

## **Audit of the procurement of ICT products with the potential to be standard products**

### **Key facts**

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The SFAO conducted a financial supervision and procurement audit in the Federal Office for Buildings and Logistics (FOBL) and in the Federal IT Steering Unit (FITSU) during the second quarter of 2015. One area of focus was the cost effectiveness assessment of the procurement of ICT products with the potential to be standard products. In particular, the fields considered concern criteria for standards, investment protection, lifecycle costs, procurement bundling and activities for establishing ICT standard products. Based on the statistics for the Confederation's procurement payments, the ICT procurement volume was just over CHF 298 million in 2013 according to the FOBL.

### **Good ICT procurement commences with requirements**

Effective ICT requirements management in the Confederation is extremely important as a prerequisite for cost-effective and sustainable ICT procurement. The Confederation-wide ICT requirements and specifications have been a federal standard since 1 December 2014. This instrument is still being developed in organisational and operational terms. The FITSU's efforts to strengthen requirements management are to be supported.

### **The role of the procurement strategy body is to be developed**

Under the Ordinance on the Organisation of Federal Public Procurement, the Federal Procurement Conference (FPC) is the Federal Administration's strategy body for the procurement of goods and services, particularly in the area of ICT procurement, and is managed by the FOBL. Overall management or steering of procurement activities, together with the necessary authority to issue directives, has not been effectively established as yet. Consistent lead buyer-oriented product group responsibility is to be sought or built up instead of delegations of authority from the FOBL. Procurement strategies should be set out and implemented for relevant product groups.

### **A two-product strategy makes little sense outside of a production chain**

It can make sense to pursue a two-product strategy or an alternative supplier strategy in the case of the procurement of goods to safeguard the supply chain. This reduces dependence on a single supplier. However, there is little point in opting for such a strategy in order to restrict the preferences of service procurers as little as possible. The advantages of volume grouping can be lost in the case of ICT standard products. The operating costs can also experience unfavourable developments. Because the economic benefits of a one-product strategy often prevail in the ICT environment, any deviations should remain exceptions.

### **A new article in the PPA / PPO should improve investment protection and support competition**

The current ICT procurement trend shows that the legal certainty sought with WTO procedures is often at the expense of economic efficiency. Particularly when procuring software, this practice leads to some high migration costs and to the depreciation of earlier investments, thereby eliminating the purchasing successes and bundling effects achieved. This deficiency with regard to



replacements (re-procurements) should be eliminated with an investment protection article, requiring mandatory contractual clauses such as inspection, benchmark, renegotiation and withdrawal rights. The initial procurement should still have to be carried out via a compliant procurement procedure like before.

#### **Procurement controlling at shorter intervals for more steering possibilities**

The federal payment statistics published annually are submitted to the Federal Council with recommended measures for approval. The instrument for informing the Federal Council is in itself a good one. Systematic bypassing can be detected with the reporting. Accordingly, overarching steering measures can be taken. However, the annual publication cycle means that the instrument has little impact and is not suitable as a steering or procurement controlling instrument. The annual publication cycle should be shortened to a quarterly one. System-based and reproducible monthly analysability should be targeted.

**Original text in German**