Chapter 25
Digital Transformation in the Public Sector:
Electronic Procurement in Portugal

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ABSTRACT

Digital transformation in the public sector is an inevitable requirement for governments due to the growing complexity and interconnections of information systems, and to the demands of citizens, who are becoming better informed and are increasingly looking to more agile and innovative services. However, despite the willingness of many governments and public institutions, the results do not always tally with the original objectives. In the case of public procurement in Portugal, it could be said that digital transformation experience had an unexpected success in the European context, through a business model that is still quite unique in Europe. This result is much owed to the strong political determination, the experience gained from pilot projects, and to the involvement of many stakeholders, who contributed, in a consistent and innovative way, to the definition of the system. The system is not perfect: there are many challenges that need to be addressed in the coming years. Yet, it has enabled the Portuguese public administration to significantly grow in the digital era, so that today the State has a database containing structure information about public procurement, which is a unique case in many countries.

INTRODUCTION

Digital transformation (DT) – the use of technology to radically improve performance or reach of enterprises – is becoming a hot topic for companies across the globe. (MIT Center for Digital Business and Capgemini Consulting, 2013)

The era of digital transformation is here to stay. It is happening in our lives in ways we have not even begun to grasp, but it is there. One need only think about the proliferation of social networks, and in particular on how they influence relationships, impact on electoral results, etc. But, if this is a very obvious example, many others are not so obvious, albeit equally relevant.

While the public sector is no exception to this avalanche of transformations the world has witnessed, it is not always agile enough to successfully drive this transformation process. Moreover, the confidence of citizens in the public administration ability to reinvent and modernize itself today seems more lost than ever, as the result of the austerity measures and economic instability that has already dealt a cruel hand on some countries and had its repercussions on many others, through globalization and the inter-dependencies that have been established.

According to a survey conducted by Accenture, European citizens across five countries were asked how confident they felt about their governments' ability to deliver services that will meet the needs and expectations of citizens in the future. More than 62% said they were not confident. To stay connected to their constituents, public leaders both at Member State and European levels need to usher in a new accountability framework (Masson, 2014).

In the specific case of public procurement, according to an OECD recommendation, public procurement is a crucial pillar of strategic governance and services delivery for governments. Because of the sheer volume of spending it represents, well governed public procurement can and must play a major role in fostering public sector efficiency and establishing citizens' trust. Well-designed public procurement systems also contribute to achieving pressing policy goals such as environmental protection, innovation, job creation and the development of small and medium enterprises (OECD, 2015).

If digital reform is added to an effective reform of public procurement, which today one cannot forgo, then there would be an opportunity for transforming public service. Portugal was, in this field, a surprising and unexpected case study. In fact, without making it explicitly known, the Portuguese government made the bold decision of making e-procurement compulsory on 1 November 2009 through a solution based on Cloud service resources.

The purpose of this article, which as part of studies on digital transformation seeks to explain the reasons why the Portuguese model is so effective, is to understand that decision and put it into context.

With this in mind, the article is divided into the following sections: introduction, background on digital transformation, description of the Portuguese case in respect of the legal reform and the implemented electronic system, analysis of the case in the context of digital transformation, lessons learned and current challenges, and, finally, the conclusions.

BACKGROUND

According to the declaration on the digital transformation of European industry and enterprises stemming from the conference on the digital transformation of European industry and enterprises, held in Brussels in February this year, digital technologies are currently driving the 'fourth industrial revolution' (Conference on Digital Transformation, 2016).

Empowered by digital investments, disruptive business models and improved production processes, European companies are generating international market opportunities with new products and services. In today's globalized world, the transition to a digital economy is essential for Europe's competitive edge

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