

eMaryland Marketplace

NASCA Category: E-government

eMaryland Marketplace...delivering the promise of The Digital State

EXECUTIVE SUMMARY:

Maryland is moving its \$6 billion in annual State purchasing to the Internet by taking a totally different approach: no new funding, no new bureaucracy and no multi-million dollar program development contract. *eMaryland Marketplace* (www.emarylandmarketplace.com) allows government agency buyers to establish real time communications and business transactions with vendors in a paperless environment, producing savings for both the agency and its vendors.

Beginning with an innovative multi-step request for proposal (RFP) process, well-defined mandatory requirements and a three-month proof-of-concept phase, the no-cost project was awarded and *eMaryland Marketplace*, an innovative G2B/B2G system, was launched on March 8, 2000.

In its first weeks of start-up, the *eMaryland Marketplace* community was made up of two State agencies, 20 users, six catalogs, and 12 bidding vendors.

One year later, *eMaryland Marketplace* had grown to include 51 State and local agencies, more than 260 users, 31 catalogs, and almost 300 bidding vendors. By April 2001, the numbers had reached 19 State and local agencies, 265 users, 37 catalogs, and 355 bidding vendors.

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JUSTIFICATION:

A - Description of the program and relative significance to improvement of the operation and/or efficiency of State government

Conceived by the Maryland Department of General Services (DGS) procurement division, ***eMaryland Marketplace*** moves Maryland forward on one of Governor Parris N. Glendening's top priorities, which is to make Maryland the national leader in delivering government services over the Internet: at least 50% by 2002, 65% by 2003, and 80% by 2004.

By using the Internet for procurement, the State is reengineering its time-consuming, paper-dominated procedures. Using ***eMaryland Marketplace***, buyers establish real time communications and business transactions with vendors. Procurement officers purchase or solicit bids for goods and services in minutes, rather than days or weeks. Invoicing and payment are accelerated, even immediate when purchasing cards are used for payment.

eMaryland Marketplace levels the playing field for participating vendors, regardless of their geographical location or company size. Vendors experience savings by accessing one portal to conduct business with government buyers. ***eMaryland Marketplace*** vendors who previously allocated resources for representatives to travel to each agency and pick up bid solicitations now have immediate electronic access to the information.

Governor Glendening's 1997 Task Force on Procurement recognized the need for the State to take advantage of the latest technologies to create a more efficient and effective means of providing Maryland government agencies with required goods and services. In 1998, DGS created a unique and comprehensive RFP that outlined the requirements of a self-funded system. The RFP sought the full functionality required to maintain business rules and security standards of public procurement regulations, while remaining flexible enough to be used by all public procurement agencies in Maryland.

The RFP specified that participating State agencies, universities, counties, cities, and certain nonprofit organizations would not be required to supply additional personnel or funds to maintain the system. In essence, a new procurement platform was to be provided and hosted by a software systems integrator and funded through a revenue stream from the vendor community, not with State funds.

A three-year contract with three option years was awarded on March 8, 2000 to Science Applications International Corporation (SAIC) making *eMaryland Marketplace* active and fully functional. Developed with the capability to ultimately support all of Maryland's procurement of goods and services, the initial phase of the contract started with commodity procurements of \$25,000 or less for such items as office supplies and computer equipment. Ongoing since the procurement phase, a core group of senior procurement personnel (eCore) have served as an advisory committee. This multi-agency group has facilitated implementation across agency stovepipes.

With nothing more than Internet access and a browser, authorized users of the system can log on from anywhere. *eMaryland Marketplace* is available to State, county and municipal agencies to both solicit bids and buy from State contracts and has established a model e-Procurement platform. And it has helped reinforce Maryland's position as The Digital State.

In its first year, *eMaryland Marketplace* posted more than \$10 million on its Web site. As of May 14, 2001, that figure has grown to \$14 million. From their desktop computers, State and local agency buyers can post competitive bid information as well as place orders using vendor catalogs. *eMaryland Marketplace* is speeding transactions, reducing paper costs, postage, printing, and copying for participating buyers and vendors.

DGS used eCommerce Connection seminars across Maryland to introduce the business community to the new online purchasing service. At similar seminars, agency representatives were given a first-hand look at the new procurement system. The seminars have been the joint effort of DGS and the SAIC team.

B - Calculation of actual savings in the short term/or long term

eMaryland Marketplace successfully used a self-funded financing model. Compared to the development costs of efforts in other states, this approach saved Maryland in excess of \$10-12 million in up-front costs. It is available to all public sector entities in Maryland and has provided each agency an e-commerce on-ramp at no cost. Also, by making this on-ramp available to any vendor regardless of size or location at a low cost, *eMaryland Marketplace* presents a truly interactive e-Procurement portal fostering efficiencies and cost savings to all of its members. All hosting, operational and marketing expenditures are absorbed by the integrator, SAIC, from fees generated by the vendor community.

While State and local agencies can save an estimated \$100 per transaction, participating vendors can realize savings by using fewer resources required to obtain bid information, prepare responses, and submit bids. In addition to an estimated savings of \$50 to \$100 in the preparation of bids, vendors are able to download plans and specs instead of paying between \$50 and \$750 per copy. For example, Anne Arundel County saved almost \$12,000 on 27 bid solicitations its first month using the system. The system reduces maverick buying, increases purchasing power through intergovernmental cooperative procurement, and heightens competition among a wider spectrum of suppliers.

The robust design of *eMaryland Marketplace* allows for all possible procurement methods and any future changes in regulation or law without additional cost.

C - Quantitative benefits realized by service recipients, taxpayers, agencies and/or the state

In its first weeks of start-up, the *eMaryland Marketplace* community was made up of 2 State agencies, 20 buyers, 6 catalogs, and 12 bidding vendors. At present, there are 19 State and local agencies, 265 users, 37 catalogs, and 355 bidding vendors. The number increases as additional State agencies, counties, universities, colleges, and municipalities join the program. As it grows, *eMaryland Marketplace* becomes even more beneficial for all the organizations it serves.

Since the system is completely Web-based, it requires only a computer with Internet access and a browser. This allows buyers and vendors alike to leverage existing infrastructure investments without additional hardware or software costs. Coupled with a user-friendly interface that minimizes training requirements, *eMaryland Marketplace* has proven to be a positive for every using agency.

Businesses subscribing to the interactive bidding module, which allows agencies to post solicitations and receive bids online, pay an annual basic subscription fee of \$150 or \$225 for the premium level. Premium subscribers get immediate, automatic electronic notification of bid opportunities in the categories of interest to them. Vendors who place their Supplier-Managed Catalog on *eMaryland Marketplace* pay a \$3.50 per order transaction fee. In both cases, subscription fees are paid to the system integrator. Once vendor revenue exceeds \$5 million, revenue sharing formulas kick in to also provide some revenue to the State.

Bids submitted online also can be awarded through the *eMaryland Marketplace* procurement system. Bids that have been awarded are listed as public information on the system, including bid amounts by responsive vendors.

Three best-of-breed software components integrated into one platform give *eMaryland Marketplace* the complete spectrum of procurement functions: Point and click purchasing from vendor maintained catalogs representing state contracts; interactive bidding and award capabilities; and registration, allowing vendors to profile themselves using National Institute of Government Purchasing codes to receive notices of opportunities in their areas of interest without sorting through every solicitation issued. SAIC provides the portal to bring together all of these capabilities in a single, easy-to-use platform.

D - Relevancy of use by other State, local, and federal governments

While other states have made steps toward e-Procurement, Maryland has been in the forefront in many areas. Maryland was the first state to develop an e-Procurement platform with both bidding and catalog purchasing functions. Maryland is also the first state to move this multifaceted platform into full production mode; it celebrated its first anniversary March 8, 2001. Compared to the millions of dollars spent by other states in their attempts to move to electronic procurement, Maryland's no-incremental cost-funding model was unique. The system's comprehensive reporting and auditing capability is tailored to match each agency's business rules and approval protocols. Additionally, *eMaryland Marketplace* broke ground as the first state-sponsored e-Procurement initiative to include local governments right from its inception, offering the advantages of intergovernmental aggregation from the outset.

Maryland has provided copies of its RFP to more than 20 states as well as local government agencies. By adapting to suit their requirements and using Maryland's lessons learned, other states can and will benefit from the State's innovations. As evidenced by Virginia and North Carolina programs currently being rolled out (eVA and NC@Your Service are scheduled to go live July 1, 2001), Maryland's experience can successfully be adapted to fit other states' goals and objectives.