Swiss SKAO Day – Procurement Services

Doing Business with the SKA Observatory

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‘Three Pillars of Procurement’

The Procurement function within all sophisticated organisations, including the SKAO can invariably be described by looking at three core areas. These are often referred to as the ‘three pillars of procurement’:

1. **Policy** – basic ‘rules’ and environment around governance
2. **Processes** – procurement workflows, tools and controls
3. **People** – how the procurement team is organized around its strategic objectives

This short presentation will describe the three pillars of Procurement at the SKAO so you will better understand:
- our core procurement values and what’s different about working with the SKAO
- how we tender for goods, services and works
- how we evaluate tenders
- how to take part in SKAO procurement opportunities

*With this greater understanding, hopefully, you will make stronger offers and win contracts.*
The SKA Observatory (SKAO) is an Intergovernmental Organisation (IGO).

As an IGO the SKAO is not a legal entity under national or European law but governed by public international law.

The SKAO benefits from immunity from national jurisdiction and execution. Legal disputes between the SKAO and its suppliers and contractors are not submitted to national courts but solved via international arbitration.

Furthermore, the SKAO is entitled to establish its own internal rules necessary for its proper functioning, including its own policies and procedures covering procurement.

These internal policies and procedures are drafted to reflect the highest ethical standards and current best practices around the sourcing and procurement of goods, services and works internationally.
The Procurement Policy is an outward facing document that is publicly available on the SKAO website. However, the Procurement Manual and Frameworks are intended for use internally within the SKAO.
Procurement Services - Our Mission

“Procurement Services will sustainably procure goods, services and works that meet the needs of requestors at the best value for money, while considering Member’s fair work-return aspirations.”

All procurement activity will be carried out in compliance with SKAO policies and shall align with the following fundamentals:

- **Fair Work Return** – procurement opportunities are first provided to suppliers from within Member countries
- **Equality** – suppliers from Member countries are treated equally
- **Transparency** – procurement activity is always open and transparent
- **Competitive** – unless there is a strong justification, procurement is competitive
Basic Principles

• Procurement is restricted to legal entities established in the SKAO Member countries;
• Invitation documents are drafted in a fair way so as to ensure fair competition;
• As a general rule, SKAO’s tendering procedure is selective and does not take the form of open invitations to tender or price enquiries;
• There is strict confidentiality around the opening, evaluation and negotiation of tenders and
• Contracts are generally awarded on the basis of value for money rather than on a lowest price basis, i.e. quality and price are weighted.
Country of Origin

This is a very tricky topic (not just for the SKAO):

- **Supply Contracts** – country of last significant transformation

- **Service Contracts** – country in which the service provider is established

Procurement Services won’t normally challenge a tenderer’s declaration of origin unless its patently false!
What do we buy?

- Civil Engineering
- Power and utilities - renewables
- Metallic structures - dishes and antennas
- Low RFI electromechanical equipment
- Shielding and shielded enclosures
- Receivers and digitisers
- Cryogenic equipment
- Computing devices and networks
- Software development
- Shipping, transport and logistics
- Professional services
- Corporate services – travel, audit, banking, insurance

Most of the products we procure are non-standard.........
Process for obtaining offers <Eur 200K

- **<Eur 10K** – Requestors may issue price enquiries directly provided the Procurement Manual is followed. Requestor is encouraged to accept the lowest price.

- **>Eur 10K <Eur 50K** – Procurement Services issues price enquiries and evaluates awards based on lowest priced offer *unless* value for money methodology is more appropriate.

- **>Eur 50K <Eur 200K** – Procurement Services advertises the opportunity on the Supplier Portal, issues price enquiries, obtain offers and evaluates/awards based on lowest priced offer *unless* value for money methodology is more appropriate.
Process for obtaining offers >Eur 200K

Full Invitation To Tender process:

- Led by Procurement Services with separate Technical Evaluation Panel
- SKAO Industrial Liaison Officer Network given 21 days prior notice of procurement opportunity.
- Market Survey (EoI) carried out-published on the Supplier Portal
- Pre-qualification of potential tenderers
- Shipping costs are excluded from commercial evaluations (all bids assumed FCA, seller’s works).
- Value for money award criteria (most economically advantageous bid)

*Please Note: The SKAO won’t normally negotiate on price, please submit your best offer first time round*
Register on the SKA Observatory Supplier Portal

• The SKA Observatory Supplier Portal facilitates communication between the SKA Observatory and its suppliers and potential suppliers. You can safely view procurement notices, exchange messages, register your interest, submit tenders and much more.

• The SKA Observatory Supplier Portal is a free of charge service to suppliers and potential suppliers. As soon as you have created and activated your account, you can access the pages that the SKA Observatory have invited you to see.
Procurement Processes managed through the Portal

- Prior Notice to ILOs
- Publication of Market surveys (Expression of Interest)
- Pre-qualification
- Invitation to Tender
- Tender Evaluation
- Questions and Answers
- Notifications
SKAO Types of Agreement (contracts)

- Purchase Orders used wherever possible for simple purchases
- **NEC4 Contracts used when Purchase Orders is are not appropriate**
- We buy an eclectic mix of goods, works and services; a ‘one contract fits all’ in-house contract is inappropriate - the NEC4 suite of contracts meet most of our day-to-day contracting needs:
  - Professional Services Contract (PSC) and its subcontract and short form
  - Engineering and Construction Contract (ECC) and its subcontract and short form
  - Term Services Agreement (TSA) and its short form
  - Supply Contract (SC) and its short form
  - Framework Contract (FC)
- The NEC4 contract suite was developed by the UK Institution of Civil Engineers to be **collaborative, fair and non-adversarial** – far fewer commercial disputes
- The NEC4 contract suite does not allow the SKAO to leverage an unfair contractual advantage – fundamentally different to most ‘in-house’ terms and conditions
- The NEC4 contracts are well **aligned with SKAO culture and values**
- Already used in Australia and South Africa
- **Plain English (no Latin words ☺),** easy to understand and not ‘country law specific’
SKA Project - Procurement Status

- Most significant SKA construction work packages were allocated during pre-construction.

- Not much international competition. However, seeing great opportunity to create competitive tension between suppliers/contractors nationally.

- 50 plus Tier 1 contracts + Tier 2 opportunities

- 1st Market Survey (EOI) started on the 24th May 2021, constant activity since then.

- Significant ongoing pre-qualification activity.

- 10 contracts awarded (software and professional services)

- 16 months of intense procurement activity ahead.
High-performing team of Procurement Professionals

“The only real difference between one organisation and another is the performance of its people.” – Peter Drucker

“None of us is as smart as all of us” – Ken Blanchard
Category Management

- Broad based, flexible category management structure – well suited to current and future business needs:
  - SKA Project Construction – subdivided into 5 main technical sub-categories
  - Corporate Services (across all three sites)
  - South Africa - local procurement
  - Australia - local procurement
Procurement Services also has significant access to high-quality category/country expertise.
In addition to expert legal/contracts advice and guidance.
The SKA Observatory (SKAO) recognises and acknowledges the indigenous peoples and cultures that have traditionally lived on the lands on which the SKAO facilities are located.