



# ESO Procurement

ESO Industry Days 2011



## Topics Addressed

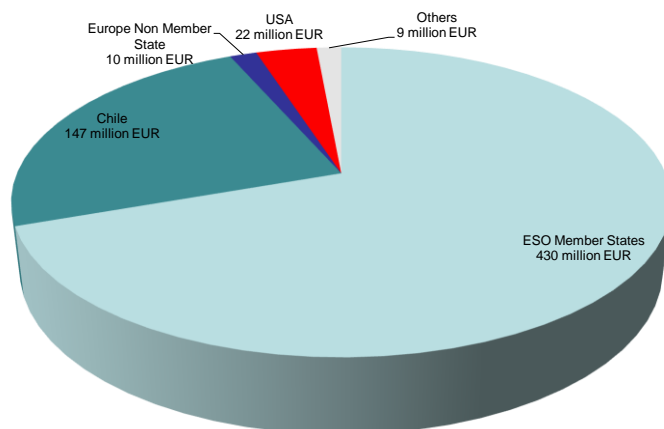
- Statistics
- ESO Procurement Policy & Process
- Industrial return
- The ESO Contracts and Procurement Web page ([www.eso.org](http://www.eso.org)).

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## Contracts awarded worldwide over the period 2005 - today



**Total Contracts 6 years: 618 million EUR**

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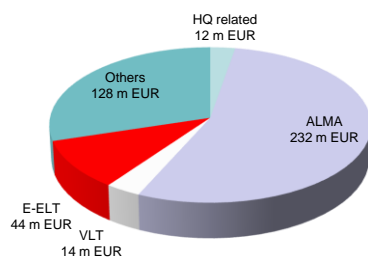
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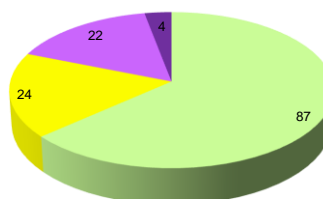
### Contracts awarded within ESO Member States over the period 2005 - today

**Cumulative values, per “project”**

### Number of contracts, for different price ranges



**Total Contracts 6 years, 430 million EUR**



- [150.000 - 500.000] EUR
- [0.5 - 1.0 million] EUR
- [1 - 5 million] EUR
- [> 5 million] EUR

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## Procurement Policy

- Overall objective: technical excellence at an affordable cost.
- Key principles:
  - defined in the ESO Financial Rules and Regulations:
    - Competitive Tendering;
    - Within ESO Member States;
    - Contracts awarded to the lowest priced compliant tender;
    - Fair distribution of the contracts among the ESO Member States.
  - Implemented through the ESO internal Procurement and Sales procedures.

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## Procurement Process (1/2)

- ESO selects the recipients of its procurement actions from:
  - Its database, 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.

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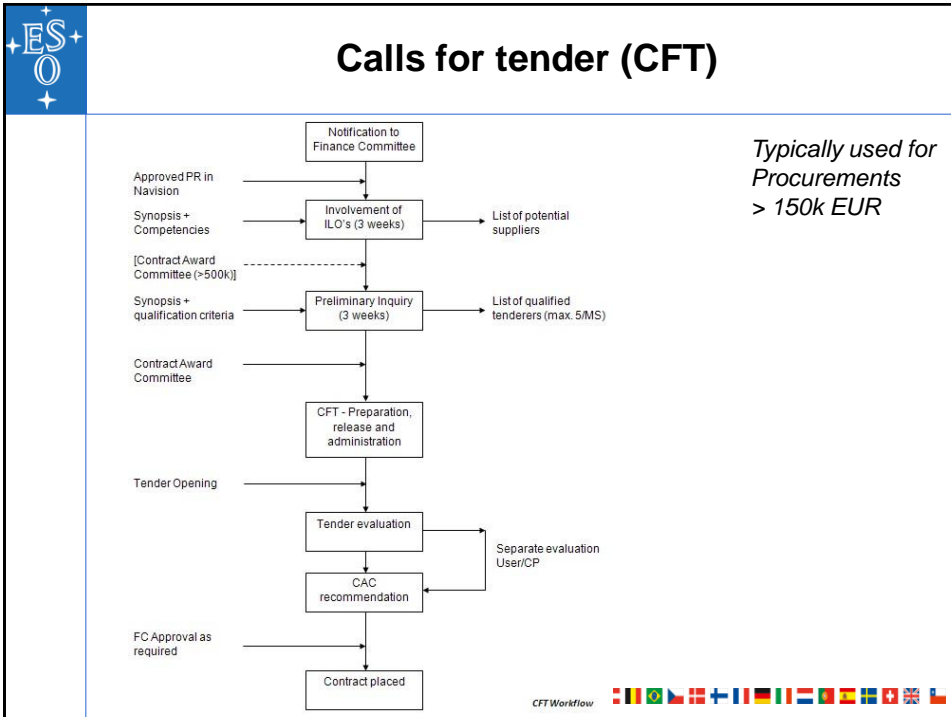


## Procurement Process (2/2)

- 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).

## Price Inquiries

- As a general rule, used for procurement values < 150'000 EUR;
- Minimum requirement: 3 competitive offers must be sought, and far preferably obtained;
- For procurements > 50'000 EUR, suppliers from (all) ESO MS are expected to be contacted, "whenever possible";
- Typically 2 to 4 weeks allowed for the companies to respond;
- No formal opening, unlike CFT: the CP officer in charge summarizes the responses in a note for the CP file;
- The User receives all the technical offers for evaluation, without knowledge of the prices;
- The technical evaluation identifies the compliant tenders, and in particular documents the reasons why certain tenders were judged non compliant;
- The order is awarded to the lowest priced compliant tenderer.



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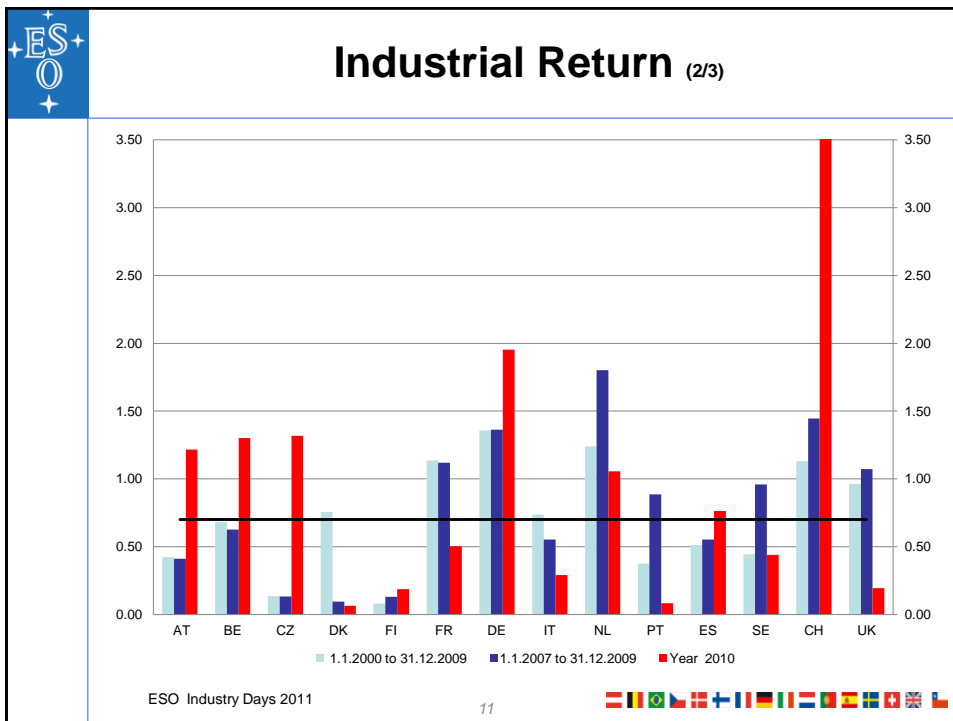
## Industrial Return

- 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".

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**Industrial Return**

- Additional efforts invested by the Management to increase awareness in the Member States of the procurement opportunities offered by ESO:
  - Close monitoring + regular reporting to the ESO Finance Committee;
  - Stronger involvement of the Industrial Liaison Officers in identifying competent suppliers;
  - Increased programme of Industry days and networking events;
  - Update of the procurement rules.
- ....also, pro-activeness of the Member States encouraged.




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# ESO CP Web Page





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## Contracts and Procurement

The main responsibility of the Contracts & Procurement Department is to perform price inquiries, preliminary inquiries, calls for tenders, assess the offers and tenders received for their commercial adequacy, coordinate the Contracts Award Committee, place and follow-up the purchase orders and contracts in conformity with the ESO policy.

For information or questions, please contact [cp@eso.org](mailto:cp@eso.org).

### General Information

**Industrial Liaison Officers Contact Details**

The following documents govern the ESO procurement activities:

- General Conditions of Purchase Orders, Munich, May 2007
- General Conditions Governing Invitations to Tender and Tenders, Munich, May 2007
- General Conditions of ESO Contracts, Munich, December 2009
- Conditions Governing Calls for Proposals and Contracts for the VLT Instrumentation, Munich, May 2007
  - Annex 1: General Conditions Governing Invitations to Tender and Tenders, Munich, May 2007
  - Annex 2: General Conditions of ESO Contracts, Munich, December 2009
  - Annex 3: Copy of the Protocol on the Privileges and Immunities of ESO
  - Annex 4: Policy for Guaranteed Time Observations (GTO)

Advance information on forthcoming Calls for Tenders/Preliminary Inquiries exceeding 150'000 EUR

- Calls for Tenders / Preliminary Inquiries** announced but not yet issued.  
This document lists all calls for tenders expected to exceed 150'000 EUR and/or, when applicable, the preceding Preliminary Inquiries which are scheduled to be issued to companies from the ESO Member States and other selected countries as indicated.
- Calls for Tenders issued** from previous Advance Information on forthcoming Calls for Tenders/Preliminary Inquiries (one year reference period).

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