

E-Commerce Procurement Solutions for Cities & Small Businesses

Municipalities have significant buying power, as they spend nearly \$2T annually procuring goods and services from private businesses.¹ Procurement presents an important opportunity for cities to support small businesses and increase equity in access to contracts. For small and medium sized businesses, municipal contracts are a stable source of revenue and an avenue to potentially attract future investment.

However, small and Black, Indigenous, and Person of Color (BIPOC)-owned businesses are often poorly represented in highly-procured industries, and face systemic barriers, including lack of access to government networks, and racial discrimination.

The Strategy

Adopting an e-commerce procurement solution can help municipalities to better support small and minority-owned businesses with their own buying power. These solutions can streamline the procurement process to provide benefits for both local governments and small businesses. E-commerce procurement solutions allow

Municipalities interested in empowering small and minority-owned businesses should evaluate the role their own procurement dollars can have in this effort. According to NLC's 2024 State of the Cities Report, economic development was the top priority for mayors across the country,² with many highlighting the need to attract and support local businesses. Despite this intent, slow moving procurement reform often limits opportunities for small and minority-owned businesses. Municipal procurement is a complex process that takes time to unravel; fortunately, certain digital tools offer municipalities a way to accelerate toward their procurement goals.

purchasing staff to see the full range of options available and review details about and offerings from each business. Simultaneously, adopting an e-commerce procurement solution can simplify the certification process for businesses and give them easier access to government procurement opportunities.³

E-commerce Procurement Solutions connect buyers and sellers through a centralized digital platform that automates, streamlines, and simplifies the purchasing process. This type of solution helps municipalities to improve efficiency, reduce operational costs, and increase transparency.

BENEFITS OF THIS STRATEGY:



Give more businesses the opportunity to sell to government buyers, combatting incumbent supplier advantage and increasing competition.



Enable governments to diversify the beneficiaries of their purchases. City staff can more easily view the products and services of a wider range of businesses and target their search to small or minority-owned businesses.



Simplify the process for small business owners. When the e-commerce solution provider takes on complex contracting and reporting requirements, small businesses can focus on selling their products to government customers without the administrative burden.

KEY CONSIDERATIONS:

- 1** Evaluate your current certification requirements for small and BIPOC-owned businesses. **Are they burdensome or could they be streamlined?**
- 2** **How can the e-commerce procurement solution be configured to satisfy any policy concerns around procurement for the city?** Cities may build in preferences for certain business types or certifications.
- 3** **How will your city need to prepare to implement an e-commerce procurement solution?** Some cities have facilitated this transition by starting with a pilot group or a period of experimentation.
- 4** **Is there widespread broadband access throughout your community?** Consider whether lack of internet access will be a barrier to participation.

Using Amazon Business to Grow Small Business Purchasing in Denver, CO

The City and County of Denver, CO, has adopted Amazon for Business as its e-commerce procurement solution across all departments to better align its purchasing practices with its city's goals and values.⁴ Denver customized its Amazon Business settings to prioritize small and minority-owned businesses, businesses with sustainability certifications, and local businesses. This action, along with other initiatives, has allowed Denver to significantly expand the types of businesses it purchases from.

Utilizing Amazon Business from 2022 to 2024, Denver's spend with small and diverse businesses grew five times, to more than \$1.71M. Amazon

Business has also enabled Denver to better analyze where the city's money is going by breaking down categories of spending that the city hadn't previously tracked. In addition to using Amazon Business to filter for local businesses, the city holds monthly sessions for local vendors on how to do business with the city to expand the pool of businesses that they can support.

By adopting this e-commerce procurement solution, Denver has been able to better reflect its priorities through purchasing decisions, has multiplied its small business purchasing, and has gained new tools of analysis to understand where its money is going.

1 National League of Cities. (2021). Building Wealth Through Equitable Municipal Procurement. www.nlc.org/wp-content/uploads/2021/11/YEF-Equitable-Economic-Mobility-InitiativesProcurement_Brief_FNL-Procurement-4.pdf

2 Omeyr, F. & Montes-Diaz, I. (2024) State of the Cities 2024. National League of Cities. www.nlc.org/resource/state-of-the-cities-2024/

3 Moreira, D & Trichur, V. (n.d.). Cracking the Government Procurement Code. Censeo Consulting Group. www.censeoconsulting.com/insight/cracking-the-government-procurement-code-new-study-details-barriers-small-businesses-face-selling-to-government-customers-and-how-online-marketplaces-can-help/

4 Ybarra, S. Personal Interview. September 11, 2024.