

## **ONGC's Procurement Transformation Wins Global Recognition; Vendor Empanelment Launches Next**

October 2024 – Oil and Natural Gas Corporation (ONGC), India's largest oil and gas producer, continues its procurement transformation with the launch of a vendor empanelment initiative, the latest in a series of three key steps to streamline operations.

1. **Completely Centralized & Digitalised Quick Payment System (QPS) (Achieved):** ONGC centralized payment processing through a new system that handles invoices, updates vendor master data, and ensures compliance with tax regulations. Payment terms have been shortened from 21 to 10 days for all contracts, significantly improving vendor relations by ensuring faster payments.
2. **Procurement/Contract Process Centralization with new digitalized Process (Achieved):** ONGC introduced a three-pillar model consisting of a centralized procurement department (CPD), a strategic procurement cell (MIND), and a technical user group (NTAs) interfacing between CPD and work-locations. This model, a pioneering move in India's public sector, boosts efficiency, governance, and productivity, and promotes ESG and digital innovation. Centralizing procurement is expected to raise centralized procurement from 50-60% to 85-90% and reduce tenders from ~4,000 to ~2,750 annually, allowing distributed work centers to focus on core technical tasks.
3. **Strategic Procurement Cell MIND (Material Management Intelligence & Design) (Achieved):** MIND provides highly strategic and analytics based feedback based on market intelligence, Industry benchmarks and best practices for key categories, which serves as input for NTA and CPD.

ONGC's procurement transformation has garnered global recognition, winning the "Public Procurement of the Year" at the **2024 CIPS<sup>1</sup> Awards** and the "Procurement Transformation – Large Enterprise" at the **2024 Procurement Success Awards**. ONGC's innovative approach to centralizing procurement within a public sector context has set a new benchmark for excellence and governance.

1. The Chartered Institute of Procurement & Supply (CIPS) is a globally recognized body promoting best in class procurement practices, with members spanning over 180 countries.

Figure 1: CIPS Award 2024 presented to ONGC team



- 4. Digitalised Mediation Process for Dispute Resolution (Achieved):** ONGC has introduced completely digitalized mediation process for amicable dispute resolution through Outside Expert Council for speedy & timely resolutions with business partners to ensure long term, sustainable relationships and value in collaboration.

Now, the company is set to introduce a comprehensive vendor empanelment process to further enhance procurement efficiency.

- 5. Vendor Empanelment (Launch Now):** ONGC is now rolling out a vendor empanelment system to further streamline procurement and ease business with suppliers. Expected to be completed by March 2026, the system will create a pool of pre-approved vendors for a more efficient, transparent, and competitive procurement process. Key features include:
  - Round the year empanelment of vendors to avoid repetitive technical evaluation thereby substantially reducing tender processing time. Empanelment remaining valid as long as their financial and technical documentation is up to date.
  - Vendors who have met technical and commercial criteria in recent tenders will be fast-tracked for empanelment.

- No earnest money deposit is required, and the entire process will be managed digitally through ONGC's procurement platform, ensuring transparency and ease of access.
- Only empaneled vendors will be eligible to participate in future limited tenders, with empanelment expected to be completed within 90 days of document submission.

**Please take note first roll out is on 25<sup>th</sup> October 2024.**

**Wait for the next announcement!**