

03. DIGITALISATION OF THE COMPLETE PROCUREMENT PROCESS

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BACKGROUND:

E-procurement was facilitated in the Italian region of Emilia Romagna (ER) by: electronic invoicing through the Italian national Interchange System (SDI), and the Pan-European Public Procurement On-Line (PEPPOL) pilot project (2008); a national information system on public authorities' operations (SIOPE) (2009); the national Commercial Credit Platform (PCC) and the OpenPEPPOL Association (2012).

OBJECTIVES:

- Enhance the monitoring of transactions along the entire supply chain with an open-source approach
- Improve quality of information by closing the data loop of the procurement cycle (e.g. with e-orders and e-advanced shipping notes)
- Intervene where distortion phenomena are detected (e.g. late payments to suppliers)

METHODS:

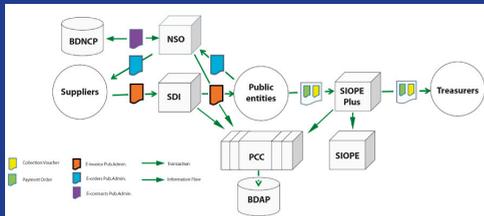
The ER regional government decided to improve the accounts payable cycle in the healthcare public sector. It chose PEPPOL – a set of artifacts and specifications enabling cross-border eProcurement – to fill national gaps it had identified (i.e. e-orders and e-advanced shipping notes). The PEPPOL network improves efficiency by allowing trading partners to exchange standards-based electronic documents. In 2015, the Nodo Telematico di Interscambio Emilia Romagna (Noti-ER) was established, based on the PEPPOL standard and supporting the SDI national invoice data stream.

An experimentation phase, launched in 2015, involved three public healthcare companies and other key players in testing the procedures and verifying outcomes. The regional government undertook lobbying activities to gain support from the market (pharma suppliers, medical device suppliers), public healthcare companies and other regional governments.

From 1 January 2016, e-orders and e-advanced shipping notes became mandatory in all new tenders, contract and agreements between public companies (healthcare) and suppliers.

RESULTS:

What has been achieved?



An overview of key procurement transactions and information flows.
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On regional level:

- ✓ 60 public companies and entities involved, with 1,318 active suppliers taking part
- ✓ Through Noti-ER, 437,635 e-orders sent to suppliers, and 1,054,891 e-advanced shipping notes and 2,888,981 invoices received from suppliers
- ✓ Regional results served as a catalyst to digitalize the whole accounts payable cycle on national level

On national level:

- ✓ 2018 national budget law (article 1, paragraphs 411-415) provides for the "obligation to issue, transmit, store and archive documents attesting to the ordering and execution of purchases of goods and services in electronic form"
- ✓ Centralized procurement system, called NSO – Nodo di Smistamento Ordini di acquisto – implemented

TAKE-AWAYS:

What worked well?

- ✓ Establishing a single regional ERP software for public healthcare companies
- ✓ Making e-procurement mandatory
- ✓ Setting realistic timelines and goals for public healthcare companies' e-ordering: 1st year (2017) 35%; 2nd year (2018) 50%
- ✓ Closing the transaction and information flow loop
- ✓ Leading change effectively and achieving early successes
- ✓ Using open source to guarantee political neutrality
- ✓ Using a multilevel approach – to apply the PEPPOL project and national SDI system (e-invoicing), implement the regional IT platform (Noti-ER), establish the regional healthcare e-procurement process, lobby other regions offering an open-source solution, influence the national government to establish a complete e-procurement cycle

To discuss: Do reducing costs and increasing efficiency represent tools for change, or outcomes of good governance?

