

# Joint Procurement of Telecommunication Services

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**Organisation:** Ministry of the Interior and Kingdom Relations

**Country:** Netherlands

**Level of government:** Central government

**Sector:** General public services

**Type:** Organisational Design

**Launched in:** 1993

**Overall development time:** 3 years

**Link to the innovation's website**

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# Description

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This joint procurement of telecommunication innovation deals with demand aggregation ensuring that only very few contracts are put out to tender. This project involves contracting telecommunication services and facilities for all of central government (except the Ministry of Defence) and, on a voluntary basis, for other public sector organisations that use them (municipalities, hospitals, educational institutions and autonomous administrative authorities). In total, about 100 local or regional public institutions take part.

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## Why the innovation was developed

The main reasons for joint tendering of telecommunication services were: (1) to enlarge the scope for cooperation in central government; (2) to lower the costs of tender procedures; (3) to improve the purchasing conditions; (4) to enhance the quality of tender procedures.

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## Objectives

Improve effectiveness, Improve efficiency, Support economic growth

Efficient and effective procurement with a focus on sustainability, social return and the possibility of SME involvement.

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## Main beneficiaries

Government bodies, Government staff

Government and public sector organisations.

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## Existing similar practices

### Joint Procurement of Energy

In my own organisation

Dutch central government

A collaborative procurement programme undertaken by the Dutch government on energy.

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### Joint Procurement of Postal Services.

In my own organisation

Dutch central government

A collaborative procurement programme undertaken by the Dutch government on postal services.

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# Results

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## Efficiency

Substantial savings (EUR 32 million a year) have been demonstrated due to the increased scale of procurement.

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## Service quality

### Other:

SLA parameters of service quality has been developed and enhanced, as strict contractual conditions have been agreed upon with the providers. A set of standard Service Levels have been developed for the whole government.

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## User satisfaction

As all participants are now involved less or not at all in the details of telecom technology and product development and of tendering, in most cases their general level of satisfaction with the services and with the providers has increased. The user satisfaction is not directly measured but instead through the Government Shared Service Centres. They are satisfied with the services.

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## Other improvements

- The tender procedure has influenced the further development of regulation by the Independent Post and Telecommunications Authority (OPTA).
  - Joint tendering has raised the quality of the tender procedures and made it possible to focus on issues like sustainability, social return and the possibility of SME involvement.
  - Employee satisfaction: Public employees take little interest in the ins and outs of telecom services and their tendering. The central tender procedure has relieved them of responsibility in this area.
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## Evaluation

- An evaluation has been conducted using a simple method, comparing the past and present results of P (price) multiplied by Q (quantity), whereby the old and new price were different but the quantity remained constant.
- The contract management that has now been set up provides management information, and the contracting authority holds discussions with the providers on this basis to evaluate the project.

# Development

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## Design

Frontline staff and policy planning staff.

Design time: 1 year

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## Testing

Prototyping.

Testing time: 6 months

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## Implementation

### Tools used:

- The leading role for this category is played by the Ministry of the Interior and Kingdom Relations.
- Carrying out market consultations and an ICT feasibility study.
- The first step after the launch of the innovation was a strategy phase to create a strategy document for the implementation of the tender procedures. This led to a strategy document that is a starting point for every tender.
- Central organisation leads to a centralisation of knowledge in the hands of the category manager.
- Fewer and larger contracts facilitate making advantageous agreements with market parties.
- Both current and potential new participants were either invited to consider taking part or came forward voluntarily. In consultation with them, their needs were assessed and the category manager developed and adopted the specifications.
- Strict contractual conditions have been agreed upon with the providers.
- Division of telecommunication services (landline telephone services, mobile phone services, PBX and VoIP switchboards, inbound phone services (0800), SMS gateways and end user devices) into clusters and lots. One contract was awarded to one provider for each cluster or lot.

### Resources used:

#### Direct costs:

- The category management and the project team had to invest in knowledge of the market and of the procedures used by the government bodies taking part. In the project phase the whole process required 5 to 10 FTEs (full-time equivalents); far fewer staff is needed in the definitive phase.

#### Indirect costs:

- Costs of gathering the relevant know-how.

Implementation time: 1 year

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## Diffusion

The innovation is copied in other programs such as EASI2010 for IT hardware. A total of 19 contracts have been signed as a result of joint procurement.

Diffusion time: 6 months

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## Challenges and solutions

- Consolidating public sector demand has effects on the market players. The market consists of relatively few players and competition is fierce. This means that the project had to be approached with great care and that legal procedures had to be followed to prevent legal actions.
- In practice, a tender procedure faces essential strategic questions that arise after the initial strategy document is finalised. This may create a need for a second strategy phase, if the initial strategy document goes into too much detail and technical issues, and/or contains too many constraints.
- The project needs on-going access to the information that was available in the strategy phase. This makes it possible to retain and transmit this knowledge to the project team.
- The great extent of the “landline telephone services” cluster contributed to the parties’ “fighting to the bitter end.” It is not possible to determine whether splitting this contract into several parts would have avoided the conflict, particularly since the issue in dispute mainly concerned a breach of telecommunications legislation.
- The introduction of VoIP-based telephone services and concepts such as Bring Your Own Device and flexible working urgently demands a central government-wide focus on these developments.

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## Partnerships

### Not specified.

Private sector

Discussions were held with providers at various stages of the process.

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### Not specified.

Other Public Sector

All participating public organisations.

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# Lessons Learned

## Lessons Learned

- One lesson is that recruiting the necessary internal staff is a labour-intensive process and requires support at a high administrative level.
- The market is placing increasing emphasis on the completeness of the scope of information provided in the tendering documents. Experience shows that the operators’ own poor reporting is largely responsible for incomplete information. Government bodies are often not critical enough of the operators on this point. As a result a great deal of effort is required in tender procedures to create sufficiently reliable overviews at a later stage.
- The close cooperation and handover of tasks between the project team and the existing organisation ensures the availability of a considerable body of knowledge in one place, allowing the best possible use of the contracts. The participants – who ‘place the orders’ and actually use the catalogues – also have a major role to play. Experience shows that they are not always aware or knowledgeable enough to make full use of contract features such as national roaming, Telephone Preference Service, femtocells, Session Initial Protocol (SIP) trunks, etc. Measures to enhance the participants’ awareness and knowledge should be considered.

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## Conditions for success

- Full commitment of all participants.
- Clear project structure.
- Steering committee with sufficient mandate.
- Clear communication with the market during the full length of the process (information sessions, website, etc).