Concept Paper for Projects for the HLCM Plan of Action for the Harmonization of Business Practices

HLCM Procurement Network
UNGM Vendor Registration Reform

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SUB-PROJECT NAME: REFORM OF UNGM VENDOR REGISTRATION PROCESS			
Relevant to:	Headquarters YES	Country and Regional Offices YES	Donors YES
Network:	HLCM Procurement Network		
Nature of Sub-project	Implementation Project	Interested Lead organization: UNPD	

Introduction

The HLCM Procurement Network (PN) is submitting to the HLCM's Harmonization of Business Processes Steering Committee a project proposal related to the United Nations Global Marketplace (UNGM) Vendor Registration Reform.

The project proposal has been unanimously endorsed twice by the UNGM Members and the HLCM Procurement Network: a first time in September 2011 at the 10th HLCM-PN meeting in Rome (approval of the principles of the reform); and a second time in March 2012 at the 11th HLCM-PN meeting in Jordan (approval of the Business Case and detailed implementation plan).

Project Purpose and Objectives

The purpose of the project is to promote a common, harmonized and simplified vendor registration process among all UN entities using UNGM.

The objectives of the project are to:
* Harmonize and simplify the common UNGM vendor registration process;
* Solve the issues of the current registration system, while improving the efficiency, quality and effectiveness of the UNGM registration process;
* Support the registration of vendors from developing countries and countries with economies in transition, and increase their business opportunities.
* Widen the participation of vendors from all Member States in general, and improve communication with all vendors.

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Expected Benefits

- *Strategic synergies with existing initiatives.* The UNGM Vendor Registration Reform is a strategic and necessary complement of three projects financed by the HLCM:
  - the **Vendor Eligibility Project**. The new registration procedure will rely on the process established with the vendor eligibility project, and will verify the ineligibility of vendors immediately upon their registration.
  - The **Harmonization of Procurement Practices**. This reform will introduce a harmonized vendor registration process among all UNGM Members and a consistent approach to vendor registration and eligibility across the whole UN system. The reform will apply the outcome of the harmonization working group, such as the UN Supplier Code of Conduct.
  - The **Collaborative Procurement initiatives.** Joint tenders on vehicles, freight forwarding, cargo insurance or other initiatives of joint tendering will be facilitated if supported by a common registration process for sourcing these services.

- *More vendors, more competition, more transparency, more cost-saving opportunities.* The Reform will **implement a unified, clear and reasonably simple Vendor Registration process**. This simplification will trigger a virtuous cycle by attracting more vendors, increasing the access to and participation in UN tenders, increasing the international competition, increasing the transparency and fairness of the procurement process, while achieving the **best value for money** and improving the **cost-saving opportunities** for UNGM Members.

- *Simplification and increased effectiveness.* The reduction of complexity of vendor registration will **increase the number of successful vendor registrations** and will eliminate the high "mortality rate" of vendors abandoning the registration process, which is currently estimated to occur in approximately 50-70% of all vendor registrations (in 2011 some 13,047 companies started the registration process and 7,606, representing 58% of the total, failed to complete it). The reform project is expected to reduce this "mortality rate" below 10%. At the same time, the Reform will totally **eliminate the backlog of vendor registrations** to be evaluated by the Agencies at Basic level, which in the past reached alarming levels for some Agencies.

- *New business opportunities for developing countries.* By soliciting the interest of vendors which so far have not been dealing with the UN, specifically of those operating in **developing countries** or **countries with emerging economies**, a whole new spectrum of business opportunities would open up for the UN and the vendors. A simpler registration process, and the "**Assisted Registration**" will help small and medium enterprises, with limited or no access to Internet, to register in UNGM. A **multi-lingual interface** will facilitate access of new vendors from all parts of the world. Therefore, the Vendor Registration Reform would not only provide the entire UN community with a potentially more competitive group of registered suppliers but would at the same time help reach the goal of doing business with "the whole world".

- *Long-term Sustainability.* The Vendor Registration Reform will be a **one-time investment** that will solve the issues of UNGM and will result in an increased number of registered vendors. It is anticipated that **more vendors in UNGM will subscribe to the Tender Alert Service (TAS)** after completing the registration process. The TAS is a value-added service of automatic tender email alerts offered to vendors at a nominal fee. Even if the current subscription rate is maintained (6%), An increase of at least 30% subscriptions per year (equal to 100,000 USD per year) is expected. The increased TAS subscriptions will eventually allow UNGM to achieve **self-financing**

and long-term sustainability and, at the same time, **avoid any cost increases** for the UNGM Members.

- *Increased Efficiency.* The duplication of efforts (for both Agencies and vendors) and most of the **manual checks of the current process will be eliminated**. As a result, staff time will be saved, response time for vendor registrations will be reduced and the use of Agencies' **resources will be optimized**. UN procurement staff shall have the opportunity to better focus on more strategic and value-adding activities.

- *Improved Quality.* UNGM will be redeveloped with a leading-edge technological platform, facilitating the maintenance and further functional development of UNGM and interaction with Agencies' ERP systems. Technology will be fully used to replace labour-intensive activities and improve the quality of controls. Standardized and **strengthened controls** on vendor registration and **high quality vetting** will be maintained, while the vendor's registration information and documentation will be kept up to date.

- *Flexibility to tailor UNGM to Agencies' specific needs.* A fundamental innovation of the UNGM Vendor Registration Reform is the introduction of some configurable preferences of the UNGM system whereby Agencies can change their Agency-specific settings and configurations at any time on the basis of the evolution of their requirements and vendor registration policies.

Background on UNGM

The United Nations Global Marketplace website (www.ungm.org) was established under the umbrella of the UN Procurement Reform, with the vision of "creating one common United Nations global procurement website". Since its creation, UNGM has been the common electronic portal for supplier registration and the publishing of procurement tender opportunities, and it has become an important vehicle of the on-going UN Procurement Reform.

Currently, 26 Agencies are members of UNGM, and 20 of them are using the UNGM vendor roster functionalities. In 2011 more than 4,000 tender notices were published in UNGM by its Members, and more than 21,000 vendors are registered with at least one Agency. 53% of these vendors originate from industrialised countries while 47% from developing countries and economies in transition. These numbers are showing the **strategic relevance of UNGM**, with a growing trend towards the **increasing use of the UNGM portal** by both UN buyers and vendors.

Business Case

The success of UNGM has also brought some **issues in the vendor registration process.** More agency-specific questions have been added to the common UNGM Vendor Registration process. This has made the registration process more complex for both vendors and buyers, with an increasing number of potential vendors abandoning the registration process before its finalization, with peaks of 70% for some Agencies. Furthermore, UNGM Members do not have a consistent and harmonized approach to processing vendor registration applications, with some Agencies accumulating a large backlog of registration applications to be evaluated.

In September 2011, the HLCM-Procurement Network endorsed the preliminary proposal of reforming the UNGM Vendor Registration, with the aim to streamline and harmonize the process

and thereby avoiding inconsistency and duplication of efforts among UN Agencies. During the period October 2011-January 2012, a **working group of 21 UN Organizations** fulfilled the task assigned by the HLCM-PN and produced the attached **Business Case**, which reconfirms the need for reforming the UNGM vendor registration process. The Business Case details the proposed reform (see below), confirms its **technical feasibility**, and elaborates the **costs**, the **benefits**, the **risks and mitigation** of the project. The Business Case further defines **key performance indicators** to measure the progress of the reform implementation and its long-term effects on both vendors and UN Agencies, and defines a communication strategy to keep all key stakeholders involved and informed about the progress of the reform.

Proposed Reform

The details of the proposed reform are described in the Business Case.   The new solution has been designed bearing in mind the fundamental mandate of UNGM "to simplify and streamline the vendor registration process" in order to attract new vendors from any part of the world.

A simple **Basic Registration** procedure will be <u>common to all Agencies participating in UNGM and it</u> will eliminate the duplication of effort by UN staff as the registration will be managed directly by the UNGM system on behalf of the Agencies. Other features include: a multi-langual interface; no uploading of documents required from the vendors; automatic checks against ineligibility lists; configurable preferences for Agencies to adjust UNGM behavior. Finally, Agencies and their Field Offices shall have the option of "Assisted Registration" for vendors with limited capacity, e.g. for small business enterprises from developing countries and economics in transitions.

Each Agency may also decide to establish up to two additional levels of registration (named "**Qualifications**") for high-value bidding processes. For those Agencies that decide to avail of this option, vendors will be required to complete a simple "qualification procedure", at any time after the initial Basic Registration procedure, by providing additional information and documents that will be stored in a common repository of documents, protected by access rights. Duplication of efforts will be avoided also for Qualifications and technology will help UN staff and vendors in maintaining the system up-to-date with reliable information.

Responsibilities

The UNGM Steering Committee and the Members of the Procurement Network endorsed the project in Jordan in March 2012, and are fully committed to support this project.

The **current working group** of 21 UN Agencies will complete the project preparatory activities and will remain in place until the kick-off of the project. Once the funds are released, the **Project Governance** will assume its final configuration, namely:

1) The **Project Implementation partner** will be UNOPS, current service provider for UNGM. The **Project Management Team** will be composed of the members of the UNGM Secretariat (Mr. Ramm and Ms. Thiebault), under the supervision of the UNOPS Procurement Director, and will be responsible for the actual implementation of the project, the technical coordination of the development teams, the implementation of the communication strategy, the update of KPIs, and the support to vendors and UNGM Members.

2) A **Project Steering Team (PST)** will be led by Mr. Mitsui, UNPD, who will be also the custodian of the Project funds. The PST will be composed of the UNGM Steering Committee Members (including the chairperson of the current working group), the HLCM-PN Management Board and at least three other representatives of UNGM Members. The Project Management Team will attend all the meetings of the PST as external resource with no voting right. The PST will be supported by the HLCM-PN Secretariat. The PST will ensure that the project is following the established strategic directions and that it is delivering on time and within the established budget, discussing issues and adjustments as needed. The PST will ensure proper communication towards vendors and key stakeholders and will advocate for support as required. The PST may consult and reactivate the current working group when and if necessary.

Supporting Organizations

Potentially, all UN entities can become a Member of UNGM and benefit from the results of this proposed reform. The United Nations entities that are already contributing Members of the United Nations Global Marketplace are listed below **:

	Agency	Status		Agency	Status
1	AFDB	Maintains vendor roster	14	UNDP	Maintains vendor roster
2	CTBTO*	Support UNGM, no roster	15	UNESCO	Maintains vendor roster
3	FAO	Maintains vendor roster	16	UNFPA	Maintains vendor roster
4	IAEA	Maintains vendor roster	17	UNHCR	Maintains vendor roster
5	IFAD	Maintains vendor roster	18	UNICEF	Maintains vendor roster
6	ILO	Maintains vendor roster	19	UNIDO	Maintains vendor roster
7	ITC	Maintains vendor roster	20	UNOPS	Maintains vendor roster
8	ITU	Maintains vendor roster	21	UNRWA	Maintains vendor roster
9	OPCW*	Support UNGM, no roster	22	WFP	Maintains vendor roster
10	UN/PD	Maintains vendor roster	23	WHO*	Support UNGM, no roster
11	UNECA	Maintains vendor roster	24	PAHO*	Support UNGM, no roster
12	UNOG	Support UNGM, no roster	25	WIPO	Maintains vendor roster
13	UNOV	Maintains vendor roster	26	WMO*	Support UNGM, no roster

* Agencies that support UNGM and pay the annual membership fee but that do not yet avail themselves of the UNGM vendor roster functionalities.

** UN Secretariat includes the UN Procurement Division, Peacekeeping and Political Missions, Regional Economic Commissions (ECA, ECLAC, ESCAP, ESCWA), Tribunals (ICTY, ICTR) and Offices Away from Headquarters (UNOG, UNON, UNOV).

Expected Outcomes and Success Indicators

The final outcome of the Project will be a harmonized and simplified vendor registration process, implemented over a leading-edge technological platform of the United Nations Global Marketplace website (UNGM Version 5), translated in multiple languages.
The main success indicators would include the following:
- Project completed on time and within estimated budget.
- New registration process adopted and used by all UNGM Members.
- Substantial increase in percentage of vendors starting and completing the basic registration (successful registration up to 90%).
- Substantial increase in percentage of vendors registering for the Tender Alert System, and increase in UNGM revenues (expected yearly increase of 30%, approx. 100,000 USD).
- High level of client satisfaction and effective use, as measured with surveys among vendors and buyers. A more detailed list of KPIs is defined within the Business Case.

Timeframe and Resources

A phased approach is proposed to ensure the successful implementation of the Project and the progressive construction of the solution.

1) **Preparatory Phase, under working group's supervision (Mar-Sept 2012):**

During the period March-September 2012, the working group will continue its activities in order to :
a) refine some analysis of the Business Case (risks and impact analysis, communication strategy);
b) define the detailed technical specifications;
c) identify the best implementation strategy and the ICT resources needed to develop the new technological platform.
d) communicate with key stakeholders and inform about the coming Reform.

Activity	Feb. '12	March '12	April '12	May '12	June '12	July '12	August '12	Sept. '12
UNGM vendor registration reform								
Presentation of Business Case (Jordan)		X						
Securing project funding			X	X	X			
Working group to further fine tune proposal and development plan				X	X	X		
Setup project team							X	
Recruit development resources							X	X
Final fine tune development plan								X
Communication (to agencies and key stakeholders)	X	X	X	X	X	X	X	X

An update on the preparatory activities and final project plan will be presented at the HLCM Procurement Network Meeting in September 2012.

2) **Project Implementation (12 months, Oct2012-Sept 2013)**

It is estimated that the implementation project will last 12 months from the moment the resources are made available and the project kick-off. The actual IT development effort will last 10.5 months, plus 1.5months dedicated to the testing of the new system after the IT delivery, and a short break in August 2013.

The IT development effort will use 2 teams of 3 IT developers each (total 6 developers). The two teams will be working in parallel to reduce the development time, and will be coordinated by the UNGM Secretariat. The communication strategy will also be coordinated by the UNGM Secretariat.

Below is a summary of the Project activities, assuming that funds are made available in October 2012 (starting date to be moved forward in case of delay of release of funds).

Activity	Oct. '12	Nov. '12	Dec. '12	Jan. '13	Feb. '13	March '13	April '13	May '13	June '13	July '13	Aug. '13	Sept '13	Oct '13
UNGM vendor registration ICT development schedule (6 development resources)													
1. System architecture & tech. Review	X	X											
2. Account registration			X										
3. Basic registration				X	X	X							
4. Qualification registration					X	X	X						
5. Dbase adjustment & data integration							X	X	X	X			
6. Upgrade UNGM emailing system									X	X			
7. Delivery, testing, acceptance												X	X
8. Communication to vendors and key stakeholders	X	X	X	X	X	X	X	X	X	X	X	X	X

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Estimates of Costs

It is estimated that approximately USD 408,740 (including 7% Agency fee of 26,740 for UNPD) would be required for the project implementation (development of the new solution in UNGM, project management, technical support).

Cost Item	Estimated costs (USD)
Development of Business functionalities (6 developers in 10.5 months)	$ 252,000
Project Management and additional administrative and HR costs for managing the development teams	$ 15,000
Software licenses & new hardware	$ 10,000
Graphical interface upgrade	$ 15,000
Multi-lingual support admin interface	$ 20,000
UNGM Secretariat additional support for help-desk and communication strategy	$ 40,000
Risk contingency	$ 30,000
Total Programmable Amount	$ 382,000
Agency Fee 7% for UNPD	$ 26,740
Total Contribution	$ 408,740

Risks

- **Project delays and increase in costs.** Mitigation: accurate estimate of expected costs and required resources. Strict Project Management control over project implementation, by the UNGM Secretariat and the Project Steering Team.
- **UN Agencies may adopt diverging strategies** regarding vendor registration, if the reform is not started and implemented. Mitigation: Listen and encompass the interests of all Agencies through the working group.
- **Vendors could become confused** and resist to changes in the registration process. Mitigation: New vendors will not be affected by this risk as the registration will be simplified; for vendors already registered in UNGM, a communication strategy and campaign will reduce the risk of confusion and clearly inform vendors about the changes and about the benefits of the reform.