**B2G (Business to Government)**

A token and conception of the first blockchain-based Public Procurement Network

01/01/2022

-

v.0.1.3

-

**Abstract:** A token in support of the upcoming B2G Public Procurement Platform, and the conception of the first blockchain-supported Public Procurement network. The B2G ICO builds a bridge between everyday investors and one of the most secure and stable markets on the globe. Redeem tokens to finance the execution of government insured contracts, the share acquisition of procurement newcomers, and an active investment into one of the first teams aiming to digitalise the Public Procurement sector using blockchain technology.

The current forecasted growth of the B2G three pillar approach is 100-150% per annum. By utilising crypto-based instruments, these products and returns can be made readily available to a wide range of potential investors. This is a unique opportunity for investors to interface with a previously private industry.

The B2G token simply offers a novel method of fast turnover liquidity for one of the most secure and stable markets available today. By making this asset tradable, it could potentially revolutionise the entire way in which governments fund private contracts.

*Transparency, connectivity, investment & decentralisation in the public procurement sector.*

**I. Introduction**…………………………………………………………………3

**II. Public Procurement**…………………………………………………5

**III. What is B2G**………………………………………………………………7

**IV. The B2G Three Pillar Approach to Capitalisation**……………………………………………………………………9

**V. Blockchain Use-Cases within Public Procurement and B2G Roadmap**…………………………11

**B2G Roadmap**…………………………………………………………………13

**I. Introduction**

Public procurement (government contracts for goods, services and public works) is undoubtedly one of the most critical elements of a well-run modern nation state’s economy. Representing over a ¼ of government spending[[1]](#footnote-1), and an annual global market of over $12trillion, the public procurement market holds enormous economic and political weight.

Diagram

Description automatically generatedWhile the size of this market is staggering, it operates just like any other. Contracts are awarded to private entities (the tenderer) that can offer the best rate and boast the best credibility; with market competition being provided by an auction-like system. Tenderers then must look for investment, financial protections etc as they undertake the awarded contracts. Critically, all investments are completely supported and protected by the state that they are a party to. Culminating in one of the most stable and secure markets possible.

Diagram

Description automatically generated

Bidding for contracts usually takes place on a public procurement platform. These platforms can offer additional services to help make the process as smooth as possible for participants – support in completing relevant documentation and access to financing instruments for example. An ecosystem of this kind also presents opportunities to integrate a social media-style element to the platform – currently no one provides anything close to this; the sector is monopolised and fossilised.

The ample opportunities the public procurement sector offers in terms of development and evolution will become a key theme of this paper. Many agree the sector is outdated, opaque-at-best, and an often-drawn-out process that could be streamlined, optimised and automatised to benefit the wider public it serves. There are also clear financial opportunities for those that participate with the procurement chain.

**How can this be solved?**

Blockchain technology offers one of the clearest ways to simultaneously solve a variety of problems within the sector. Smart contracts, DeFi, and ledger transparency offer financial savings, resource efficiency, and drastically improved transparency and accountability. Bearing in mind that currently, of the $12 trillion industry being discussed, it is estimated that just 3% is transparent[[2]](#footnote-2) and publicly available.

Financially, the tokenisation of this space innovates a new avenue of investor participation previously unavailable – a decentralisation of investment opportunity – thus opening the door for crypto-based investments to contribute to the delivery of services and goods for the wider public. Its time to open the door to everyone.

What is clear is there are gaps in the public procurement market. Innovation is being called for, and B2G seeks to bridge together two communities that can both offer so much to one another. Transparency, connectivity, investment and decentralisation.

B2G advocates these principles to revolutionise the space for governments, tenderers, investors and service users alike.

**II. Public Procurement**

A corner stone of strategic governance[[3]](#footnote-3): Nothing less than the management of public funds, resources, and national development. Successful procurement means trust in government, effective market competition, and the fundamental innovation an economy demands[[4]](#footnote-4).

**Demand**

An example of the stability of this market is how it evolved with the Covid-19 pandemic: an astonishing demand for PPE skyrocketed all over the world, and it was how governments could successfully procure such quantities of materials that defined their own success. Simply put, whatever the context, the market thrives.

**Returns via Stability**

As a principal of procurement governments pay-out contracts within the first 30 days of award. Meaning for an investor that participates within this business-chain, their money is protected like no other sector can offer. Procurement provides access to a set of highly desirable and stabile investment partners, alongside a market with an unflinching demand.

**Ensuring Investment Returns**

What is critical, is the tenderer selection process – this is where a procurement platform can offer its service. Private firms must be diligently ranked and critiqued to ensure security for all parties. By integrating an aggregate-style marketplace for tenderers, like a Trip-Advisor or Uber-style platform, the selection process could be distilled and simplified to a few simple steps, thus enabling an efficient and highly competitive market.

**The fundamental Challenges for Public Procurement**

1. **Fossilisation –** Put bluntly, the sector must and will digitalise. It’s a matter of when not if. For example, currently its completely implausible for governments to buy 1 product from 500 suppliers, rather than 500 products from one supplier. This gap must be closed for the benefit of competition, quality of transaction, and above all value for money. This could be achieved through standardisation of procedure and productive digital interfaces; introducing opportunities to revolutionise the fossilised connectivity of procurement.
2. **Transparency –** Contemporary procurement is an opaque business network. There are no means of tracking and ranking private affiliations, corruption links, or even simple business practices related to expenditure. This gives birth to concepts like the principal agent problem[[5]](#footnote-5): a tendency to practice corrupt processes when distributing contracts.
3. **Competition –** Ultimately, the public sector is prevented from being an informed and intelligent customer. SMEs are restricted access as bundle-deals and monopolies dominate contracts and impose poor deals upon the state. Coupled alongside a lack of interaction between both parties, any sort of effective market competition, innovation or productivity is disabled.

The B2G network looks to resolve these problems with simplified, automatised, and user-friendly solutions. With the B2G token offering a novel approach to connect a new community to the high yield investment opportunities the state-guaranteed procurement sector offers.

This is the very first example of a hybridised platform – and we are extremely excited to share it with you…

**III. B2G – What is it?**

B2G is an international full-featured service portal for suppliers of public procurement all over the world. It simplifies, algorithmizes and optimises the entire process end-to-end. Offering support to all its users throughout all stages.

**Diagram

Description automatically generated**

**The B2G Procurement Platform**

Think if B2G as an aggregator, an operator, a funding instrument, and an investment opportunity – all packed into one easily accessible place. An Uber or LinkedIn-style platform that distils and simplifies the international procurement market. In fact, take a look at our never-seen-before, 1-of-1, B2G procurement platform:

Graphical user interface, application

Description automatically generated

The implementation of a social-media-type style, that draws on existing knowledge from other platforms that we all so often use, makes B2G familiar, accessible and interface-friendly. But critically, this is a specialised social network for the specialised industry it mobilises. It enables effective networking, exchange of professional skills, training, and an arena to form robust and meaningful international partnerships.

**A Merging of Worlds (B2G token)**

B2G’s three-pillar approach to procurement is defined firstly by this platform. But equally, by the innovative way it looks to introduce additional revenue streams to the sector, tenderers, and prospective investors.

By creating the B2G token, additional capital streams become available for trusted contractors and procurers, whilst also acting as a potential currency for the platform itself – documenting everything transparently on the blockchain. A B2G token offers investors a place at the table of these secure procurement deals, and a way to participate in the digital evolution of one of the global economy’s biggest sectors.

It’s not if, it’s when. And here at B2G we want to be first in line, alongside our investors and partners, to reap the rewards of forecasting and developing for the future.

**IV. The B2G Three Pillar Approach to Capitalisation**

1. **High Yield Investments – 15-20% returns per 6 month/1 year investment cycle**

Firstly, large gains can be made simply by providing fast-turnover liquidity to trusted public procurement contractors through the redemption of limited-issue B2G tokens. It is important for an investor to understand this is not a speculation, but a government-guaranteed contract, undertaken by tenderers that pass a due diligence test by both government and B2G.

It’s safe. It’s secure. And it’s highly reliable.

**Diagram

Description automatically generated**The B2G token is a first-of-its-kind tool for regular investors to interface with the traditionally monopolised procurement market.

1. **Share Acquisition – 100% returns per year**

Secondly, B2G will participate in the acquisition of shares of growing companies within the procurement sector, thereby also financing their procurement activities, and utilising its insider knowledge and expertise of the sector. Again, this is a first-of-its-kind opportunity that allows any investor who wishes to participate within this acquisition chain to do so.

B2G will implement a clear mergers and acquisitions strategy, with forecasted growth of 5-10x. Once the desired/predicted growth is achieved, the exit strategy is implemented, and shares are offloaded to strategic investors and IPOs by means of B2G’s management buyout mechanisms.

Pillar 2 is based upon the M&A premise that if a company’s turnover and business size increases, so will its capitalisation growth, but at a faster rate. For example, turnover increases 5x due to an initial B2G investment, consequently triggering a 10x market price increase based upon expected value.

The anticipated increase in the capitalisation of B2G tokens via pillar 2 (as detailed here) is *no less* than 100% per annum.

1. **Direct investment into the B2G Platform – A longer term play for the use-case of blockchain technology within the public procurement sector**

Finally, the redemption of B2G tokens is a direct investment into the platform’s ecosystem. In fact, it is more applicable to see B2G token acquisition as purchasing shares of the company, and quite different to most ICO offerings.

Our unique ICO is a direct interface into the procurement sector – this is the primary function of this offering. This is not a speculation; it is a novel method of providing fast turn-over liquidity to one of the most stable sectors available in any market today.

B2G as a company is a financing tool, a procurement tool, a social network, an aggregator, and the first of many technology-based optimisations that will occur within an extremely outdated and inefficient sector. There is documented desire for this throughout Europe, and B2G will represent one of the first teams to facilitate and capitalise on this demand.

**The Philosophy**

The capital flow from a country’s citizens, through the government, and into private enterprise, *must* be efficient, transparent and digitalised. The days of bankers, politicians, and big businesses overtly monopolising markets for their own financial gain, by way of the taxpayer’s pocket, are coming to an end.

There is an obvious problem to be solved and blockchain technology offers the solution. In fact, the specific improvements it offers are extremely wide-reaching, meaningful, and financially optimal…

**V. Blockchain Use-Cases within Public Procurement and B2G Roadmap**

One of the fundamental challenges the sector faces, is its inherent lack of transparency. It is *critical* to understand that transparency is not something the public procurement sector will look to naturally achieve. If this was the case it would have evolved alongside technology over the past decades.

Instead, there must be a community willing to fight for this right, and actively promote its use-case for the benefit of wider society. It’s a no to corruption. A rejection of market monopolisation. And a protest to an inefficient market operating on the back of the taxpayer.

Potential investors must believe in these core principles, wish to support them, and recognize the obvious use-cases blockchain technology offers the sector.

**Blockchain Use-Cases**

**A Transparent Ledger**

There is a clear and obvious benefit for the transparency of supply chain activity, payments, and tenderer affiliations.

1. A method of facilitating public interaction and accountability within procurement supply chains offers both an active benefit (providing open-source-style, publicly available access to supply chain ledgers), and a passive benefit (deterring corruption/malpractice/inefficiencies within supply chains.
2. A clearer understanding of tenderer affiliations.
3. Enabling a competitive market. As inefficiencies become clear, attention will turn to SMEs that can offer better services, thereby opening the currently closed procurement market.

**Smart Contracts**

Smart contracts offer the clearest means of cutting costs in specific areas of supply chains that simply haven’t digitalised, automatised, or developed in any sort of meaningful way over the past decades. Additionally, costs can be cut whilst offering an increased degree of trust when compared to traditional and more expensive processes.

1. Deploying smart contracts for transactions can have a dual function. Firstly, by creating real savings through the automation of human verifiers: current intermediaries are labour-intensive and can be replaced. Additionally, transactions could be made paperless and digitalised.
2. Risk itself can be automatised by reducing the need for middlemen in the process of transaction risk management.
3. By digitalising the procurement supply chain, a greater degree of trust is symptomatic. Everything is documented and verified, again without the need of costly due diligence.

**DeFi**

Decentralised finance is an interesting opportunity for the sector, especially for SMEs looking to break into the currently monopolised market. It forges a path for procurement-specialised finance, quick turn-over of capital, and thereby a healthier, more competitive procurement marketplace.

1. Currently, SMEs are drastically financially disadvantaged within the procurement cycle when compared with the large companies that monopolise contracts. Not so much in terms of capital, but the ease of access to that capital.
2. Bankers are uninformed (and therefore inefficient) agents within the procurement chain. They are not deep players within the system and thus do not know about, or even care for, its procedures.
3. Currently SMEs often must outsource credit just to find acceptable flexibility of financing, with due diligence and financial analysis of banks sometimes taking as long as the procurement contract cycle itself.

**The B2G Roadmap**

**B2G Phase 1**

The public procurement market is probably the largest market you have never heard of. With the sheer size of it, you need an aggregator – B2G offers that. The first ever Uber-style platform, making transactions as simple and connected as possible.

Phase 1 represents filling this need, joining up the blockchain community with the procurement sector through an ICO, nurturing the B2G community through marketing strategies, and beginning the journey to a better system for all.

It is the first step in revolutionising the entire procurement space, and we are offering seats at the table. With so much room to grow into, we believe blockchain represents the future of procurement.

**B2G Phases 2 & 3**

Phases 2 and 3 represent the construction and implementation of the native B2G on-chain platform. First there will be a limited private sale to selected investors, and this will be followed by the ICO campaign, development, and initial offering.

Looking to the future, a procurement-specialised B2G DeFi platform presents an opportunity to provide the fast and efficient liquidity SMEs so desperately need; completely shaking up the fossilised nature of the current market. A fit-to-purpose financial instrument is now possible with today’s advancements of blockchain technology. Underwriting, free clearing, convertibility, and circulation of the B2G token all now possible, and under development.

The market must diversify. And B2G has created the foundations upon which it can. A legal framework for the implementation of this concept is already underway with B2G founders.

A picture containing graphical user interface

Description automatically generated

1. OECD (2013), “Public procurement spending” in Government at a Glance 2013, OECD Publishing, Paris. Accessed from: <https://www.oecd-ilibrary.org/public-procurement-spending_5k3tx6gbhntd.pdf> [↑](#footnote-ref-1)
2. Open Contracting Partnership (2020) *$12.6 trillion of public procurement spend each year is opaque*. Accessed from: <https://www.open-contracting.org/news/12-6-trillion-of-public-procurement-spend-each-year-is-opaque/>. [↑](#footnote-ref-2)
3. OECD/LEGAL/0411 (2015) *Recommendation of the Council of Public Procurement.* The OECD: Paris. Accessed from: <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0411>. [↑](#footnote-ref-3)
4. Directorate for the Public Governance and Territorial Development (2015). *OECD Recommendation of the Council on Public Procurement*. The OECD and Public Governance Committee: Paris. Accessed from:<https://www.oecd.org/gov/public-procurement/recommendation/> . [↑](#footnote-ref-4)
5. Soudry, O (2006). *A Principle-Agent Analysis of Accountability in Public Procurement.* In IPPC2 (2006). *Advancing Pubic Procurement: Experiences, Innovation and Knowledge sharing*. (Chapter 19). USA: PRAcademics Press. Available from: <http://www.ippa.org/images/BOOKS/IPPC2/Chapter_19.pdf> - an analysis of public procurement and the principal agent problem [↑](#footnote-ref-5)