

## Online overhaul of public sector trading

By Andrew Baxter, Financial Times, 15 February 2006

The government will unveil a radical new approach to online procurement of goods and services by the public sector, aimed at boosting the use of electronic trading, raising efficiency and reducing costs.

The Zanzibar Managed Service, designed to provide a single way for public sector customers in England, Wales and Northern Ireland to trade online with suppliers, will be launched today at a London e-procurement conference. Scotland already has a similar service.

Zanzibar is seen by its backers as an important response to the 2004 Gershon review on public sector efficiency, which highlighted the need for improved procurement methods.

Overall, the public sector spends about £130bn a year on goods and services, and evidence from industry research and other online marketplaces worldwide suggests costs savings of up to 4 per cent could be achieved with a system such as Zanzibar - depending on how efficient existing practices are.

The Department for Work and Pensions, which spends £4bn a year on procurement, will be the first customer using Zanzibar and is due to start trading live on it next month. Sarah Cotgreave, director of e-commerce at OGCBuying.solutions, said there had been a lot of interest from other public sector organisations - 18 National Health Service trusts are evaluating the system.

OGCBuying.solutions, an executive agency of the Office of Government Commerce, has designed Zanzibar with a consortium led by PA Shared Services, part of PA Consulting Group, the UK-based consultancy.

Many large public sector organisations have already invested heavily in e-procurement systems, which can be integrated with Zanzibar. However suppliers have often lacked the incentive to participate.