

Digital Procurement Transformation in Indonesia Public Procurement System

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Background

- LKPP Mission
 - Establishing an efficient government procurement market;
 - Ensuring a competitive business environment;
 - Being an innovative and integrated agency in leading the country procurement reform
- Growing needs in the global business operations of using digital post the COVID-19 era

Background



E-Government

Government's commitment in developing the implementation of electronic - based gov. services by utilizing information technology and improving public services is realized



E-Proc. System

Existing e-GP system which LKPP has developed: SPSE V.4.5, SiRUP, e-catalogue, SiKAP, Bela Pengadaan, OSS BKPM, KSWP, etc



Information & Technology Development

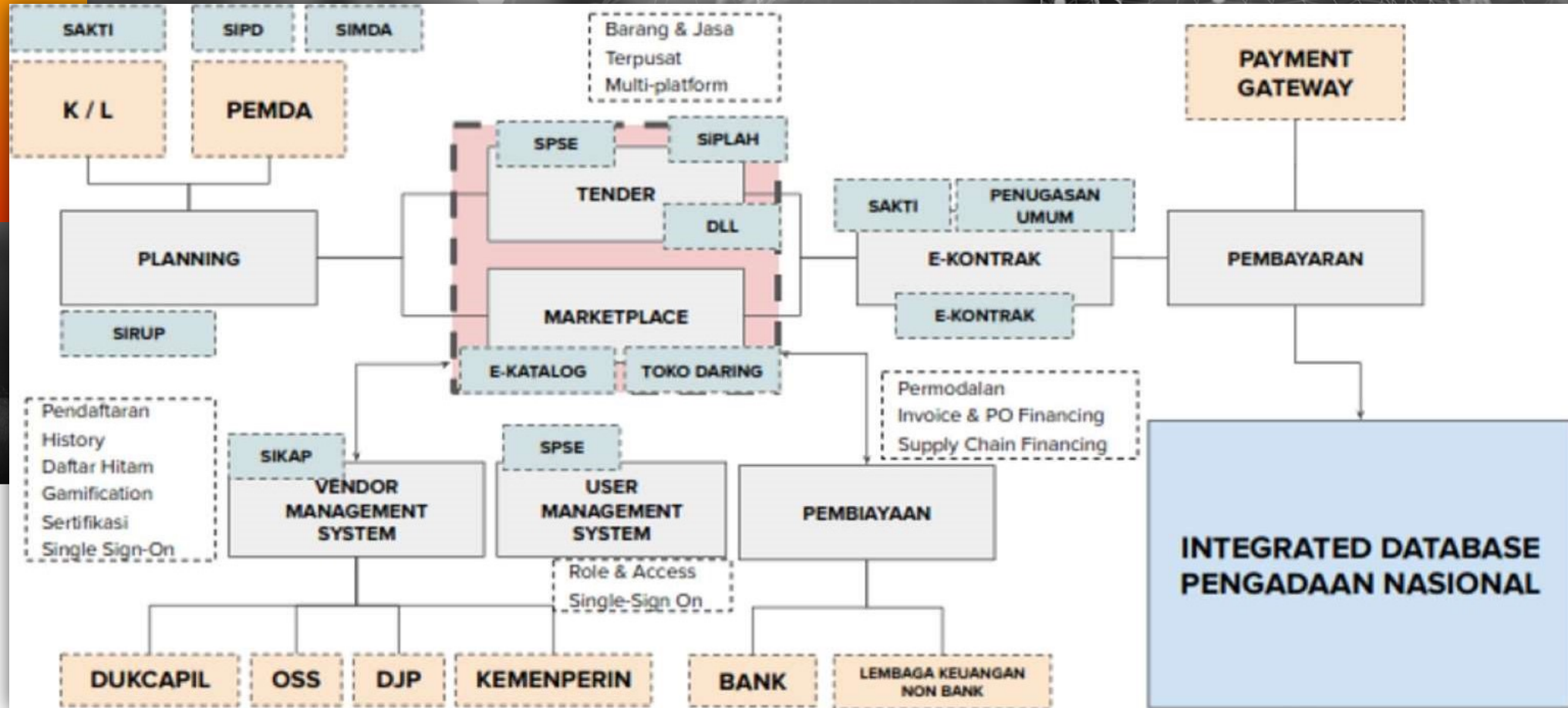
Rapid changes in the IT Development technology: Artificial Intelligence, Blockchain, Internet of Thing (IOT), etc

Performing Assessment

- By **benchmarking with best international practice**, identify the scope of digital procurement transformation for all levels of government procurement, including central government and sub nationals in order to have a more transparent and efficient country procurement system with reduced corruption risk;
- **Assess the existing e-procurement system** and the related business process, as well as identify gaps for delivering the intended digital procurement system; and
- **Develop a practical roadmap for the transformation** of the current system and business process to become a digital government procurement system, which a more transparent and efficient access to potential vendors, not only for best quality products/services around the globe, but also for domestic products and SME vendors/products.

Objectives of Digital Procurement Transformation

- Improved reliability of a procurement process, outputs, and outcomes
- Development of digital government marketplace
- Enhanced participation of qualified national and international vendors
- Enhanced market access for SMEs
- Enhanced chances for cross border transactions
- Moving towards procurement data-based policy and decisions
- Improved public monitoring system



Existing National Procurement System and Various Applications

E-GP in Indonesia

E-GP Systems:

- Indonesia has implemented many e-GP applications
 - Adds to the complexity of the environment,
 - the need for interfaces and long-term sustainability
 - LKPP systems such as SiKAP, SIRUP and the national e-catalog are centrally hosted and managed.

SPSE System:

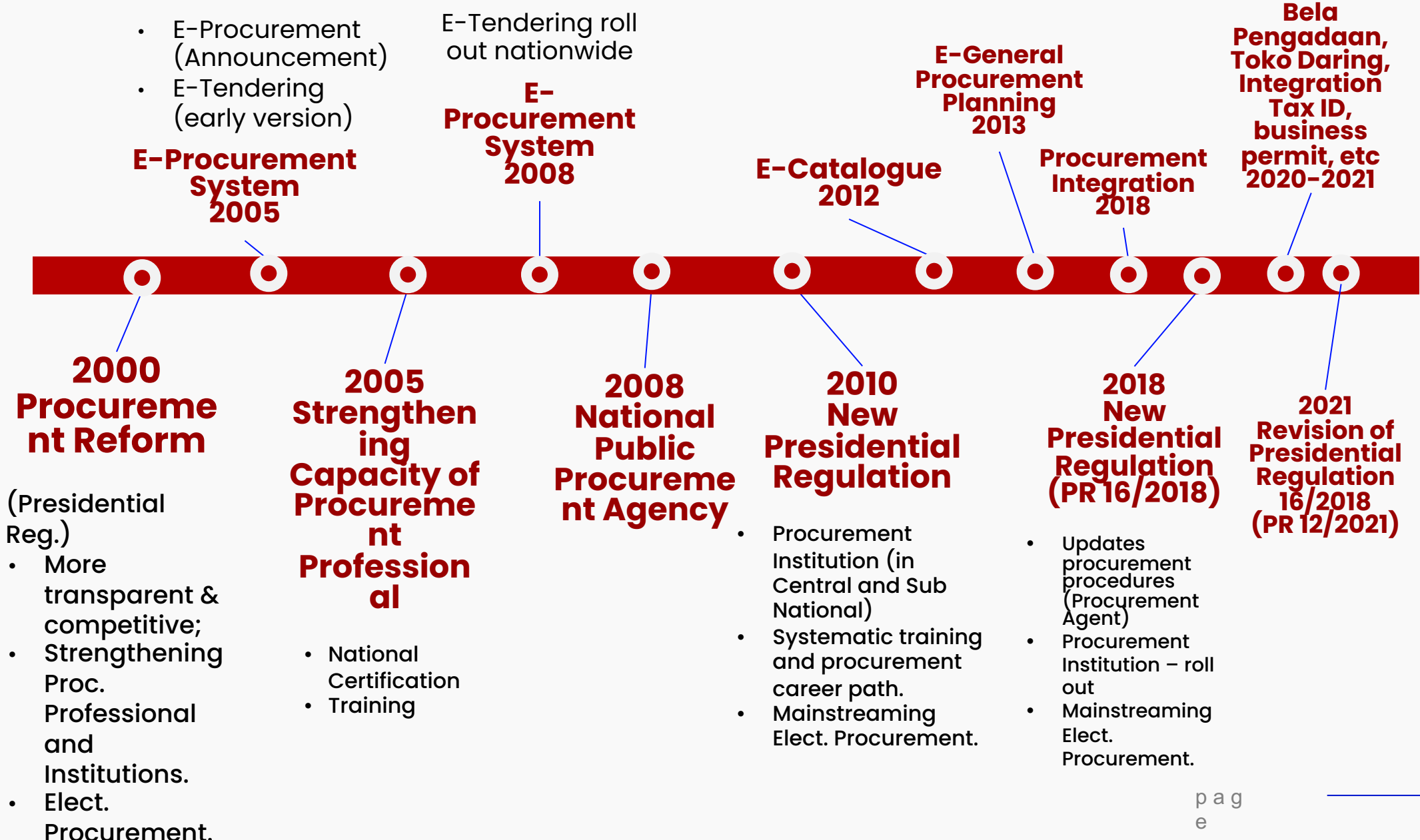
- The primary procurement application is SPSE which governs and manages the procurement activity for government organizations from Source to Contract, covering the publication of opportunities through to contract issuance and completion.
- SPSE incorporates SiRUP, SiKAP and Appendo. Each procurement package created in SPSE should be associated with a corresponding procurement plan record in SiRUP.

E-GP in Indonesia

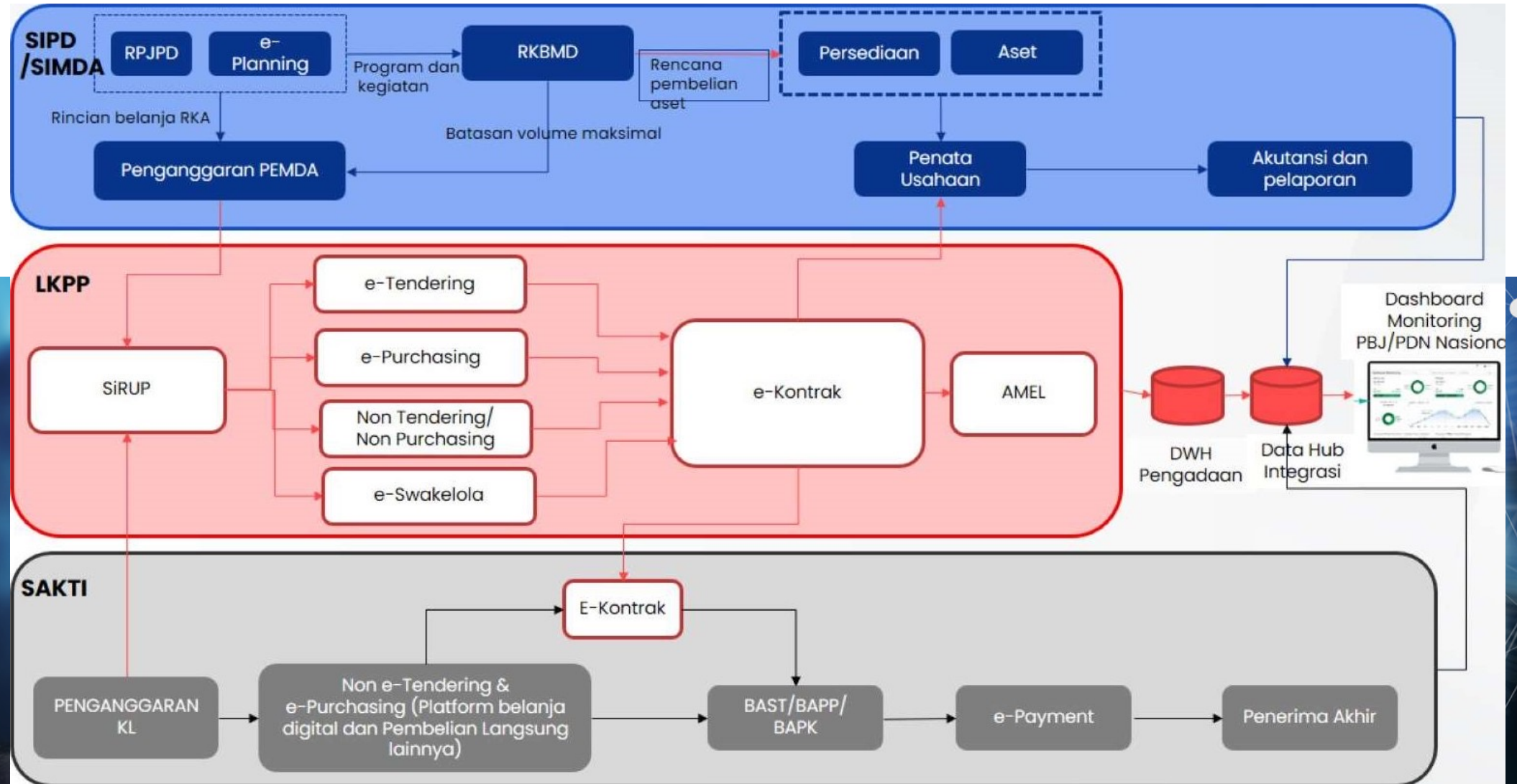
Maintenance & Development Challenges:

- LKPP also faces challenges with the maintenance and the on-going development of the applications currently supported. Development resources are limited, and teams can only address so many issues each year.
- Multiple applications with different standards can overextend the capacity of the resources to maintain and support the applications.
- Some of the applications are reaching the end of a sustainable life cycle. At some point, LKPP will need to consider a system overhaul to bring the system up to current technology standards.
- LKPP should review new technologies such as blockchain, integrated workflow engines, and open source or COTS platforms to determine which technologies provide the best option to deliver the next generation of SPSE and other applications.
- The new system environment should be designed as a centralized service incorporating all existing functions including SPSE ICB and adding new functions to enhance the efficiency and effectiveness for users. A new system would be designed to comply with new One Data standards released by the Ministry of Communication to facilitate data exchange between other government systems.

Journeys



Where Are We Going?



Principle of Digital Transformation

- 01. Strategic Alignment** - achieve LKPP Strategic Plan 2020-24 vision, automate and record full source to pay cycle, and align with related digital transformation strategies in compliance with One Data policy. Data used to monitor and measure achievement of policies.
- 02. Targeted growth** - systems and processes increase participation of MSMEs, disadvantaged groups and supply of local goods and services
- 03. Leadership** – support LKPP regulatory functions to monitor and measure compliance, and implement stakeholder-focused public procurement framework in which public sector buyers and suppliers are digitally aware and skilled
- 04. Big Data** – data is input once only, meeting data and information security standards. Analysis and reports improve services and inform procurement policy-making and transactions. Data sharing makes processing more efficient and improves quality of data shared with eGovernment systems

- 05. Governance** – processes ensure as much external expenditure as possible is planned, transacted, and approved through platform, achieving transparency over financial commitments and managing related risks and opportunities. Related legislation, regulation and processes require data and systems to be used fairly and ethically to support the government's policies. Higher value procurement opportunities are advertised openly.
- 06. Public Value** – EGP uses public funds effectively, and the information produced is used to improve value for money for Indonesian citizens and businesses.
- 07. Trust** – data is of high quality and automatically verified against other official systems. Cybersecurity risk minimized; original records retained, and system allows LKPP to limit unauthorized interference or changes in the system so stakeholders can use the systems with confidence
- 08. User-centered design** - platform and associated services incorporate needs of key stakeholders, including buyers and suppliers of all sizes. Systems and services can be accessed using personal devices such as smartphones.

NATIONAL PROCUREMENT IT ROADMAP

PHASE 1 PROCUREMENT DIGITAL CONNECTIVITY

IT services are integrated into the entire national procurement digital business process

2021

PHASE 3 PROCUREMENT DIGITAL TRANSPARENCY

Sematic Linking and seamless data integration. Some decision are made automatically

2022

PHASE 5 PROCUREMENT ADAPTABILITY

IT services are able to make decisions in anticipating various changes automatically, quickly and accurately

2024

Phase 0 PROCUREMENT COMPUTERISATION

IT Services are silos (separated). Semi-automated quality assurance

2020

PHASE 2 PROCUREMENT DIGITAL VISIBILITY

Control of National Procurement data to support decision making

2022

PHASE 4 PROCUREMENT PREDICTIVE CAPACITY

Simulation of National Procurement scenario and ability to predicate future trends

2023

What Are The Main Impediments?

Organization

Delivery Model & Business Model
Change Management program
Budget

Human Resources Management

Skill set and profile

Information Technology & Data Mgmt.

Intended functionalities

Business process

Streamlining business process

Regulations

Identifying existing regulations

- Problematic in content
- Conflicting
- Need improvement based on the expected business needs

Need of additional future regulations (if any)

For Quick Win:

Expect no fundamental regulatory change

E-GP in Indonesia

Reporting Tools:

- Reporting functions in the SPSE and INAPROC focus on capturing the number of transactions and value of procurement at different stages of procurement - planning, active, implementation, and completion.

System Design:

- The systems do not **support automatic notification services for opportunities of interest**. The SPSE system does not **use tender classification with a detailed commodity coding scheme such as UNSPSC or CPV (Common Procurement Vocabulary)** to support searches or reporting on the types of tenders being processed.

Procurement Data

- The SPSE, e-contract, SiRUP, SiKAP, and e-catalog, have reached a good level of maturity and capture large volumes of data. However, challenges exist concerning the coverage of the procurement cycle and issues on the quality, scope, accuracy, usefulness, and completeness of the procurement data and availability of the data outside of the application

Summary Action Plan:

- Centralize LPSE installations into one (or more) central Shared Service data centre(s) to support compliance with one data policy and improve security monitoring of systems to reduce potential interference
- Eventual transition from shared data centre to Software as a Service
- Create a central data warehouse of all procurement information = single source of truth for reporting, leverage value from information and integrate with other government systems such as payment systems
- Plan improved analytics and reporting needed and expand types of data collected to reflect requirements, such as sustainability outcomes and improve contract management data
- Create central supplier and buyer portal. Push contract opportunities information to registered suppliers based on commodity codes and allow buyers to download previous project documentation and search for contracts
- Supplier documents and performance data to be available to buyers across agencies to assist with due diligence

Summary Action Plan:

- Consider Commercial off the Shelf systems to jump start development and incorporate modern standards such as PEPPOL
- Organizational transformation for management of eProcurement, select between full LKPP provision, partially outsourced, or fully managed service as SOE or PPP model – may help with recruitment and retention of staff
- Expand online risk monitoring of processes and behaviour to address issues in near real-time
- Simplification of existing processes, documentation and data required
- Examination of introduction of tribunal for addressing complaints
- Additional English language capability to drive international supplier competition and meet MDB requirements
- Examine the management of bid security by the comparator countries and choose preferred model
- Produce a detailed business case to make funding and ongoing management sustainable

E-GP Roadmap

Technical Functionality

Short-term (Year 1 and 2) - Quick Wins

- Cyber security verification
- Centralized Supplier registration in SiKAP
- Establish INAPROC as central supplier procurement portal
- Add automated email notification services to INAPROC and SIRUP
- Functional enhancements to SPSE
- Customer support services
- Grow Supplier Marketplace
- Subcontractor visibility and support
- Supplier focused improvement
- Standard procurement templates
- EGP development and operations structure
- User-centered services
- Research and innovation
- Rationalization of EGP systems
- Communication strategy

Mid-term (Year 2-3)

- SPSE as SaaS service
- Update E-contract
- SIRUP as a planning system
- One Data
- Change Management
- Communication Strategy
- Construction-related functionality
- Compliance and integrity
- Enhanced public financial management
- Big Data Analytics
- Adopt a common data standard
- Adopt a digital only approach
- Data analytics.

Long-term (Year 3-5)

- Complaint Management
- Big Data Analytics
- Continuous Improvement
- Research and innovation

What Are The Areas of Digital Procurement Transformation?

- Organization: Delivery Model, & Business Model
- Human Resources Management
- Information Technology & Data Management
- Business process
- Regulations

IMPORTANT

Taking lessons learned from other countries





End of Presentation

Thank You

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