



# Innovating Public Procurement Through KONEPS

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Public Procurement Service  
The Republic of Korea

1

- Public Procurement Service
- Function
- Introduction to PPS

2

- Background of KONEPS
- Rationale
- Development

3

- Characteristics of KONEPS
- Single Window (One stop / Integration)
- Market share

4

- KONEPS Architecture
- KONEPS at a Glance
- Process

5

- Contributions to Public Procurement, International Recognition, and Answers to Questions



**1**

**Public Procurement  
Service**

# Characteristics of Public Procurement



- Global competition era has dawned
  - Renewed recognition on the role of procurement
  - Increase of net profit possible thru reduction of procurement cost

- Enhancement of procurement administration efficiency is gaining importance
  - Budget saving is required

# Characteristics of Public Procurement



- Changing procurement paradigm due to IT development

Shifting from B2C to B2B & G2B because of e-Commerce growth

Changing procurement procedures as a result of automation, simplification & easier information sharing

- Public procurement encompasses public enterprises in WTO Agreement

WTO Agreement changing to provide for enhancement of transparency to facilitate trade liberalization

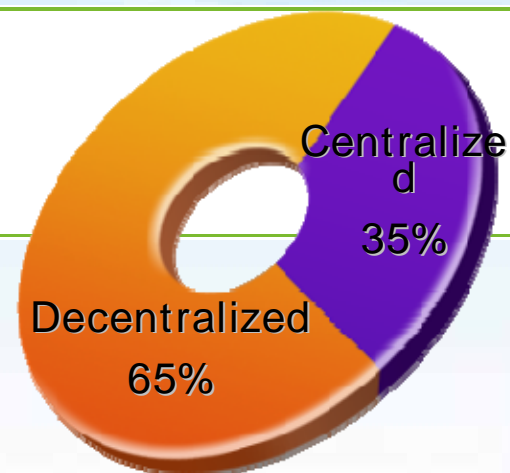
# The Procurement System in Korea

## Combination of centralized and decentralized systems

- The Central Procuring Agency (PPS)
- Departments and Agencies

## The volume of Public Procurement (FY 2009) : US\$ 122B

- Centralized : \$ 43B(35%)
- Decentralized : \$ 79B(65%)





- *As Governmental Body for Procurement, PPS is*
  - *responsible for procurement of goods and construction works with the following threshold*

Type	Goods	Construction Works
Central Gov't Agencies	Above \$100,000	Above \$3,000,000
Local Gov't	Autonomous	Autonomous

- *Other procurement : each public entity*

# Introduction to PPS



고객과 함께 하는 —  
조달청

<Symbol> Representing the World's best  
Transparent and Fair e-Procurement system

- **P** in PPS \* PPS : Public Procurement Service
- **e** in e-Procurement
- **C** in Clean Procurement
- **1st** - World premier

<Slogan> Put Customers First!

Customer-oriented business management

\* Slogan usually goes with the symbol



## ● Vision

" World-renowned procurement agency with customer satisfaction"

## ● Mission

Based on **professionalism and transparency**, PPS provides **best-value products, services, and construction works** in a timely fashion and thereby **effectively supporting government organizations** to undertake their duties

**Created in 1949 as a provider of supply-related services for government departments and agencies**



**customers**

Central & Local governments,  
State-owned enterprises, etc



**suppliers**

**Operated on a business-like, fee-for-service basis.**

## Roles and responsibilities

● Buys goods and services valued more than US\$ 100K

● Contracts for construction services valued more than US\$ 3M

● Stockpiles raw materials such as aluminium, copper, etc.

● Manages government-owned properties

● Operates Korea ON-line  
E-Procurement System (KONEPS)

Wherever You Want  
Whenever You Need



# PPS organization

**Administrator**

**Deputy Administrator**

Audit and Inspection Officer

General Services  
Division

**Office of Planning  
& Coordination**

**e-Procurement  
Service Bureau**

**International  
Goods  
Bureau**

**Procurement  
Service  
Bureau**

**Construction  
Works  
Bureau**

**Quality  
Management Office**

**11 Regional PPSs**

**Overseas Procurement Offices  
(NY, Chicago, Tokyo, London, Beijing)**

The background is a blue wireframe grid. In the center, there is a large, stylized number '2' rendered in a 3D, metallic gold color with a blue shadow.

2

# Background of KONEPS

# Rationale for KONEPS

## *Problems prior to KONEPS*



× *Shifting procurement  
paradigm to resolve  
these problems* ×

# Rationale for KONEPS

## TRANSPARENCY

via reduced face-to-face contacts and real-time information release

## EFFICIENCY

via digitalization of the entire procurement procedures

## AVOID BUDGET WASTE

by preventing redundant system development by each orgs

×  
*Fast and Trustworthy  
Procurement  
Administration*  
×



Establishment of  
**KONEPS**

# Development of KONEPS

## Preparation Period (1997-2001)

- ⊕ Electronic Document Exchange System (1997)
- ⊕ Online Shopping Mall System (1998)
- ⊕ e-Tendering System (2000)
- ⊕ e-Guarantee and e-Payment System (2001)

## 2 KONEPS Introduced (2002.10)

- ⊕ All bidding, contracting, and payment procedures processed through a single web site



# Development of KONEPS



## Government-wide Expansion (2001~2002)

- ⊙ **As one of 11 e-Government Projects, e-Bidding, e-contracting, and e-Payment procedures were expanded across all customer organizations**



## Further Advancements (2005~)

- ⊙ **PDA Support for search and bidding (2005)**
- ⊙ **"Intelligent Product Catalogue" System (2006)**
- ⊙ **Comprehensive On-line Shopping Mall (2006)**
- ⊙ **Mobile phone support for bidding (2008)**