

# **A Historical Study of Japanese e-bidding in the field of Public Construction**

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# 1. The Status of Public Construction in Japan and concerned bodies.

Construction Investment in JAPAN in a year

=450~500 billion US\$

Public sectors cover  $\doteq$  40% of it.

And 10 % of public sectors is from the budget of Ministry of Land, Infrastructure, Transportation and Tourism (MLIT) .

Other 90% is of local governments and other.

MLIT is not only **control ministry** for construction industry but also a **procurement body**. It is also an infrastructure owner.

## 2. History of Japanese e-bidding (e-tendering)

Japanese e-bidding system started in the construction field at first.

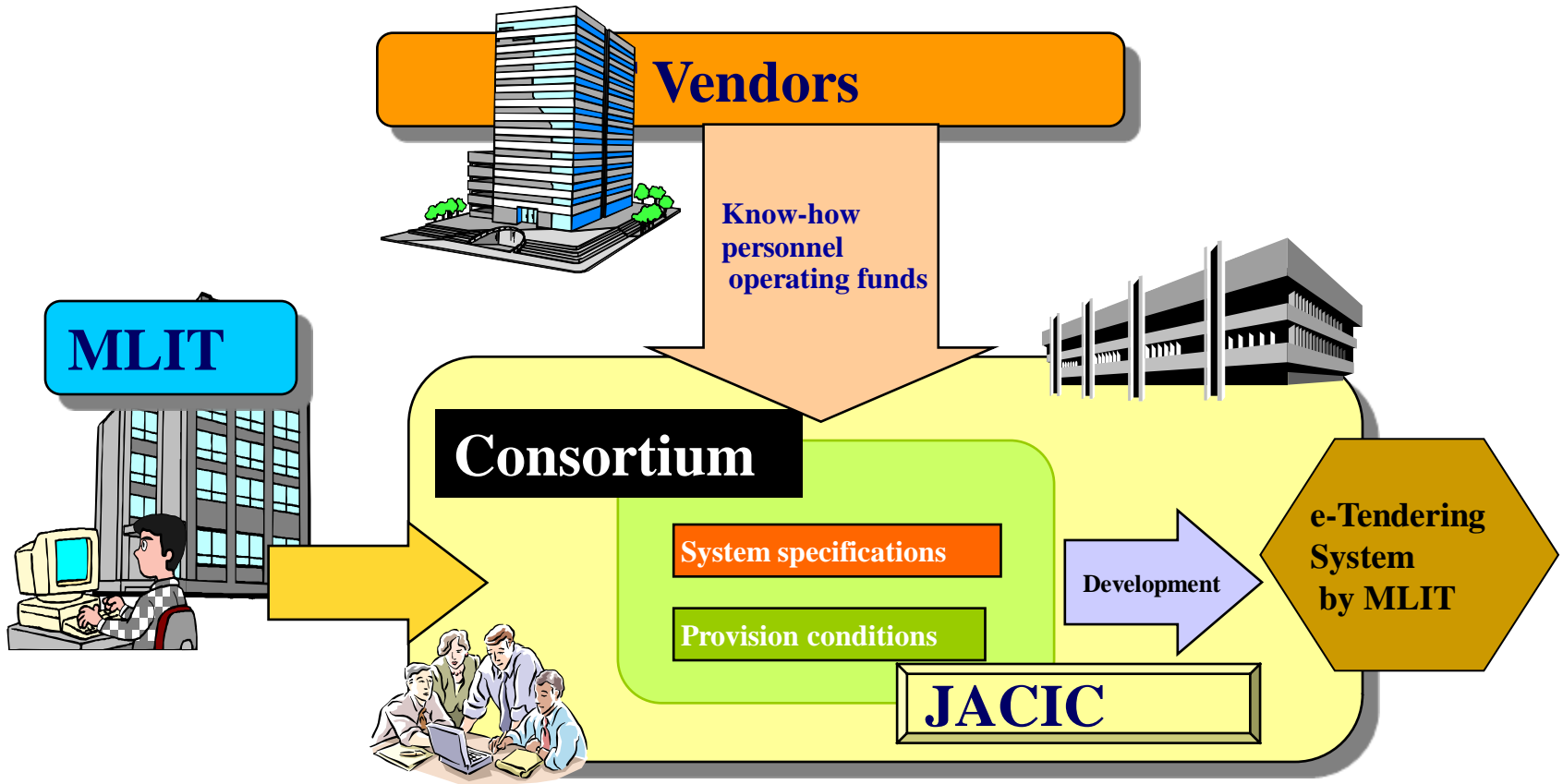
Nov. 13 2001 - First Electronic Tender Opening



パソコンで電子入札の操作をする扇千景国土交通大臣

by MLIT first minister Ms. Ohgi

# The first e-bidding system was developed by a Consortium



**MLIT e-Bidding has increased year by year**

- **FY2001**      **about 100 Tenders**
- **FY2002**      **about 2,000 Tenders**
- **FY2003**      **All Jobs by MLIT into IT**

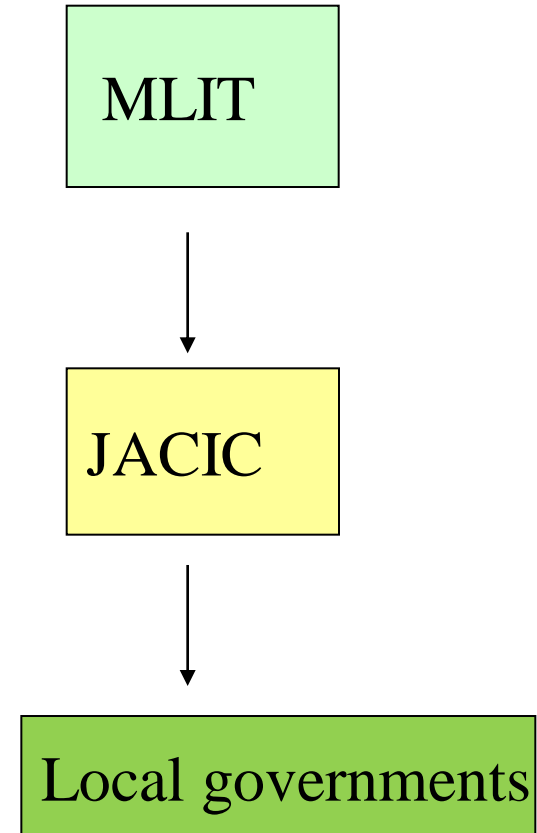
**Now over 30,000 Tenders in a year.**

**Maybe 10 times in the whole JAPAN now.**

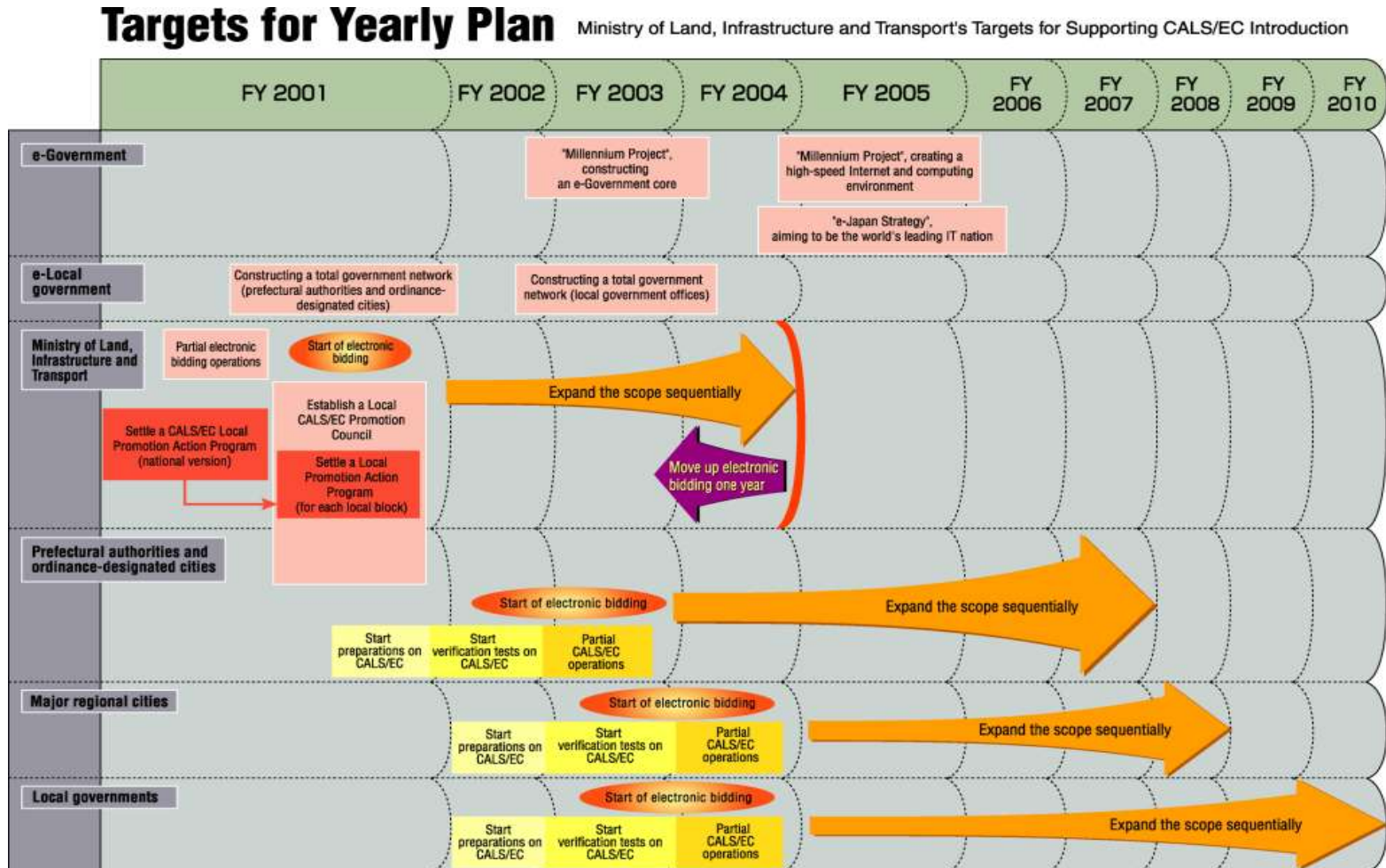
**Public project is now usually conducted by  
e-bidding system in Japan**

# What is JACIC

- My organization is now a kind of non-profit organization. It was a government agency controlled by MLIT to develop the 2 bidding systems. One is for MLIT, another is for the other bodies, especially for the local governments.
- MLIT ordered JACIC to develop the e-bidding systems **in 1999** and JACIC established a consortium to develop the system for MLIT.
- On the other hand, the system for the local government was developed **by JACIC** for the **own business** under the MLIT's supporting.



# MLIT supporting was because of the National action program as below to spread CALS/EC

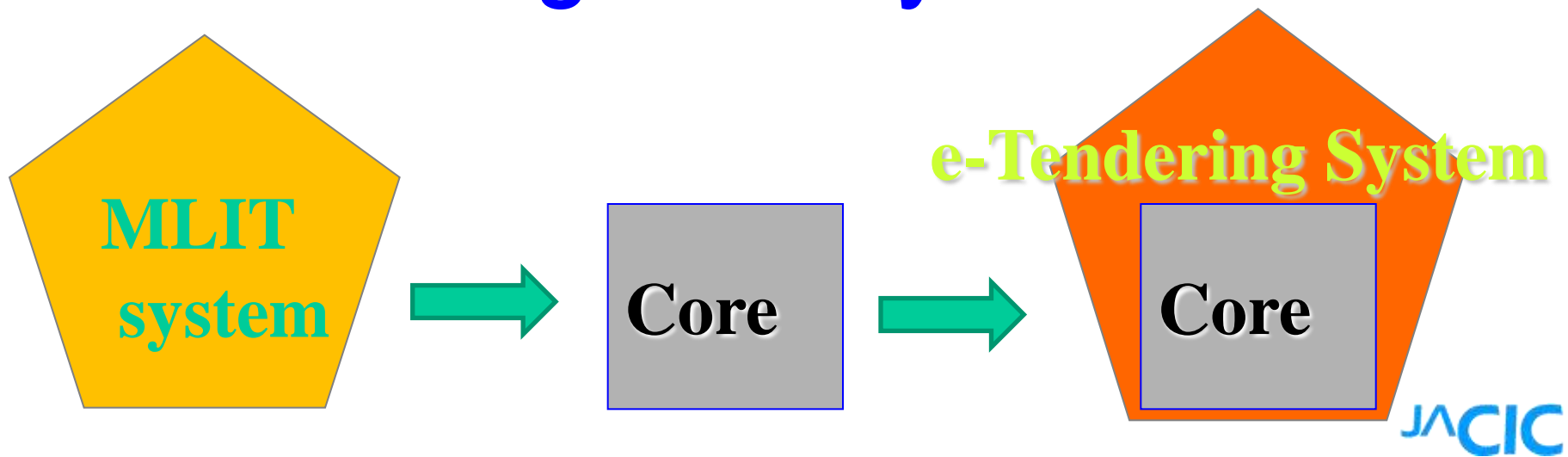


E-BIDDING SYSTEM IS ONE OF CALS/EC

The 2<sup>nd</sup> system JACIC provided is based on the first National System.

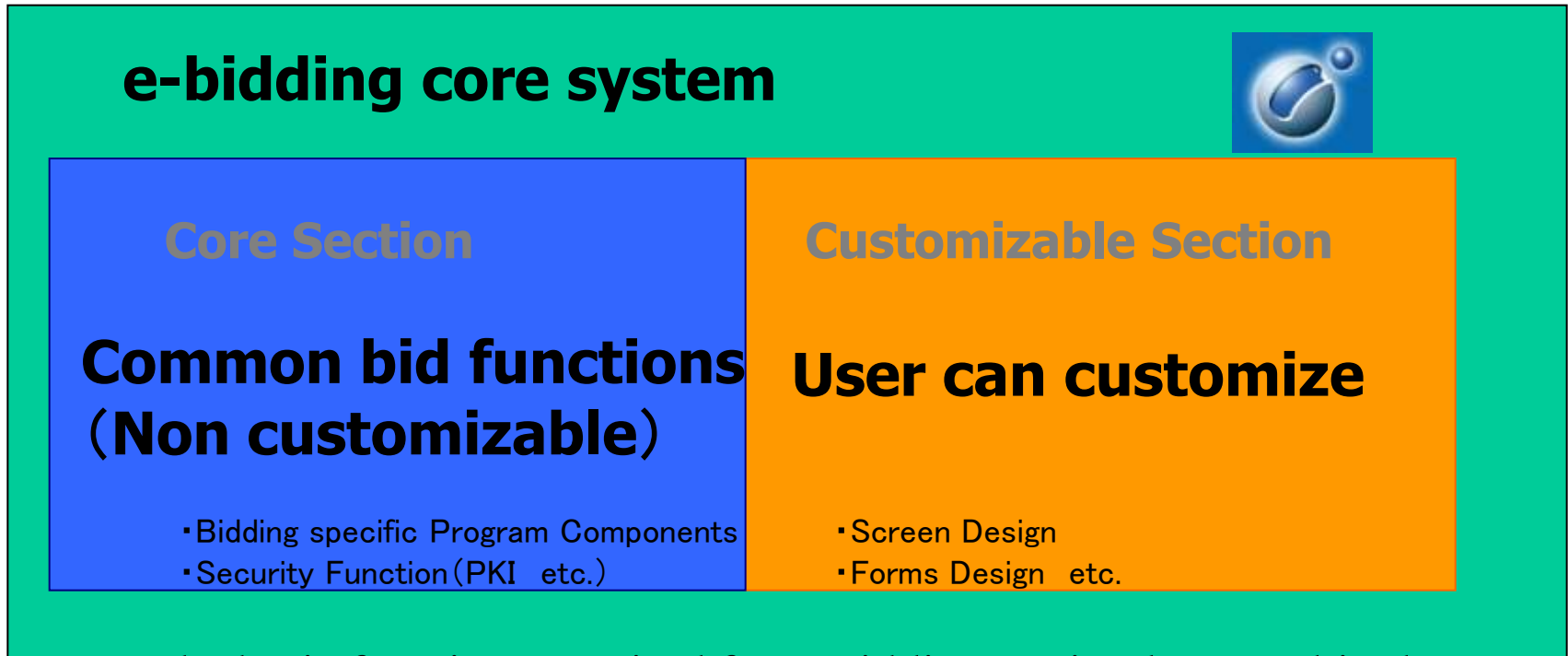
The core part of the e-Tendering software, which has high flexibility and can be applied to multiple public purchasers.

## e-Tendering Core System





# Core system structure



- The basic functions required for e-Bidding are implemented in the “Core Section”.
- The “Customizable Section” allows screen design changes and free modifications to linkage function with related systems.

**The copyright of this is belong to JACIC**

**MLIT also adopted this core system several years later because of maintenance cost.**

# Some conditions of this systems

1. for the local government

It would be cheaper than their individual development.

2. Unified standard or tools were also of bidders' desire.

Different standard would be much trouble to the bidders.

3. There JACIC was an organization to promote.

(with own business model)

[Core system] doesn't mean some actual hard systems Specification and standard only.



# 3. Present Status of e-bidding in the field of Public works in Japan

## Supported Field

<b>Construction</b>	<ul style="list-style-type: none"> <li>■ Open bidding</li> <li>■ Publicly-invited, selective bidding</li> <li>■ Selective bidding</li> <li>■ Work-specified selective bidding</li> <li>■ Optional contract</li> </ul>
<b>Service</b> (Consulting service for construction)	<ul style="list-style-type: none"> <li>■ Publicly-invited competitive bidding</li> <li>■ Simple public invitation type selective bidding</li> <li>■ Selective bidding</li> <li>■ Publicly-invited proposal</li> <li>■ Simple public invitation type designated proposal</li> <li>■ Standard proposal</li> <li>■ Optional contract</li> </ul>
<b>Goods &amp; Others service</b>	<ul style="list-style-type: none"> <li>■ Open competitive bidding</li> <li>■ Designated competitive bidding</li> <li>■ Optional contract</li> </ul>

# Local Government now

## ■ Purchase & Under procedure

- Prefecture 46/47
- Ordinance-designated city 19/21

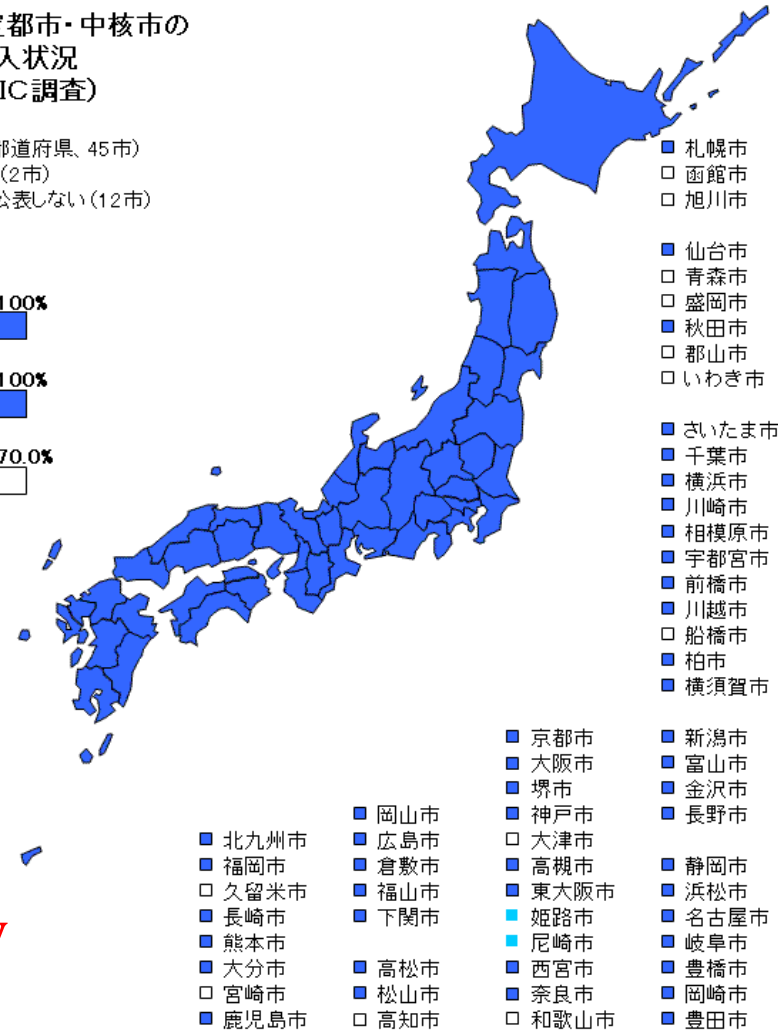
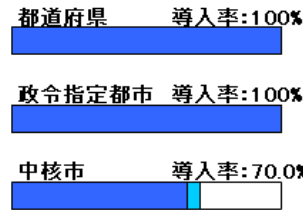
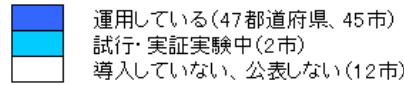
※JACIC System was strong against the competitive systems.

Total amount is over 50 billion US\$ every year with this systems.

It means the Core System is actually de-fact satandard in JAPAN.

It is a success story of JACIC.

都道府県・政令指定都市・中核市の電子入札(工事)導入状況(平成22年7月JACIC調査)

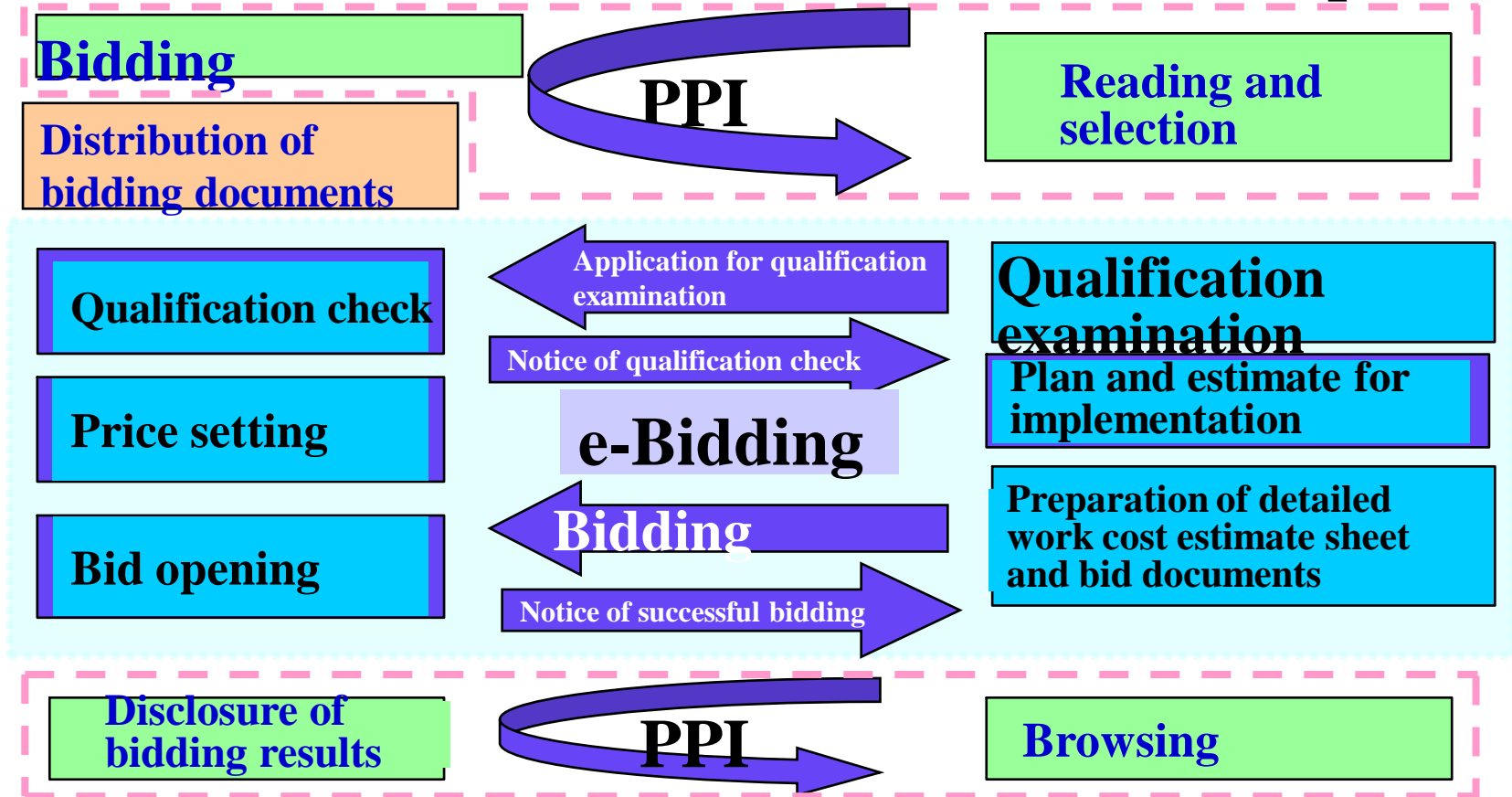


# 4.Features of Japanese e-bidding (1)

## E-Bidding business flow (directly)

<Purchaser>

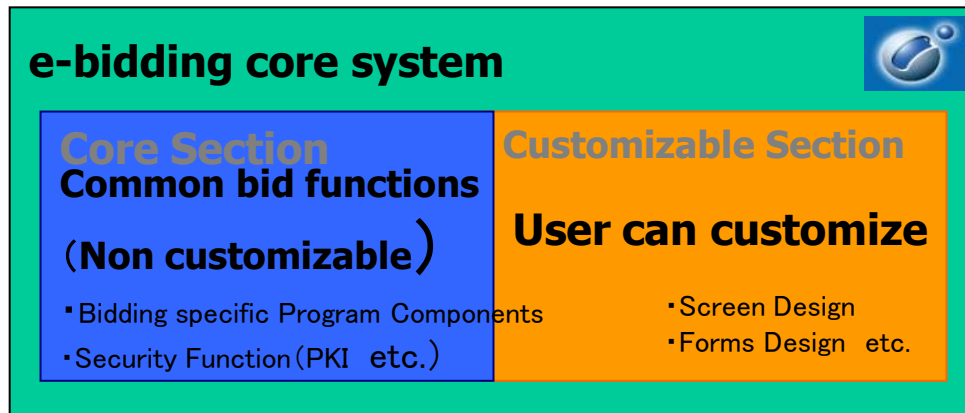
<Bid Participants>



※ We has not changed the tendering process from the old paper way.

# 4.Features of Japanese e-bidding (2)

**JACIC could develop this customize system**



There are large vendors in JAPAN for the e-bidding system from that time.

/ HITACHI,

/TOSHIBA,

/FUJITSU,

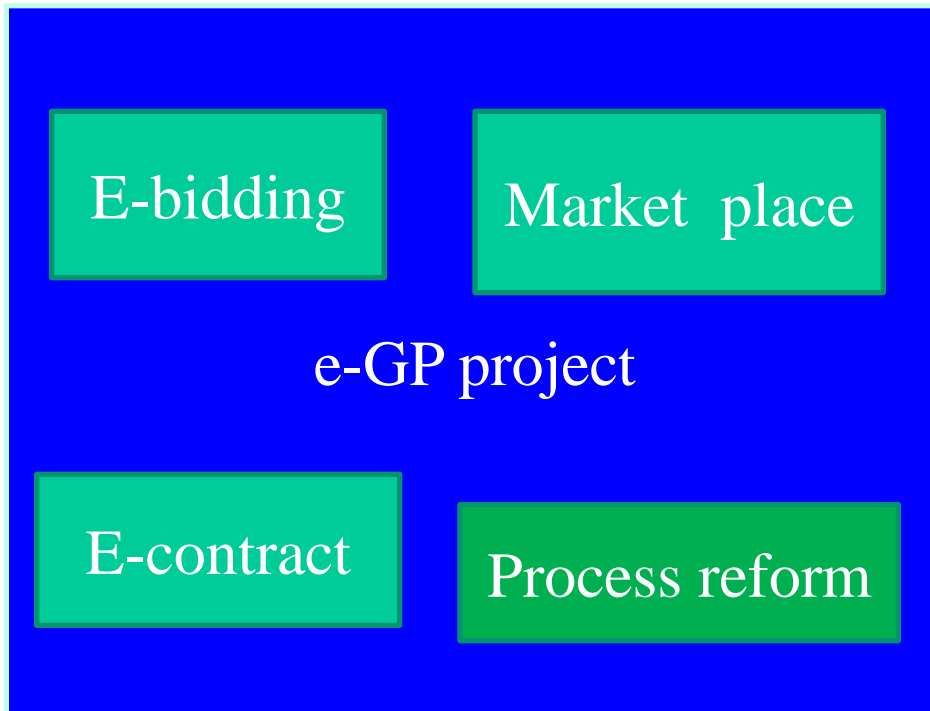
/NEC (Nippon Electric Company) ...etc.

for quickly spread to all JAPAN.

# 4.Features of Japanese e-bidding (3)

Only e-bidding has been developed in JAPAN.

e-GP is usually more wide project conception.



We are now still using paper contract.

**Korea has developed a law to do e-contract.**

# 5. Conclusion



1. Japanese experience of e-bidding systems might be reference for developing countries of e-GP.
2. Many countries in Asia are developing the e-GP systems now year by year.

We should exchange the know-how or problems more together.