



Procurement @ ESO

Arnout Tromp

Head of Contracts and Procurement



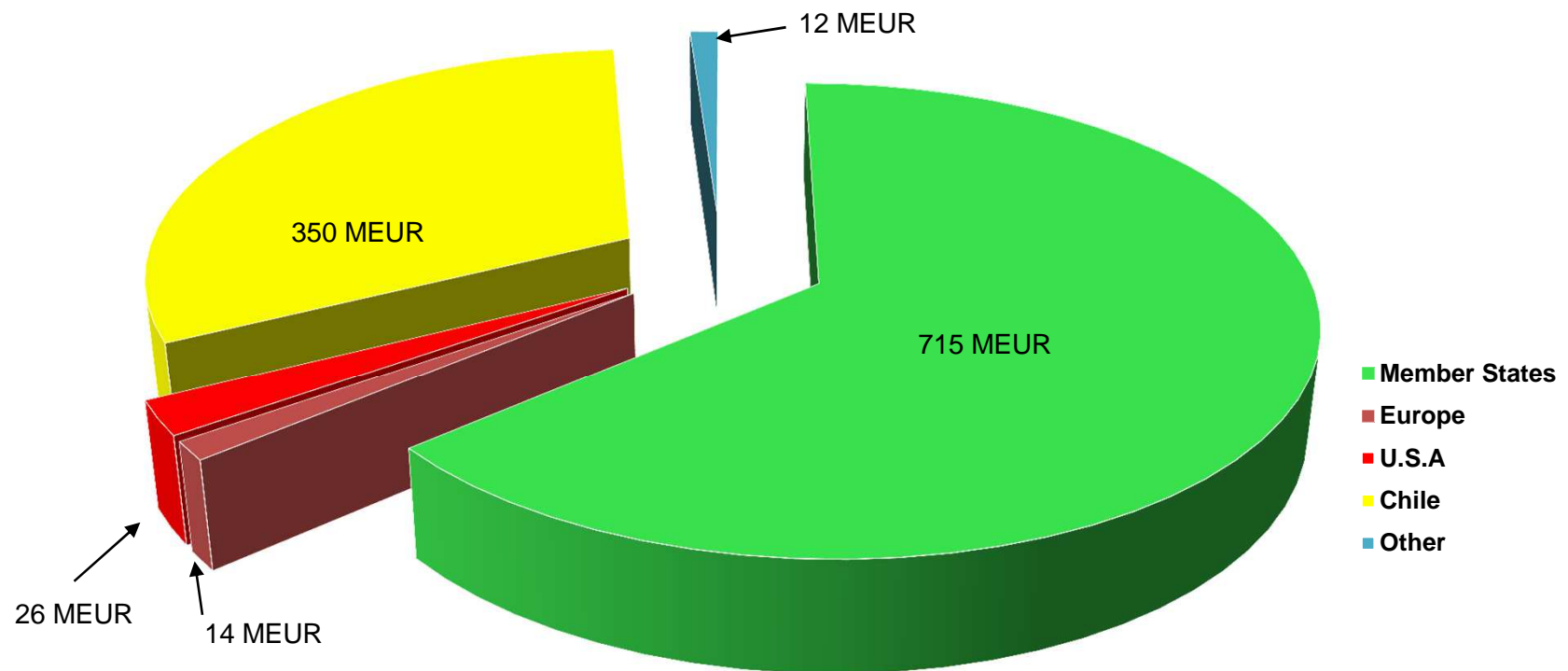


Topics Addressed

- Statistics
- ESO Procurement Policy & Process
- Procurement Vehicles
- Selective Tendering
- Collaborations with Institutes
- Industrial return



Contracts awarded worldwide over the period 2006 - 2015

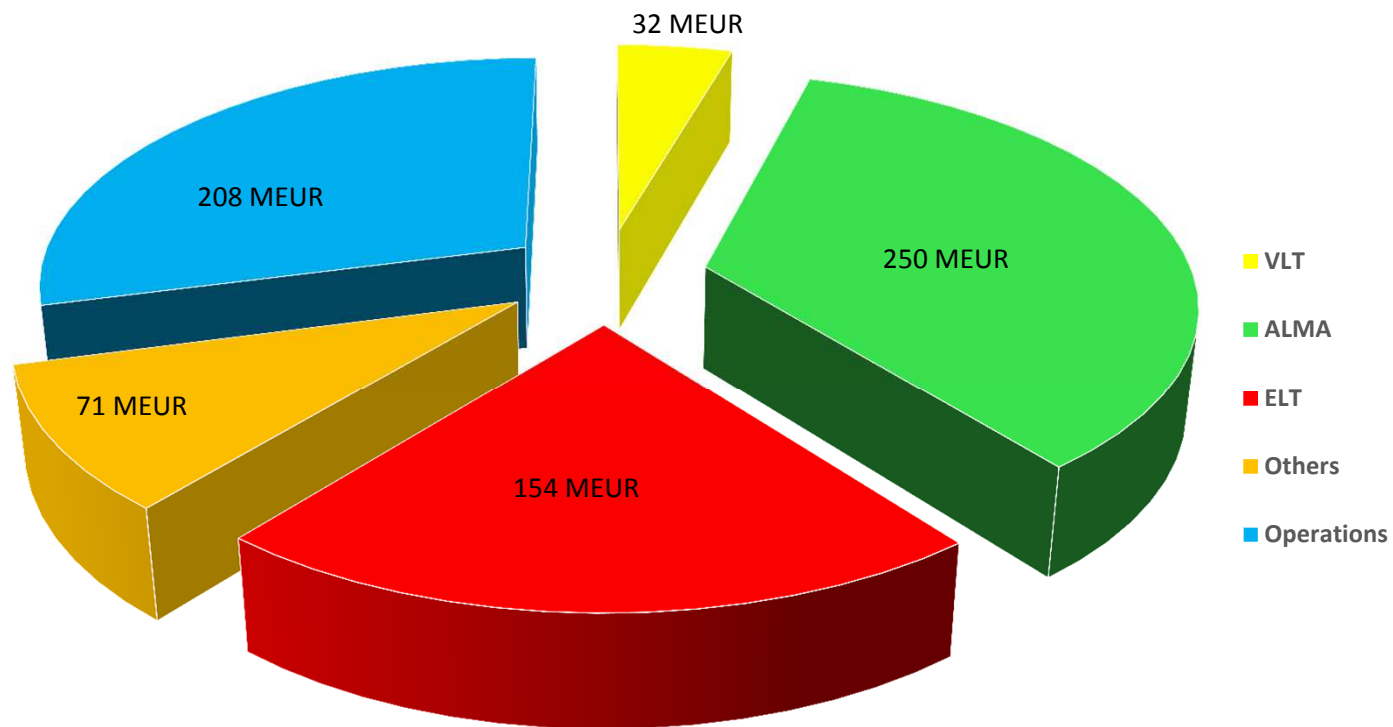


Total Contracts 10 years: 1.119 Million EUR



Contracts awarded within ESO Member States over the period 2006 - 2015

Cumulative values, per “project”

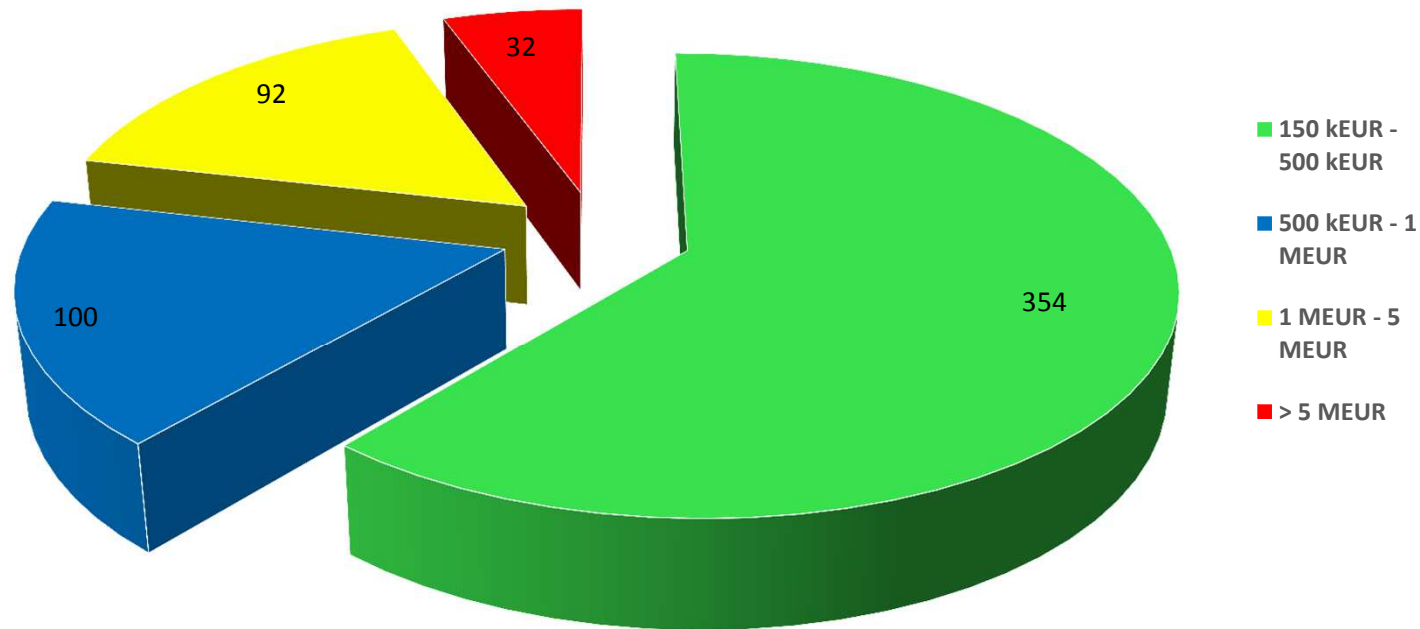


Total Contracts 10 years, 715 Million EUR



Number of contracts awarded over the period 2006 - 2015

Number of contracts, for different price
ranges



53,187 contracts below 150 KEUR were placed in this period



Procurement Policy (1/2)

- **Overall objective**: technical excellence at an affordable cost.
- In accordance with key principles for Public Procurement:
 - Non-discrimination
 - Transparency
 - Accountability
 - Fairness, economy and efficiency



Procurement Policy (2/2)

- Requirements from ESO Financial Rules and Regulations:
 - Competitive Tendering;
 - Within ESO Member States;
 - Contracts awarded to the lowest priced technically and managerial compliant tender;
 - Fair distribution of the contracts among the ESO Member States.
- Implemented through the ESO internal Procurement and Sales procedures.



Procurement Process (1/3)

- ESO selects the recipients of its procurement actions from:
 - Its database (categories), plus its staff's own knowledge;
 - Suggestions received from ESO Member States;
 - Interest expressed by companies:
 - In relation to forthcoming procurements announced on the ESO web page;
 - Generically.
- ESO gives great importance to the quality of its tenders, and expects the same from the bidders: “one shot only”, no room for improving a tender after its submission.

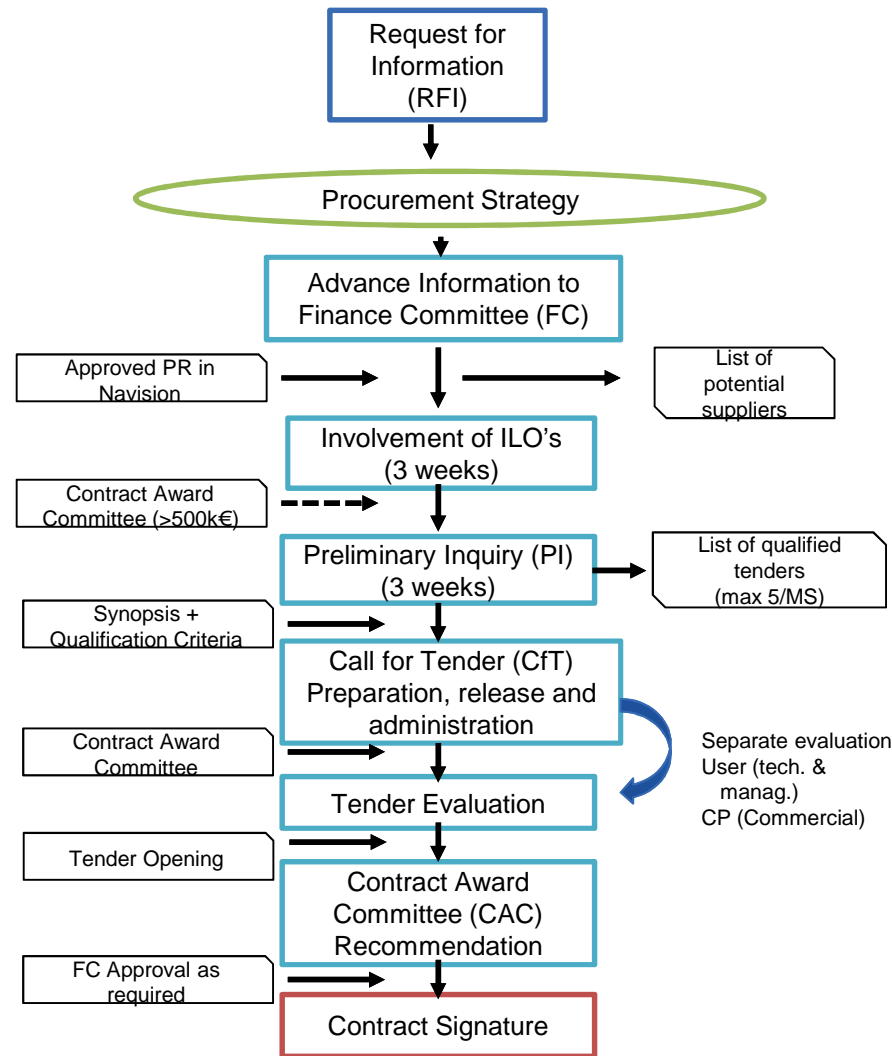


Procurement Process (2/3)

- Evaluation of the managerial/technical evaluation of tenders performed without knowledge of the price(s);
- Lowest priced compliant tender is awarded the order/ contract;
- For each procurement above 150K EUR, an internal committee is constituted to follow through the evaluation and adjudication process.
- Contracts/ Purchase Orders are regulated by ESO' s own set of contractual conditions (including recourse to private arbitration in case of disputes).

Procurement Process (3/3)

Typically used for
Procurements
> 150k EUR





Procurement Vehicles (1/3)

■ Price Inquiries:

- For goods and services which are “standard” and do not call for an extensive definition of requirements;
- The schedule is ad-hoc, typically 3 to 4 weeks;
- The resulting order is regulated by the ESO General Conditions of Purchase Orders;
- Values are, as a general rule, < 150KEUR



Procurement Vehicles (2/3)

■ Call for Tender (CFT):

- Announced on the ESO CP web page;
- Mostly a 2 step process:
 - Preliminary Inquiry: selection based on technical and financial suitability (response time: ~4 weeks);
 - Competitive CFT: to all qualified companies; response time 6 weeks minimum.

■ Other:

- Request for Information (form free on a non-binding basis)
- Single Source procurements (only in justified cases)



Procurement Vehicles (3/3)

■ Structure of our procurement documentation:

➤ Preliminary Inquiry:

- Cover letter defining the content of the response
- Synopsis of the scope of work;
- The technical, financial, contractual qualification criteria;
- Administrative matters;
- ADs, as required (e.g. General Conditions of ESO Contracts)

➤ CFT:

- Cover letter
- Special Conditions
- Tender Form
- Draft contract
- General conditions
- SOW
- Technical Specifications



Selective Tendering

- Our procurement actions are targeted =>
 - You either know about it;
 - or ESO knows about you and your competencies;
 - or.....the opportunity is lost.

- For procurements expected to exceed 150 KEUR, announcement is made on the ESO web page:
<http://www.eso.org/public/industry/cp.html>

- => companies have the opportunity to make their interest known to ESO (cp@eso.org).



Your Submission to ESO

- Make your (first) tender your best tender, as it will be your only shot:
 - Your reply needs to respond fully to the CFT requirements, specified in our “special conditions” => **ask questions when you are unsure!!!!**
 - Same level of completeness required from new suppliers as for suppliers who have already contracted with ESO;
 - Questions asked by ESO for clarification, and very selectively for missing information;



Collaborations with Institutes

- Collaborations aimed at building instruments to be used at the telescopes;
- Same principles applied as for procurements (Transparency, equal treatment etc.);
- Identification of institutes via scientific council delegate;
- Remuneration via GTO and reimbursement of hardware cost.
- Institutes mostly procure via EU tendering



Industrial return

- No requirement for *juste retour*...but a strong expectation from all ESO Member States of an equitable distribution;
- Measured through each country's *return coefficient*: ratio between the percentage of expenditures in an individual MS and the MS percentage contribution to the budget;
- Expenditures calculated on data collected from the Contractors re: the “origin of the supply”.



What is in it for you?

- Business opportunity
- Publicity: you get the change to contribute to the build of very complex machines with high potential
- It can provide you the opportunity for free R&D
- Potential spin offs of the developments made



Questions?

