

# Executive summary

Public procurement is crucial for delivering public services, whether in health, education, infrastructure or public safety. More specifically, information and communication technologies (ICT) procurement plays a decisive role not only in delivering public services but in public sector modernisation. Moreover, the ICT sector is an enabler of economic progress and an important driver of the national and global digital economy. However, ICT procurements that successfully support the digital transformation of public services are becoming increasingly complex. They require efficient governance frameworks, whole-of-government co-ordination and collaboration, strengthened leadership, innovative procurement and contract management strategies and practices, as well as institutional capacities and capabilities for managing and monitoring complex ICT projects.

The Slovak Government's annual spending on ICT goods and services is significant, and mostly funded from European Union funds. It is important that this money is spent in a transparent and effective way.

## Key findings

- Public procurement is not seen as a tool for achieving strategic priorities, but as an operational tool for purchasing goods and services at the lowest price. The almost exclusive use of the lowest price criterion also entails the application of prescriptive technical specifications, which limit innovation.
- Contracting authorities do not have sufficient confidence and capability to develop new approaches to ICT procurements, including engaging industry in strategic partnerships.
- Contracting authorities are not supported by a clear, whole-of-government ICT procurement strategy. Co-ordination among different government institutions that have a mandate in this specific area is neither sufficient nor efficient. As a result, individual contracting authorities' purchasing decisions focus on agency-specific solutions rather than whole-of-government solutions. Also, they receive limited guidance on how to align their ICT spending to fulfil the Government's digital transformation objectives.
- High levels of dependency upon a single service provider, "technological/vendor lock-in", continues to be the biggest issue facing ICT procurement in the Slovak Republic. Many public organisations find themselves unintentionally "locked" into particular ICT solutions, as they have repeatedly failed to improve tender documentation to be sufficiently flexible and to allow for future vendor turnover.
- Risk-averse behaviour can hinder contracting authorities: innovative, agile approaches are usually perceived as being riskier than well-known, traditional approaches. The organisational culture itself does not make it easy for authorities to accept the level of risk associated (or perceived to be associated) with agile methods. The multi-layered control environment, which focuses exclusively on legal compliance, also contributes to risk aversion. This is, however, a systemic issue in the Slovak public procurement system.
- There is a lack of professional knowledge and expertise on the side of the public buyers. The tender documentation is usually prepared by external consultants who are not always aware of the real needs of the contracting authority and the government. On the other hand, there are highly

motivated internal staff members eager to apply agile approaches. However, they do not know how, concretely, to do so, as there are no published good examples and only a limited awareness of practical methodologies for applying agile methods in ICT procurement.

- There is high turnover in IT companies; there is also a significant brain drain of IT experts from the Slovak Republic to other countries, resulting in a lack of institutional memory for both contractors and suppliers.

These challenges are often interlinked, which makes it particularly difficult to address them.

## Recommendations

- Develop a **national strategy for ICT procurement**, applicable across the whole public sector, that:
  - promotes coherent and aligned approaches and processes for ICT procurement
  - promotes the strategic use of public procurement, including quality-based selection of the tenders and a more strategic approach to the preparatory phase of ICT procurement
  - demonstrates political leadership for more innovative, agile and iterative approaches
  - promotes competition in ICT procurement by increasing the chances of small specialised firms to access ICT contracts in their area of expertise
  - encourages transparent and effective stakeholder participation throughout the entire public procurement cycle.

The national strategy for ICT procurement should be an integral element of the national digital government transformation strategy.

- **Co-ordinate more closely, both horizontally and vertically, in the management of ICT procurement** tasks in government to support the implementation of the Government's digital goals, building on existing solutions, such as the current role of the Ministry for Investment, Regional Development and Informatization.
- Promote **better collaboration between the ICT sector and government**, for example by developing a forum to capture supplier feedback on procurement issues in a planned, strategic and collaborative way, with a view to improving procurement processes for both suppliers and buyers.
- Support agile approaches through **capacity building**, such as
  - developing and implementing capacity-building strategies for government staff who are involved in ICT procurement, including staff involved in the control of procurement procedures
  - developing operational tools for applying agile methods in ICT procurement
  - creating a national competency centre or a dedicated knowledge-sharing platform
  - creating safe spaces for experimentation to introduce flexible and agile approaches in ICT procurement, for example by undertaking pilot ICT projects using agile approaches and then communicating their results widely, as well as developing communities of practice in order to exchange knowledge
- Expand the **centralisation of ICT procurement** for aggregating the demand for several ICT products and services (e.g. software development, IT assistance, cloud computing services) to strengthen public sector negotiating power, exploit synergies, enable savings and promote the adoption of interoperable solutions across the central and local level.
- Encourage joint procurement (or joint developments) of IT solutions and encourage the re-use and sharing of digital solutions across the administration.
- **Reinforce the adoption of existing common standards for ICT procurement**, developing clear criteria to guide the public administration's purchasing processes.



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