Procurement and (UK) Industry at CERN

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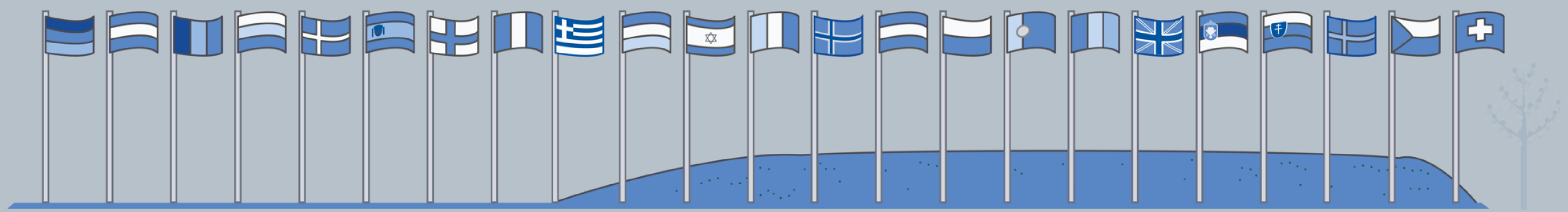
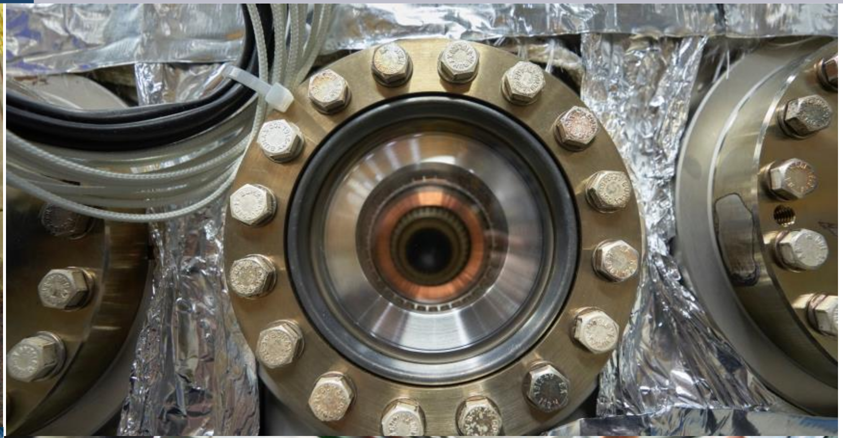
CERN is entitled to establish its own internal rules necessary for its proper functioning, including:

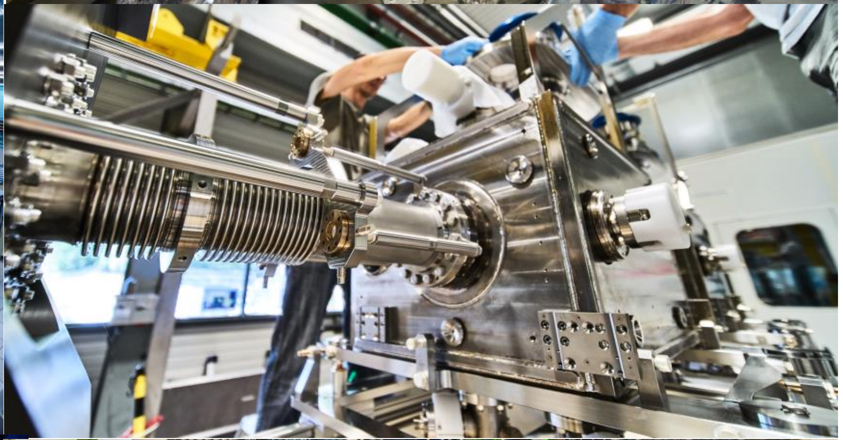


Procurement Rules

Safety Rules

Staff Regulation of its own personnel





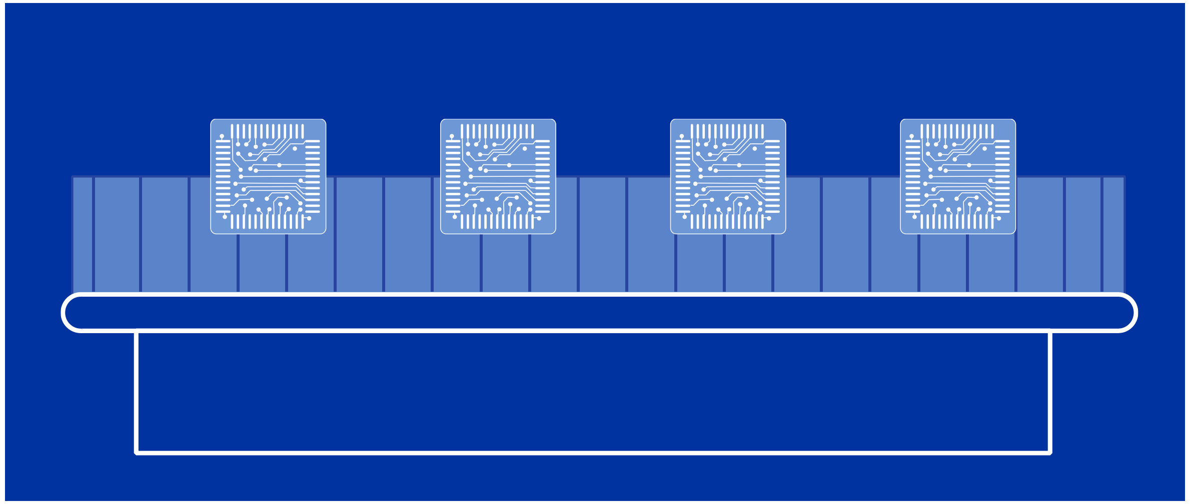
What do we buy?

- Civil engineering
- Cooling and ventilation equipment
- Electrical engineering and magnets
- ICT
- Mechanical engineering and raw materials
- Electronics and radiofrequency equipment
- Cryogenic and vacuum equipment
- Etc….

How do we buy?

Off-the shelf or non-standard products which can be produced with existing manufacturing techniques or technologies:

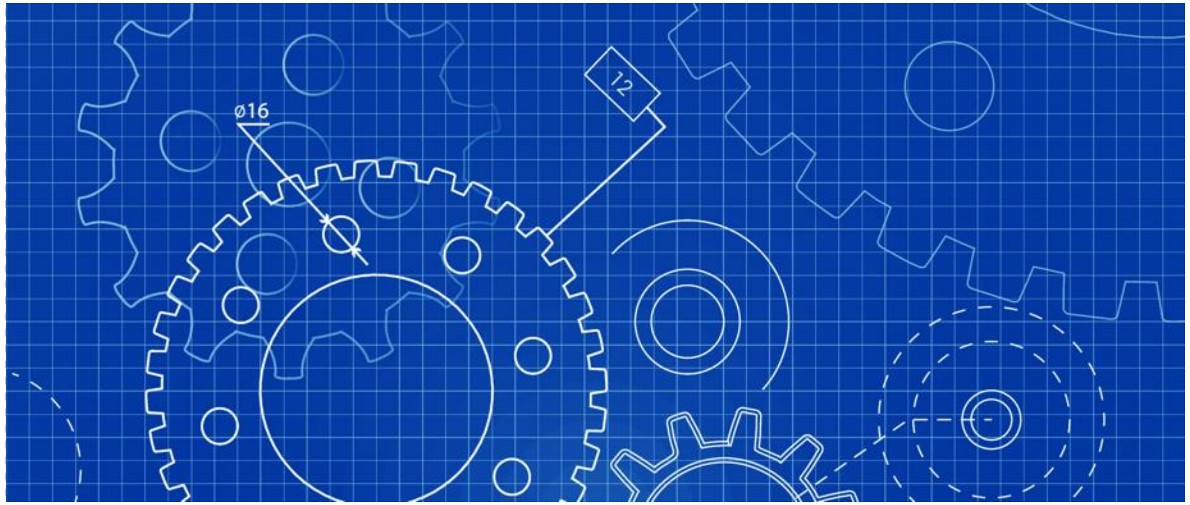
- **Functional specification**



Non-standard products where industry has neither the required know-how nor the interest to develop and design the products:

- **Build-to-Print specification**

Prototypes and or Pre-series might be required.



How do we buy?

Supplies

- Different contract types for one off or repeat purchases
- Usually on a Lowest Compliant Offer basis

Services:

- Typically multi year contracts
- Extendable
- Often on a Best Value For Money basis

Who do we buy from?

- Where possible, from companies/organisations in our Member States
- Suitable companies in our supplier database - accurate registration helps
- Declare upcoming opportunities on our website, but also email companies known to us, including with input from the Industrial Liaison Officer
- Increasing interest in sustainable procurement – policy under development
- Always happy to extend our supplier base – and provide support for newcomers

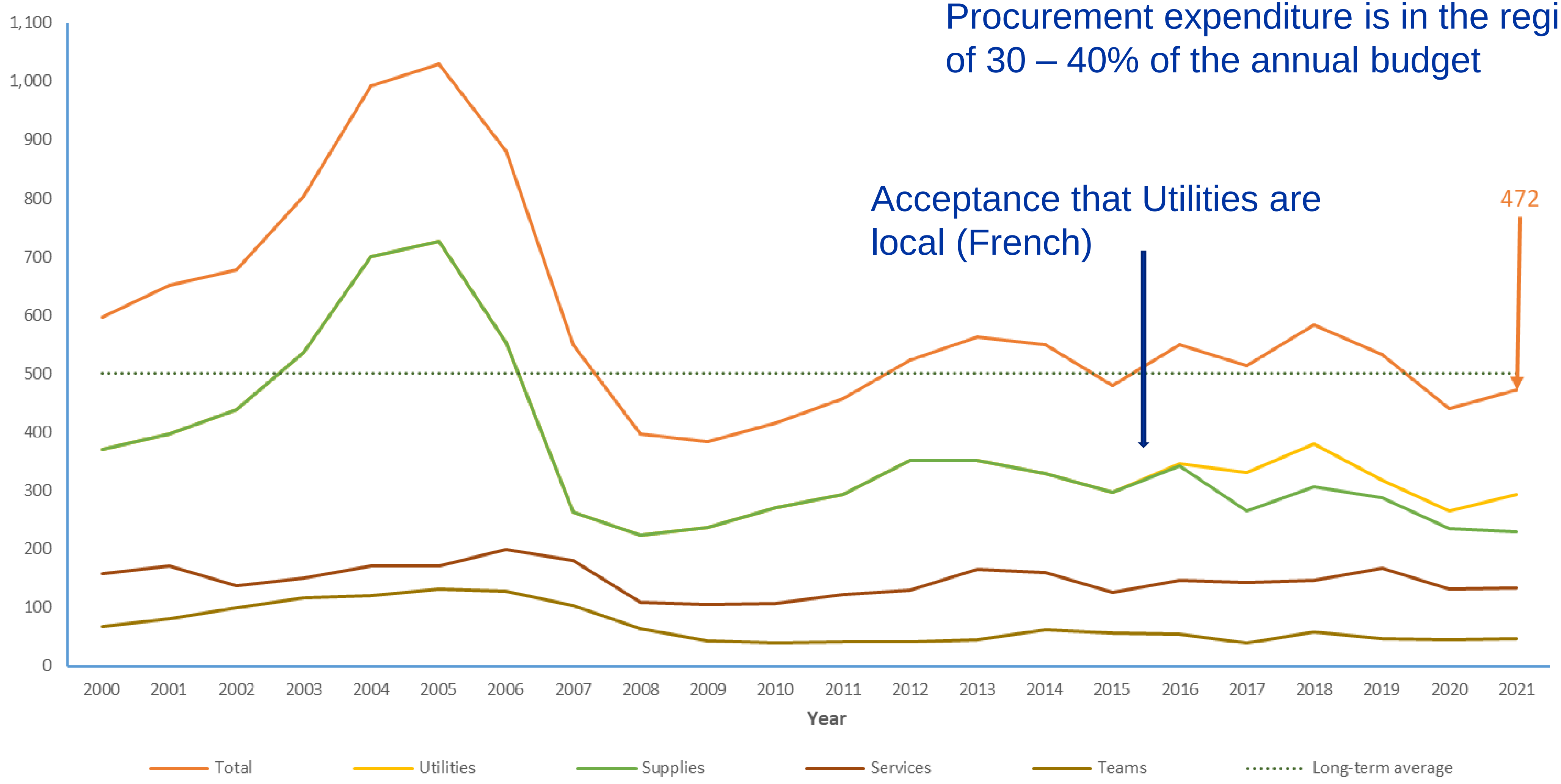
Yearly Budget (contributions 2022)

Country	Percentage of Total	Amount (CHF)
Germany	20.32%	245 017 700
United Kingdom	14.20%	171 219 200
France	13.42%	161 894 900
Italy	10.10%	121 766 050
Spain	7.25%	87 403 500
Netherlands	4.63%	55 847 250
Switzerland	3.84%	46 281 900
Poland	2.88%	34 787 950
Belgium	2.71%	32 668 100
Sweden	2.49%	30 045 050
Norway	2.21%	26 636 300
Austria	2.15%	25 937 750
Israel	1.95%	23 501 450
Denmark	1.77%	21 381 600
India*	1.40%	16 838 200
Finland	1.30%	15 708 050
Romania	1.20%	14 424 700
Czech Republic	1.10%	13 220 000
Portugal	1.09%	13 148 350
Greece	0.99%	11 894 950
Hungary	0.71%	8 580 300
Slovakia	0.51%	6 151 800
Turkey*	0.41%	4 961 450
Bulgaria	0.33%	3 977 800
Serbia	0.25%	3 002 950
Pakistan*	0.15%	1 843 950
Slovenia**	0.12%	1 484 800
Estonia**	0.11%	1 310 850
Cyprus**	0.09%	1 025 350
Latvia*	0.09%	1 024 850
Croatia*	0.08%	1 000 000
Lithuania*	0.08%	1 000 000
Ukraine*	0.08%	1 000 000
Total	**100%**	**1 205 987 050**

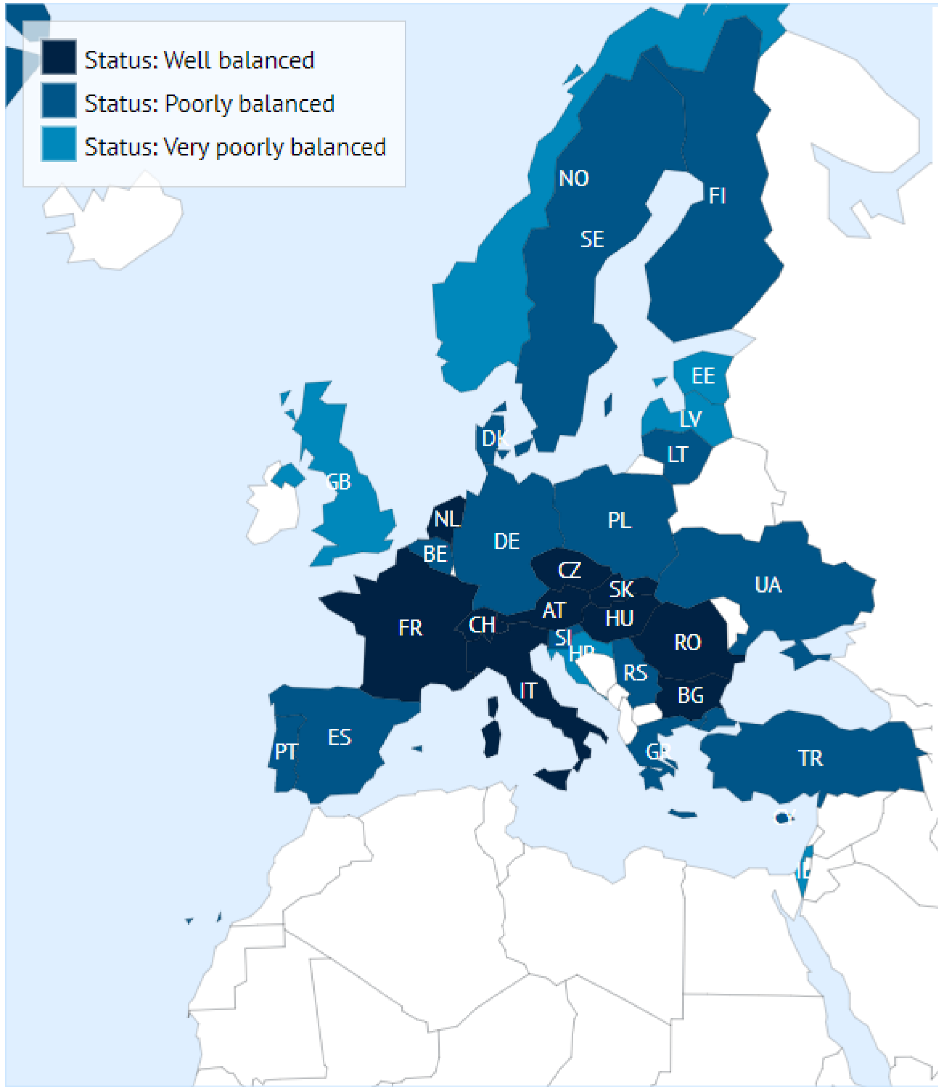
* Associate Member State ** Associate Member State in the pre-stage to membership

Procurement Expenditure

Procurement expenditure is in the region of 30 – 40% of the annual budget



Industrial return to Member States (Supplies)



Well Balanced

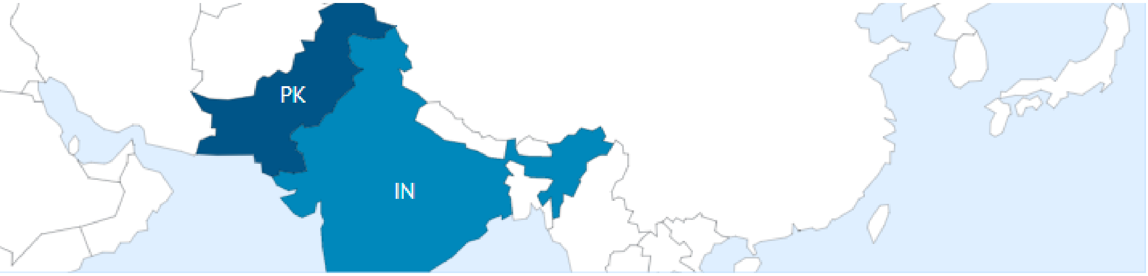
- Austria
- Czech Republic
- France
- Hungary
- Italy
- Slovak Republic
- Switzerland

Poorly Balanced

- Belgium
- Croatia*
- Cyprus*
- Finland
- Germany
- Greece
- Lithuania*
- Netherlands
- Pakistan*
- Poland
- Portugal
- Romania
- Slovenia*
- Spain
- Sweden
- Turkey*
- Ukraine*

Very Poorly Balanced

- Bulgaria
- Denmark
- Estonia*
- India*
- Israel
- Latvia*
- Norway
- Serbia
- United Kingdom



UK Industrial Return – Action Required

- **UK return on Service contracts is good and better than most MS (SERCO)**
- **Why is the UK return Very Poor on Supply contracts?**
- **Uncompetitive on Lowest Compliant Offer basis may be due to:**
  - **cost of production (wages)**
  - **Transport**
  - **No opportunity premium – sufficient local market in UK**
- **Reluctance to bid**
- **Barriers – real and perceived including:**
  - **Distance**
  - **Language**
  - **Local partnerships needed**
  - **Specific conditions such as bank guarantees, or challenges for SMEs**

UK Industrial Return – Actions Ongoing

- Co-operation with the UK (STFC) to improve <u>outreach</u> – identifying, encouraging and supporting potential UK winners
- More active use of Limited Tendering – where sufficient competition exists in VPBMS
- Awareness – specific checks for UK involvement
- Address Barriers – real and perceived
- Data Analysis
- Situation is improving – UK companies have already been paid more in 2022 than in 2021 and current coefficient is much stronger (though will drop off at year end)
- However, more remains to be done, especially with a view to widening the field of UK supplies, which is currently IT heavy

CERN Procurement Tomorrow – with a UK eye

Environmentally Responsible Procurement

- Policy close to release
- Total cost of ownership – financial and environmental

Best Value for Money may be used more

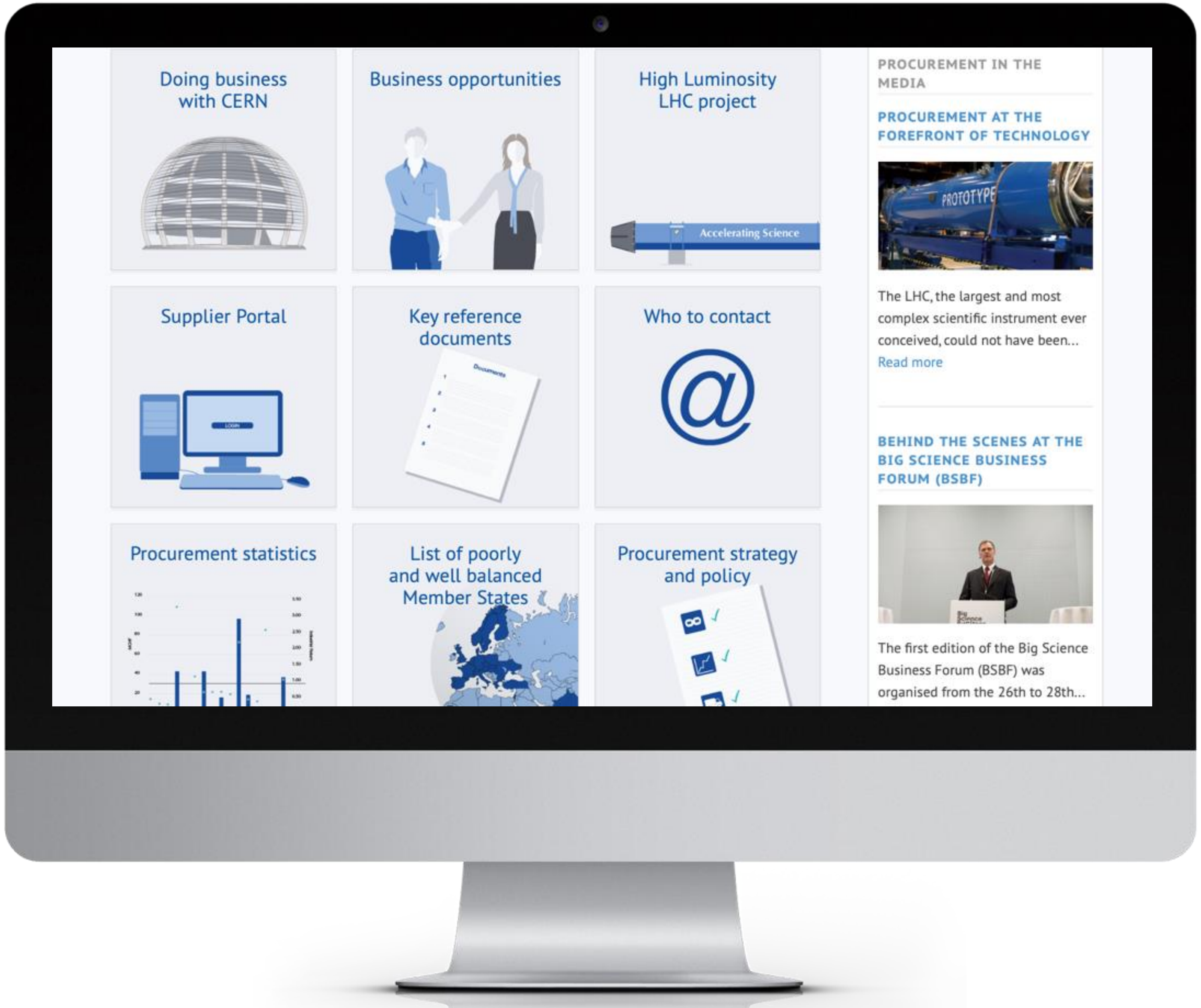
- Consequence of the above
- Build relationships not just deals
- Look at real TCO – personnel savings?

Change in procurement mix

- Utilities – prices and origin
- Future Circular Collider – civil engineering
- IT

- UK quite well placed on environment
- Creativity, education – bring to marketplace – Government policy?
- Horizon Europe – and the Plan B?
- UK strong in IT – closely tied to USA +/-?
- Civil engineering expertise but encouragement needed
- Closer alignment between CERN innovation and procurement can lead to real opportunities, with UK being well placed

Procurement website



http://procurement.web.cern.ch

Thank you

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