

Contact™



Engineering Services Panel Evaluation Process

**A different procurement approach
and a 360 degree view**

Constructing Excellence

Wellington

20 August 2014

So who are we?



Kim Gordon - Head of Group Procurement



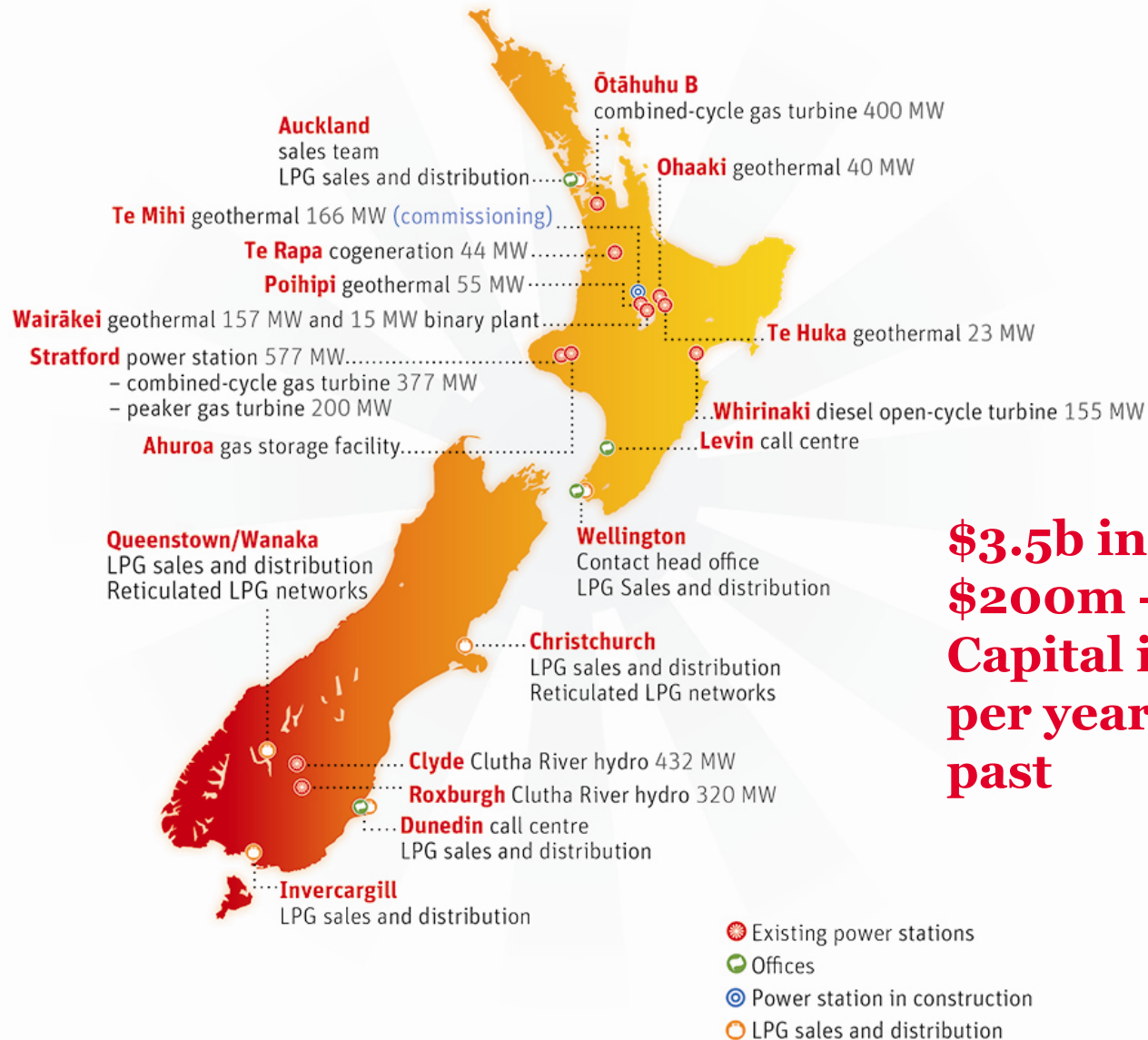
- Commercial and Legal background – senior roles IT, Financial Services and Legal
- Lead Commercial management Contacts ET programme
- Now lead all of Procurement at Contact

Andrew Edwards – Strategy and BD Manager NZ



- 17 years infrastructure services tendering and operations,
- mostly contractor organisations such as Fulton Hogan (8 years), Downer (5 years) and now in professional services sector.
- You name it Andrew has been involved in its procurement or tender.

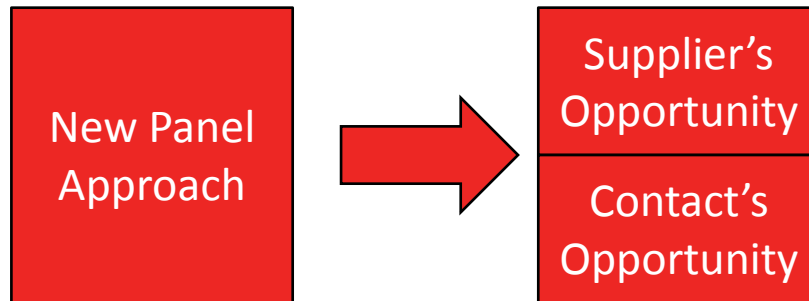
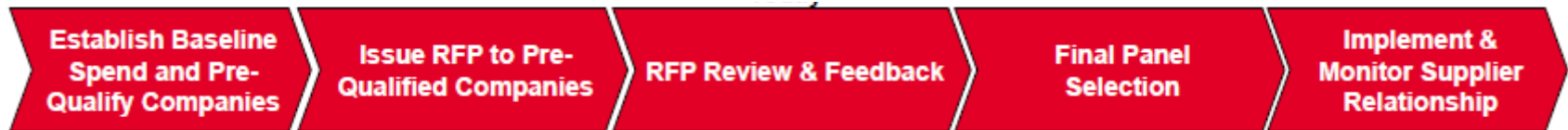
Contact – diversity of Asset type and location



\$3.5b in Net Assets
\$200m - \$350m
Capital investment
per year...in the
past

A Journey of Change

Change is always hard.....

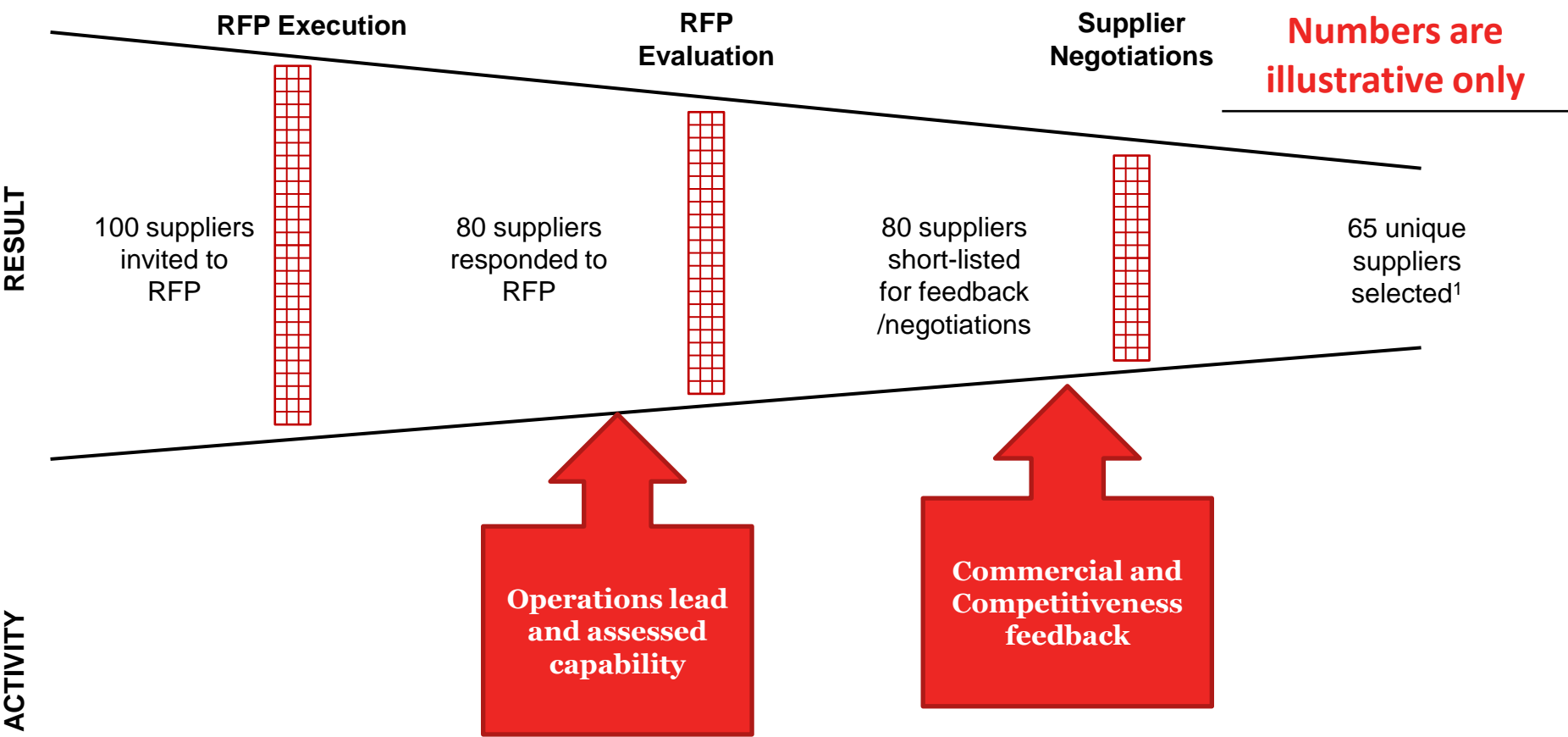


Panel strategy was to have multiple capable suppliers for each panel segment to drive competition, improve quality and provide choice

Consulting Discipline	Generating Type		
	Geothermal	Open/Closed-Cycle Gas Turbine	Hydro
Asset Management	Supplier A, supplier B, supplier C	Supplier A, supplier B, supplier C	Supplier A, supplier B, supplier C
Civil	Supplier A, supplier B, supplier C	Supplier A, supplier B, supplier C	Supplier A, supplier B, supplier C
Control and Instrumentation	Supplier A, supplier B, supplier C	Supplier A, supplier B, supplier C	Supplier A, supplier B, supplier C
Design	Supplier A, supplier B, supplier C	Supplier A, supplier B, supplier C	Supplier A, supplier B, supplier C
Drafting Services	Supplier A, supplier B, supplier C	Supplier A, supplier B, supplier C	Supplier A, supplier B, supplier C
Electrical	Supplier A, supplier B, supplier C	Supplier A, supplier B, supplier C	Supplier A, supplier B, supplier C
Environmental	Supplier A, supplier B, supplier C	Supplier A, supplier B, supplier C	Supplier A, supplier B, supplier C
Geology	Supplier A, supplier B, supplier C	Supplier A, supplier B, supplier C	Supplier A, supplier B, supplier C
Geotechnical	Supplier A, supplier B, supplier C	Supplier A, supplier B, supplier C	Supplier A, supplier B, supplier C
Hydrology	Supplier A, supplier B, supplier C	Supplier A, supplier B, supplier C	Supplier A, supplier B, supplier C
Mechanical	Supplier A, supplier B, supplier C	Supplier A, supplier B, supplier C	Supplier A, supplier B, supplier C
Process	Supplier A, supplier B, supplier C	Supplier A, supplier B, supplier C	Supplier A, supplier B, supplier C
Project Management	Supplier A, supplier B, supplier C	Supplier A, supplier B, supplier C	Supplier A, supplier B, supplier C
Structural	Supplier A, supplier B, supplier C	Supplier A, supplier B, supplier C	Supplier A, supplier B, supplier C
Surveying	Supplier A, supplier B, supplier C	Supplier A, supplier B, supplier C	Supplier A, supplier B, supplier C
Technical Assessment	Supplier A, supplier B, supplier C	Supplier A, supplier B, supplier C	Supplier A, supplier B, supplier C



A thorough and structured sourcing process was undertaken in order to evaluate suppliers and develop panels across the five in-scope categories



Commercial feedback – 360 degree view

The good, the bad, so have another go....

Key Strengths
Large multi-disciplined engineering services provider
Fairly comprehensive offering across all generation types and disciplines
Compliance to most commercial terms
Strong presence in main NZ centres

Role	Control + Instrumentation	Asset Mgmt	Civil	Design	Drafting Services	Electrical	Environmental	General/Other	Geology
Partner/MD	●	●	◐	●	◐	●	◐	◐	◐
Sen. Eng. Mgr	●	●	◐	●	●	●	◐	◐	◐
Principal Eng	●	●	●	●	●	●	●	○	●
Eng. Mgr	●	●	◐	◐	◐	◐	◐	○	◐
Sen. Eng	◐	●	◐	●	◐	◐	◐	○	◐
Engineer	◐	◐	◐	◐	●	◐	◐	○	◐
Grad. Eng.	◐	○	○	◐	●	◐	○	○	○

Price as it was.....

Notes:

'Most competitive bid' is a live offer from a 'like-for-like' supplier

Please review the above feedback, appreciating that other suppliers are being given the same feedback and the most competitive rate benchmark could change

e.g. If the expected cost is \$100/hr and you bid \$200/hr the \$ difference would be \$100/hr and the % difference would be 100% (\$100 falls into the 50%+ bracket

Note: the above are purely hypothetical examples For roles where an engineer is not relevant (e.g draftsperperson engineering equivalent) has been applied

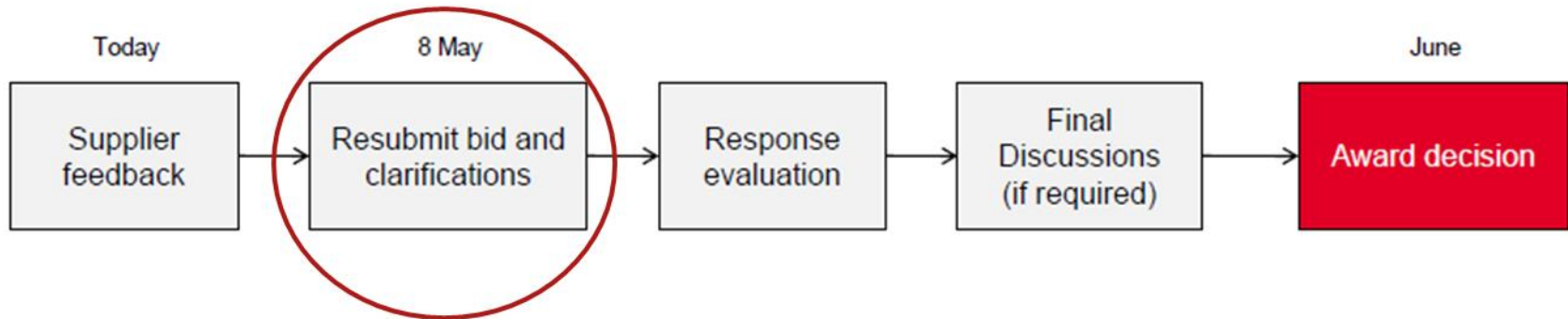


#	Item	Situation	Action Required
1	Capability	• You have provided example experience across all engineering disciplines and all three generation types. You appear to have a strong focus on Gas Turbines	• Are you primarily focussed on Gas Turbines or do you consider yourselves to have strong capability across Geothermal and Hydro also? Please provide supporting information
3	Capability	• You are a large multi-discipline firm	• Are there any disciplines you are particularly strong in?
4	Capability	• You are a large multi-discipline firm	• What disciplines do you consider you can improve in?
2	Capability	• You are a large multi-discipline firm. If GHD wishes to be considered to provide services for disciplines and generation types for which examples have not been provided, some additional information is required	• Please reconsider your response and provide an example or comparable experience statement in relation to the all discipline and generation types that you wish to be considered for
6	Capability	• The offered information in some capability areas was deemed in evaluation to only partly meet Contact's requirements	• Contact would like additional information on your capability and experience that would be relevant to: Gas Turbines – Asset Management, Civil, Hydrology, Surveying; Hydro – Asset Management, Civil, Drafting, Process; Geothermal – All disciplines
5	Capacity	• For your pricing, no figures are entered for the number of personnel for certain roles in different disciplines	• Please provide number of personnel across all roles that you have quoted against in the template provided
7	HSE	• We seek further information on your HSE track record	• Please provide your company's target TRIFR and your TRIFR for the last 3 years

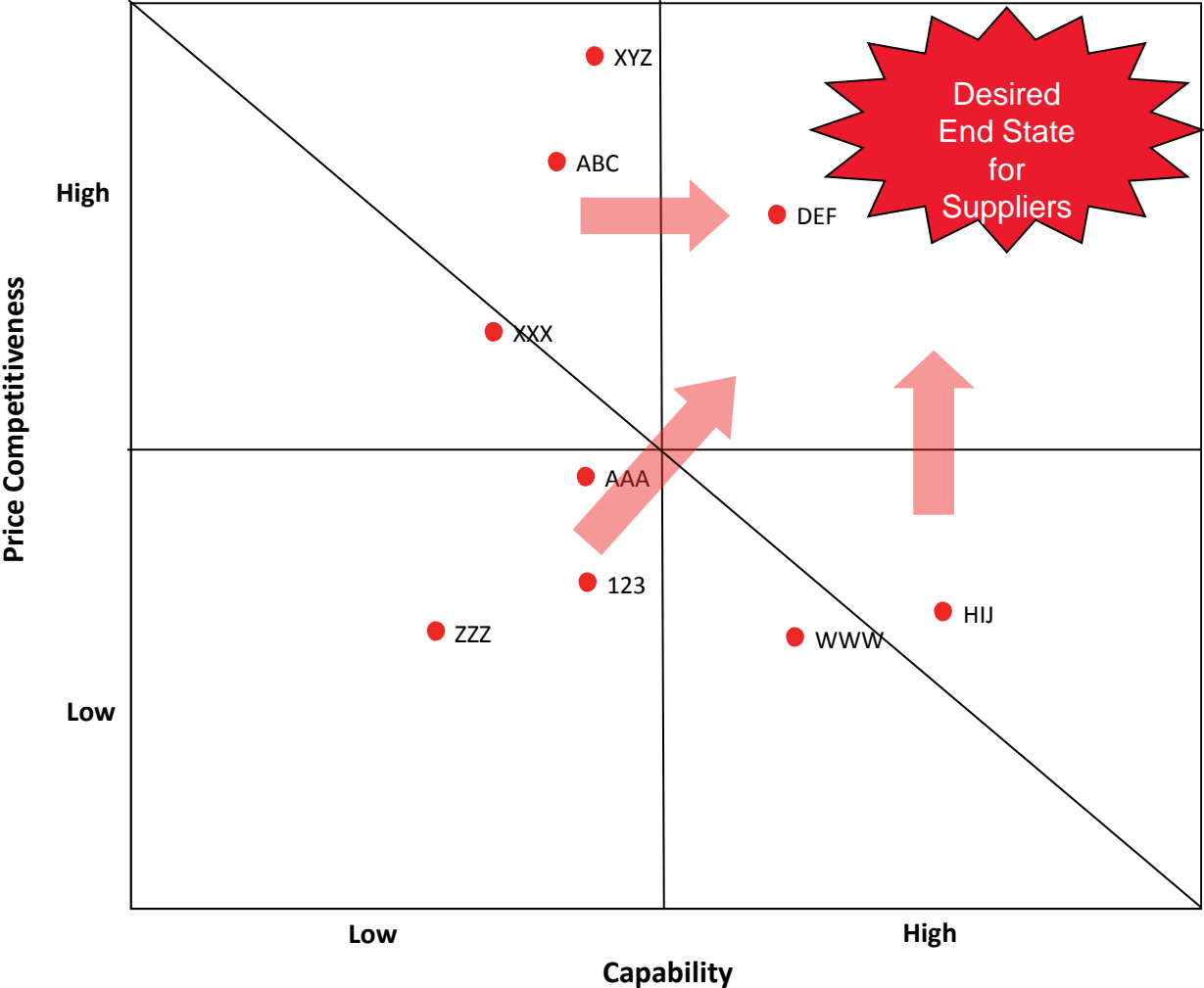
Attributes as they were.....

Have another go!

Open, refreshing, quite unexpected



The goal of supplier feedback sessions was to enable the suppliers to improve their offers, either through reduced pricing or by clarifying existing capability gaps



Key Actions

- Clarify capability, experience and capacity gaps
- Negotiate improved commercial terms
- Shortlist suppliers for contract award – there should be a reduction from the 23 who have provided a response

Illustrative Only

Where we ended up – many suppliers , 72 sub-panels across five Engineering Services categories...and a new way of engaging with the market

Category	No. of Suppliers	No. of sub-panels
Mechanical and Electrical	XX	6 site panels
Engineering Consulting	XX	48 =17 disciplines x 3 gen. Types
Site Services	XX	6 site panels
Testing and Inspection	XX	6 site panels
Scaffolding	XX	6 site panels
Total	XX	72

Looking forward to working together

New Engineering
Services Panel
Approach



*Contact*TM

