EPROCUREMENT ENTRY STRATEGY – INDONESIA CASE

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ABSTRACT

The innovation adoption theory advises that an initiative is started by the innovators and followed by subsequent groups. In the end the process forms a total adoption. In innovation adoption the entry point is very crucial, because it affects the speed and the total result of the adoption.

This paper describes eProcurement adoption in Indonesia. It explains how the entry point determined based on the condition and behavior of the community.

INTRODUCTION

There is no exaggeration when we realize that Indonesia is culturally unique. Even if our daily routine is forced to work differently it would create an uncomfortable environment, because of our experience as a public led us to work well in our own way. People's perceptions about their lives, without neglecting the geographical conditions, are structured by the decision they made. In which give every culture and social ideas to have multiple results.

As an example, it cannot be denied that thousands of motorcycles can be seen every morning in Jakarta. It ultimately shapes a new mode of mass transportation. This public decision eventually intersects with other public spaces; i.e. pedestrians, which in the end, create more complications for future solutions.

Pic 1. Jakarta every morning

Based on this illustration, people took their own decisions which not necessarily follow the common sense. Transparency, accountability and fairness can be perceived differently as well from the common sense. People have different perspective of understanding a subject. Thus, they execute every subject differently and can end up with a different understanding.

Historical events in every nation shape their cultures, which could influence the technology adoption. The presence of computers has a different process of adoption in the community. This initiative has to be considered in electronic government procurement entry strategy, especially in a large and heterogeneous society.

THEORY OF INNOVATION ADOPTION

The theory of innovation adoption might refer to the work of Everett M. Rogers who initiated a normal distribution of the community toward innovation adoption;

"Diffusion of innovations theory was formalized by Everett Rogers in a 1962 book called Diffusion of Innovations. Rogers stated that adopters of any new innovation or idea could be categorized as innovators (2.5%),

early adopters (13.5%), early majority (34%), late majority (34%) and laggards (16%), based on a bell curve. Each adopter's willingness and ability to adopt an innovation would depend on their awareness, interest, evaluation, trial, and adoption." (1
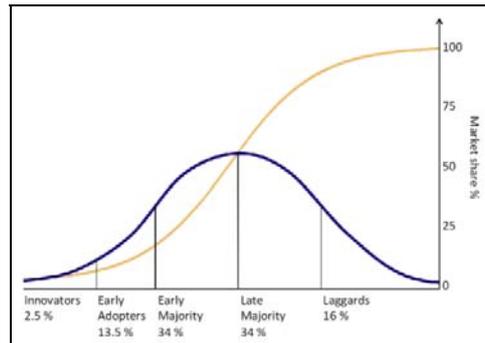
Pic 2. Everett M. Rogers, Mathematic division bell curve

Additionally, the Canadian change management expert Peter de Jager argued that Rogers' bell shape is a portrait of community who has adopted the innovation. Peter de Jager concludes that innovation adoption depends on the willingness of the subsequent groups to follow the previous group.

"Early Adopters" and the other descriptors Rogers used to sub-divide the Adoption Curve definitions are post facto. They are applicable only after the population in question has embraced a change / innovation. Just because people take to a change / innovation before others does not mean they are "opinion leaders", that is only true if everyone else has followed their lead. Until this happens they are merely "first to adopt" and if no-one else follows them, then a more correct label might be "gullible" and not "Early Adopters". (2

Based on the above idea, eProcurement adoption has to be "voluntarily" initiated by several local governments, and has to be followed by the other local governments. These events must be maintained so that the overall adoption occurs.

TECHNOLOGY ADOPTION AND ITS ENTRY POINT IN THE MARKET

The market can be defined as a meeting place for sellers and buyers. As a result, we can find exchange of actions, which is often referred as "transactions". Terms of profit, loss, fair, transparent, lies, forgery, conspiracy and so on will certainly arise in the transaction events. In order to create assurance for all parties, the presence of government is very important. Their role is very essential in terms of market regulators. Besides, in market operation the government also acts as the buyer. In this case, the government has to act equally to their role as the regulator and as the buyer.

In market development the presence of technology certainly cannot be separated. Willingness to adopt any technology will be certainly initiated when it shows beneficial to all parties. The problem is the formation of the market and its existing transactions has been embedded from their history. The reaction of the market toward the presence of technology will result in two responses. The first is "acceptance". This will happen if all parties in the market obtain benefits from the presence of the technology. The second is "rejection". This will happen if the presence of the technology interfering the interest of particular groups. It could due to probable loss of their "profit" that is obtained by the existing way.

Back to the previous illustration, which pragmatically motorcycles have become a public solution as a "mass" transportation, the cumulative capital that has been spent by the society to own those motorcycles is very huge. What would be happened if suddenly we impose a new mode of transportation?

My point is that community will decide their own solution if the government fails to provide options. Once the community made up their way, the government has to consider it in order to determine the next resolution or option. The introduction of eProcurement is the same as the introduction of a technology in a market. The community already has a conservative option, and they are reluctant to be changed. The entry point of the adoption is not necessarily following a general common sense.

Variation of adoption does not always mean rejection. Public does not always react negative to the presence of technology. As an example, the adoption of Blackberry in several major cities in Indonesia shows that people voluntarily; without any pressure, willing to learn a new technology and left their old one.

"The growth of BlackBerry services in Indonesia continued to increase significantly. Information from Research in Motion (RIM) as the provider of BlackBerry technology, stating that the growth of their use in Indonesia is the highest among other countries in the Asia Pacific region. "(3

This fact proves that there shouldn't be any obstacles for the technology adoption in Indonesia. It also shows that Blackberry sees the correct entry point. It seems that they know the behavior of the community. They change the purpose of Blackberry as corporate tool become a social tool, even as a pop culture.

The adoption of Eprocurement in Indonesia has to involve local governments. The process will improve local capabilities and build strong sense of ownership. Total support from all parties will be obtained if the benefits of eProcurement are recognized. At the beginning, the growth will look slightly slow, but over the time; it will indicate an optimistic growth. It is expected that in 2010 the growth will be Triple.

	Year		
	2008	2009	2010 *(mid of March)*
Local Governments	11	34	42
Tenders performed	33	1,722	566
Total Value (Rp. Mio)	52,499	3,354,374	1,523,624
Vendors involved	990	14,791	7,161

In Indonesia, the geographic spread of locations and internet scarcity must be pragmatically resolved. Aligned with the adoption process, the development of the infrastructure is carried out locally and decentralized. These distributed local systems will be nationally integrated later.

The main function of the local system is to serve secure electronic document exchange. This system acts as repository server and manages eTendering process. The principles of government procurement such as transparency, accountability and fairness will be obtained through a local eProcurement website, which is publicly accessible.

IT PLAN AND ROADMAP

The development of the IT plan was started in 2009, which was based on the common IT governance recommendation such as ITSM and COBIT. However, in 2008 distributed/collocated IT system was already developed, as the starting point of the development of the IT Plan. Centralized system through the development of a central server and its interconnection, including the establishment of a Certification Authority, will be launched in 2010. e-Announcements for all local entities, involving more than 560 locations, will be launched centrally at the end of this year. In this event, all local systems that had been started in 2008 will be integrated to form a single national market. In the end, it will improve transparency, accountability and fairness.

The roadmap reflects the vision of NPPA (National Public Procurement Agency). It looks forward to have an integrated system supporting all aspects of public procurement. It will cover procurement planning, executing, monitoring, and human resource capacity building. The roadmap expects regulatory changes and a possibility of organization transformation. The roadmap can be summarized as follows:

- e-Tendering piloting in several local governments (local system)
- e-Tendering (local system) expansion
- Centralized tender announcement
- Local system Integration in order to create national single market
- eProcurement regulation preparation
- eCatalog introduction for certain products
- eCatalog expansion
- Organization transformation, which covers all business process.

SUPPORTING REGULATION

Although there is no specific law that forces the local government to implement any eProcurement, the local governments have issued local regulations to support their activity. This local regulation, in this setting, refers to the tender process that is available in the Presidential Decree no 80, 2003 regarding Guidelines of Government Procurement.

Electronic procurement recommendation was started in 2004 by a Presidential Decree no 5, regarding the Acceleration of Corruption Eradication (mandated review & testing of e-procument). Further, Presidential Decree no 8, 2006, the 4th amendments of Presidential

Decree no 80, 2003 regarding Guidelines of Government Procurement, introduces eProcurment as an alternative.

Finally, in the year 2008, the government published the Cyber Law no 11, 2008 regarding Information and Electronic Transactions, which treats electronic documents the same as paper documents from a legal perspective. In this case, the traditional tendering mechanism, which uses paper based document, can be moved to use electronic document. This law enables e-Tendering mechanisms performed by the local governments.

INTERESTING NOTES

The presence of electronic systems requires personnel with the information technology capability. This requirement forces local governments to speed up IT personnel development, which previously overlooked. The majority of these IT personnel are of course the young generation. There are usually gaps between the generations. This young generation traditionally does not hold important roles in the government. Therefore, eProcurement adoption sometimes initiates "generation transformation".

Eprocurement can be categorized as one of eGovernment project, even though it covers only electronic documents exchange. This project is expected to encourage the eGovernement initiatives, such as introduction of electronic reporting and data processing. The execution of eProcurement also result in the demand of electronic audit process, which requires for the ability of auditor's to handle electronic documents.

REFFERENCES

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