

## **Doing Business with CERN**

**Big Science Sweden Conference 2019** 

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#### **AGENDA**

- Introduction
  - Legal Framework
  - Budget
  - What we buy
- Procurement @ CERN
  - Procurement Service
  - Principles
  - Procedures
- Procurement website
- Impact of doing business with CERN





## Legal Framework

- CERN, an Intergovernmental Organization, was established in July 1953, by the "Convention for the establishment of a European Organization for Nuclear Research";
- As an Intergovernmental Organization, CERN is not a legal entity under national law but governed by public international law:
- CERN is therefore entitled to establish its own internal rules necessary for its proper functioning, such as the rules under which it purchases equipment and services.

### In 1954 CERN had 12 Member States **Today CERN has 23 Member States**



**Associate Member States** 

in the pre-stage to membership

**Associate Member States** 

Yearly budget ~ 1200 MCHF

Staff members ~ 2500

~ 2000 contractors' employees

~ 13000 physicists /users



## **Yearly Budget (contributions 2019)**

	Country	Percentage of Total	Amount (CHF)		Country	Percentage of Total	Amount (CHF)
	Germany	20.15%	236 015 150	8	India*	1.18%	13 811 650
	United Kingdom	15.71%	183 975 700	(8)	Portugal	1.07%	12 488 450
	France	13.69%	160 344 550	噩	Greece	1.06%	12 453 650
	Italy	10.11%	118 409 050		Romania	1.02%	11 960 150
	Spain	6.89%	80 685 300		Czech Republic	0.93%	10 860 850
	Netherlands	4.43%	51 842 200		Hungary	0.59%	6 965 950
+	Switzerland	4.02%	47 115 300	C×	Turkey*	0.49%	5 692 000
	Poland	2.72%	31 870 000		Slovakia	0.48%	5 605 900
	Relgium	2.62%	30 692 550		Bulgaria	0.29%	3 390 550
-	Sweden	2.60%	30 459 300	ĝ	Serbia	0.22%	2 529 000
#	Norway	2.42%	28 343 950	C	Pakistan*	0.14%	1 664 200
	Austria	2.11%	24 676 150	-	Cyprus**	0.09%	1 000 000
	Denmark	1.75%	20 453 800		Lithuania*	0.09%	1 000 000
\$	Israel	1.69%	19 735 200	0	Slovenia**	0.09%	1 000 000
+	Finland	1.29%	15 129 550		Ukraine*	0.09%	1 000 000
					1	Total 100%	1 171 170 100

<sup>\*</sup> Associate Member State \*\* Associate Member State in the pre-stage to membership





## What we buy

- Recurrent supplies & services
- Accelerator technologies required for consolidation projects and new developments















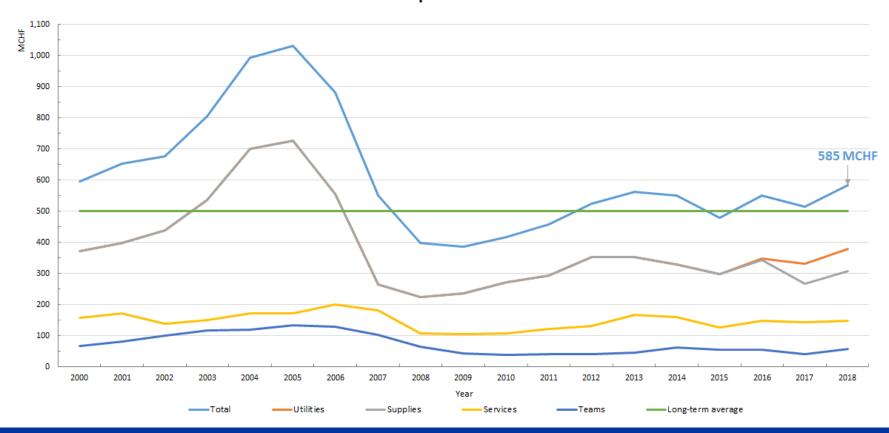
## What we buy

- Civil engineering
- Cooling and ventilation
- Electrical engineering and magnets
- Information Technology
- Mechanical engineering and raw materials
- Electronics and radiofrequency
- Cryogenic and vacuum equipment
- Health and safety equipment,
- Transport and handling equipment
- Office supply, furniture
- Industrial services on the CERN site



## **Procurement Expenditure**

#### Procurement Expenditure 2000 - 2018







#### **The Procurement Service**

The mission of the Procurement Service is to procure all supplies and services for CERN

#### **Meeting all requirements:**

specified and contractual technical, delivery and performance requirements

At the lowest possible overall cost

#### While:

Achieving balanced industrial return for CERN Member States

**Respecting CERN Procurement Rules** 



## **Principles of the CERN Procurement Rules**

Transparency and Impartiality

Selective Tendering Procedure

2 Limited Tendering

5 Confidentiality

Objectivity and equal treatment / fair competition

6 Adjudication Basis



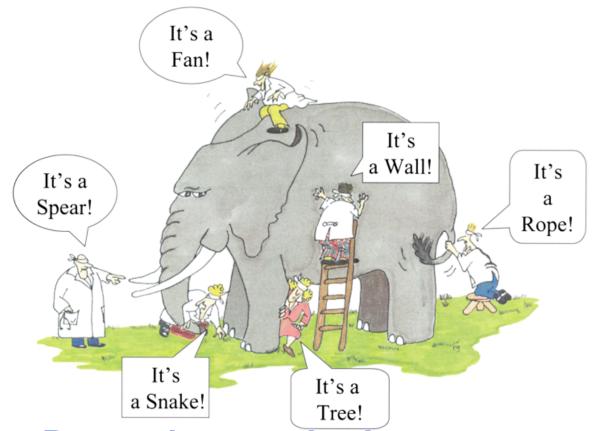
## What we buy?

#### Off-the shelf or non-standard

**Functional specification** 

#### Non-standard

**Build-to-Print specification** 



#### Prototypes and or Pre-series required



## 3 Types of Enquiries

#### "Price Enquiry" (DO):

- 1. Enquiries < 10'000 CHF
- 2. 10'000 CHF ≤ Enquiries < 200'000 CHF





#### "Invitation-to-Tender" (IT):

3. Enquiries ≥ 200'000 CHF

## Enquiries ≥ 200'000 CHF

- Start-up Meeting + Announcement
- Phase 1: MS / "Market Survey"
  - "Technical Description" + "Qualification Questionnaire" Specification Committee;
  - Submission deadline: 4 weeks, or more if the MS is still online.
- Phase 2 : IT / "Invitation-to-Tender"
  - Tender Form, Technical Specification and all Annexes, Specification Committee,
  - Submission deadline: 4 weeks Clarification Bidders Conference as required;
  - Bids shall be submitted via CERN's e-tendering application.
- Phase 3 : Opening & Evaluation of the bids
  - Technical verification, recalculation of unit prices, clarification as necessary;

Alignment rule applicable?



## **Alignment Rule**

Under certain conditions (as defined in CERN Procurement Rules) a bidder offering goods originating\* in poorly balanced Member States is allowed to align its price to that of the lowest bidder and thereby be awarded the contract.

- Country of Origin
- Industrial Return Coefficient

26/11/2019

\* At least 60% for supply contracts or; at least 40% for service contracts awarded on the lowest compliant basis.



## **Country of Origin**

"Country(ies) in which the bidder is established."

If at least 40% of the total amount of the bid comes from a poorly balanced MS, then the whole bid will be treated as that from a bidder in a poorly balanced MS.

SUPPLIES
SERVICES

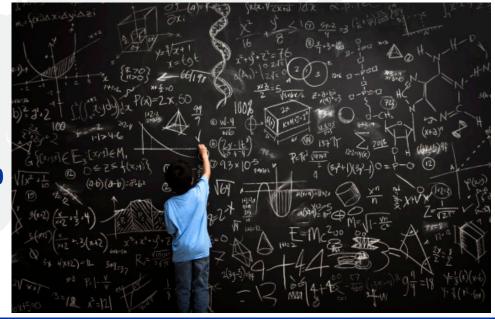
"Country(ies) where the supplies (including their components and subassemblies) are manufactured or undergo the last major transformation by the contractor or its subcontractor"

If at least 60% of the total amount of the bid comes from a poorly balanced MS, then the whole bid will be treated as that from a bidder in a poorly balanced MS.

### **Industrial Return Coefficient**

The Industrial Return Coefficient (IRC) of a Member State is defined as the ratio between that Member State's percentage share of the value of all Supply contracts and that Member State's percentage contribution to the CERN Budget over the same period.

- Well balanced Member States: IRC ≥ 1
- Poorly balanced Member States: 0.30 ≤ IRC < 1
- Very Poorly balanced Members States : IRC < 0.30





## **Alignment Rule**

#### **RULE**

Under certain conditions as defined in CERN Procurement Rules, a bidder offering goods originating\* in poorly balanced Member States is allowed to align his price to that of the lowest bidder and thereby be awarded the contract.



- Supplies Contract only, adjudicated on the Lowest Compliant Basis
- With a total amount exceeding 100'000 CHF.
- Price difference shall not exceed 20%



## **Member States Classification (Supplies)**

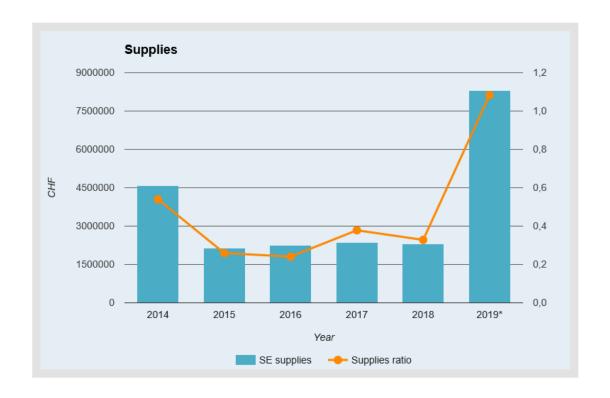
(1st March 2019 – 29 February 2020, based on the previous 4 calendar years):





## Industrial Return to Sweden (supplies)

26/11/2019



\* As of 22 November 2019



#### **Successful Bidders & Contractors**

- 100 % of the successful bidders .....

Were registered in CERN Database Made an offer...

- Often small medium sized and flexible firms
- Full understanding of specifications

Exceeded specifications will be too expensive

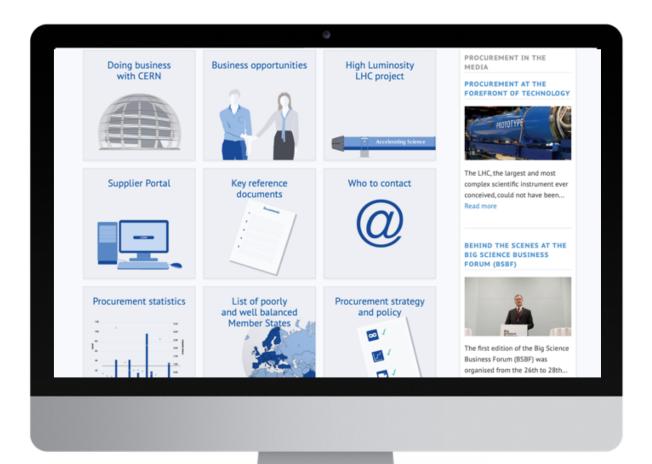
Take into consideration test and documentation costs

- Best offer directly
- Agreed on the General Conditions of CERN Contracts

GCCC are standards, and light compared to many private companies



## PROCUREMENT WEBSITE





#### **Procurement Website**

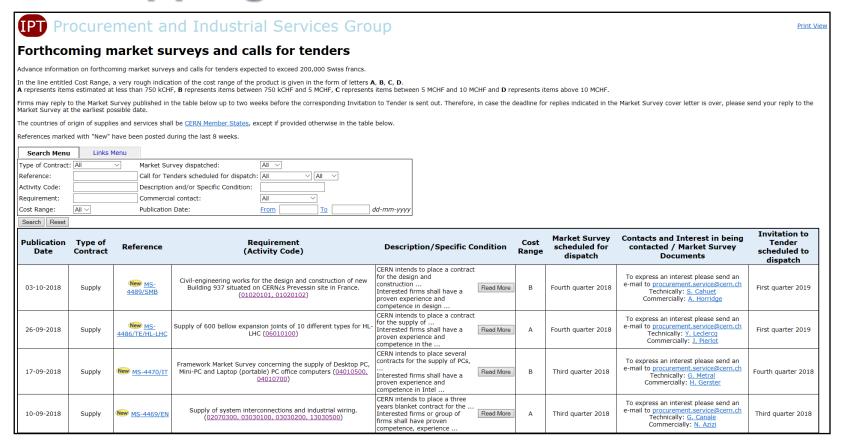


http://procurement.web.cern.ch



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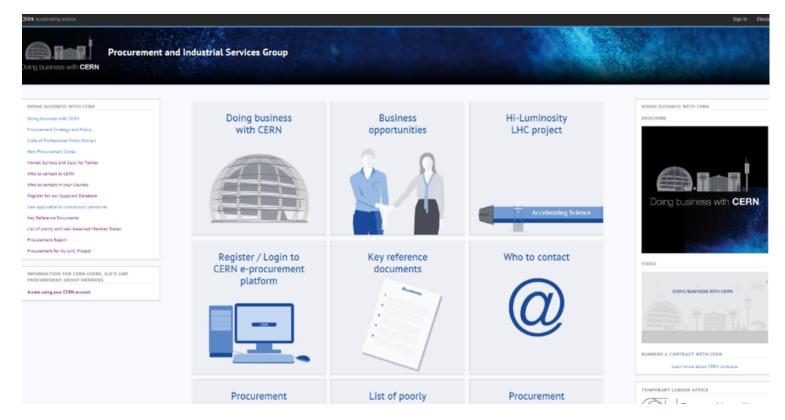
## **CERN Shopping List**



https://found.cern.ch/java-ext/found/CFTSearch.do



#### **Procurement Website**



http://procurement.web.cern.ch

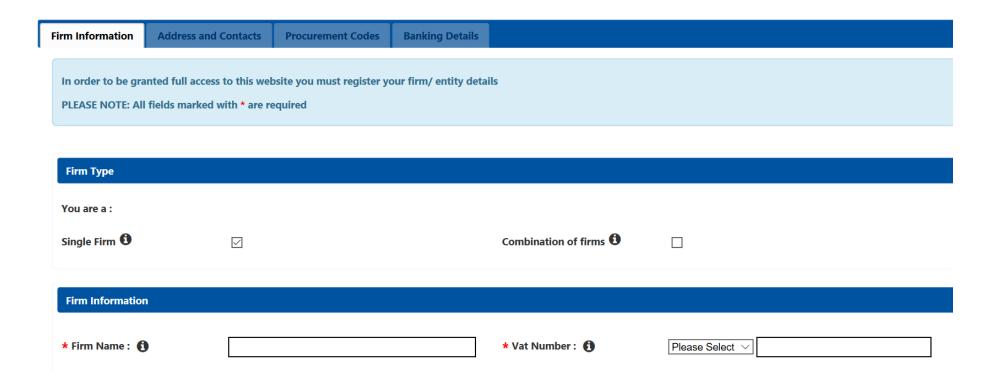


## **Suppliers Database Registration**





## **Suppliers Database Registration**





## Suppliers must register in the Suppliers Portal

When registering, Suppliers must accept the

#### General Conditions of CERN Contracts

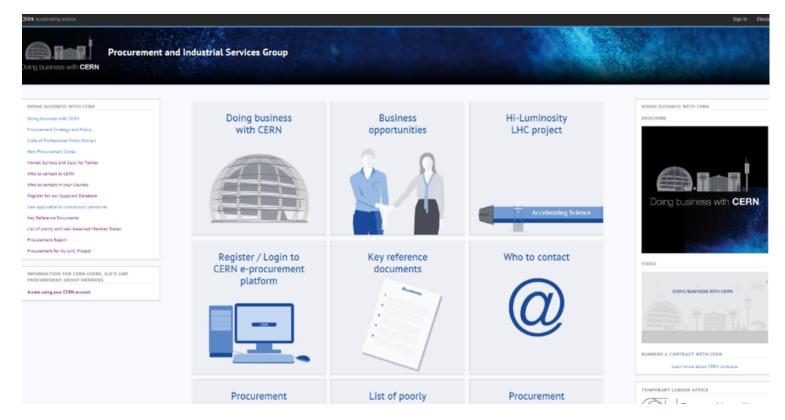
GCCC are standards, and light compared to many private companies

Dedicated section in the Tender form for remarks, in case of major divergence with GCCC leading to a deal-breaker situation,

... but CERN has the right to accept or not!



#### **Procurement Website**



http://procurement.web.cern.ch



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#### **Contact for Sweden**

#### **ILO: Industrial Liaison Officer**

Who to contact in your Country

Industrial Liaison Officers (ILO's) are appointed by CERN's Member States to facilitate the flow of communication between CERN and its suppliers. ILO's can provide advice on the opportunities available for doing business with CERN and the support available to firms in their local regions.



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# The economic impact of CERN procurement on supplier's performance

#### Castelnovo / 2018

✓ Investing more in R&D and filing more patents;

✓ Higher productivity, revenue and profitability.

# Cost-Benefit Analysis (CBA) calculated by the University of Milan

**University of Milan / 2018** 

Each CHF invested pays back approximately 1.8 CHF on societal benefits:

Scientific, economic, cultural value, development of innovative technologies, and skills acquired by students, etc.



## Doing business with CERN: the facts

#### supplier survey (669 suppliers in 33 countries, 2017):

18% found or opened a new market to address

42% developed new products

48% improved products and services



55% improved technical knowledge in their field

62% used CERN as a marketing reference

All Firms derived a great value from CERN as a Reference



## So, why not you?



## Thank you



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