

Chapter 4

Digitalization in Public Sector Procurement and Consequences From an Organizational Point of View in the EU

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ABSTRACT

Public procurement is undergoing a digital transformation. The EU supports the process of rethinking public procurement process with digital technologies in mind. This goes beyond simply moving to electronic tools; it rethinks various pre-award and post-award phases. The aim is to make them simpler for businesses to participate in and for the public sector to manage. It also allows for the integration of data-based approaches at various stages of the procurement process. With digital tools, public spending should become more transparent, evidence-oriented, optimised, streamlined, and integrated with market conditions. This puts e-procurement at the heart of other changes introduced to public procurement in new EU directives.

INTRODUCTION

Digital Transformation makes reference to a process of adoption of digital tools and methods by an organization, typically those that have either not been including the digital factor as part of their core activities or have not kept up with the pace of change in digital technologies.

Digitization is viewed as a new source of growth, efficiency, or relevance in an increasingly digital world. This usually includes new communication and service delivery channels (with internal and external users, data-informed decision making and business processes based on larger and larger volumes of data, enhanced human resources capabilities and new procurement mechanisms.

While the practice of digital transformation in private sector organizations has more tangible drivers (efficiency gains, market share, profit, etc.) and often more immediate results, the practice of digital

DOI: 10.4018/978-1-6684-3380-5.ch004

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transformation in government must also consider public purpose and involves additional factors of ownership and persistence of public data (especially identity), data security and privacy, digital service accessibility for everyone, and public digital literacy.

Digital transformation is in line with OECD's 12 Digital Government Principles:

- Openness, transparency and inclusiveness
- Engagement and participation in policymaking and policy making and service delivery
- Creation of a data-driven culture in the public sector
- Protecting privacy and ensuring security
- Leadership and political commitment
- Coherent use of digital technology across policy areas
- Effective organisation and governance frameworks to coordinate
- Strengthen international cooperation with governments
- Development of clear business cases
- Reinforce ICT project management capabilities
- Procurement of digital technologies
- Legal and regulatory framework

After taking the path of “e-government” and digitisation of paper-based processes, many governments have now shifted focus to a whole-organisation approach to digital—or at least recognised the need.

In many cases, a digital transformation project is likely to implicate many other processes and systems, requiring that digital be considered closer to organisations' core functions and improve its ability to quickly reconfigure itself. This change is often seized as an opportunity to partially if not integrally redefine the organisation's main goals, its unique public value, to sunset obsolete and habit-sustained roles and functions and cope with new levels of demands coming from service users and the public.

A specific challenge regarding public sector's digital transformation involves the ability to hire new types of talent and integrate digital related tools, methods, strategies and culture not only into strategies and plans but also in daily habits. This ability is challenged by the scarcity of talent in specific fields: data analysts and data scientists are often recruited by private companies with more attractive wage offers. The need for new profiles exceeds strictly digital-related jobs, and have to do with new ways of designing and delivering services: from user experience and user interface experts to ideation and strategic vision catalysts, a wide array of skills and expertise play a role. None existed when public administrations appeared; most did not exist five years ago.

Beyond the cultural challenges, organisations face major technical challenges of migrating from legacy systems, many of which involve critical data or perform essential functions. The disparities in adaptive capacity and “technology debt” can be quite large between start-ups and large organisations.

In addition, governments are also coping with how to address emerging technologies, such as block chain and artificial intelligence (Dominick, C.; Lunney, S., 2016). The challenge for governments is three-fold: how might governments incorporate these new technologies for their own public purposes, how should governments address the use of these technologies in the private sector; and how do these new technologies affect the functions, expectations upon and role of governments in societies that are transforming. “Disruption” is often associated with digital transformation and emerging technologies since they can affect integral organisational infrastructure, create extreme disparities between organisa-

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