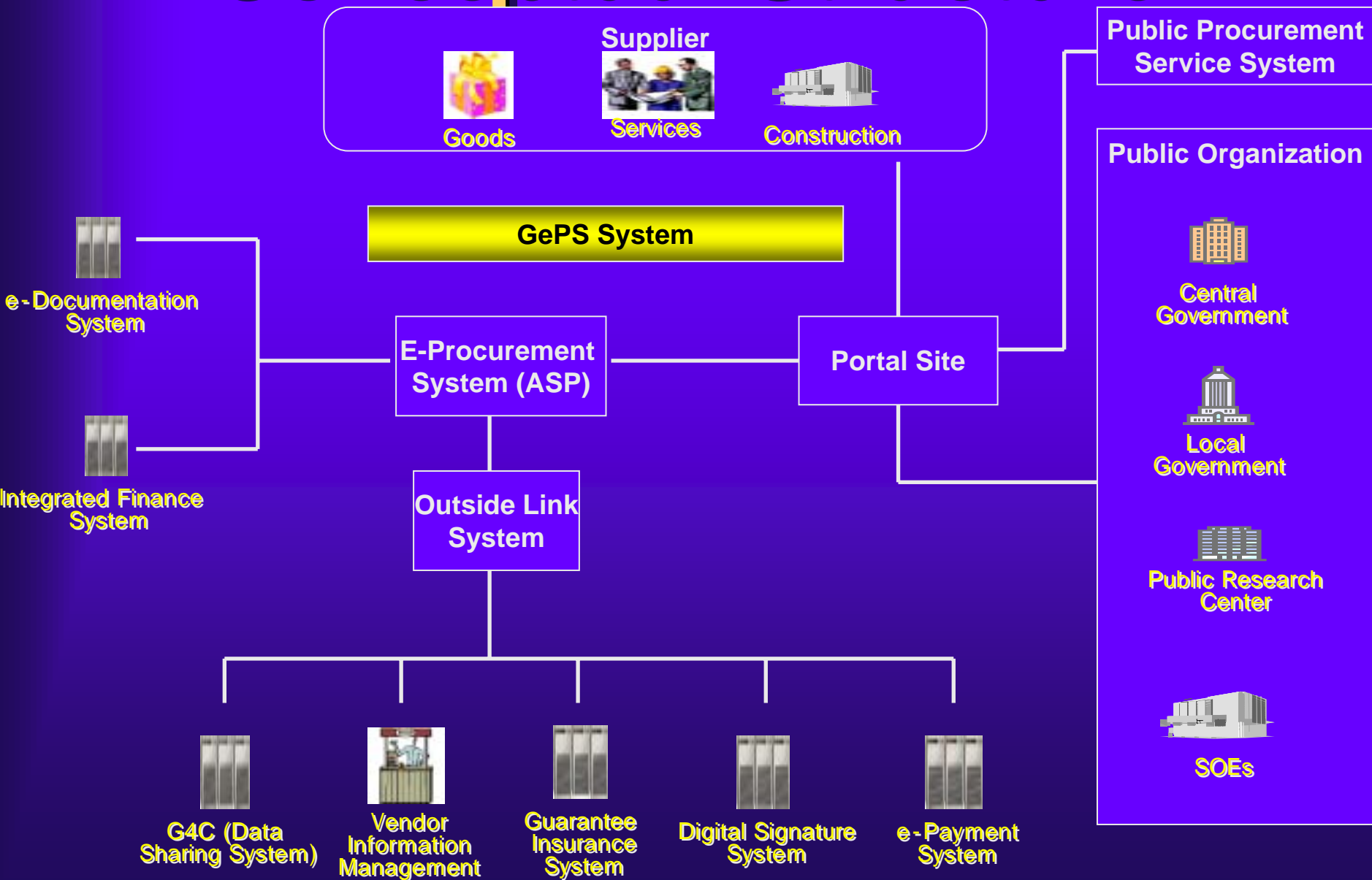
Security
Safe System



Specialty
Competitiveness of Gov't

Future
Leading e-Government

Conceptual Structure





Functions of the service

Submitting Tender



Information Sharing



**Placing Order/
Advertise Products**

Information Disclosure

**Standardized Cataloging
System**



Why GePS?

PPS had endeavored to electronically convert the whole process of government procurement procedures and made remarkable progress in establishing the e-Procurement system

EDI (Electronic Data Interchange) was introduced to all procurement process in 1997

However, there were still a lot of things that had to be done



Develop GePS



Policy Formulation

Initiated by president

"I will build solid foundation for Information Technology to lead our country to the world's most advanced country in Information Technology." (1998 Inauguration Address)

Cyber Korea 21 project (1999~2002)

- Build on-line knowledge-based nation
- Build more efficient economy structure
- Improve quality of life
- Make Korea one of the top ten advanced countries in IT

Overview of Policy Development Structure

Policy Formulation

**Special E-Government
Committee**

**Vehicle for
Cyber Korea 21
11 high priority tasks**

Policy Implementation

**G2B Promotion
Working Group**

**Led by MPB
BPR/ISP
Setting Timeline
Standardization**

**System Development
Working Group**

**Led by PPS
System Development
System Integration**

*BPR: Business Process Reengineering
ISP: Information Strategic Planning*



Policy Formulation

Special Committee for e-Government

Government Officials
Vice minister level
Planning and Funding



Private Sector Specialists
Application of
Latest technology

Vehicle for president's initiative



Policy Formulation

Maximize Public Benefit



Four guiding principles

- Choose program pertaining to national interest
- Integrate interagency-related programs
- Maximize information sharing across agencies
- Promote the use of latest information technology



11 high priority programs (including GePS)



Policy Implementation

Private and Public Sector Users

G2B Promotion Working Group (Led by MPB)

Scheduling

Concept Design

Standardization

Contractor

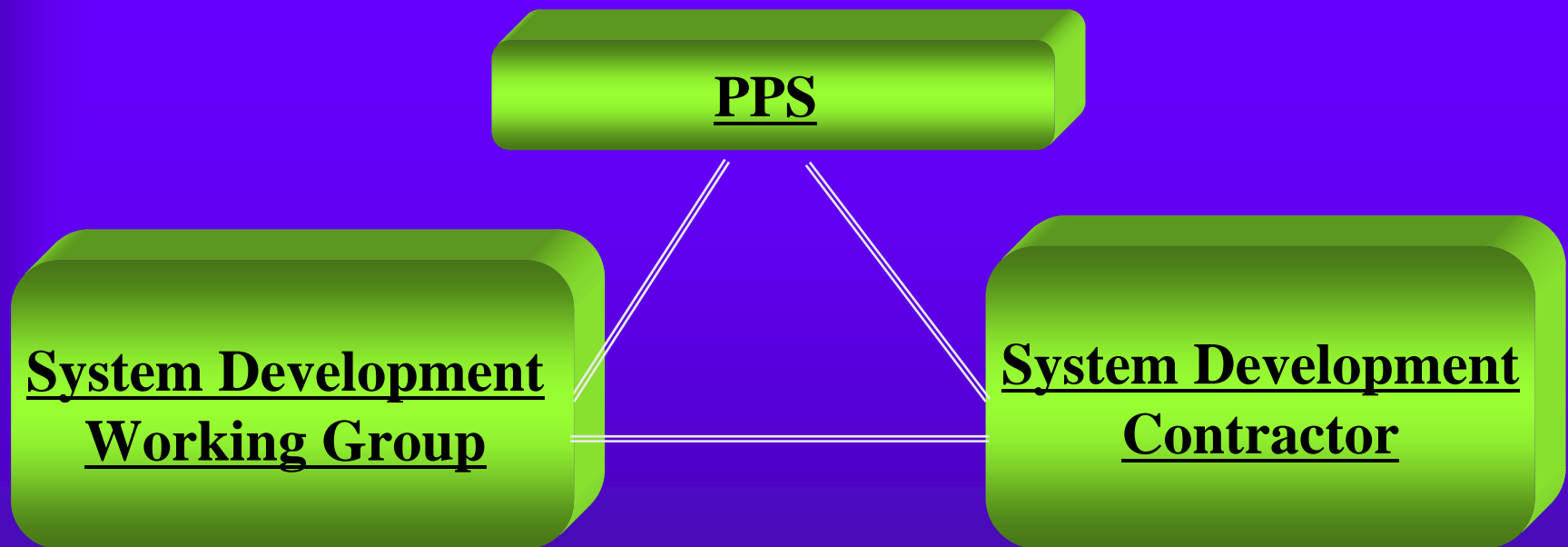
Business Process Redesign

Information Strategic Planning

Basis for System Design & Development



Policy Implementation



- Software Development
- Webpage Development

- Hardware Procurement
- System Integration



Resource



No. 1 internet connection

- Over 25 million Internet users
- Over 10 million Broadband internet subscribers
- Top internet using rate in the world



President's strong commitment

- Interest and encouragement
- Bi-weekly office call with chairman of E-Gov Committee



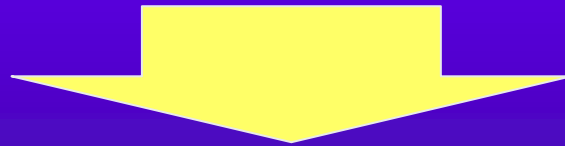
Overcoming Challenges

Bureaucratic Resistance

Changing work process

Sharing information

Unfamiliarity with online work process



Leadership and Education

Linking performance with budget

President's strong commitment

Education/training and commission discount

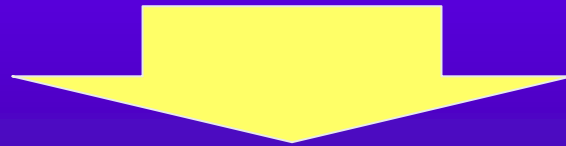


Overcoming Challenges

Credibility of on-line transaction

Possible leakage of bid information

Forgery of document



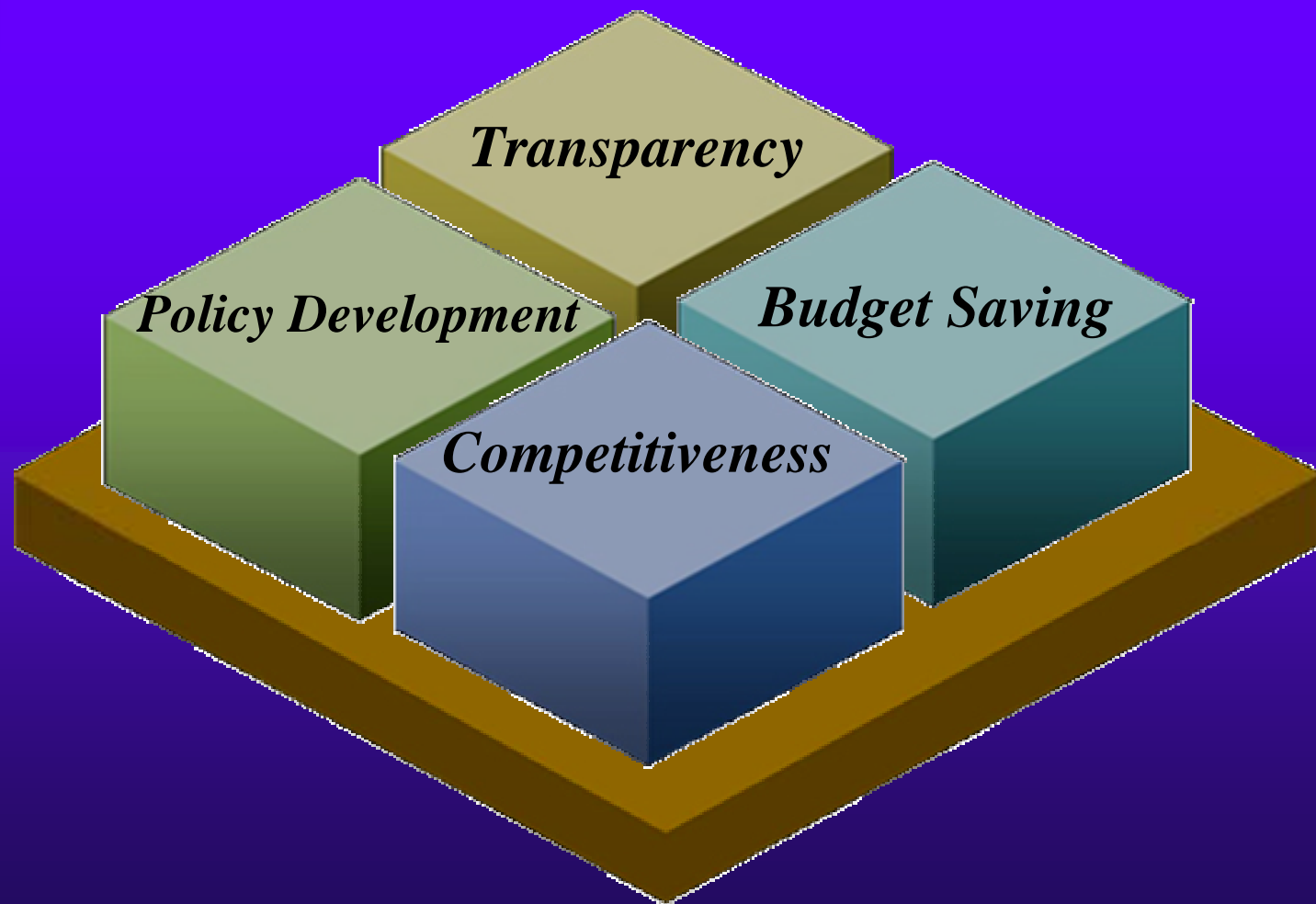
Building on-line trust

Adopting latest encryption technology

Digital signature system



Benefits of GePS





Benefits of GePS

Minimum
personal contact

Collusion
Prevention



Information
disclosure

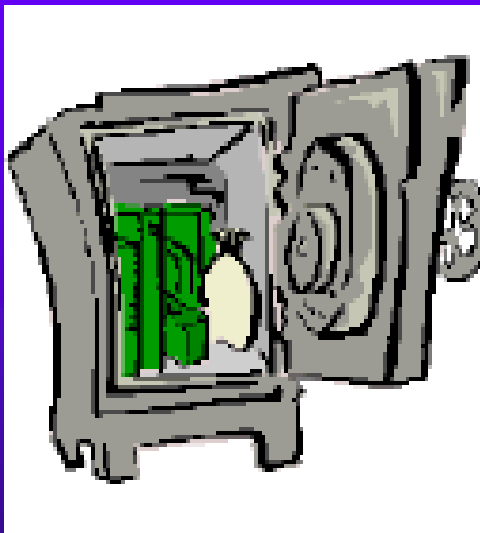
Increased transparency



Benefits of GePS

Increased
competition among
suppliers

Work efficiency



Avoiding
redundancy

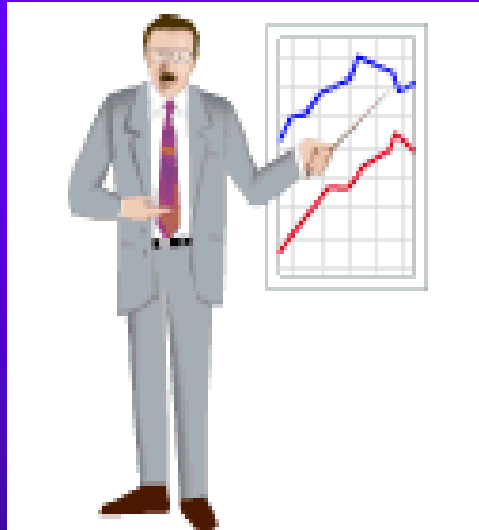
Budget Saving



Benefits of GePS

**Stimulating
e-commerce**

**Intense
Competition**



**Convenience/
Cost Reduction**

Strengthening Corporate Competitiveness



Benefits of GePS

Better
Quality data

Easy data
Access/manipulation



Better understanding
Of policy environment

Better Policy Development



Future Task

**Stable
system operation**

**The Government
e-Procurement
System
(GEPS)**



**Expanding the
Use of GePS**

**Maximizing customer
satisfaction**



Future Task

➤ **Stable System Operation**

- Continuously enhance security and system protection
- User education for maximum use of the system
- Continuous system upgrade for better function

➤ **Maximizing Customer Satisfaction**

- Improving the reliability of the GePS contents
- Diversifying product choice
- Develop more flexible contract method

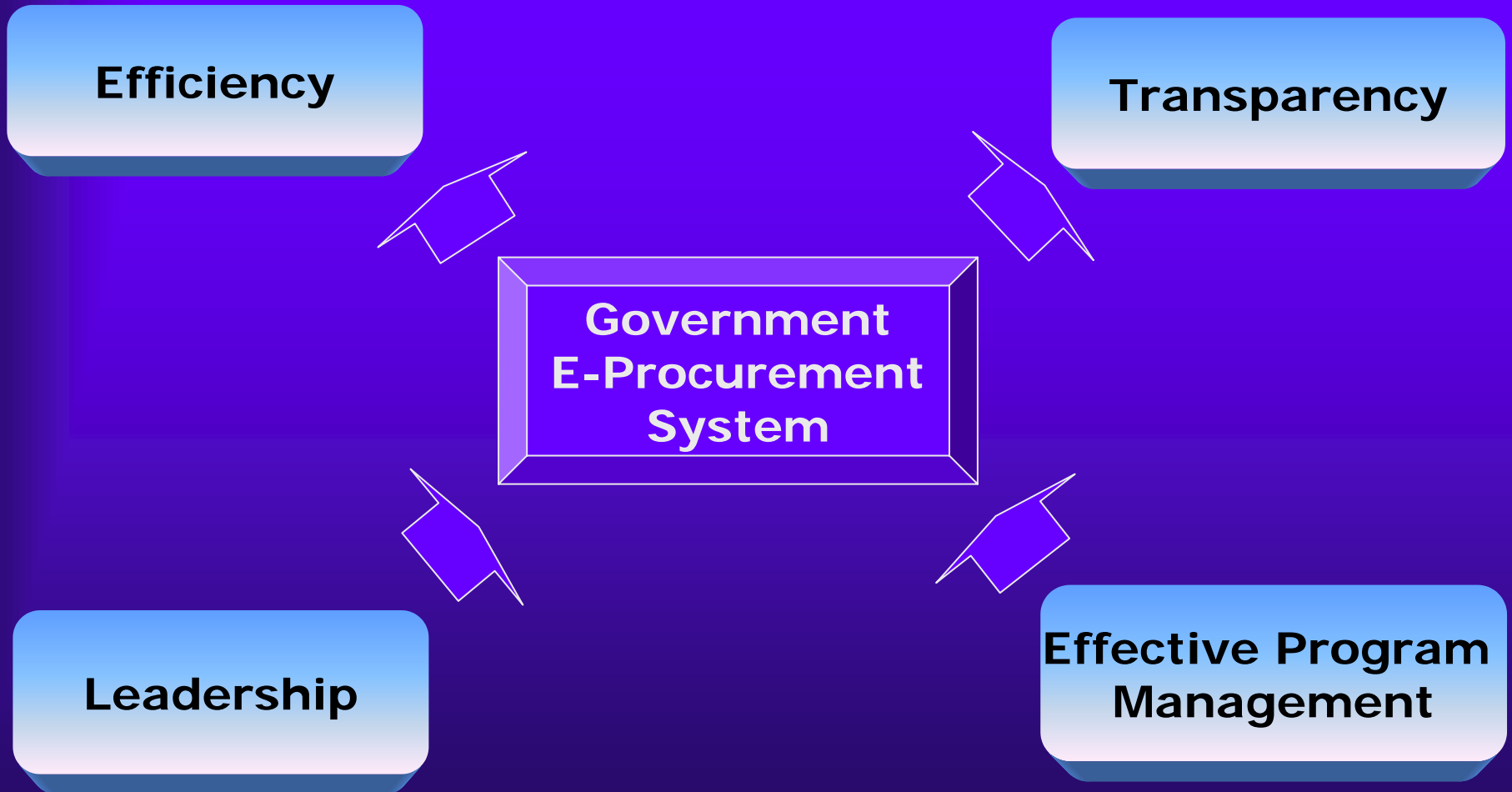


Future Task

➤ Expanding the use of GePS

- Provide consulting on e-procurement
- Develop new expertise in various fields including
 - ◆ Emerging new contract type
 - ◆ Price research methodology
 - ◆ Settlement of contract disputes in e-procurement

Conclusion





Questions