

Waste Management 2008
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**UK- US Procurement Processes
Comparison**

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Market Comparison

- UK NDA Sites: £8.5B Over 3 Years
(approx \$17B)
- US DOE Sites: \$5.6B Per Year
(approx \$17B over 3 Years)
- UK has fewer sites, but much more compact in terms of facilities and processes areas

Client Comparison

- UK Nuclear Decommissioning Authority
 - In existence since April 2005
 - 200 + Staff
 - 50% Funded from Commercial Revenue
- US DOE Environmental Management
 - In existence since 1989
 - 1500 Staff

Procurement Processes

- NDA: Competitive Dialogue Procedure
 - Per EU Directive 2004/18/EC and UK 2006 Public Contract Regulations
- US DOE: Federal Acquisition Regulations
- Note: Although the desired outcomes are the same, use of the Competitive Dialogue Process causes significant differences.

Procurement Processes II

- NDA: Publishes Official Procurement Notices in the Official Journal of the European Union (OJEU).
- US DOE: Uses Commerce Business Daily
- NDA follows European Union Procurement Directives and UK Public Contract Regs.
- DOE Complies with the F.A.R., SEB Handbook, etc.

Teaming

- Teaming for Tier 1 Competitions is not as well developed in the UK as in the US.
- Traditional Alliances Play a Significant Role in the UK.
- Teaming for NDA Tier 1 Contracts will become more “comfortable” with time and industry experience,

Teaming II

- To date most teams competing for PBO (Body Organization) Parent (Tier 1) Contracts have been led by a US firm with substantial DOE EM Experience.
- There have been no cases to date of a 100% British Team at the Tier 1 Level.
- There are some UK Firms that could lead a PBO Team. US Firms have been prominent on all teams, so far.

UK Site License Companies

- All nuclear sites in the UK are regulated by and operate under a Nuclear Site License granted by the Nuclear Installations Inspectorate (somewhat like the NRC).
- The Site License Companies (SLCs) hold the Site Licenses and are considered the “Controlling Mind” for their Site.
- Primarily only the Ownership of the SLC changes as a result of a PBO Competition.

Parent Body Organizations (PBO's)

- The PBO Owns the Site License Company
- The PBO Contract is what is being competed by the NDA, not the SLC.
- Following selection of a new PBO the Ownership Shares of the SLC transfer.
- This procedure is intended to permit the SLC to continue to operate and meet its license requirements without impact.

Lobbying

- Is much lower key in the UK and is less important than in the US.
- However, an important part of preparing a Tier 1 Bid is to listen to and understand the interests of Elected Officials, the Public, Trade Unions and local Businesses
- Stakeholder relations and the economic well-being of local communities **do** matter!

Capture/Proposal Consultants

- Not as prevalent as in the US. Individuals or small partnerships are available.
- Those used in the Tier 1 Competitions to date are mostly US based or UK/US JVs.
- Historically, UK firms write proposals with (mostly) in-house staff. This is changing!
- There are a few good document layout, editing, publishing and printing houses.

Competitive Dialogue Process

- For use in the Procurement of “Particularly Complex Projects”- per EU and UK Regs.
- Competitive Dialogue enables the Client to have discussions with Bidders to identify and define the means best suited to the Client’s needs.
- A final tender is requested from all or some bidders once the required solution(s) is (are) identified.

Competitive Dialogue Process II

- For NDA, takes around 18 months.
- Requires the full project team (key personnel) to be available most of the time.
- Several dialogue sessions (with the Client) may be required over the course of the procurement.
- These may consist of presentations, discussions and/or problem solving.

Competitive Dialogue Process III

- The CD process is a significant driver of bid costs. Consultants, support staff and facility costs add to that of Key Personnel.
- One estimate of all-in cost for a 30% PBO Shareholder was \$3M over 18 months.
- The CD process is also very demanding of the Client's time and Resources.
- Greatest concern is keeping a level playing field (protecting competitive strategies)

Evaluation Criteria

- Very Strong Emphasis on the best Value Proposition determining the Winner (Value for Money).
- To be selected, a Team must demonstrate that it shares NDA's Values!
- Safety Record and Commitment are Vital.
- Key Personnel are Evaluated, including for their "Soft Skills", Body Language, etc.

Evaluation Criteria II

- Stakeholder Relations, Relationship Management and Awareness are factors.
- Sustainable Wealth Creation in some disadvantaged communities may be a major consideration!
- The Regulators must OK NDA's selection of each new PBO Contractor.

Oversight Roles

- Oversight of NDA's Procurement Activities is by the UK's Office of Government Commerce (OGC) which is part of HM Treasury; and by Business Enterprise and Regulatory Reform (formerly DTI).
- Oversight of DOE-EM is by Congress, OMB, DCA, and Others

Other Differences

- Almost everyone employed on an NDA Nuclear Site is a Trade Union Member.
- NDA has initiated a National Pension Scheme and the National Health Service provides Medical Services. These factors remove two issues commonly associated with DOE Prime Contracts.
- However, there is no Price Anderson Act, so liabilities must be dealt with through Contract Terms and Conditions.

Other Differences II

- The entire NDA Cleanup Program is managed via a single Life-Time Plan (LTP) and Work Breakdown Structure (WBS).
- UK English and US English and Industry Terminology are different- Beware when writing proposals (tenders) and making Presentations.
- The UK is much less litigious than the USA!!

Conclusions

- NDA has gotten off to a good start, having selected the PBO Contractor for the Low Level Waste Repository, on Schedule!
- The second PBO Competition (Sellafield) is also on schedule with Final Tenders in Preparation by four Teams.
- The third PBO Competition has been delayed due to a lack of competition.

Conclusions II

- The UK Nuclear Cleanup Industry, under the NDA is growing. The prospect of new nuclear build also drives the UK nuclear industry. US, UK, Other European and Far Eastern Firms are actively participating.
- All the Capture Techniques applicable in the US for prime contract capture also work in the UK- just be alert to cultural, language and terminology differences.

Conclusions III

The UK nuclear cleanup industry is an attractive market. As such, the level of competition is increasing and most of the techniques used in the USA to win contracts are starting to be implemented in the UK. While the greatest returns are for Tier 1 Contracts, Tier 2 and 3 contracts are also attractive and may have higher profit potentials.