



**Public
Procurement
Service**

e-Procurement Experience in Korea : Implementation and Impact

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Ho In Kang | Administrator
Public Procurement Service (PPS), the Republic of Korea

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I Public Procurement in Korea

■ Public Procurement Size

- Public Procurement Total (2011) : **USD 100 billion** (10% of GDP)

■ Public Procurement Service (PPS)

- The government's **central purchasing agency**
- Covers **central govt. procurement** above threshold

Goods & Services	above \$100,000
Construction Works	above \$3,000,000

- Local govt. and public enterprises may use PPS's procurement services by request

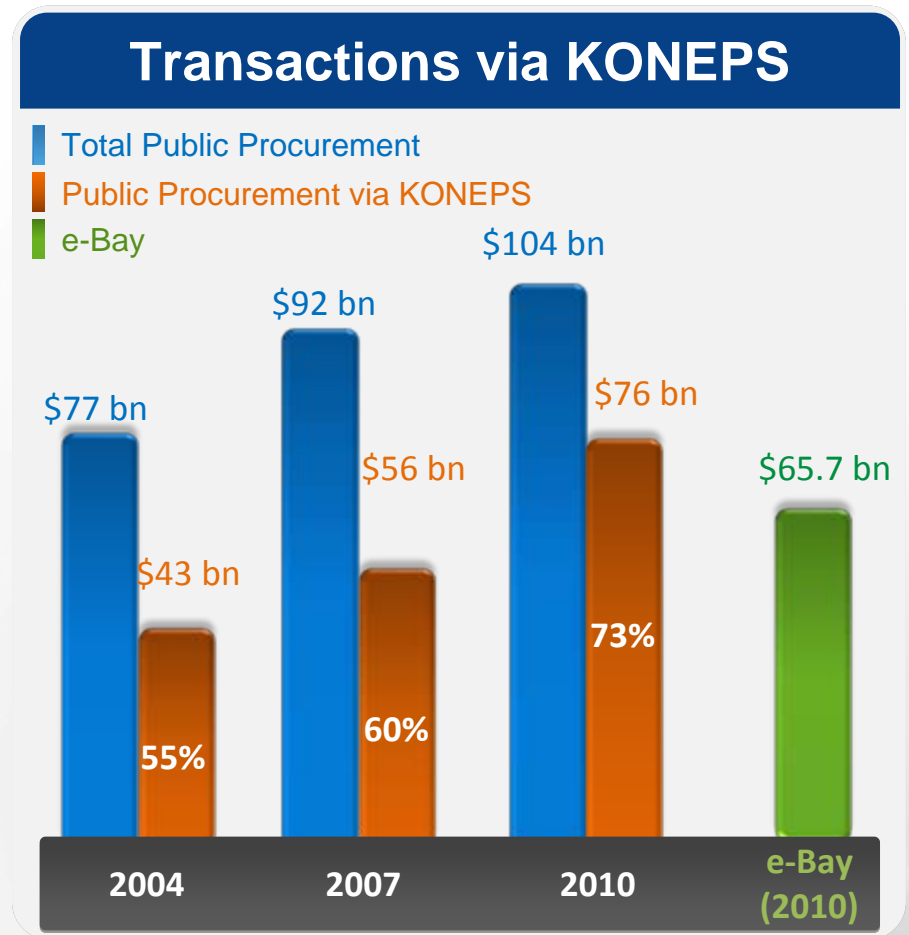


II

e-Procurement in Korea

■ KONEPS (Korea On-line E-Procurement System)

- **Govt. e-Procurement system** operated by PPS
- Used by **44,000** public entities* and **228,000** suppliers
- One of the largest e-Commerce systems in the world



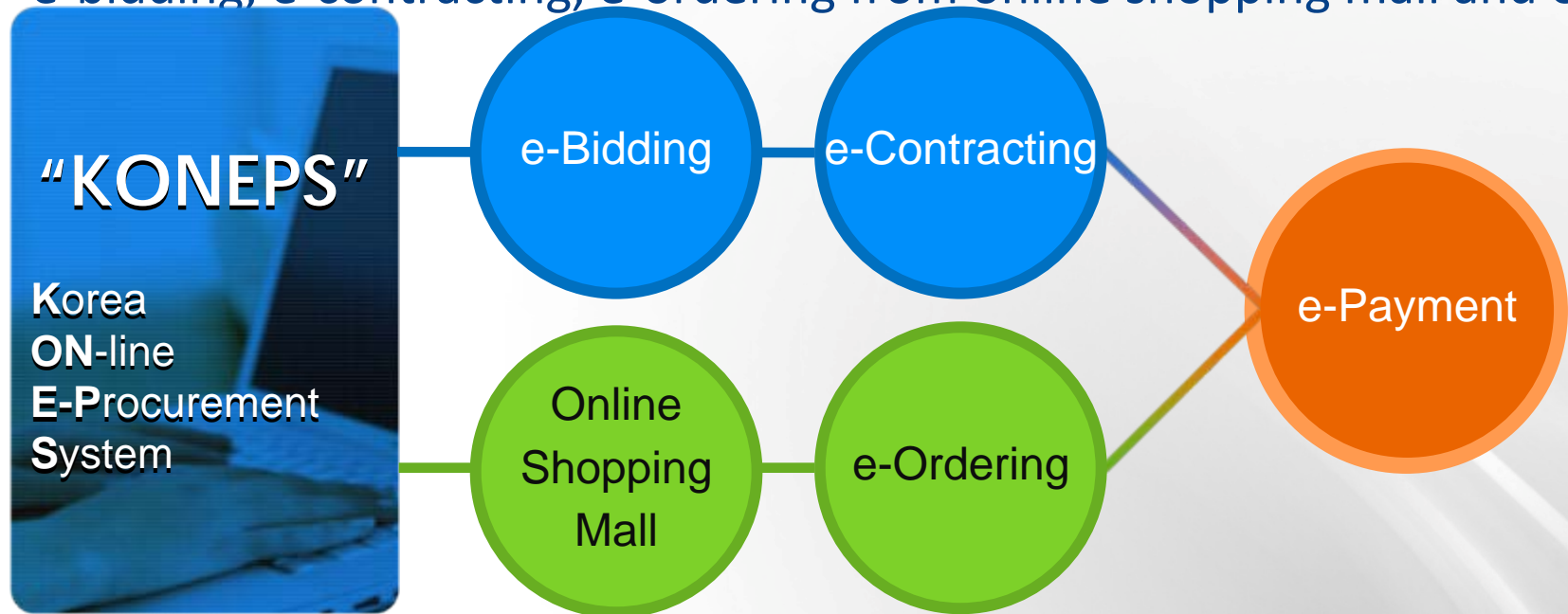
* Figure accounts for most public entities, except 20 public enterprises that operate independent e-Procurement systems

■ Single Window to Public Procurement

- All tender notices are published through KONEPS

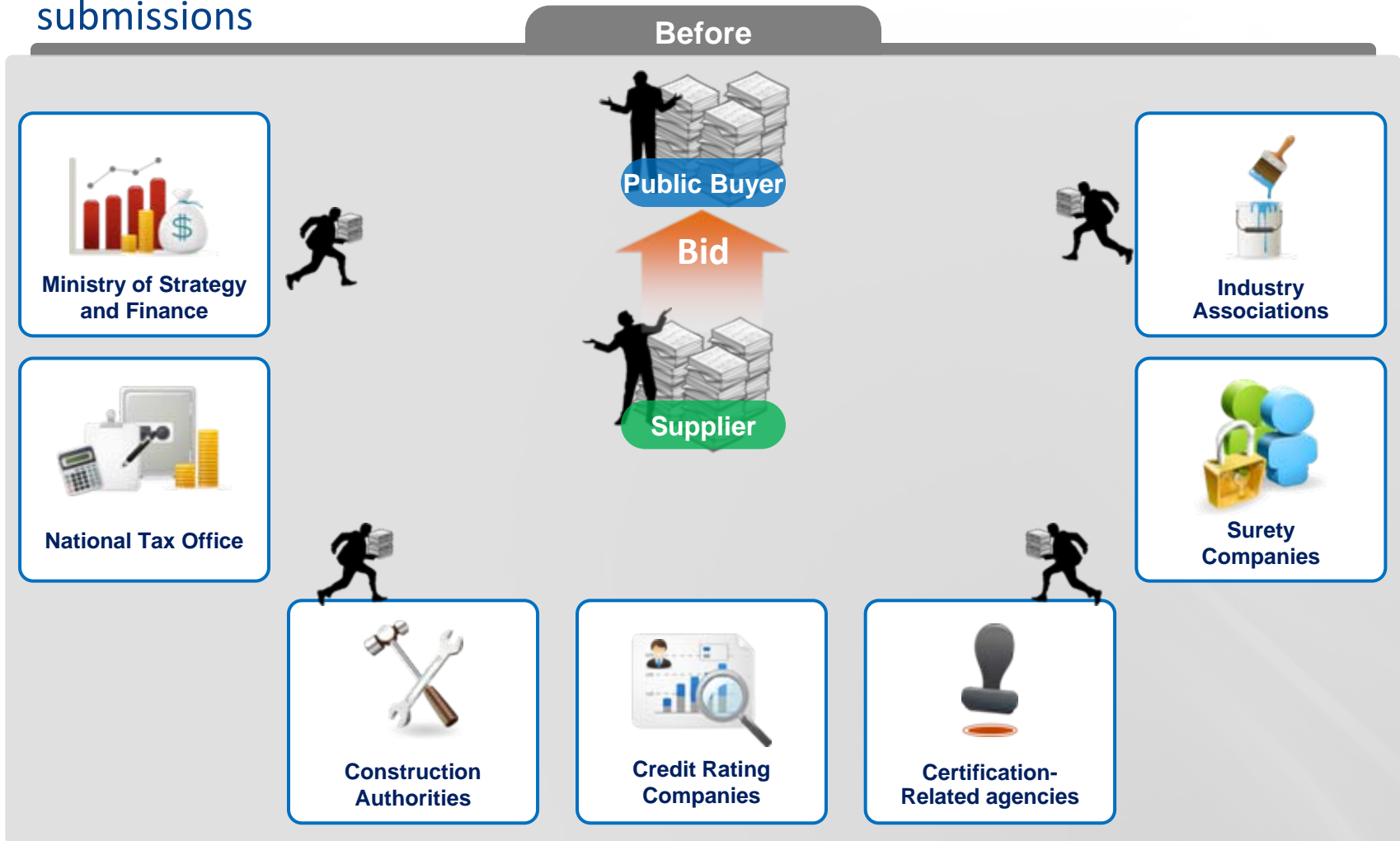
■ End-to-end Functional Coverage

- KONEPS processes the entire procurement procedures through sub-systems:
e-bidding, e-contracting, e-ordering from online shopping mall and e-



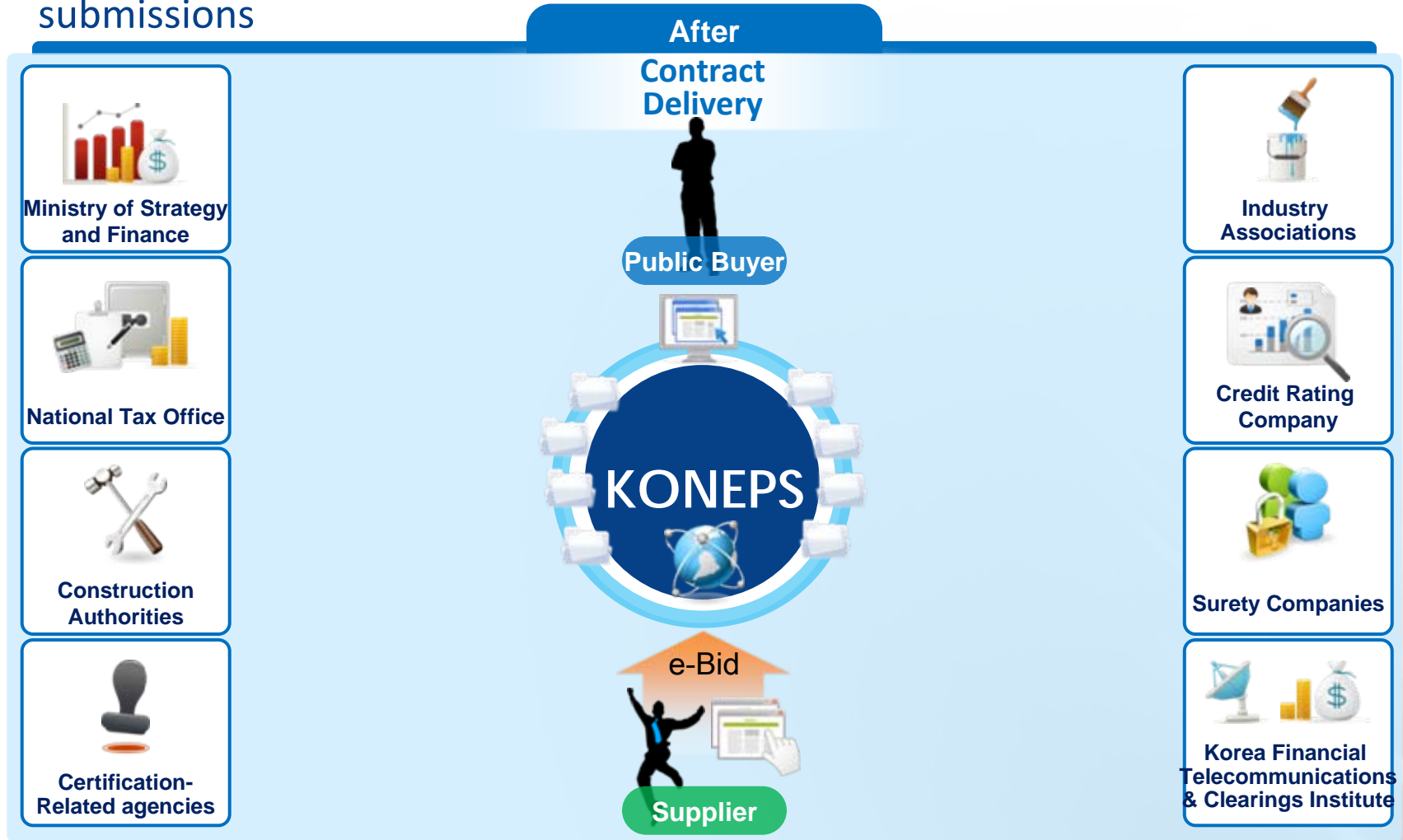
■ One Stop Service through Data Integration

- KONEPS exchanges data with 140 external info systems for supplier information, bid evaluation, bonds and payment, minimizing paper document submissions

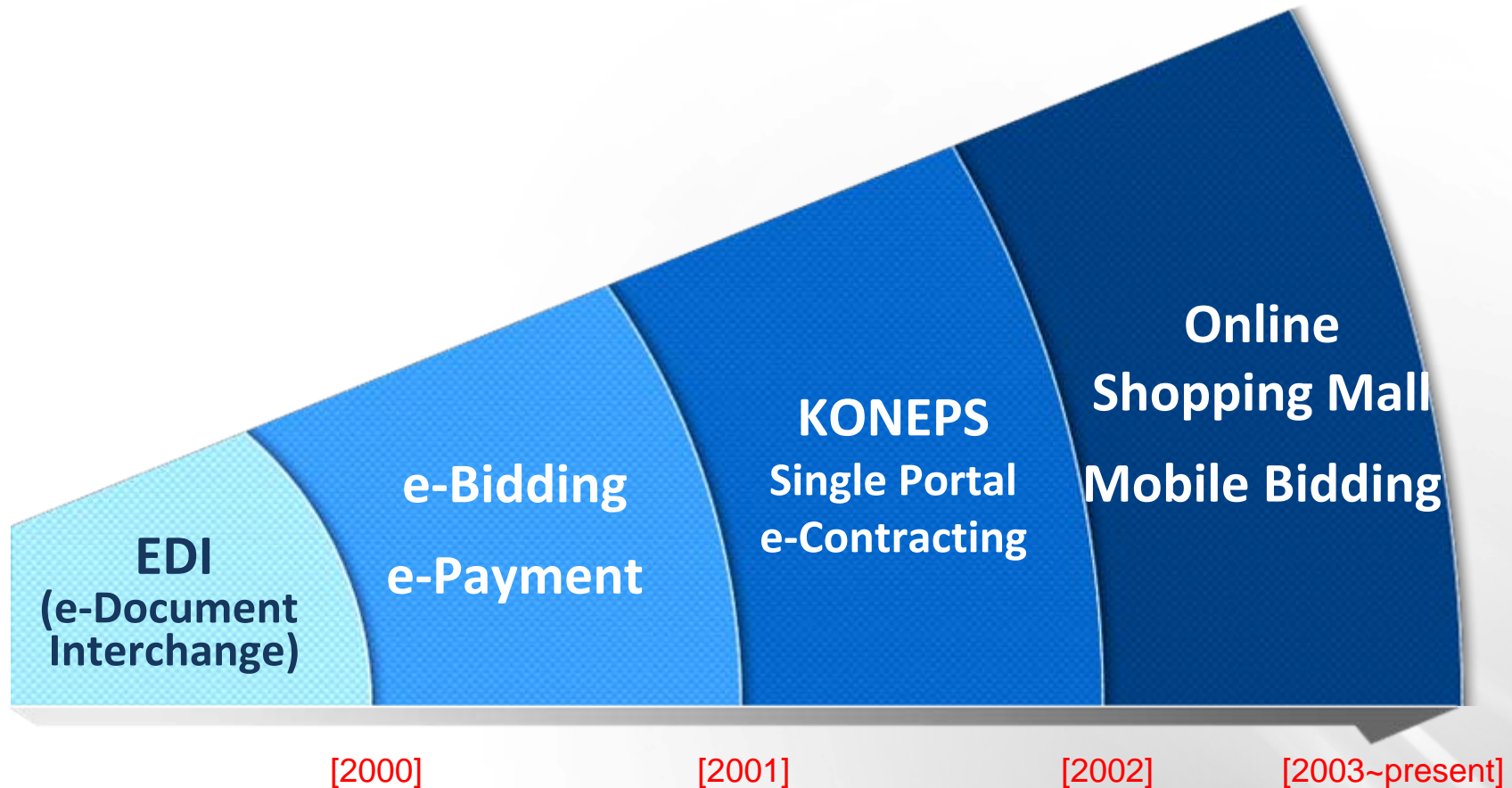


■ One Stop Service through Data Integration

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■ Phased Transition to e-Procurement



III

Impact of e-Procurement

■ Increased Opportunities for SMEs

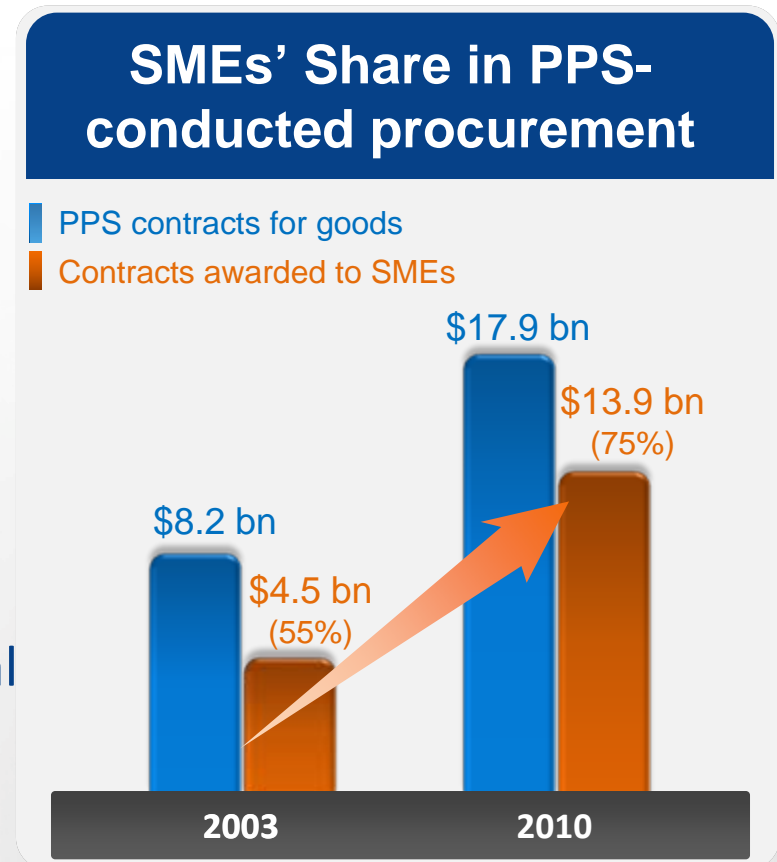
- SMEs' registration for bid participation doubled since KONEPS (2002)

- 70,864 SMEs (2001) 147,186 SMEs(2003)

- Increased participation by SMEs

- SMEs share in Online Shopping Mall Sale

- 26.6% (2006) 61.5% (2008) 74.9% (2010)



* Foreign procurement, construction mgt. and superintendence not included

■ Transition to e-Business

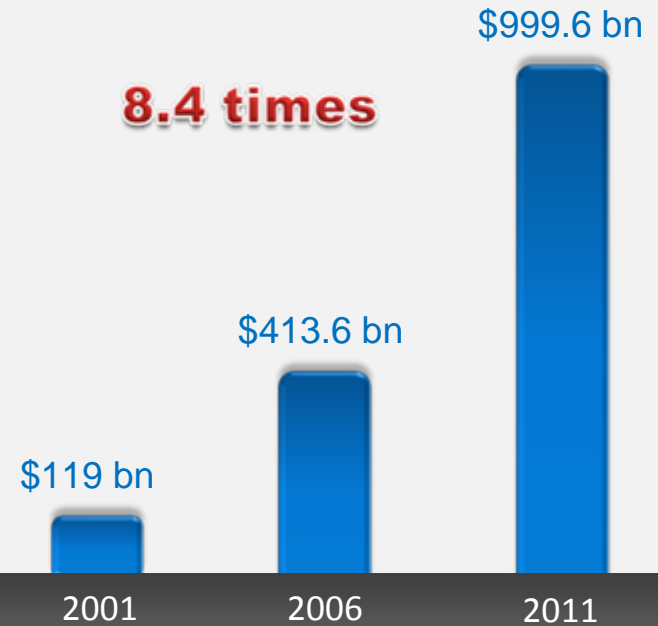
- Early e-GP promoted the growth of e-Certification industry

e-Certificates in Use

1.1 m (2001) > 8.7m (2003) > 24.4m (2010)

- Catalyst for the growth of e-Commerce
 - Strong full through effect in e-Commerce
 - Internet banking, online stock trading and e-Shopping

Growth of e-Commerce in Korea



■ Increased Transparency

- **Real-time information disclosure**

- Bidding results and contract details disclosed to the public on-line
- Peer monitoring on fair results

- **Objectivity in bid evaluation**

- Bid evaluation based on objective, validated data

- **Informed decision-making**

- Traceable prices and specifications
- Reduced risks of biased decisions from information asymmetry



Transaction Cost Savings

- KONEPS is saving **transaction costs** of **USD 8 billion** annually

- Private Sector : USD 6.6 billion
- Public Sector : USD 1.4 billion

- Increased efficiency

- Receiving bids, validating related docs. and selecting the winning bid

Before over 30 hrs

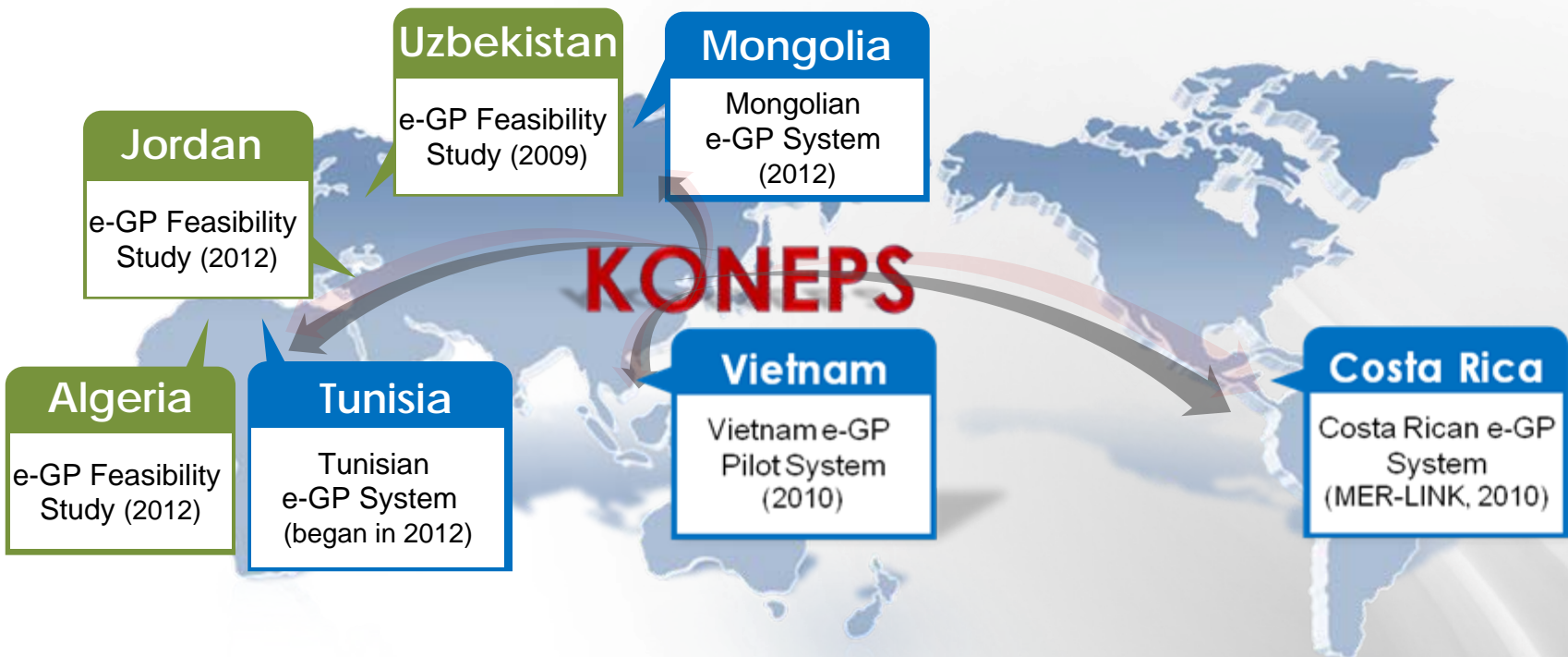
After less than 2 hrs

- Reduction of 7.8 million pages of paper documents per year



International Recognitions

- UN Public Service Award (2003), Global IT Excellence Award (2006), e-Asia Award (2007)
- Adoption of KONEPS-based e-Procurement systems in developing countries



IV

Future Goals

World Best Procurement Agency

Total solution and platform for public procurement

Continuing development of
best practice models

Exchange of expertise and
best practices with the World





Public
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THANK YOU