Procurement @ ESO

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Topics Addressed

- Statistics
- ESO Procurement Policy & Process
- Procurement Vehicles
- Selective Tendering
- Industrial return
Contracts awarded worldwide over the period 2005 - 2014

Total Contracts 10 years: 996 Million EUR
Contracts awarded within ESO Member States over the period 2005 - 2014

Cumulative values per "project"

- VLT: 207 MEUR
- ALMA: 250 MEUR
- ELT: 53 MEUR
- Others: 70 MEUR
- Operations: 31 MEUR

Total Contracts 10 years, 611 Million EUR
Number of contracts awarded over the period 2005 - 2014

Number of contracts, for different price ranges

- 500 KEUR - 1 MEUR: 98
- 1 MEUR - 5 MEUR: 87
- > 5 MEUR: 28
- 500 KEUR - 1 MEUR: 322

58,470 contracts below 150 kEUR were placed in this period
**Procurement Policy (1)**

- **Overall objective**: technical excellence at an affordable cost.

- In accordance with key principles for Public Procurement:
  - Non-discrimination
  - Transparency
  - Accountability
  - Fairness, economy and efficiency
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.
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.
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).
Typically used for Procurements > 150k EUR
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
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)
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 webpage:
  
  http://www.eso.org/public/industry/cp.html

  => companies have the opportunity to make their interest known to ESO (cp@eso.org).
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 can being a supplier to ESO bring you?

- Marketing value: you get the change to contribute to the build of very complex machines with a high publicity factor
- It can provide you the opportunity for free R&D
- Potential spin offs of the developments made
X-ray Detectors

Astronomers are interested in detecting X-ray signals that while containing very high energy photons are still very weak.

To do this, high sensitivity X-ray detectors, capable of detecting single X-ray photons were developed a number of years ago.

The technology behind these detectors has been adopted by airport security services for scanning passengers’ luggage.
Spin-off Technologies

E-ELT M4 Bricks final pressure test & installation
Questions?