Main Procurement Challenges, Lessons Learnt & Supplier Survey Results

Kristjan Piirsalu
Head of Procurement, RB RAIL AS
Procurement in RB Rail
What does it involve?

- Risk Avoidance & Mitigation
- Openness to Claims
- Transparency
- Business Continuity & Sustainability
- Ethics of Supply (incl. Supply Chain)
- Supplier Relations & Reputation

- Business Needs Quality, Cost, Time
- Efficient use of resources
- Procurement Strategy
- Contracting Strategy
- Procurement Law
- Stakeholder / Beneficiaries requirements
- Contracting Scheme

Rail Baltica
Procurement Challenges 2018

01 Planning & Resource
- High workload requires continuous improvement
- Growing Team & Developing roles
- Need to meet set deadlines
- Continuously balance & standardise (optimise resource)
  - Pre-set templates vs tailor-made document sets
  - Improvement of processes
- Average 4-5 proposals per procurement exercise
- Out of 32 procurement exercises launched in 2018
  - only 1 appeal *
- 30 procurement contracts signed

02 Procurement Policy Update
- Common Procurement Standards and Guidelines for the Rail Baltica Project
- Previously 6 documents → now 1
- 3 Procurement laws (Estonia, Latvia, Lithuania)
- 9 Stakeholders involved
- Considerations
  - Fairness & transparency
  - Also QUALITY, not only price
  - Best practice
  - Latest court practice
  - Developing and maintaining a high quality procurement practice
  - Added flexibility to Minimum Requirements

03 Procurement Challenges
- Communication & Clarity
  - Requirements & expectations must be clear and understandable
  - Example: Suppliers meetings to improve awareness and increase competition
  - Example: Professional management of Q&A
- Ensure adherence to legal requirements in a changing environment
- Ongoing challenge ensuring the most optimum procurement approach
- Different suppliers & markets
- Different countries

* Data since Global Forum 2018
Detailed Technical Designs (DTD) Procurement Lessons Learnt

**Good & Open Market Feedback**
- Good & Open Market Feedback in Q&A
- Tenderers have asked numerous questions
- Project complexity
- Amount of detail involved

**Improvement of conditions**
- Developing and maintaining a high quality procurement practice
- Re-assessing the contract templates for improvement opportunities
- Liability levels
- Risk allocation
- Cash flow

**Amount of information worked through**
- 7 DTD packages
- Over 40,000 pages of documents, including
  - Work ongoing on over 6,500 pages of documents
- High value & high complexity
- Hundreds of checks
- Minutes in dual language
Supplier Survey Results

Total 91 (62) respondents
**Area of business**

- Construction: 24.2 %
- Supply of Materials: 18.7 %
- Design: 15.4 %
- Studies / Surveys: 8.8 %
- Commercial & Legal Services: 5.5 %
- Other: 27.4 %

**Size of organisation**

- LARGE (250 or more employees): 36.3 %
- MEDIUM (50 to 249 employees): 24.2 %
- MICRO and SMALL (1 to 49 employees): 39.6 %

**Participated in RB Rail AS procurement**

- Yes: 40.7 %
- No: 59.3 %

*2018 figures in comparison*
Overall quality of RB Rail tendering process

- **Very High**: 11% (69.2%)
- **High**: 58.2% (66.2%)
- **Average**: 26.4%
- **Below Average**: 3.3%
- **Poor**: 1.1%

*2018 figures in comparison*
<table>
<thead>
<tr>
<th>Source</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><a href="http://www.railbaltica.org">www.railbaltica.org</a></td>
<td>37.8%</td>
</tr>
<tr>
<td>Rail Baltica Procurement Newsletter</td>
<td>27%</td>
</tr>
<tr>
<td>Government e-tendering site</td>
<td>13.5%</td>
</tr>
<tr>
<td>Tender Electronic Daily (TED)</td>
<td>13.5%</td>
</tr>
<tr>
<td>Social Media &amp; Direct Contact</td>
<td>8.2%</td>
</tr>
</tbody>
</table>

* 2018 figures in comparison

**Finding information regarding upcoming RB Rail AS procurement exercises**
Accessibility of Information & Clarity Regarding Approach

Do you have clarity regarding how to express your interest in any of the upcoming procurement exercises?

- Yes: 84%
- No: 16%

Is all the necessary information easily accessible on the website www.railbaltica.org?

- Yes: 84%
- No: 16%

* 2018 figures in comparison
Service quality of tender process administration

Very Good 38%

Good 41%

Sufficient / Average 14%

Partly Sufficient 3%

Insufficient 5%

* 2018 figures in comparison
Service quality of technical questions & responses

- Very Good: 43%
- Good: 22%
- Sufficient / Average: 24%
- Partly Sufficient: 5%
- Insufficient: 5%

* 2018 figures in comparison
Quality of procurement documentation

...requirements of procurement & for documentation to be submitted

- Very Good: 22%
- Good: 30%
- Sufficient / Average: 35%
- Partly Sufficient: 5%
- Insufficient: 5%

...technical specifications

- Very Good: 19%
- Good: 20%
- Sufficient / Average: 46%
- Partly Sufficient: 14%
- Insufficient: 5%

...tender results summary/report and reasoning provided

- Very Good: 16%
- Good: 22%
- Sufficient / Average: 46%
- Partly Sufficient: 24%
- Insufficient: 5%

...Contract Terms & Conditions

- Very Good: 16%
- Good: 25%
- Sufficient / Average: 46%
- Partly Sufficient: 16%
- Insufficient: 5%

* 2018 figures in comparison

Rail Baltica
Was there sufficient time allowed for compiling and submitting your application/proposal?

<table>
<thead>
<tr>
<th>Reasonable (application &amp; proposal)</th>
<th>Reasonable for application only</th>
<th>Reasonable for proposal only</th>
<th>Not sufficient</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>2018 figures in comparison</em></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Were you able to meet the procurement requirements?

- Yes (application & proposal): 64.9% (0.70)
- Yes (application stage only): 18.9% (0.15)
- Yes (proposal only): 16.2% (0.15)
- No: 1% (0.01)

*2018 figures in comparison*
Were you treated fairly and equally throughout the procurement process?

Mostly YES: 48.6%
Mostly NO: 25%
NO: 5.4%
YES: 5%

Would you participate in RB Rail procurement exercises in the future?

YES: 91.9% (90%)
MAYBE: 8.1% (10%)
NO: 5%

* 2018 figures in comparison
Please tell us why you have not participated in the RB Rail AS procurement exercises?

There have not been any suitable opportunities

57.4% (67%)

We have not found the information regarding procurement exercises in sufficient time

25.9% (17%)
RB Rail AS is a multi-national joint venture of the Republics of Estonia, Latvia and Lithuania, which has been established to implement Rail Baltica

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Contact us
RailBalticaGlobalProject
Info@railbaltica.org
railbaltica.org
K. Valdemara iela 8, 4th floor, Riga, Latvia
+ 371 66 967 171
linkedin.com/company/rb-rail
@RailBaltica