

## Management of the Project - Article

# What is “Online Procurement”?

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## What is “Online Procurement”?

In simple terms, online procurement is a process using an electronic medium or platform through which buyers and suppliers of goods and services exchange information, data, files, etc. pertaining to goods and services to be procured by a buyer and to be supplied by interested suppliers. It is administered by a third-party procurement management service provider that hosts and manages the information on their platform.

Typically, transactions are administered through a server-based portal that can be accessed using a web browser at anytime, from anywhere, so long as internet access is provided.

## How does it work?

Similar to a traditional bid process for goods and services; online procurement starts with a “buyer” offering an opportunity to “suppliers” to submit a bid to provide the goods/services requested by the buyer.

Both “buyer” and “bidder” must be subscribers of the online procurement platform on which the opportunity is advertised. Most online platforms offer/tailor different subscription options varying in fees and advantages in accordance with the different user’s requirements.

As it pertains to the consulting industry, the “buyer” is an owner, who is soliciting professional design and management services. The “bidder/supplier” in this case is an interested professional service provider (i.e. architect, engineer, interior designer, project manager, etc.). Similarly, an owner may use the online platform to issue a bid call for a construction project by publishing the construction bid documents soliciting interested contractors/construction managers. Thus the “bidder/supplier” is a contractor or construction manager bidding on said construction project.

The most common platforms in the Canadian construction market are MERX and Biddingo. Many public sector organizations, including the federal government, crown corporations, and private sector entities utilize online procurement platforms, whether solely or in combination with traditional bid call methods.

The tendering process begins when the buyer commences a bid opportunity by selecting the category of services to be procured, the region of delivery of the services, the bid period, the bid type (open vs. closed), the type of contract to be awarded, etc. If warranted, the buyer also publishes the bid documents electronically to the procurement portal (web-page) with document download options controlled by the buyer, typically mandated by the buyer's internal procurement policies. The suppliers who get access to the bid documents will have the opportunity to review the documents and submit questions, electronically, to the procurement authority either by e-mail or publicly to a forum on the solicitation web-page, reviewed by all bidders, based on the setup of the portal by the procurement authority. Answers to questions are published in an addendum format to the solicitation document page with notifications sent automatically to the bidders via their registered e-mail.

The bid process is monitored by the procurement platform (MERX, Biddingo, etc.) for general compliance with the industry standards of fair bid laws. The platform system automatically tags the date and time of all transactions making the process less arguable in terms of fairness of access to documents, issuance of addenda and submission of bids.

The bidders, through the procurement platform, and if so specified by the solicitation administrator, submit their bids electronically. The process of bid submission requires assurance from the bidder, by requesting their subscription credentials be submitted again prior to submitting their bid as a means of confirmation of submission. Like traditional submission of bids, the bidder will have an opportunity to request to edit and/or resubmit their bid prior to bid closing.

Submitted bids are automatically tagged for time of submission by a system generated time tracking method. A confirmation of receipt of bid, including submission date and time, is then generated and e-mailed to the bidder for their records.

## **Advantages?**

Besides the convenience of combining the bid process in a unified trackable online server, there are a number of advantages associated with utilizing online procurement platforms for the procurement of services for building projects, including:

- Time saving in administering and managing the exchange of information/documents.
- More transparency in the overall bid process.
- Automatic electronic track record of bid activities for the procurement authority.
- Ease of access to bid documents, changes, etc. from anywhere with internet access.
- Environmentally responsible process with less printing required.
- Reduction in staff travel time to deliver bids.
- Potentially higher vendor participation rate if electronic reminders are employed.

## **Disadvantages?**

Some of the disadvantages of online procurement systems include:

- Requires bidders to subscribe and pay to access the system.
- Requires bidders to print copies of drawings versus being given copies – most want a hard copy record since they are bidding based on the documents.
- The risk of technical issues with online servers at critical times during the bid process.

- Mislabelling of the advertised opportunity and thus the possibility of missing a bid opportunity due to "search filtering".
- Lack of timely communication of tender result (unless the procurement authority intends to issue the results in a separate communication - good practice).
- Security of access by vendors must be vigilantly maintained. Hacking or impersonation may become more prevalent.
- Shifting the control and authority for uploading bid-related documents (i.e. notices, addenda, etc.) to the owner who hosts the platform creates the need for the architect/consultant to closely monitor and verify the documents that were issued. Unfortunate incidents that resulted from relying on owners to upload documents to their hosting platform have been reported. In some cases the documents were not uploaded properly, were missing important attachments, or the files were completely corrupted, resulting in additional time and cost to rectify the situation. To alleviate the potential risk of the client or their procurement officer making errors posting the bid documents, the "consultant" should consider being the one responsible for posting the bid documents, maintaining care and control of the documents and information that are posted during the bid period.
- The OAA, similar to other regulatory bodies, may not have access to published bid opportunities and subsequent amendments made by the publishing authority, unless granted permission by the service provider or through paid subscription. This mechanism impedes the ability of regulatory bodies to review and identify potential risks imposed on the public or their members who participate in a bid process with terms and conditions not fully compliant with applicable acts or insurance policies.

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*These articles do not represent OAA policy or guidance but rather are based on the opinions and experiences of members of the OAA and are prepared for the benefit of the profession at large.*

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