

IPT-PI Group meeting 17 October 2024



AGENDA

- Tenders response rates project
- Electricity contracts
- Consulting category analysis
- New scoring/award table for BVFM
 - AOB

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Procurement Procedure Response Rate Project Procurement Group Meeting

Project team: Jessica Metcalfe, Julia Bentchikou, Emeline Lesage Leuvrey

October 2024

Project Brief and Objectives

Step 1: Analyse data	 Analyse response rates across all procurement procedures Categorise reasons why firms are declining to participate 	
Step 2: Identify Trends	 Review responses by procurement code, department/group Deep dives and feedback with key stakeholders 	
Step 3: Propose Solutions	 Propose recommendations on actionable changes to our procedures and practices 	
Step 4: Implement changes	 Implement sourcing policy, update the procurement procedures and best practices Identify strategies to improve responses from firms 	
Step 5: Ongoing monitoring	 When firms decline they must select pre-determined categories and reasons for declining our procedures. 	
7 November	Drecenter Drecentation Title	



Step 1: Data Analysis Data Definition and Categorisation

Generic Decline

- Capacity / Resources
- Competitiveness
- Location
- Language
- Supply Chain
- Not interested in working with CERN
- No details given

Procedural Decline

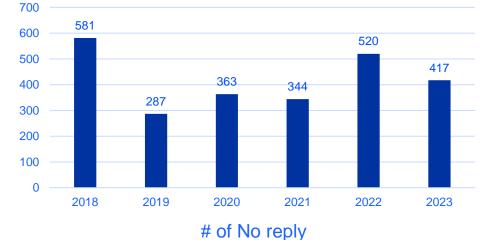
- Timescales
- Commercial conditions
- Tendering process complexity
- Country of Origin
- Adjudication
- Subcontracting restrictions
- Qualification requirements

Technical Decline

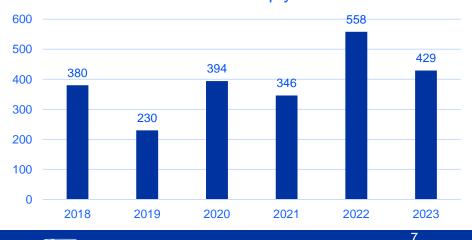
- Technical requirements
- Delivery schedule
- Location of the work (FR/CH)
- Quantities/Volume
- Out of scope of services/supplies

Data source: CDS data on responses and declines 2018-2023; Qualiac for procurement codes per procedure





of Declined



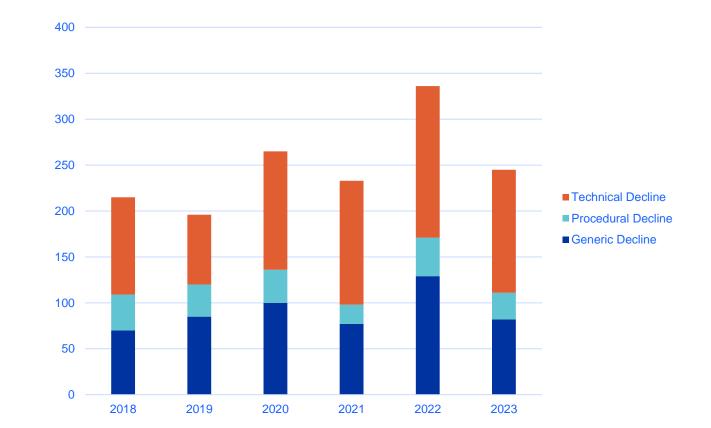
Years	Count of Procedure	Sum of Total Firms invited	Sum of Decline Number	Sum of Percentage Declined	Sum of No Reply Number	Sum of Percentage No Reply
2018	180	1635	581	35.5%	380	23.2%
2019	98	886	287	32.4%	230	26.0%
2020	114	114 1242	363	29.2%	394	31.7%
2021	190	999	344	34.4%	346	34.6%
2022	151	1572	520	33.1%	558	35.5%
2023	135	1331	417	31.3%	429	32.2%
Grand Total	768	7665	2512	32.8%	2337	30.5%

CERN

, November 2024

745, 50%9.100202, 14%

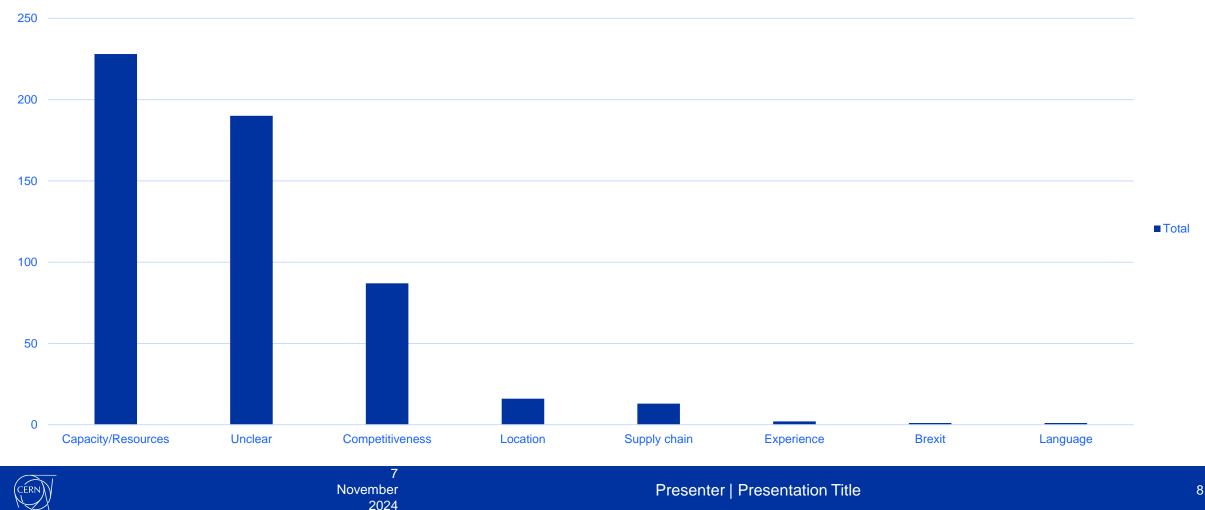
PRICE ENQUIRY DECLINES



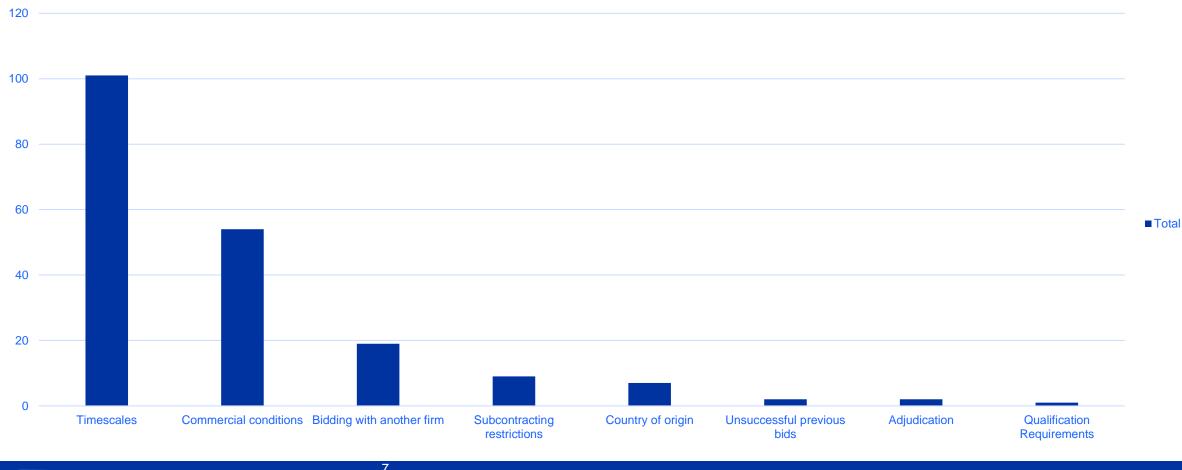


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Generic Decline - Reasons



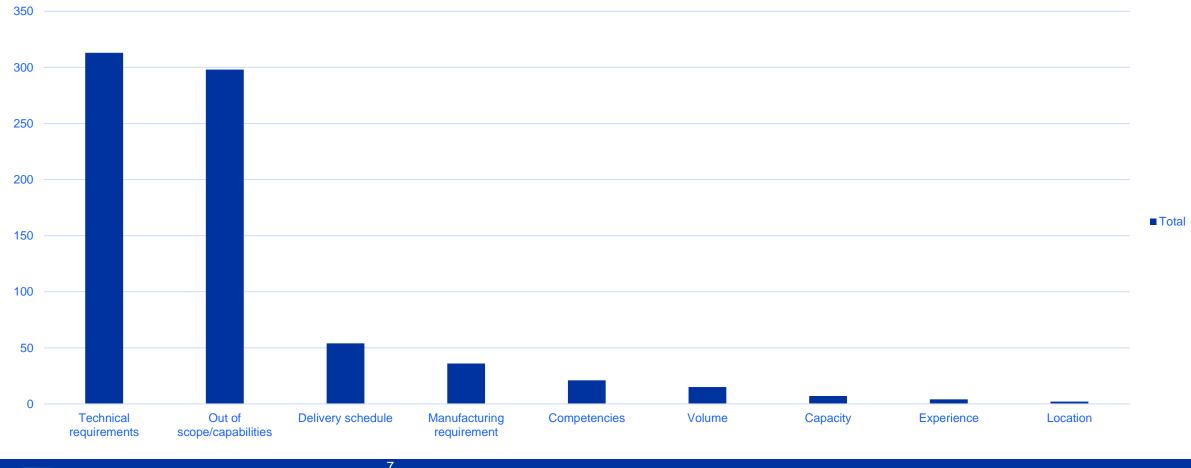
Procedural Decline - Reasons



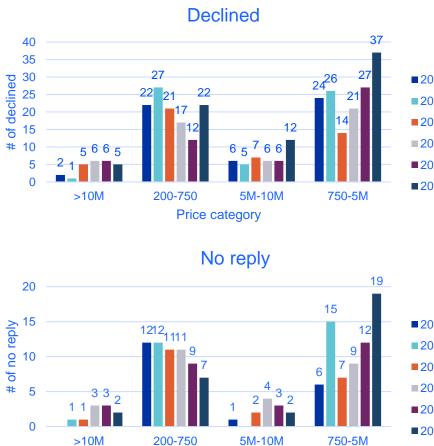


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Technical Decline - Reasons





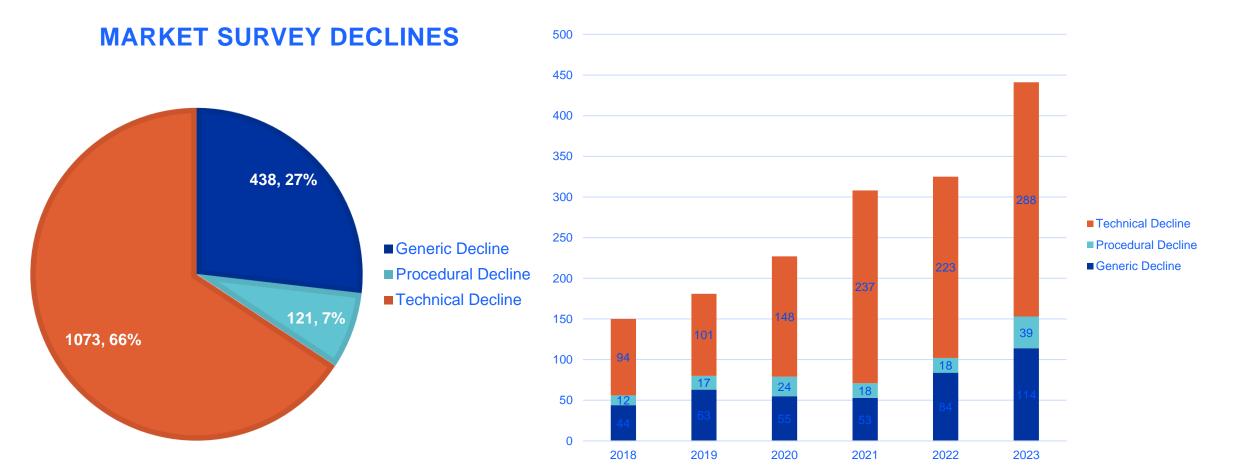


Price category

Price Count of Category/Year Procedure		Sum of Total Firms invited	Sum of Decline Number	Sum of Percentage Declined	Sum of No Reply Number	Sum of Percentage No Reply		
200-750K	131	4574	489 10.7% 2853		2853	62.4%		
2018	23	624	82	13.1%	312	50.0%		
2019	20	589	69	11.7%	340	57.7%		
2020	15	410	49	12.0%	224	54.6%		
2021	28	1156	120	10.4%	765	66.2%		
2022	15	678	67	9.9%	482	71.1%		
2023	30	1117	102	9.1%	730	65.4%		
750K-5M	174	7172	772	10.8%	4631	64.6%		
2018	36	923	115	12.5%	515	55.8%		
2019	17	559	58	10.4%	344	61.5%		
2020	28	1299	136	10.5%	873	67.2%		
2021	23	970	95	9.8%	628	64.7%		
2022	33	1740	189	10.9%	1187	68.2%		
2023	37	1681	179	10.6%	1084	64.5%		
5M-10M	37	1905	162	8.5% 1093		57.4%		
2018	6	160	13	8.1%	75	46.9%		
2019	3	157	7	4.5%	83	52.9%		
2020	5	245	35	14.3%	127	51.8%		
2021	3	253	22	8.7%	144	56.9%		
2022	8	448	40	8.9%	249	55.6%		
2023	12	642	45	7.0%	415	64.6%		
>10M	33	1680	178	10.6%	943	56.1%		
2018	3	111	4	3.6%	55	49.5%		
2019	4	227	30	13.2%	123	54.2%		
2020	7	332	45	13.6%	157	47.3%		
2021	6	269	29	10.8%	151	56.1%		
2022	6	365	35	9.6%	229	62.7%		
2023	7	376	35	9.3%	228	60.6%		



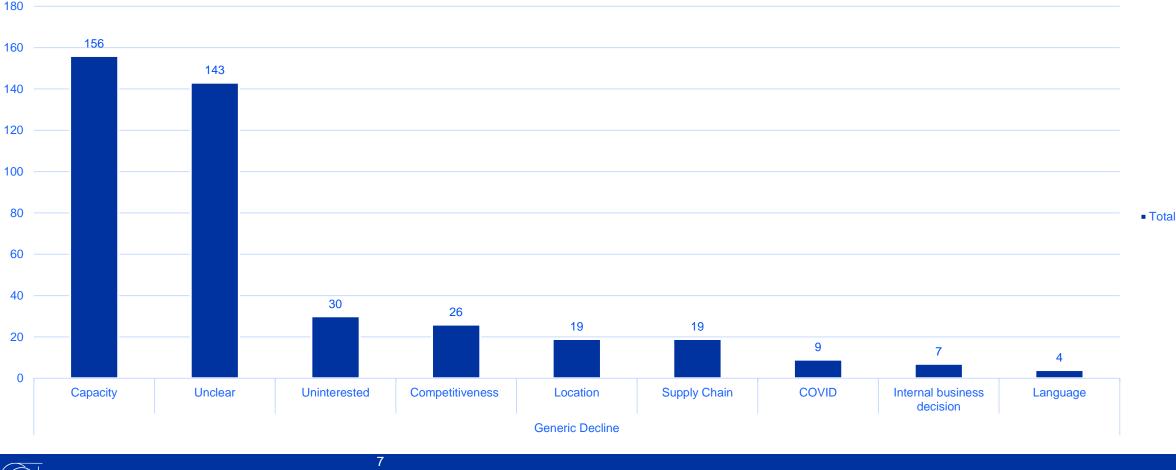
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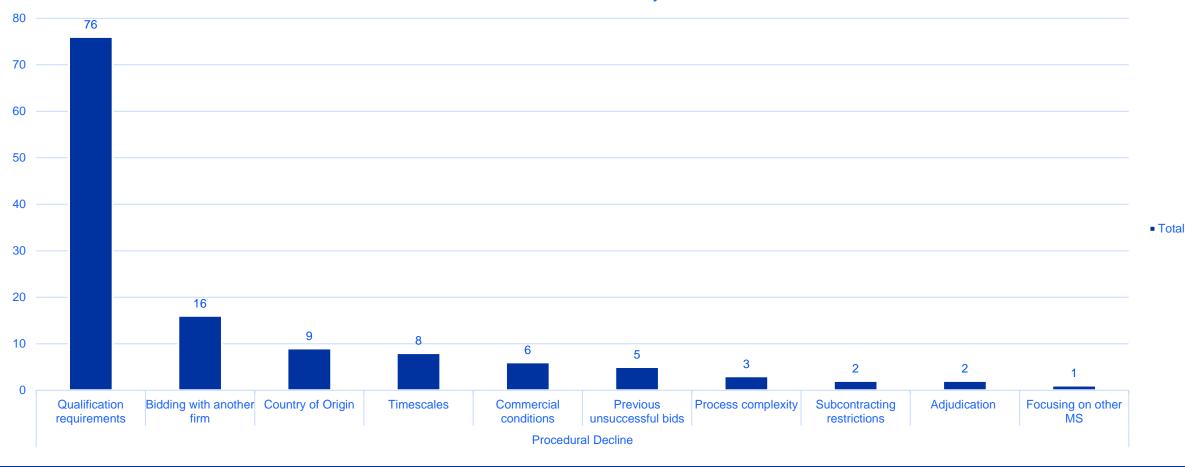
Generic Declines by Reason





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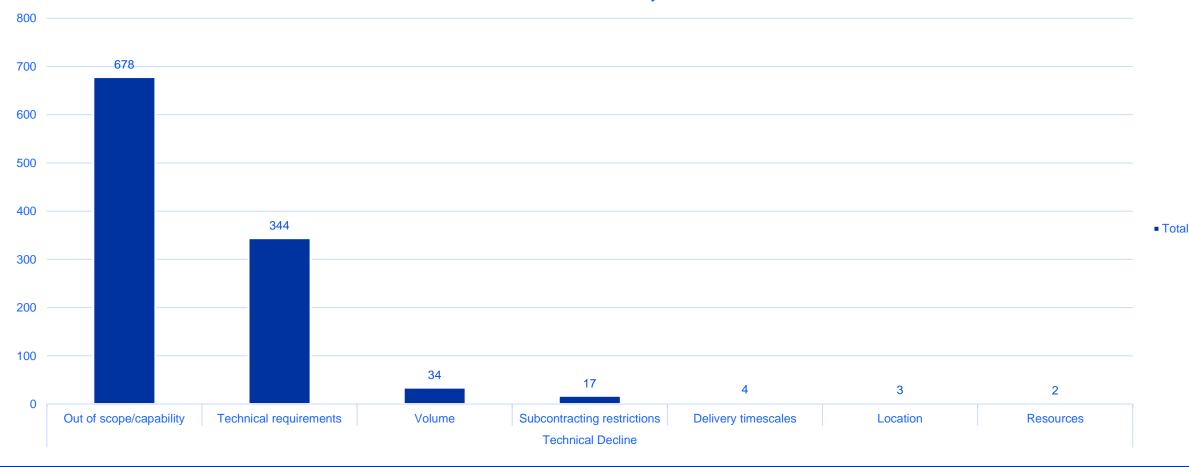
Procedural Declines by Reason





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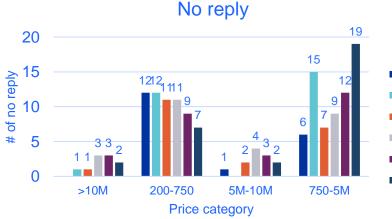
Technical Declines by Reason





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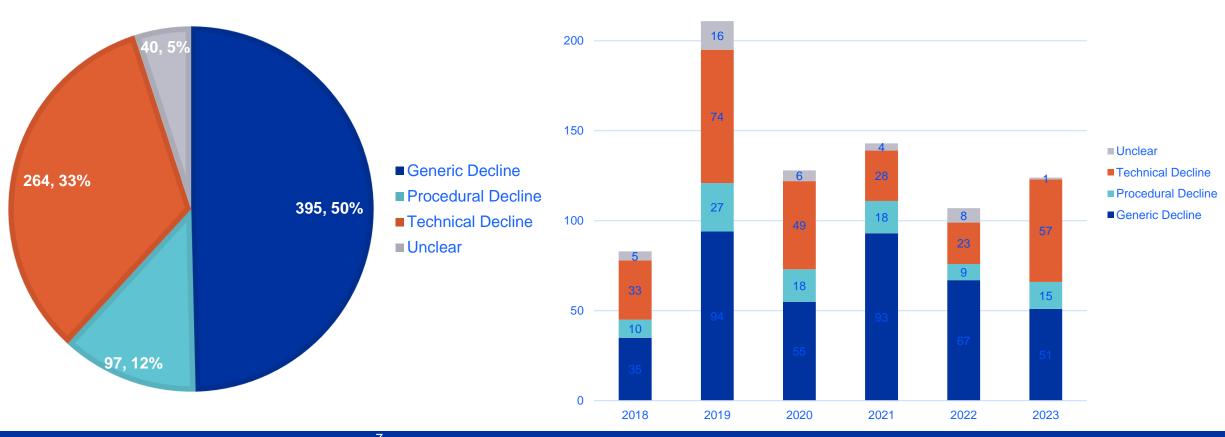


	Price Category/ Years	Count of Procedure	Sum of Total Firms invited	Sum of Decline Number	Sum of Percentage Declined	Sum of No Reply Number	Sum of Percentage No Reply	
	200-750K	170	1149	367	31.9%	142	12.4%	
	2018	29	232	78	33.6%	29	12.5%	
2018	2019	36	298	115	38.6%	33	11.1%	
2019	2020	25	188	52	27.7%	26	13.8%	
2020	2021	26	134	32	23.9%	21	15.7%	
	2022	22	128	29	22.7%	19	14.8%	
2021	2023	32	169	61	36.1%	14	8.3%	
022	750K-5M	213	1482	524	35.4%	146	9.9%	
2023	2018	42	210	70	33.3%	7	3.3%	
	2019	36	346	152	43.9%	47	13.6%	
	2020	19	118	37	31.4%	9	7.6%	
	2021	24	223	80	35.9%	27	12.1%	
	2022	34	232	77	33.2%	23	9.9%	
	2023	58	353	108	30.6%	33	9.3%	
	5M-10M	47	455	176	38.7%	28	6.2%	
	2018	6	66	38	57.6%	3	4.5%	
	2019	5	48	25	52.1%	0	0.0%	
2018	2020	7	106	40	37.7%	2	1.9%	
2019	2021	8	73	26	35.6%	10	13.7%	
2020	2022	8	70	19	27.1%	9	12.9%	
	2023	13	92	28	30.4%	4	4.3%	
2021	>10M	34	250	76	30.4%	28	11.2%	
2022	2018	3	12	3	25.0%	0	0.0%	
2023	2019	4	26	6	23.1%	4	15.4%	
	2020	5	49	16	32.7%	2	4.1%	
	2021	8	85	27	31.8%	11	12.9%	
	2022	7	47	14	29.8%	7	14.9%	
	2023	7	31	10	32.3%	4	12.9%	



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INVITATION TO TENDER DECLINES

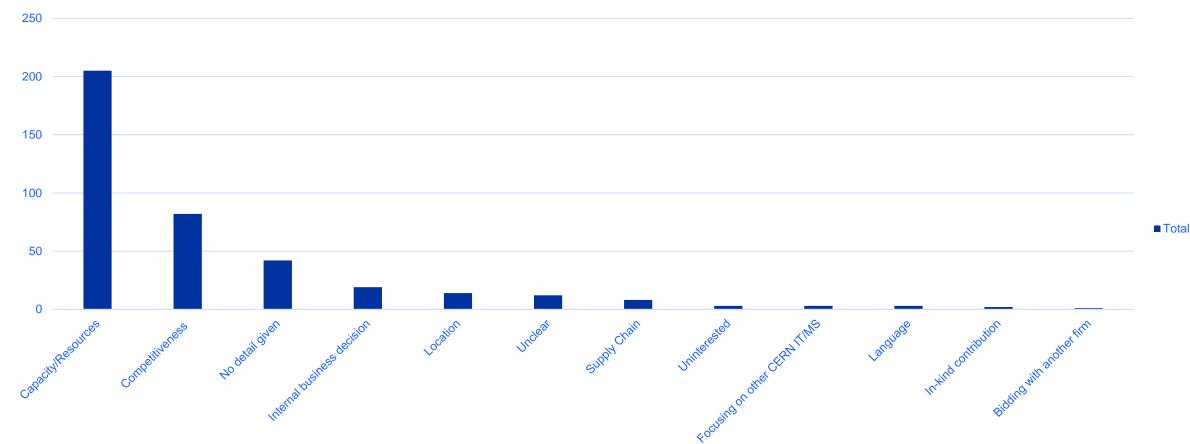


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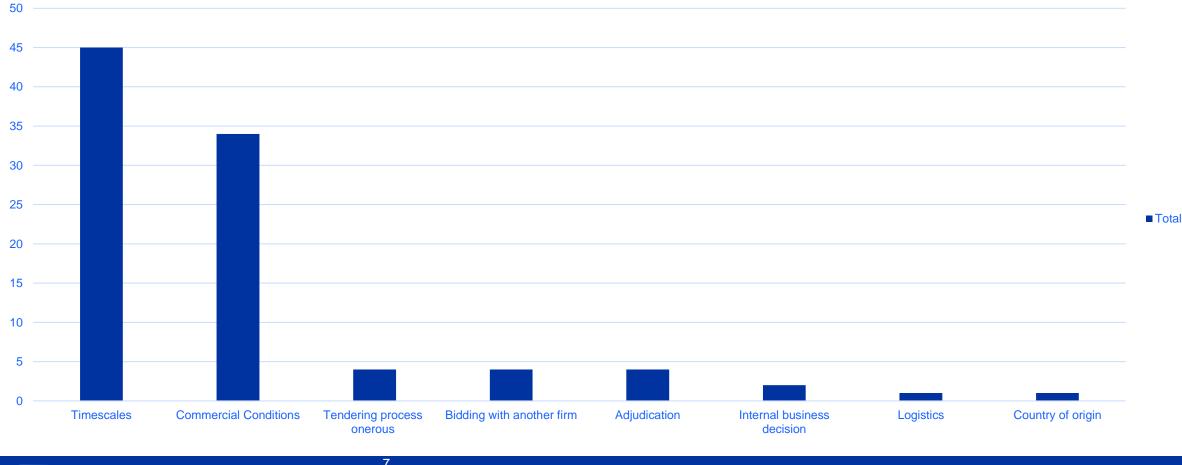
Generic Decline - Reasons





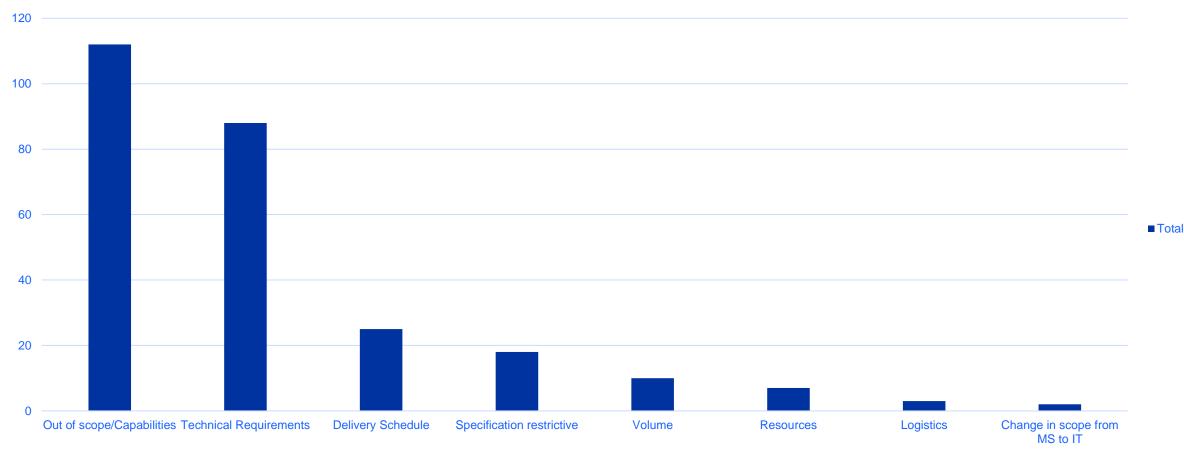
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Procedural Decline - Reasons





Technical Decline - Reasons





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Step 2: Identify Trends Stakeholder Feedback and Discussion

Information Sharing

- Direct feedback received by technical teams from bidders;
- Technical teams' perception of supplier participation rates;
- Supplier selection strategies used by technical teams;

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• Criticality of subcontracting restrictions

Improvements – Brainstorming

- What changes can we implement to become a more attractive customer to suppliers?
- What sourcing strategies should we use to increase participation?



Step 2: Technical Stakeholder Feedback

CERN Attractiveness

- Low volumes, technically demanding client
- Research organizations not a core market for many industries

Planning & Market Conditions

- Many firms at capacity / order booked out 6-12 months in advance
- Project delivery schedules
- Commercial risk for small companies

Process

- Time investment for firms and technical teams to prepare a tender
- Timescales



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Step 2: ILO Feedback

ILO Survey sent on August 13th

- ILO perspective on firm's deciding to decline or not respond to procurement procedures
- Suggestions to improve our processes to improve overall response rates
- Insight into spend categories and subjects for upcoming thematic events

Thank you to those of you who responded and took the time to send where the send of you who responded and took the time to send of the se

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Step 2: ILO Feedback Reasons for a 'No Response'

- Capacity of the sales office or resource availability
- Sent to a generic email addresses or wrong contact within the firm
- Uninterested working with CERN
- Firms may 'self-disqualify' after reviewing the requirements
- First point of contact is the procedural invitation with no prior notice or information about the requirements or CERN in general



Step 2: ILO Feedback Reasons firms decline

Lack of capacity/resources available 6 6 5 4 **Qualification requirements** Supply chain issues **Delivery schedule** 3 2 Specification too restrictive Adjudication method **Technical requirements**

Decline Reasons

Belief that their proposal would be uncompetitive Location of the work (FR/CH) Complexity of tendering process Supplies/services out of scope or capability Commercial conditions imposed by CERN Not interesting in working with CERN



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Step 2: ILO Feedback Proposals for consideration

- Supplier database clean up
 - With ILO support
 - Annual confirmation of contacts
 - Removal of firms that do not respond to multiple procedures

Procedural and commercial condition flexibility

- Provide longer timescales to complete and/or grant extensions
- Provide some flexibility on commercial conditions if appropriate
- Procedural status dashboard
 - Creation of a place where firms could check the status of the procedure they have submitted a bid or registered interest
- Focus on areas with low levels of responses/participation
- Increase the use of BVFM adjudications and increase overall transparency in the adjudication process





*Areas where we have low levels of participation and areas where we expect to award a high number of contracts

**1 response stating these thematic events are not relevant unless there is a large project (HL-LHC) otherwise the annual industry webinars are sufficient



Step 3: Proposed Preliminary Actions

Category-specific strategies

- Increase utilization of framework blanket order contracts for low volume individual orders, standardized and frequently purchases items/goods.
- Understand technical barriers to entry and analyse solutions to increase market competition
- Increase scrutiny on technical 'must haves' versus 'nice to haves'

Sourcing & Planning

- Assess procurement codes where participation is the lowest and reasons why.
- Review and determine appropriate sourcing strategies

Communication, Feedback & Outreach

- More communication on upcoming opportunities and explanation of CERN procurement processes with industry/firms ahead of tenders (e.g. LinkedIn, industry webinars)
- Increase frequency of check ins and communication with bidders ahead procedure publication
- Require firms to respond with more detail when they decline a procedure → use data to review 'lessons learned' with procurement and technical teams





- Continue analysing data by procurement codes
- Establish a sourcing policy including category specific sourcing plans
- Follow up in March ILO forum on the actions taken and continuous improvement



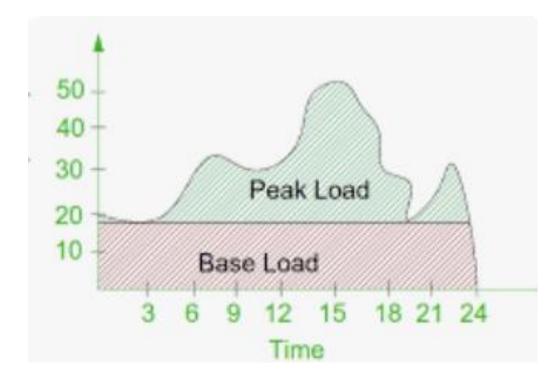


Electricity contracts

Bjorn Jenssen

October 2024

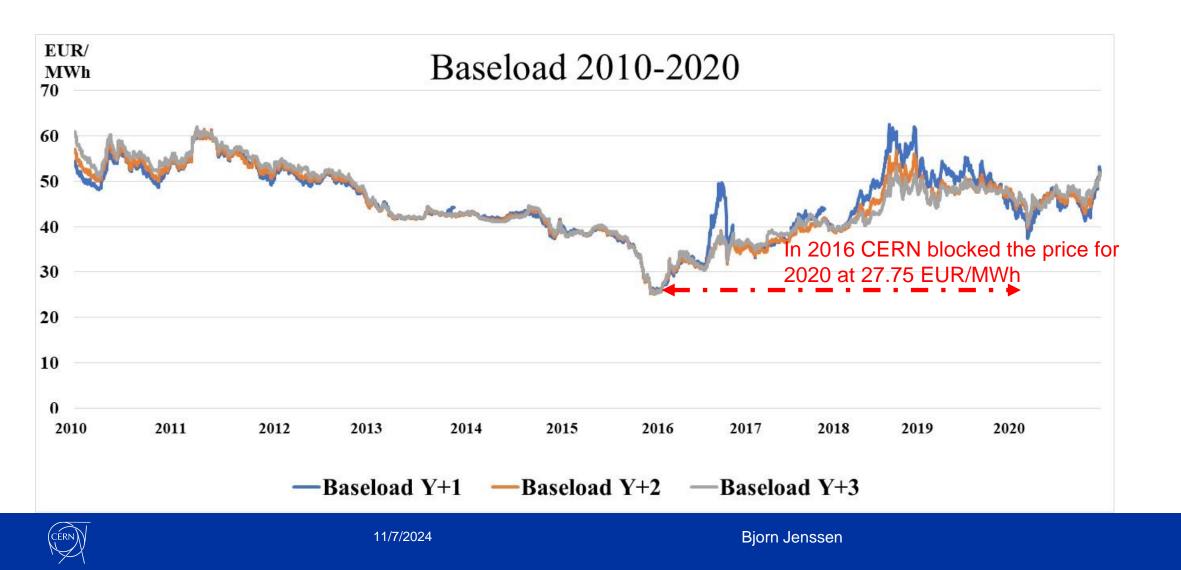
Electricity



- Some historic: France put a system in place called ARENH «Accès Régulé à l'Électricité Nucléaire Historique » in 2011 after agreemeent with the European Union. This system would be in place until end 2025
- ARENH : according to your consumption profile you have the right to buy electricity to a preferable tariff: 42/EUR/MWh
- Volume available at ARENH tariff: 100 TWh (~25% of France nuclear production)
- How to buy electricity: tariff or on the market?

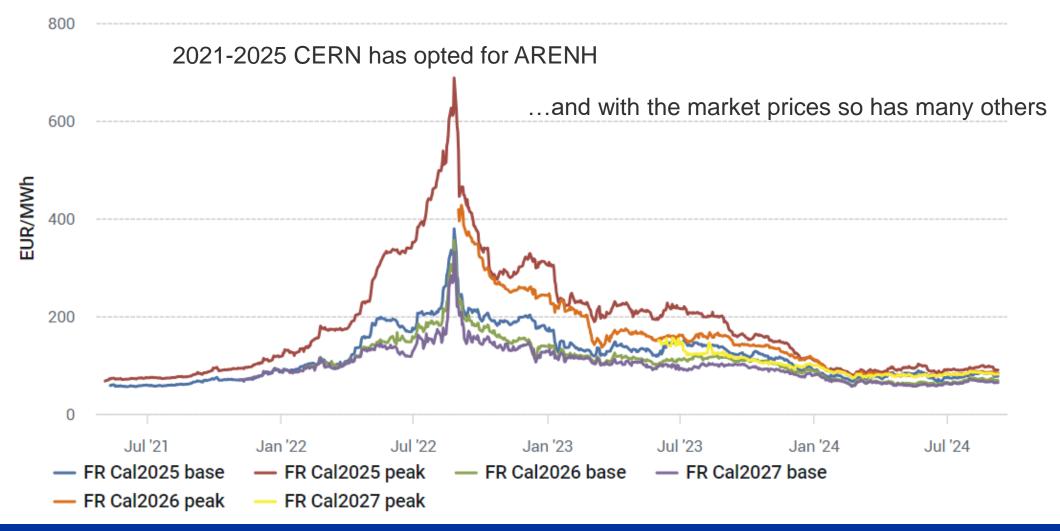








Electricity Futures France







Année de livraison	Date de l'écrêtement	Demandes ARENH (TWh)	Taux d'écrêtement	Prix du marché (CAL+1 le jour de l'annonce)
2013	30/11/2012	40		
2014	29/11/2013	36		
2015	28/11/2014	33		
2016	30/11/2015	2		
2017	30/11/2016	30		
2018	01/12/2017	95		
2019	30/11/2018	133	25,0%	57,67
2020	29/11/2019	147	32,0%	49,14
2021	30/11/2020	146	31,6%	46,59
2022	01/12/2021	160	37,6%	169,25
2023	01/12/2022	148	32,57%	445,16

What this is?

Q: What can we do?

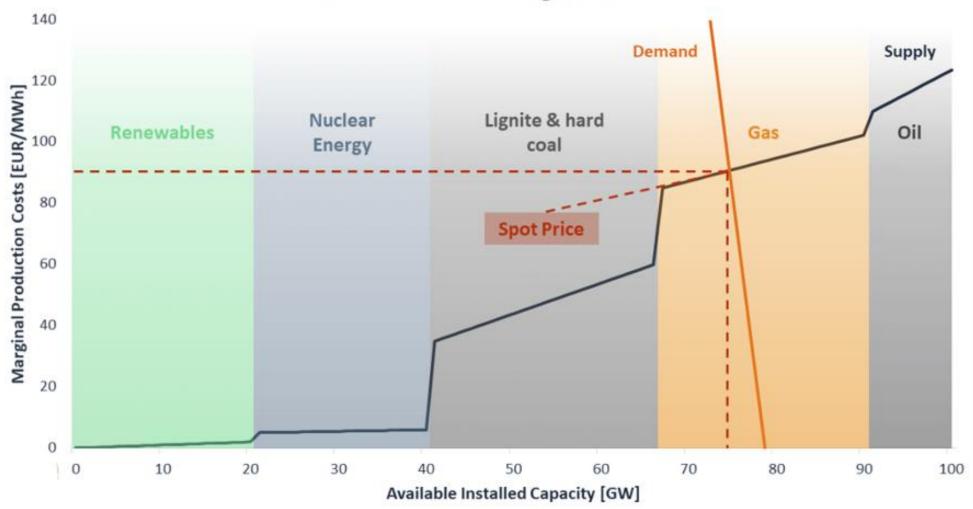
A: We anticipate the cut by buying on the market. We follow the market and try to buy at the best moment and the estimated right quantity.

- Looking into the past «technical analyses»
- Budget
- Present and future situation (geopolitical and legislation)
- An eye on "order of merit"





Market price based on «Merit of order»: price impact Ukraine/Russia gas



Merit Order Effect – High Demand



Coverage Ratio of Power demand by [Nuclear + Wind + Solar + Run-of-River Hydro] France

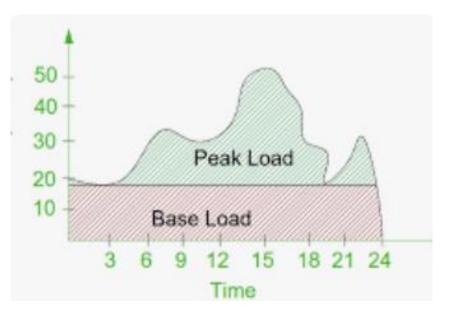
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
January	97%	99%	80%	104%	88%	93%	87%	84%	90%	99%
February	91%	99%	92%	89%	99%	102%	93%	91%	87%	105%
March	97%	95%	100%	93%	105%	100%	93%	82%	92%	105%
April	104%	99%	103%	108%	103%	111%	93%	85%	101%	110%
May	112%	108%	107%	115%	112%	110%	109%	88%	116%	122%
June	112%	110%	100%	114%	112%	95%	111%	85%	105%	
July	112%	103%	100%	105%	104%	90%	113%	77%	104%	
Augsut	117%	101%	105%	102%	107%	94%	118%	78%	105%	
September	107%	92%	102%	107%	104%	86%	107%	77%	110%	
October	100%	87%	90%	100%	101%	97%	102%	86%	112%	
November	102%	84%	81%	89%	86%	95%	82%	83%	101%	
December	103%	82%	88%	100%	94%	91%	82%	82%	100%	

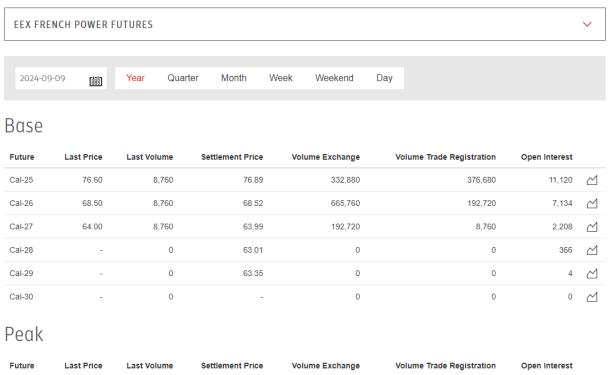
kpler



Electricity

- > Electricity supply we buy will have to cover the consumption profile (baseload/peakload)
- ➢ Fixed price with 15% consumption allowance, possible update of forecast
- Electricity supplier will charge a different margin depending on season (winther-summer) and the time of consumption (day-night)





Cal-25	-	0	89.83	0	0	2,020	\simeq
Cal-26	83.25	3,132	83.62	28,188	0	693	\simeq
Cal-27	81.40	3,132	81.50	3,132	0	488	\simeq
Cal-28	-	0	79.30	0	0	27	\simeq
Cal-29	-	0	-	0	0	0	\simeq
Cal-30	-	0	-	0	0	0	\sim



Electricity

- > Other challenges::
 - Bonus arrangements for accurate forecasts
 - > Modification real consumption vs forecasted consumption changes the cost
 - Changing regulation (i.e. «new market design» in EC from 2026)
 - Integration of green energy : PPA (Power Purchase Agreement)
 - CAPN «Contrat d'Allocation de Production Nucléaire»
 - > Post ARENH: VUN (Versement Universel Nucléaire) EDF may reimburse part of benefit to consumer



Questions & Answers







Consulting category analysis

Anthony Veyret

October 2024

Consulting Spend Overview

Key figures, Sub-Categories & Suppliers



Spend Overview – 2023 – External Consulting*

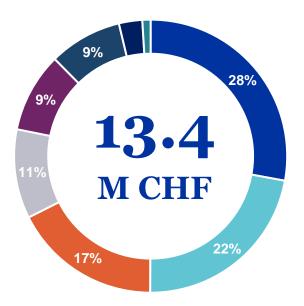
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Corporate Services

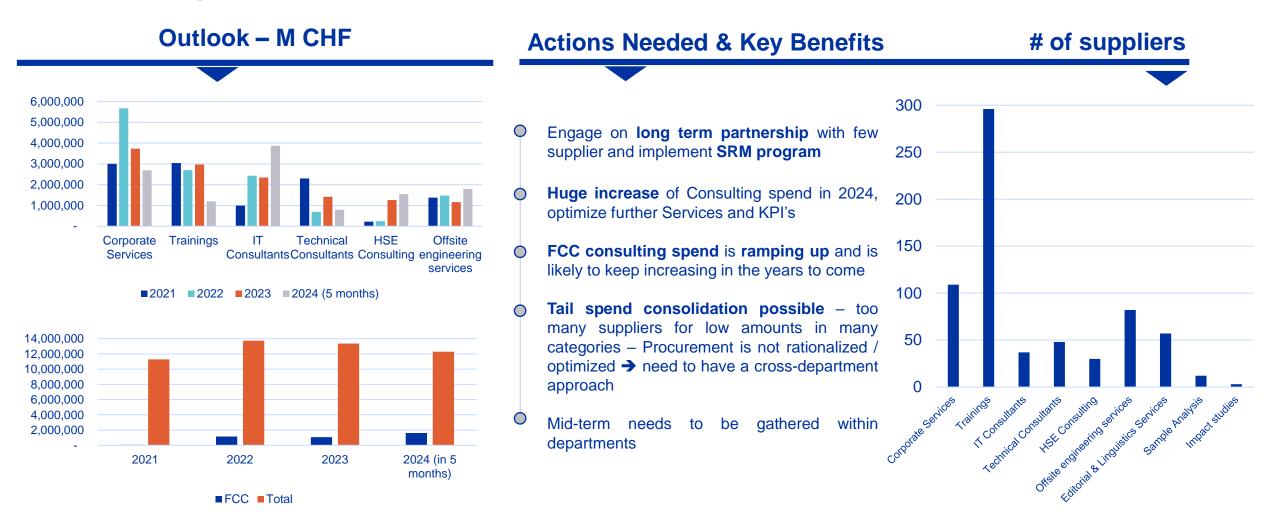
- Trainings
- IT Consultants
- Technical Consultants
- HSE Consultants
- Offsite engineering services
- Editorial & Linguistics Services
- Other

- **Civil Engineering** is **excluded** from the overview (activities followed by the Civil Engineering procurement team)
- 4 categories represent 78 % of the total spend
 - **1.1 M CHF** linked to FCC in 2023 (1.6 M CHF in 2024 YTD)
- **Biggest suppliers** SETEC, AKSIA, LEVEL UP (1.9 M CHF) Only **14 suppliers** with a spend **above 200 K CHF 91%** of suppliers (594) with a spend below 50 K CHF
- 62% of the spend is not linked to a contract



Spend Trend, FCC and Supply Base

Increasing needs and consolidation opportunities





SWOT Analysis

Strengths

- 1. CERN's recognition and attractiveness
- 2. Increasing needs toward consultancy and more to come with FCC
- 3. Some stakeholders open to develop / start new way of working

Opportunities

- 1. Improve drastically the Industrial Return (consultancy services can be done from pretty much anywhere in the world)
- 2. Explore unseen territories (deep dive into outsourcing model (i.e. HR services and so on)
- 3. Develop agility / flexibility / time to react / compliances with frameworks agreements

Weaknesses

- 1. Lack of communication between departments to gather midlong-term needs
- 2. No long-term visibility in IPT of upcoming projects (forum to be created?)
- 3. CERN processes might limit our flexibility (budget codes / amounts / criteria of selection etc...)
- 4. Typical buying habits different vs. private sectors (no category mindset within CERN stakeholders & procurement)
- 5. Limited spend on those categories

Threats

- 1. Business too small to be interesting on the market and attract big players
- 2. Internal (CERN) resistance to change
- 3. Difficulty to build a specification (too broad vs. too specific)
- 4. Extensive legal conversations between consulting firms and restrictive GCCC from CERN



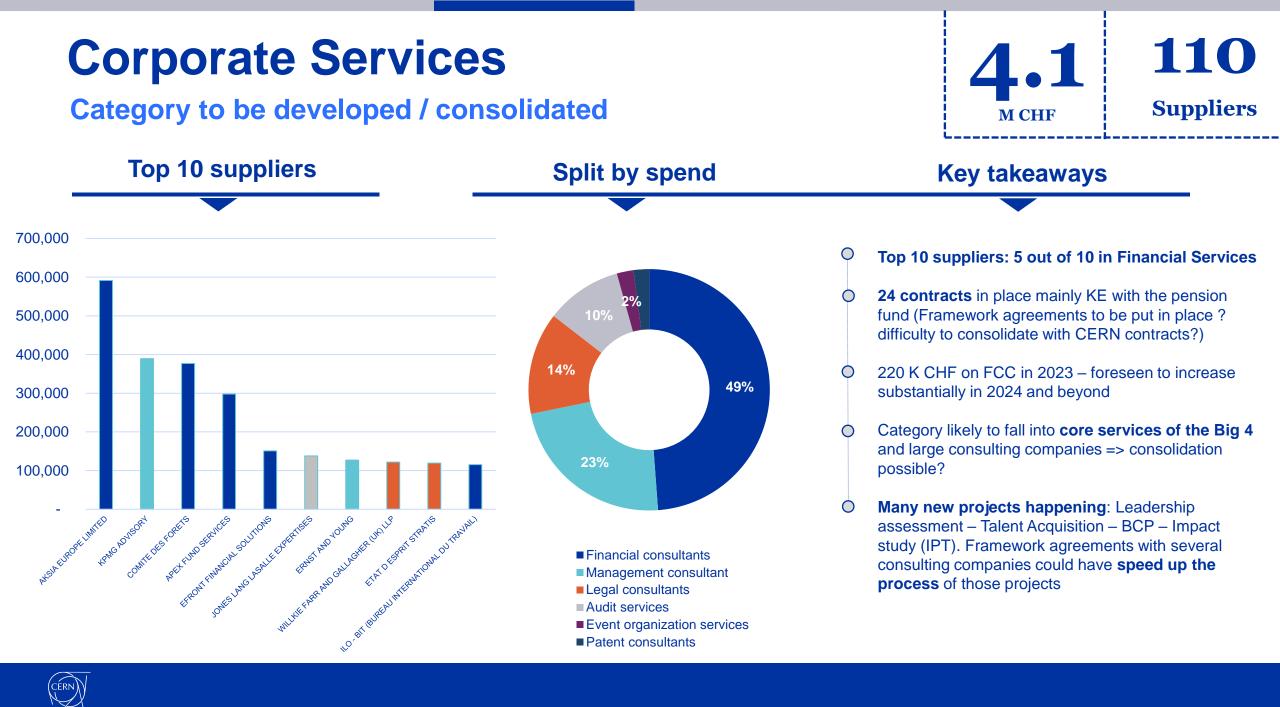
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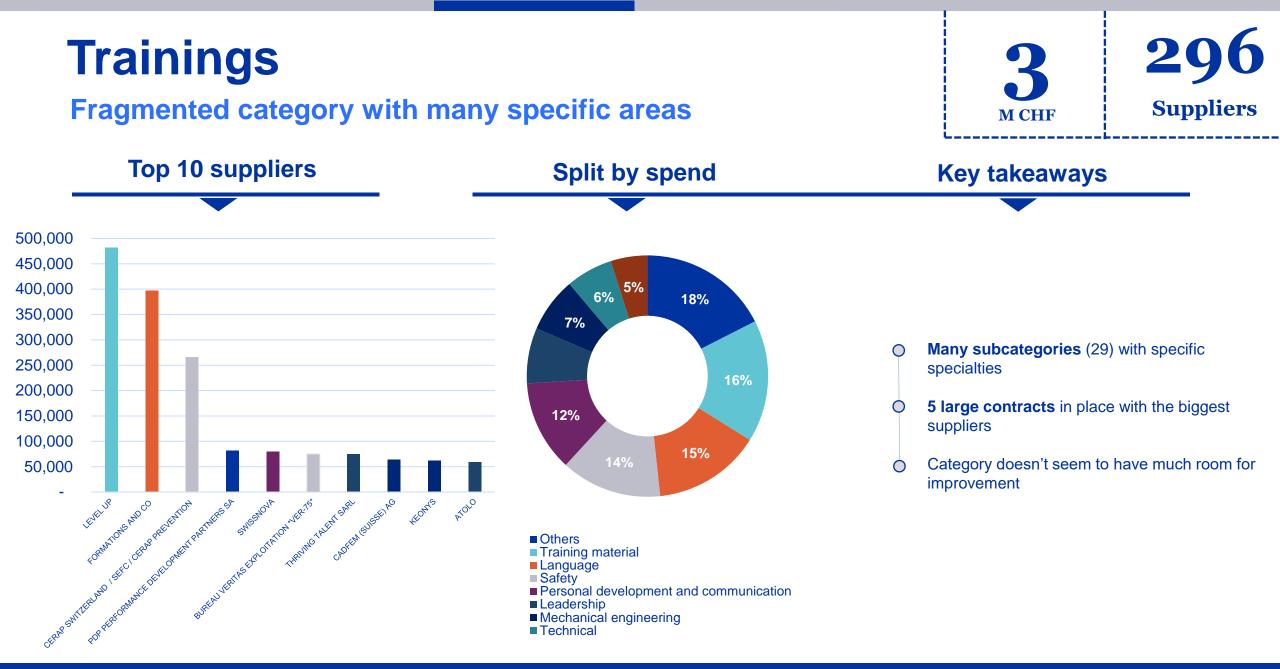
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[,] Sub-Categories Deep Dive

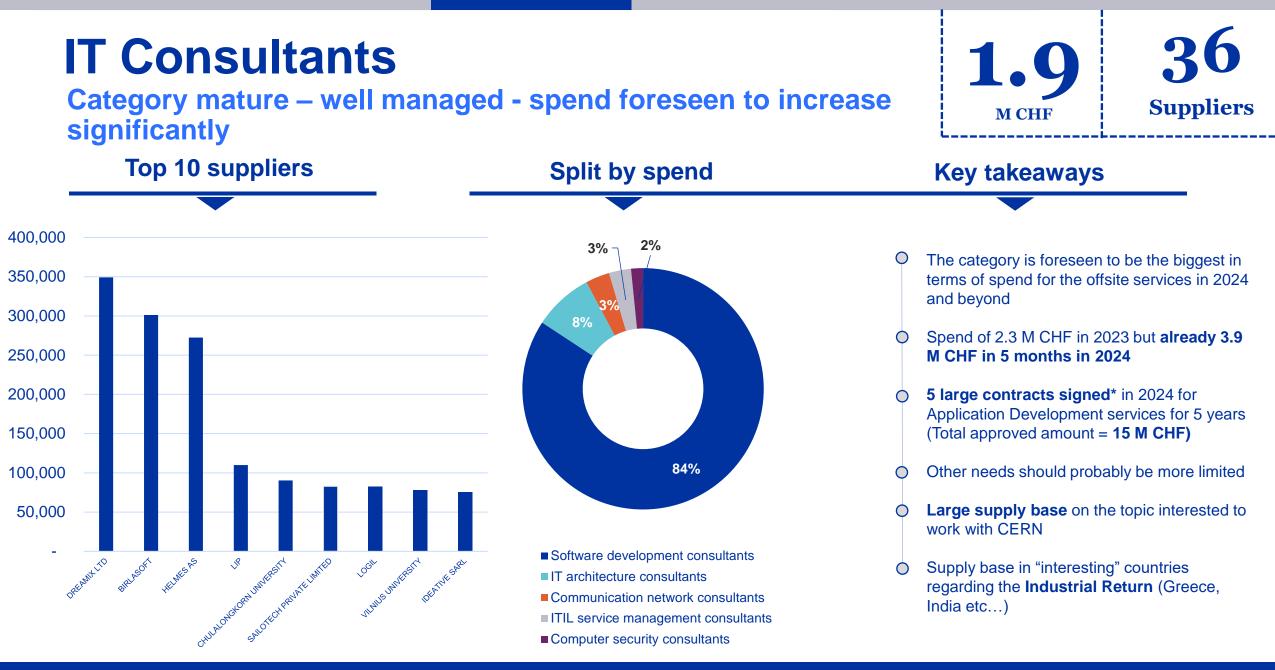
Overview and opportunities







CERN





* Altia (ES) - NRB (GR/BE) - Innowave (PT) – HCL (IN) – Sailotech (IN)



>

[,] Summary

Propositions



Summary – External Consulting

Observations

- Large spectrum of activities behind off-site services
- Many "**urgent**" requests for external consulting leading often to single source orders or collaboration agreements
- External consulting used by **CERN** but also by the **Pension Fund** (combination possible?)
- Big 4 not really present at CERN
- Increasing demand for external consulting (FCC, Management, IT etc...)
- Evolution of **procurement trend** (outside of CERN): many services are outsourced as much as possible

Propositions

- Gather mid-long-term needs in external consulting across all departments (formal requests / interviews of group leaders?)
- Increase collaboration between departments within CERN
- Launch a cross-department MS and IT for External Consulting (mainly on corporate services)
- Secure 3-4-5 framework agreements with pre-agreed consultant cost to react quickly to internal requests
- Improve industrial return with framework agreements in Poorly Balanced Countries (Limited Tendering)
- Depending on the scope/spend stabilise a way of working with Key suppliers, a Key Account Manager, regular meetings etc...
- Develop specific templates for the External Consulting categories (a mix between Services & Supplies)



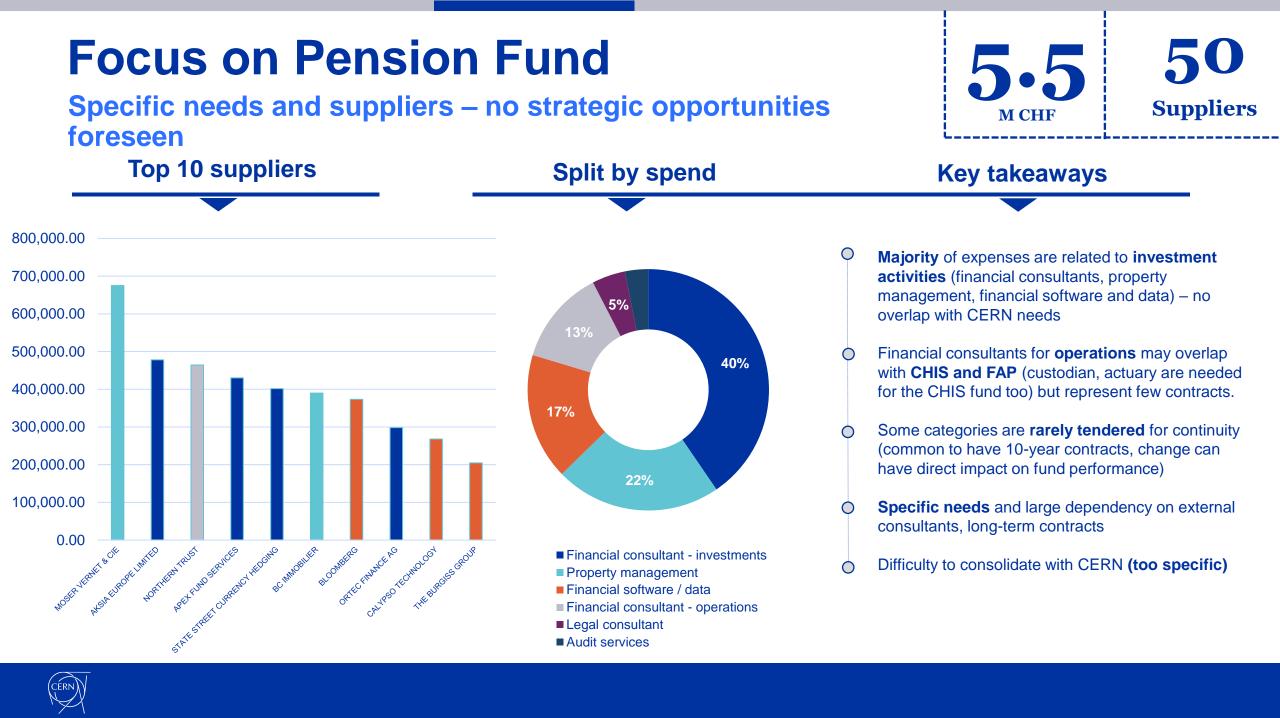


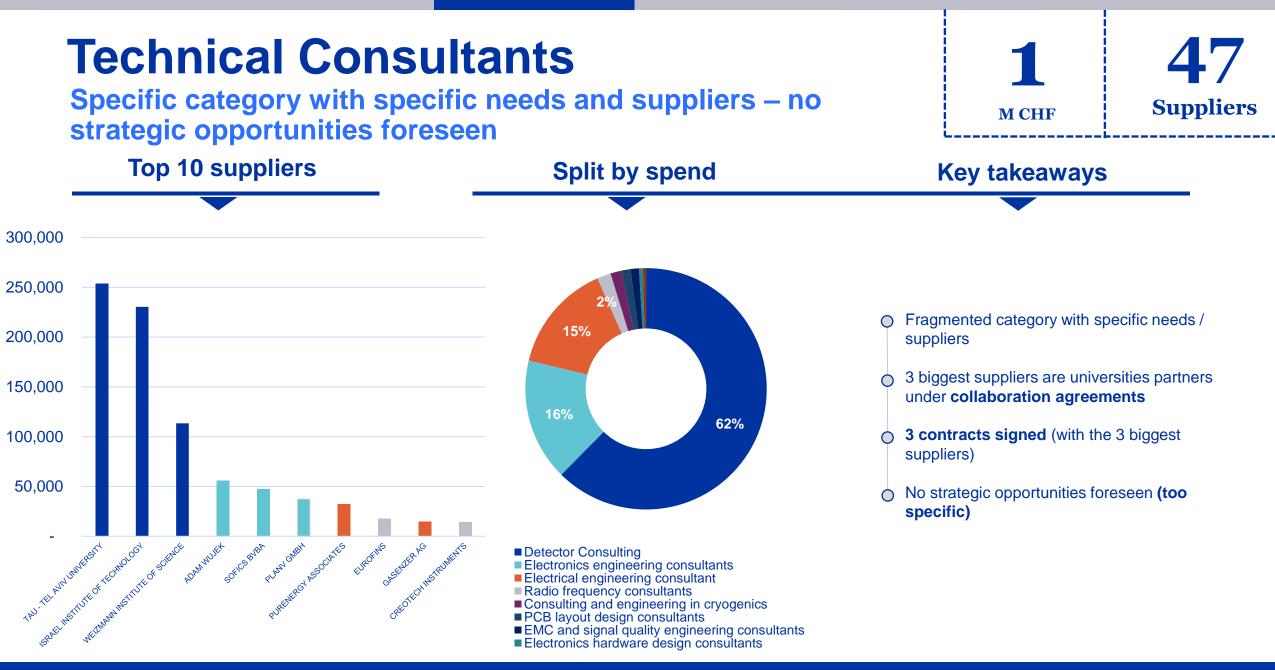
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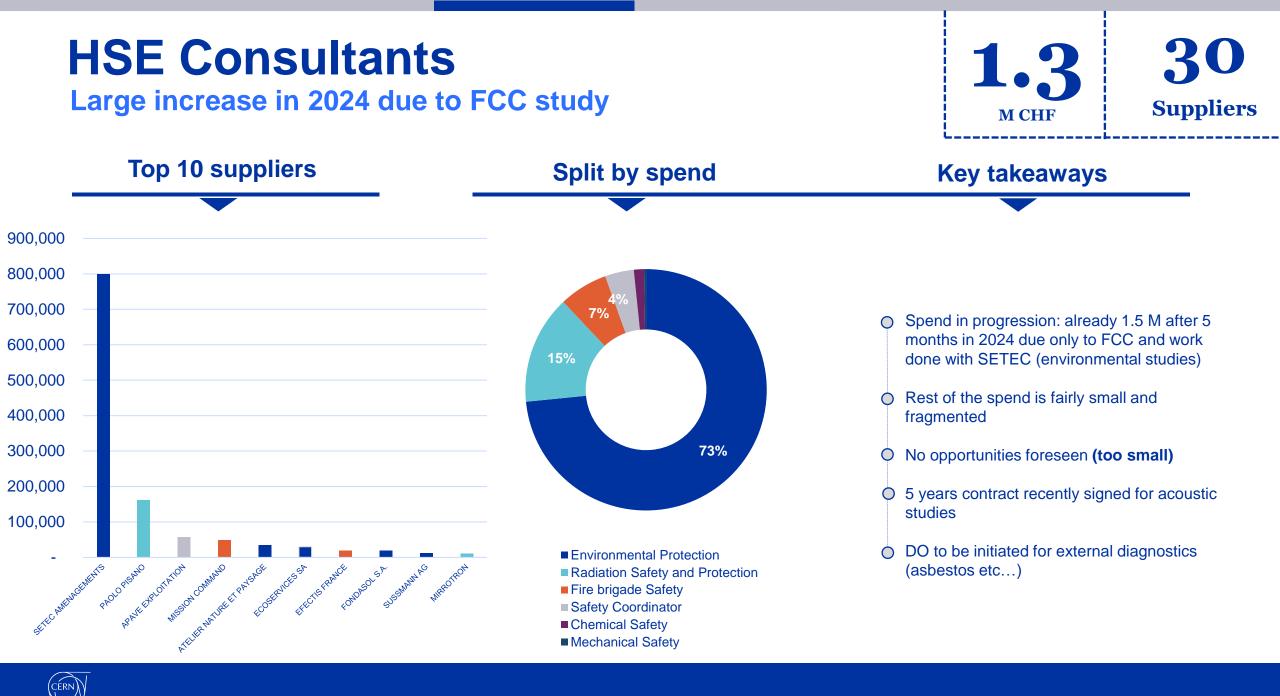
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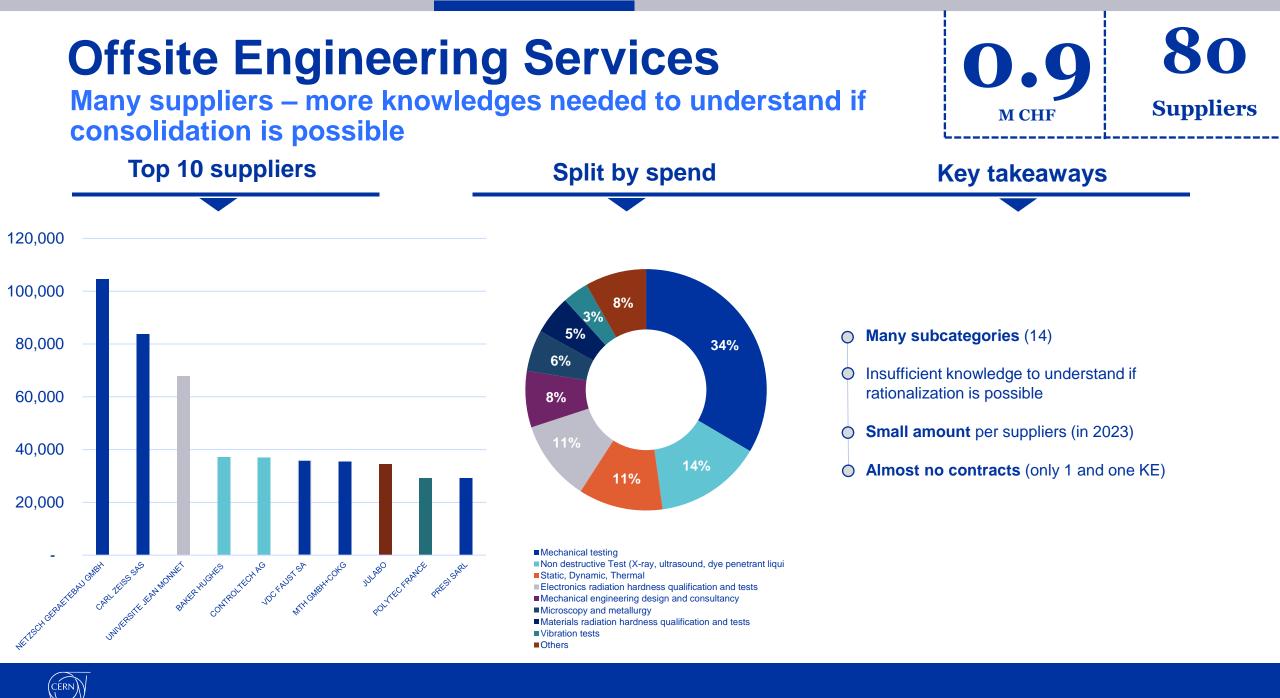
Other sub-categories

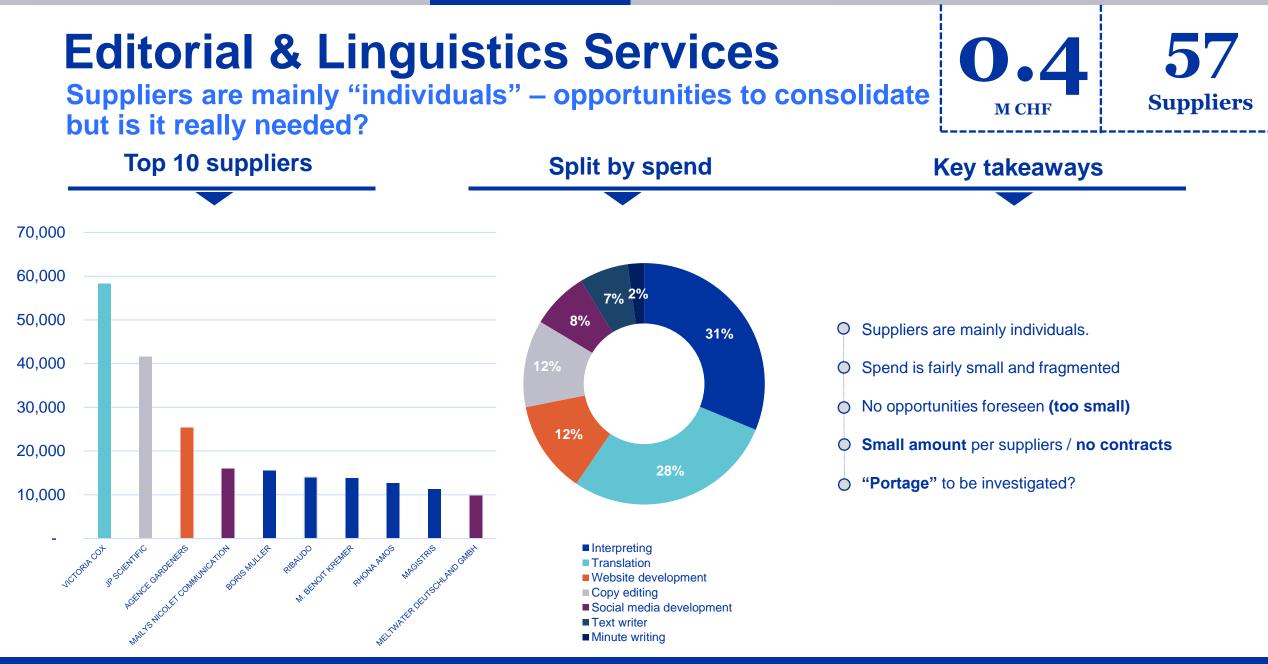












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Save the dates

• 2nd December (Open Space): Buffet canadien* + Secret Santa *Potluck meal, all guests bring food to share.





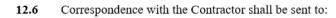
• 5th December (evening): IPT party in Geneva





Contractors' contact persons

- New EDH workflow for HSE/EN-HE (Arlett autorisation to use CERN's handling equipment)
 - Safety manager required for contracts involving onsite interventions
 - By default, when sending the draft contract to the contractor, please ask:
 - Contract manager
 - Sustainability manager
 - Sales manager



Contract manager: [First Name Last Name] [email address]

Safety manager: [First Name Last Name] [email address]

Sustainability manager: [First Name Last Name] [email address]

Sales manager: [First Name Last Name] [email address]

The Contractor shall inform CERN as soon as there is a change in the above-mentioned list of contacts.

=> The contract templates were updated

Contract manager						ionoger ente	pien	e enimander.se	oulard-leger@	.em.c
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Supplier Code of Conduct

- EN version: supplier-code-conduct_2.pdf (cern.ch)
- FR version: <u>supplier-code-conduct_3.pdf (cern.ch)</u>



Documents: Key Reference Documents

VAT and Invoicing Guide, Packing and delivery instructions

Title	File	
Packing and shipping instructions	Read	🖍 Edit 🔍

Data privacy & Integrity

Title	File	
CERN Code of Conduct	🖿 EN , 🖿 FR	🖍 Edit 🔍
Data brochure	🖿 EN , 🖿 FR	🖍 Edit 🧠
Integrity at CERN	🖿 EN , 🖿 FR	🖍 Edit 🔍
Supplier Code of Conduct	EN , FR	🖍 Edit 🧠
Survey Privacy Notice	Read	🖍 Edit 🔍
CERN Data Privacy	Read	🖍 Edit 🔍



New amendments - refer to the supplier CoC please :

" [...] In addition, reference is made to the CERN Supplier Code of Conduct (link), which is now part of the Contract. [...]"

Link: 1/4 d'heure qualité



Reminder: change virtual background



Backgrounds





Reminder: Email signatures

Jan Janssen

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Steps to follow in Outlook:

- Head to "New"
- Then to "Insert"
- Next, press on "Signature"
- After, go to "Signatures..."
- Finally, change the following <u>template</u> with your information, copy and paste.
- Remember to "Save"
- Set "Signature" for replies changing the "default signature settings"

Review Help PDF-XChange File Message Insert Options Format Text 🛱 Poll 🖉 Signature 🗠 Description Components ~ Table ~ Attach File ~ File Options Format Text Help PDF-XChange Message Insert Review Ŋ Poll Table ~ Attach File 🗠 🖉 Signature ~ Description (Description) Loop Components ~ Signature Signatures... То Edit signature V 12 V I 💵 Business Card 🛛 🔒 🚇 Aptos Automatic В U Get signature templates Save Choose default signature New messages: Signature Replies/forwards: none) OK Cancel



THANK YOU



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