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Doing business with CERN

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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 benefits from immunity from national jurisdiction and execution. Thus, legal disputes between CERN and its suppliers and contractors are not submitted to national courts but solved via international arbitration.

CERN is thus entitled to establish its own internal rules necessary for its proper functioning, such as the rules under which it purchases equipment and services.

Mission of Procurement and Industrial Services

The mission of the Procurement and Industrial Services group is to:

- procure all supplies and services for CERN;
- meeting the specified and contractual technical, delivery and performance requirements;
- at the lowest possible overall cost, while;
- achieving balanced industrial return for the CERN Member States, and;
- respecting the CERN Procurement Rules.



Procurement Principles

- CERN procures supplies and services and awards orders and contracts in compliance with the principles of transparency and impartiality.
- CERN's tendering procedures are selective and do not take the form of open invitations to tender. They shall, in principle, be limited to firms established in the Member States.
- Invitation to tender and price enquiry documents shall be drafted in an objective way so as to guarantee fair competition.
- Subject to the provisions aimed at achieving **balanced industrial returns** for all the Member States, contracts and orders shall be awarded to the firm whose bid meets the technical, financial and delivery requirements and:
 - is either the **lowest**; or
 - represents the **Best Value for Money**.



Member States' Contribution 2015 (CHF)

 Germany	20.47 %	226'987'150	 Denmark	1.77 %	19'671'200
 France	15.13 %	167'740'300	 Finland	1.38 %	15'286'700
 United Kingdom	14.26 %	158'118'050	 Israel	1.34 %	14'877'000
 Italy	11.06 %	122'665'900	 Portugal	1.15 %	12'696'850
 Spain	7.82 %	86'688'100	 Czech Rep.	1.00 %	11'118'550
 Netherlands	4.55 %	50'498'350	 Hungary	0.62 %	6'915'800
 Switzerland	3.87 %	42'942'500	 Slovakia	0.49 %	5'432'050
 Sweden	2.82 %	31'227'350	 Bulgaria	0.29 %	3'210'050
 Norway	2.80 %	31'086'900	 Romania*		8'154'500
 Belgium	2.76 %	30'622'650	 Serbia**		1'000'000
 Poland	2.75 %	30'436'050	 Pakistan***		654'250
 Austria	2.20 %	24'519'300	 Turkey***		3'618'750
 Greece	1.45 %	16'034'400			

Total

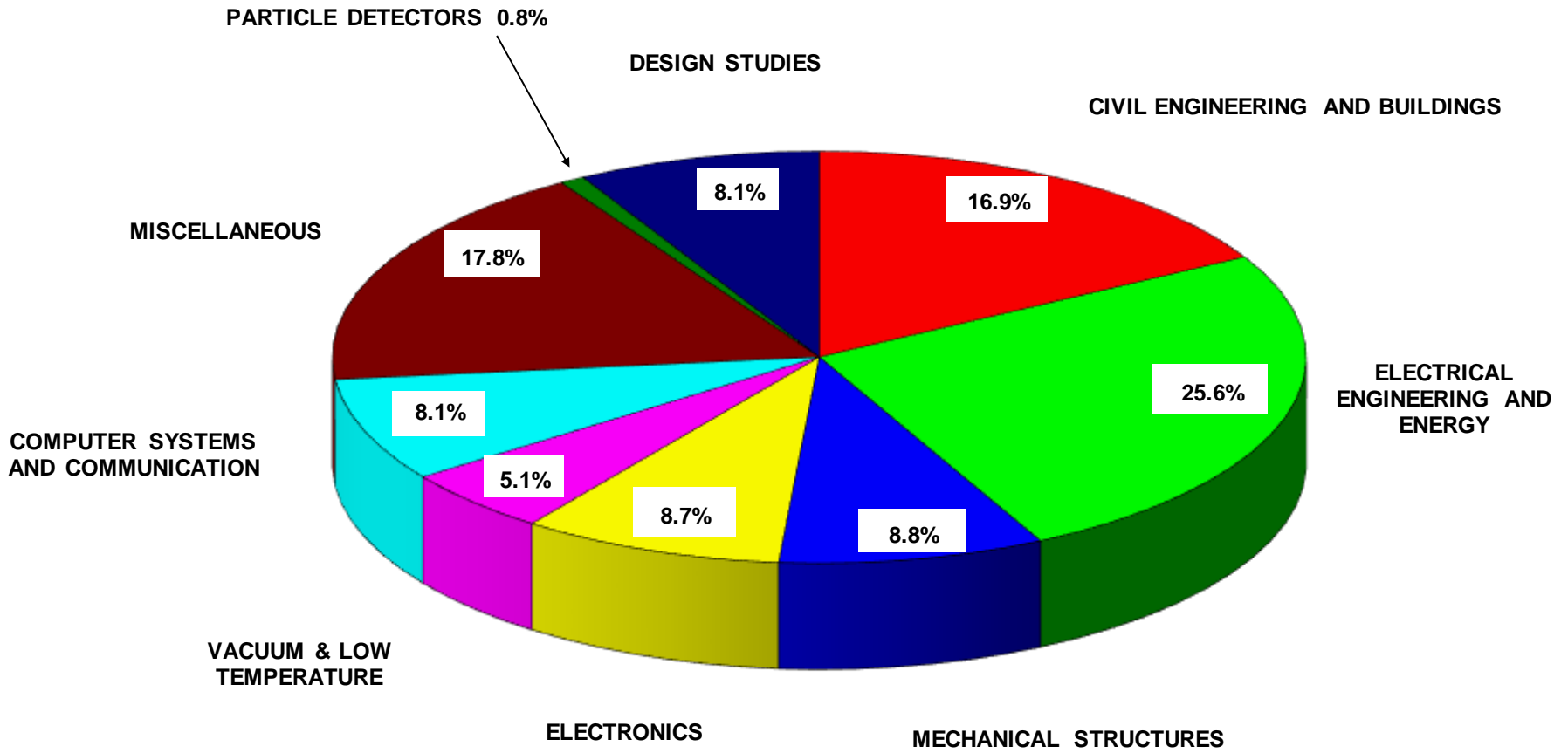
1'122'202'700

* Full Member State as of 17 July 2016

** Associate Member State in the pre-stage to Membership (+ Cyprus as of 1 April 2016)

*** Associate Member State (+ Ukraine as of 5 October 2016 and India as of 16 January 2017)

**EXPENDITURE IN CERN MEMBER STATES FOR SUPPLIES IN 2015
(Excluding visiting teams and collaborations)**



TOTAL COMMITMENTS: 269.1 MCHF



What do we buy?

Recurrent supplies and services

Civil engineering

Buildings, roadworks,

Utilities

Cooling & ventilation

Power distribution, cables

Infrastructure & services

Metal structures

Mechanical engineering

Radiation shielding

Transport & handling

Safety & access control

Installation, operation & maintenance

Data acquisition, computing & networking

Various supplies

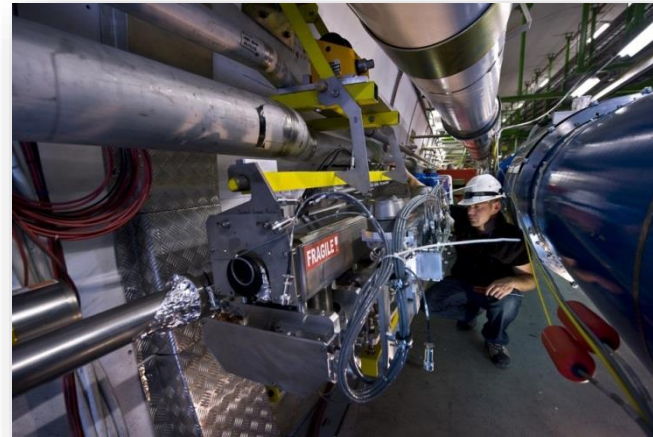
Furniture, tooling, gases, stationary, etc..



What do we buy?

accelerator technologies required for consolidation projects and new developments

Industrial controls & field buses
Timing & “fast” real-time controls
Beam collimation
Beam injection, ejection & dump
Radio-frequency equipment
Power converters
Beam instrumentation & diagnostics
Permanent and electromagnets
Cryogenic equipment



New Projects

- LHC Injectors Upgrade (LIU)
- Accelerators Consolidation (CONS)
- High Luminosity LHC (HL-LHC)
- Linear Collider Studies (LC)

Supplies and Services

Supply contracts: Contracts for supplies of equipment including R&D contracts, electricity, telecommunications and insurance contracts as well as maintenance and leasing contracts covering data processing, printing and telecommunication equipment.

Country of origin: In accordance with standards defined by EU i.e. the country(ies) where the supplies (including their components and sub-assemblies) are manufactured or undergo the last major transformation by the contactor or his sub-contractor.

Service contracts: Contracts for the provision of services to be executed on the CERN domain.

Country of origin: The country in which the bidder is established.



Procedures for obtaining offers

- **Requirements not exceeding 10'000 CHF;**
Users may issue enquiries directly provided CERN procurement rules are followed;
- **Purchases between 10'000 CHF and 200'000 CHF**
Price Enquiries issued by Procurement Service;
- **Purchases exceeding 200'000 CHF**
Market Surveys & Calls for Tenders issued by Procurement Service.



Requirements between 10'000 and 200'000 CHF

Price enquiries:

- Deadline for bidders to submit bid is at least 4 weeks from mailing date;
- Invite 3 -5 firms;
- All enquiries exceeding 50'000 CHF are also sent to Industrial Liaison Officers (ILOs) for information;
- Adjudication based on lowest offer (FCA price) which complies with the technical, financial and delivery requirements, subject to the rules aimed at achieving well balanced industrial return coefficients for the Member States (from 100'000 CHF).



Requirements exceeding 200'000 CHF

Market Survey followed by a Call for Tenders:

- Announcement in the document “Advance information on Forthcoming Market Surveys and Calls for Tenders expected to exceed 200'000 Swiss francs”
- Market survey;
 - brief technical description (1-2 pages);
 - qualification criteria (financial and technical);
 - questionnaire.

Current Market Surveys available on Procurement Service home page

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

The screenshot shows a web browser window displaying the CERN Procurement Service website. The page title is "Forthcoming market surveys and calls for tenders" and it is provided by CERN. The page includes a search menu and a table of upcoming projects.

Type of Contract	Reference	Requirement (Activity Code)	Description/Specific Condition	Cost Range	Market Survey scheduled for dispatch	Contacts and Interest in being contacted	Market Survey Documents	Invitation to Tender scheduled to dispatch
Supply	IT-3454/IT	Provision of external printshop activities (878)	Description: Printing of scientific publications and official CERN committee documents. Currently these services are provided in-house. This Market Survey is intended to study the feasibility of acquiring these activities from an external supplier. Specific Condition: Interested firms must have the ability to react quickly to requests, have a short turn-around of high priority jobs and fast delivery of orders to CERN and must be able to accept the electronic submission of documents.	B	September 2010	To be contacted send the attached form by an e-mail to purchasing_services@cern.ch Technically: N. Pocock Commercially: S. Sonnerat	No documents available	December 2010
Supply	IT-3675/GS	Supply of equipment and services for the access control systems and video surveillance for the CERN Site supervision (SUSI) (878)	Description: The contract shall include the supply and installation of access control and video surveillance systems for all CERN sites, including access to buildings and specially secured areas. The areas concerned do not include the accelerator interlocked areas. The access system must be based on Oracle databases, RFID technology & TCP/IP networking and open protocols for integration of card readers. The video surveillance system must be able to manage analogue and digital IP-based video surveillance cameras from multiple manufacturers. Specific Condition: The system must be compatible with the existing	C	September 2010	To be contacted send the attached form by an e-mail to purchasing_services@cern.ch Technically: R. Naves Commercially: I. Lobmaer	No documents available	November 2010

Requirements exceeding 200'000 CHF

Call for tenders:

- Deadline for bidders to submit bid is at least 4 weeks from mailing date;
- Invite
 - 10 firms for contracts between 200'000 and 750'000 CHF;
 - 15 firms for contracts exceeding 750'000 CHF;
- All call for tenders are also sent to Industrial Liaison Officers (ILOs) for information;
- Adjudication based on
 - lowest offer (FCA price) subject to the rules aimed at achieving well balanced industrial return coefficients for the Member States, or
 - Best-value-for-money basis (for service contracts), but not subject to the rules aimed at achieving well balanced industrial return coefficients for the Member States. The adjudication is based on both price and quality criteria.



Industrial Return Coefficient

The return coefficient of a Member State for Supply contracts for a given twelve-month period starting on 1st March is defined as:

The ratio between that Member State's percentage share of all purchases of supplies (excluding purchases funded by non-Member States) during the preceding four calendar years and that State's percentage contribution to the Budget over the same period.



Well Balanced Member States

- For the period 01.03.2016 and 28.02.2017, a CERN Member State is considered to be **poorly balanced** if its Industrial Return Coefficient is:
 - < **0.90** for Supply contracts;
 - < **0.40** for Industrial Service contracts.
- Otherwise, it is considered to be **well balanced**.



Well Balanced Member States

- For calls for tenders for **Supply contracts** issued between 01.03.2016 and 28.02.2017, the following CERN Member States are considered to be well balanced:

Bulgaria, Czech Republic, France, Italy, Hungary, Switzerland

- For calls for tenders issued between 01.03.2016 and 28.02.2017, the following CERN Member States are well balanced for **Industrial Service contracts**:

Austria, Denmark, France, Spain, Switzerland, United Kingdom

Greece has an Industrial Return Coefficient of 0.36 for supplies and 0.18 for industrial services and, therefore, is poorly balanced.



The alignment rule

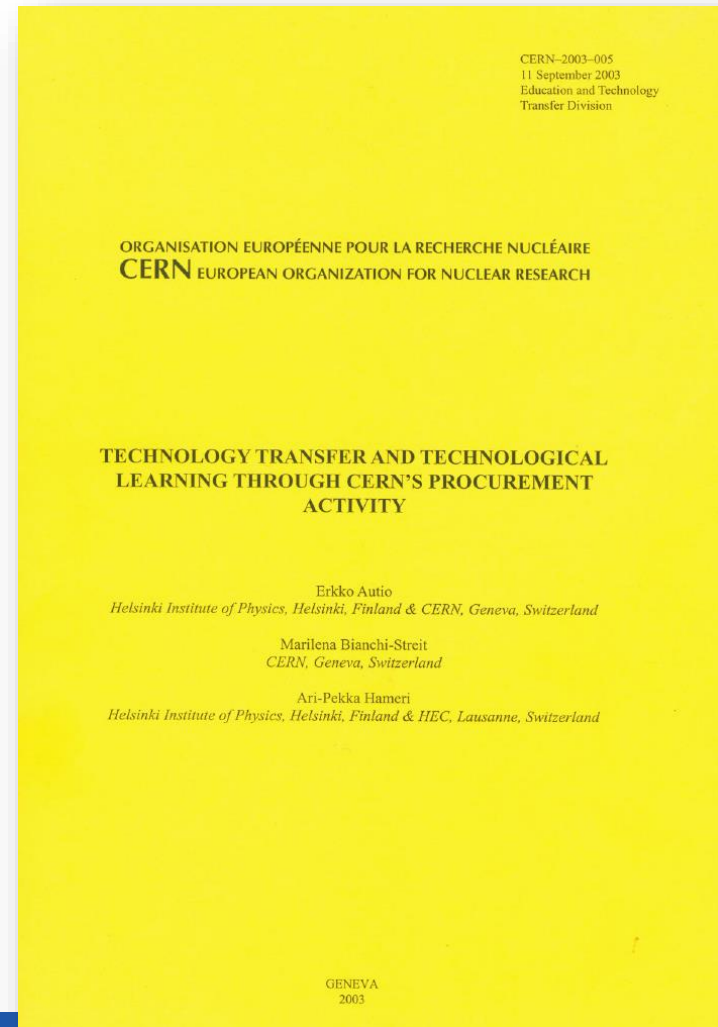
For contracts to be awarded on the lowest compliant bid basis and exceeding 100'000 CHF in value.

Under certain well-defined conditions 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.



Study of Technology Transfer through Procurement

- Period studied 1997 – 2001
- Excluded: civil engineering, standard items, services and low value orders
- 629 companies contacted.



Result of contracts with CERN

- 38% had developed new products
- 42% increased international exposure
- 44% improved technological learning
- 52% would have had poorer sales performance without CERN
- 17% opened a new market
- 60% acquired new customers
- all firms had derived great value from CERN as a marketing reference

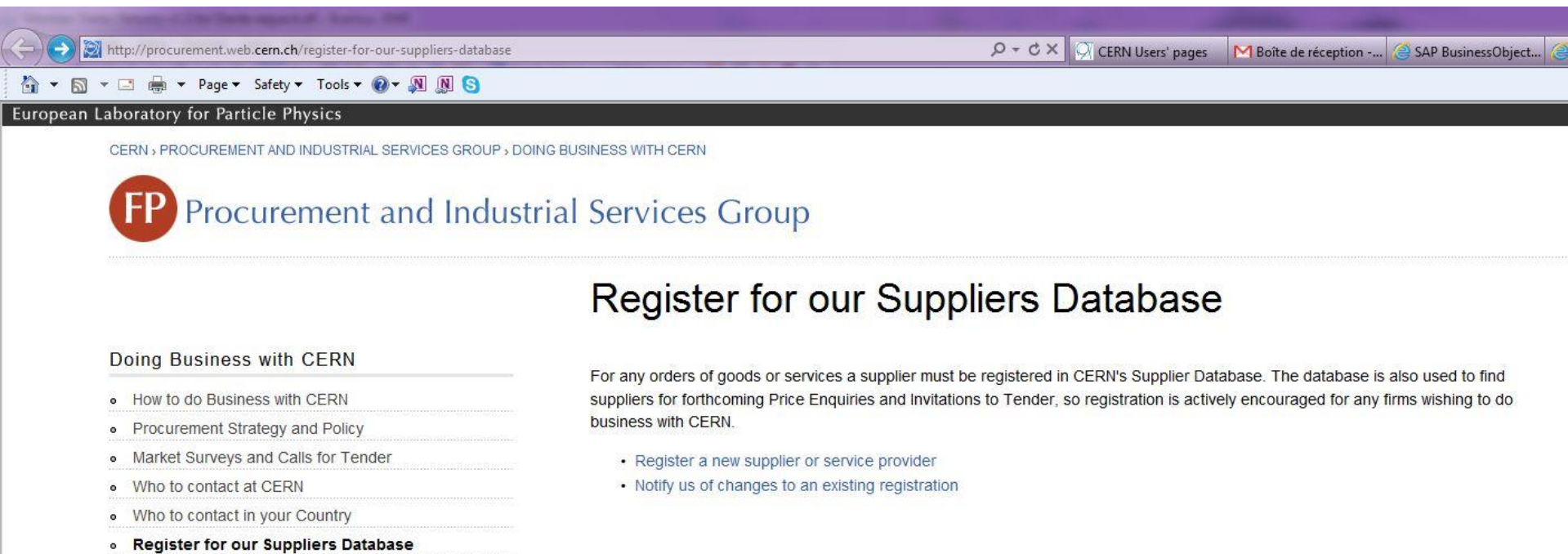




Successful suppliers

- Often small – medium sized and flexible firms
- Ensure full understanding of specifications – over specifying usually proves to be too expensive;
- Regular communication with CERN (problems, issues, alternatives, etc.)
- Take into account test requirements and documentation
- Verification of performance by sub-contractors

Registering as a Supplier



The screenshot shows a web browser window with the address bar containing the URL <http://procurement.web.cern.ch/register-for-our-suppliers-database>. The browser's address bar also shows several tabs: "CERN Users' pages", "Boîte de réception -...", and "SAP BusinessObject...". The browser's toolbar includes icons for home, back, forward, print, and search. The page content is as follows:

European Laboratory for Particle Physics

CERN › PROCUREMENT AND INDUSTRIAL SERVICES GROUP › DOING BUSINESS WITH CERN

FP Procurement and Industrial Services Group

Register for our Suppliers Database

For any orders of goods or services a supplier must be registered in CERN's Supplier Database. The database is also used to find suppliers for forthcoming Price Enquiries and Invitations to Tender, so registration is actively encouraged for any firms wishing to do business with CERN.

- Register a new supplier or service provider
- Notify us of changes to an existing registration

Doing Business with CERN

- [How to do Business with CERN](#)
- [Procurement Strategy and Policy](#)
- [Market Surveys and Calls for Tender](#)
- [Who to contact at CERN](#)
- [Who to contact in your Country](#)
- **[Register for our Suppliers Database](#)**



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