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Workshops on Framework Agreements for products

Session 3 - Experiences in setting up Framework agreements for products

“Setting up a framework agreement - from strategy to order management“

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Athens , June 3-4 2014



Consip's Activities as a CPB

- Acting in a complex scenario
- A comprehensive eProcurement system: one tool does not fits all
- FA positioning in a “multiple tool” procurement strategy

Setting up a single supplier Framework Agreement

- Process and involved actors
- A single supplier Framework Agreement for Food products



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The Italian Public Procurement Context



Public Spending Optimization through
EPROCUREMENT

Classification: Consip public

ITALY

- Population: ca 60 mln
- PA employees: 3.400.000
- Contracting Authorities: 32.000
- Overall n. contracts: ca. 1500K (85% below EU threshold)
- ca. €90 bln expenditure on G&S in 2013

CENTRAL PA

- Ministries: 15
- ca. 20 Central Governing Bodies

LOCAL PA

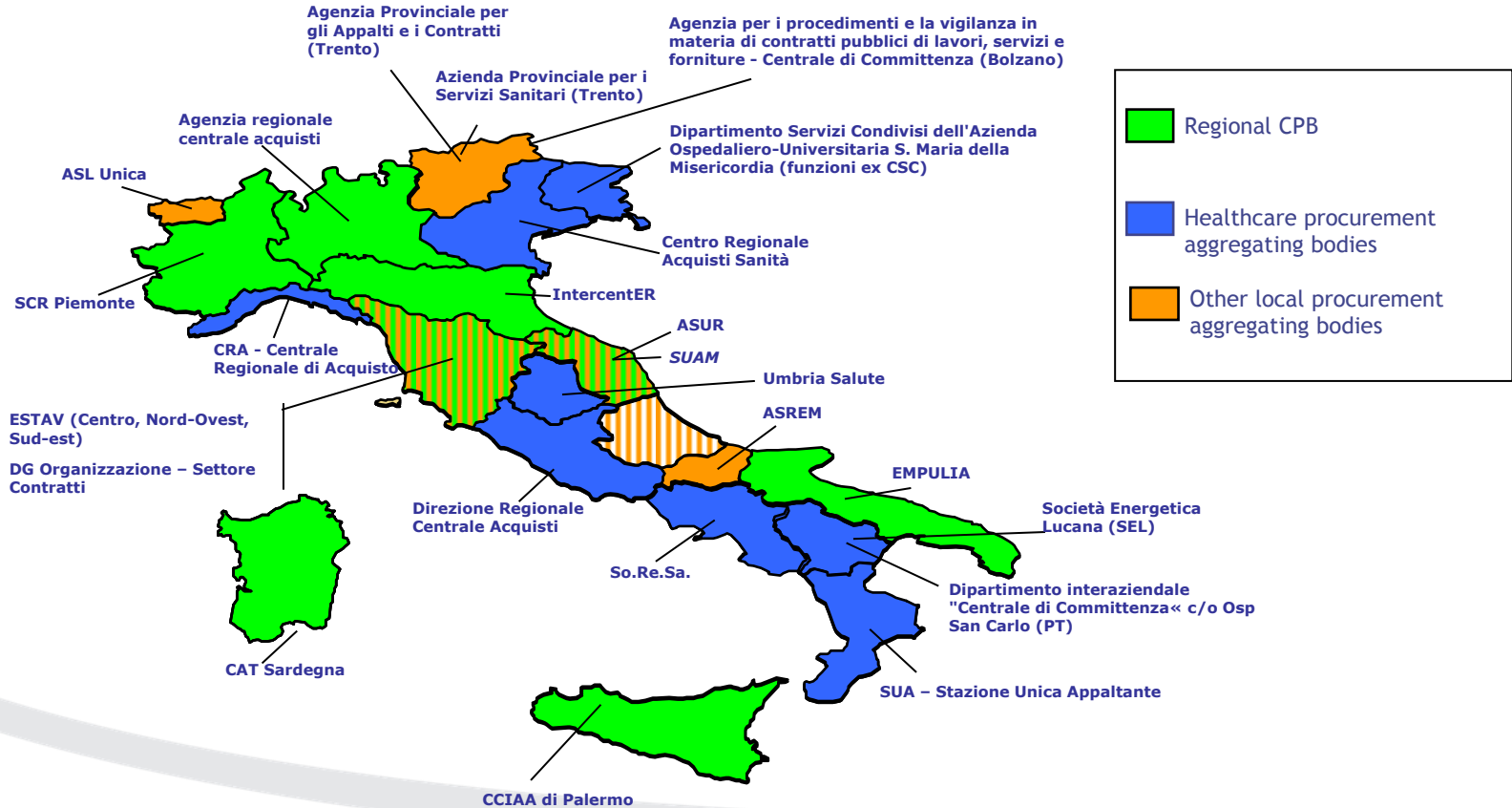
- Regions: 20
- Municipalities: 8.101
- School system: 94 Univ. >10.000 Schools
- Health Sector: >300

INDUSTRY

- > 4.000.000 Enterprises: 98% SMEs



The Italian Public Procurement Context: local procurement bodies







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Consip - The Italian CPB: comprehensive eproc system

Consip as a CPB plays two different roles: CA and Market Maker

CA

Framework Contracts

Framework Agreements

Above/Below OJEU Threshold

MARKET MAKER

MEPA

DPS

Below OJEU threshold

Above/Below OJEU

LEGAL OBLIGATIONS

Mandatory for Central PA
Mandatory for Local PA
below/above OJEU to use Consip
or Regional CPB

Mandatory for Health to use
Consip or Regional CPB

Mandatory for Central PA

Mandatory for Central PA
Mandatory for Local PA
below OJEU threshold

Mandatory for Health to use
Consip or Regional CPB
electronic platforms



E-Procurement portal - www.acquistinretepa.it

Negotiation services

2000

E-Shops (FC)

- Purchases within frame contracts
 - ♣ Large volumes
 - ♣ Demand aggregation
 - ♣ Standardized goods
 - ♣ Low price volatility

Above and Below EU Threshold

2002

On line tenders

- Frame contracts or ASP
 - ♣ Large volumes
 - ♣ Demand aggregation
 - ♣ Standard / Specialized goods
 - ♣ High price volatility

2004

e-Marketplace -MEPA

- Direct order or RFQ
 - ♣ Low cost goods
 - ♣ Spot purchasing
 - ♣ Highly fragmented offer
 - ♣ ecatalogue

Only Below

2010/2012

FAs and DPS

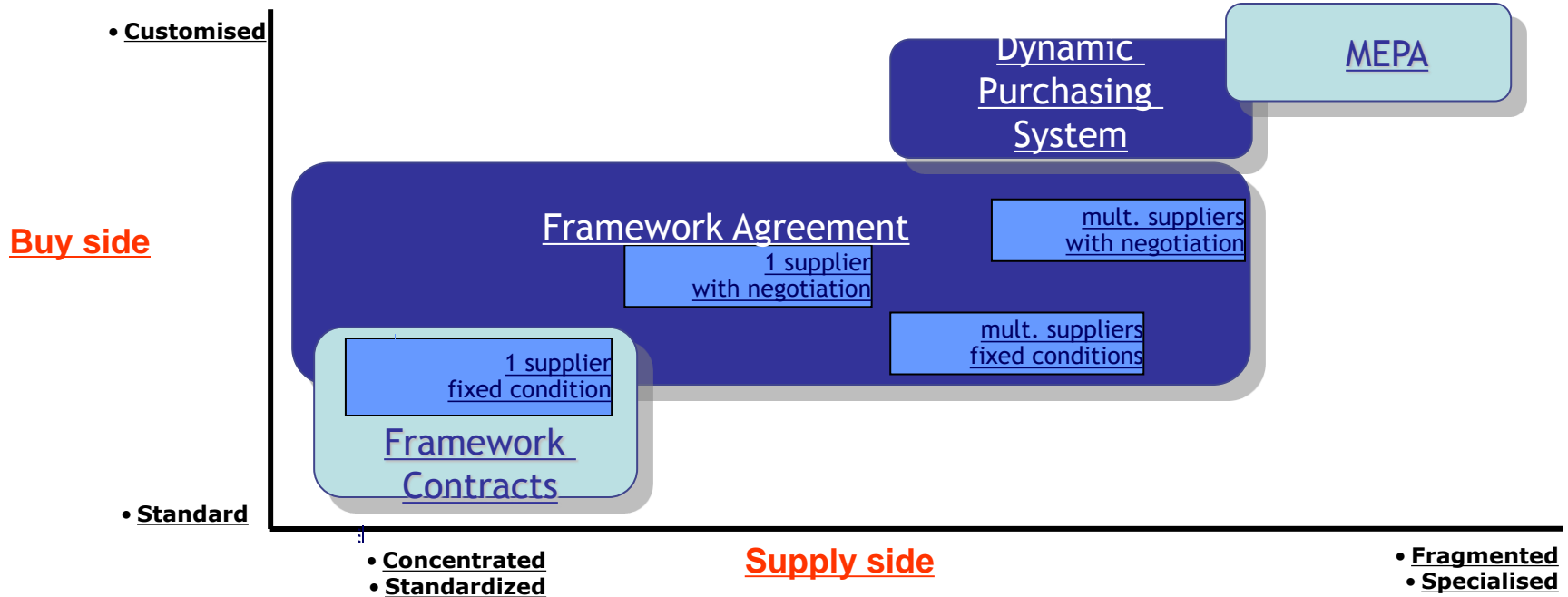
- On-line tenders in a structured and managed environment (two-stage procedures)
- Standardised procedures for commonly used goods & services with customisation

Above and Below

CRM System

DWH System

Choosing the appropriate e-Proc tool



- The adoption of different tools is related to the market (buy and supply side) characteristics
- Wider offering of e-Proc tools
- More business opportunities for SME's trough e-procurement

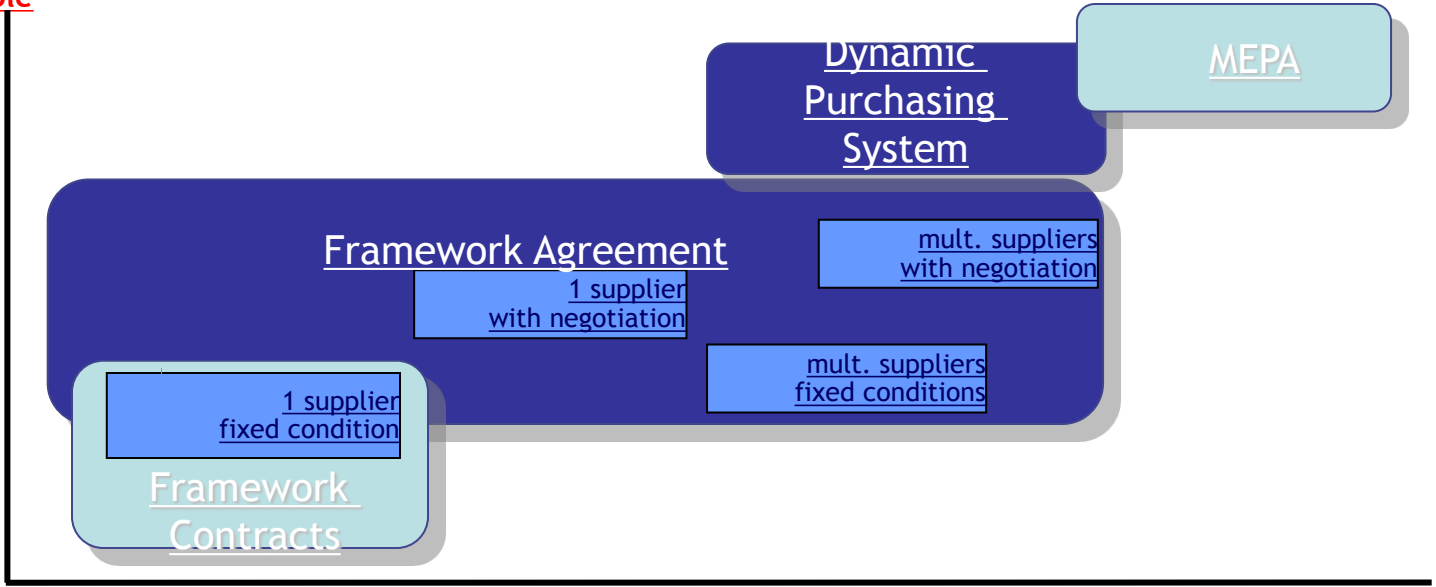


Evolution of Consip's role

Consip role

• "MARKET MAKER"

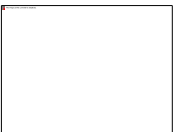
• "Awarding Authority"



Buyer autonomy

Greater

New e-Proc tools adoption calls for a strategic change in Consip's role and capabilities

 <u>Furnitures</u>	 <u>IT HW and SW</u>	 <u>Stationery</u>	 <u>Surgical instruments</u>	 <u>Individual protection devices</u>	 <u>Electric maint. svcs</u>	 <u>Elevators maint. svcs</u>	 <u>Training & Education svcs</u>
 <u>Gas providing svcs</u>	 <u>Electric material and air condit. equip.</u>	 <u>Cleaning products</u>	 <u>Print & Copy equipment</u>	 <u>Laboratory equipment</u>	 <u>TLC products</u>	 <u>Office and road signals</u>	 <u>Office cleaning svcs</u>

Classification: 21.000 suppliers

28.000 ecatalogues

3.000.000 catalogue items



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DPS - DYNAMIC PURCHASING SYSTEM

art 1.6 and 33 - EU Directive 18/2004

DPS: a **completely electronic procedure**, limited in duration (< 4 years), open throughout its validity to any economic operator which satisfies the selection criteria

The Italian law completely transposed the text of EU Directive 18/2004:

- ✓ each CA can implement a Dynamic Purchasing system
- ✓ Consip is allowed to set up a DPS available to all public administrations

Consip has set up the following DPS up to date:

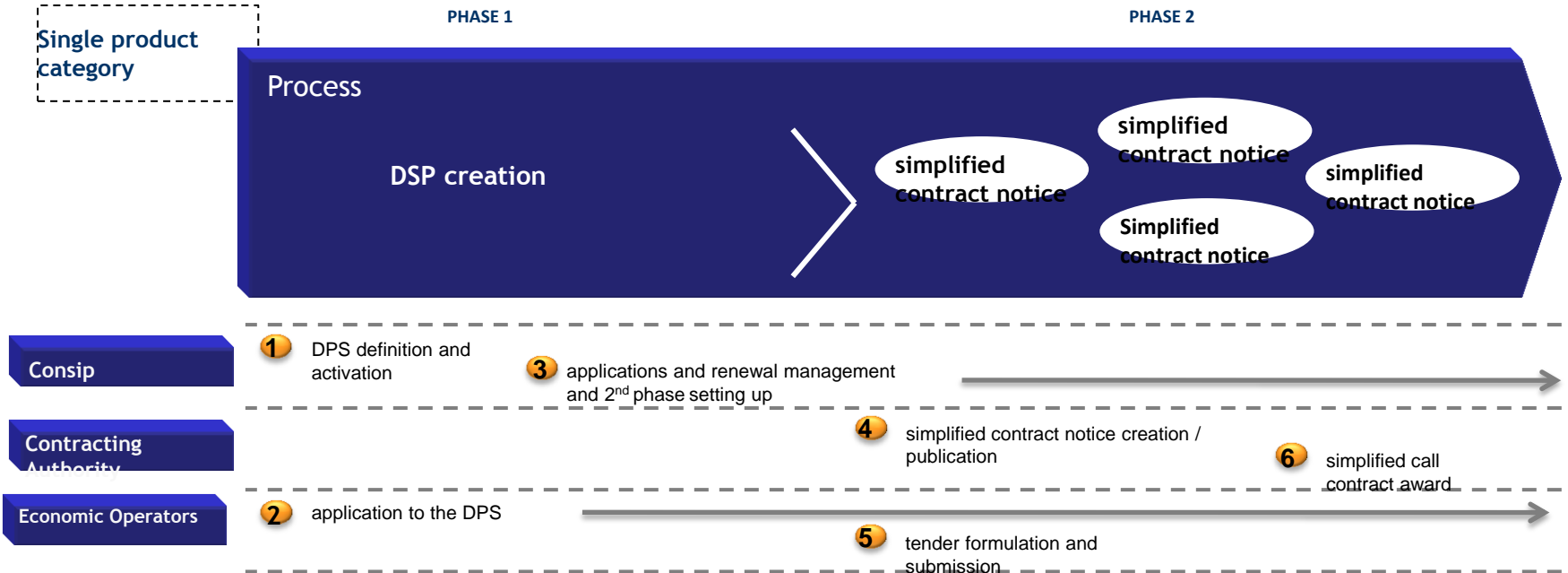
- 1. DPS on pharmaceutical products**
- 2. DPS on ICT: hardware and software and ICT services**
- 3. DPS on antiseptic and disinfectant products**
- 4. DPS on food products and disposable materials for catering services**
- 5. DPS on assistive products for persons with disability**



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DPS - DYNAMIC PURCHASING SYSTEM

two-phase-process: duration and characteristics are set up in the design phase



On October 2011 Consip published the Institutive call notice, that defined: product category as “**pharmaceutical products**” (medicines, infusion solutions, blood products, vaccines ..), according to the annual national value of pharmaceutical expenditure (**almost 8 billion €**).

Consip provides support to the single CA by setting up:

product characteristics- medical products are define using 4 characteristics:

- ATC codes (Anatomical Therapeutic Chemical classification system)
- active ingredients
- form
- dose

negotiation model based on the lowest price award criteria.

standard documentation (procurement documentation) in order to facilitate CAs to publish and manage the specific procedures.

Some results (so far):

18 tenders issued

3.8 billion euros of tender value

PURCHASING TOOL

MACRO PRODUCT CATEGORY

FRAMEWORK AGREEMENTS

IT

TLC

ENERGY

REAL ESTATE

HEALTH

OTHER G&S

- 1 supplier
- Complete (all terms fixed)

- Desktop PC
- Notebook
- Copying machine
- IBM Passport License
- Microsoft Government Open License
- Oracle License
- Microsoft Enterprise Agreement
- Printer

- Local area network
- Telephony and IP connectivity
- Mobile phones
- Central telephone exchange devices

- Wholesale fuel & heating oil
- Fuel card
- Fuel voucher
- Electricity
- Natural gas
- Energy related services
- Lighting

- Office Facility management

- Telepathology devices
- Medical equipment maintenance
- Glycaemia self-control devices
- Radiology equipment
- Cat scan and magnetic resonance

- Car rental
- Car purchase
- Ticket restaurant
- Credit card
- Foodstuffs
- Safety management
- Cleaning services for school

<i>PURCHASING TOOL</i>	<i>MACRO PRODUCT CATEGORY</i>					
<i>FRAMEWORK AGREEMENTS</i>	<i>IT</i>	<i>TLC</i>	<i>ENERGY</i>	<i>REAL ESTATE</i>	<i>HEALTH</i>	<i>OTHER G&S</i>
<ul style="list-style-type: none"> • Several suppliers • Complete (all terms fixed) 	--	--	--	--	<ul style="list-style-type: none"> • Dialysis 	--
<ul style="list-style-type: none"> • 1 supplier • Incomplete (not all terms fixed) 	--	--	--	--	--	--
<ul style="list-style-type: none"> • Several suppliers • Incomplete (not all terms fixed) 	<ul style="list-style-type: none"> • Server blade • Desktop Outsourcing • Print & copy management • Services for open source server operating systems • Application services • System management 	<ul style="list-style-type: none"> • Contact center services outsourced 				<ul style="list-style-type: none"> • Travel & accomodation



- Consip's framework contracts' turn over in 2013 corresponds to about 2.5 billion euro
- Consip managed 54 framework contracts
- The most important framework contracts, in terms of total expenditure in €, are electricity, fuel and heat, facility management, meal vouchers

- Contracts num. > 83.000

- Active buyers > 15.000



Framework Agreements

A FA is “an agreement between one or more contracting authorities and one or more economic operators, the purpose of which is to establish the terms governing contracts to be awarded during a given period”

Kinds of FA

- 1 supplier
- Complete (all terms fixed)

Framework contracts

- Several suppliers
- Complete (all terms fixed)

- 1 supplier
- Incomplete (not all terms laid down)

- Several suppliers
- Incomplete (not all terms laid down)
- 2-stage: competition shall be reopened

Where a FA is concluded with only one economic operator and all the terms of the contracts are laid down in the FA (“complete” FA), specific contracts can be awarded



Framework Contracts - the advantages

The main advantages for the Public Administration entities that order...

The simplification of the purchasing process, with a drastic reduction of both costs and procurement time (no legal tender to perform) and greater transparency

Better supply quality, whether product or service

Real competition between suppliers favored by the collaboration of the Authorities

Reduction of Legal Costs tied to procedure litigation, which are paid for by Consip

The possibility to free up resources dedicated to the procurement process and direct them to other activities

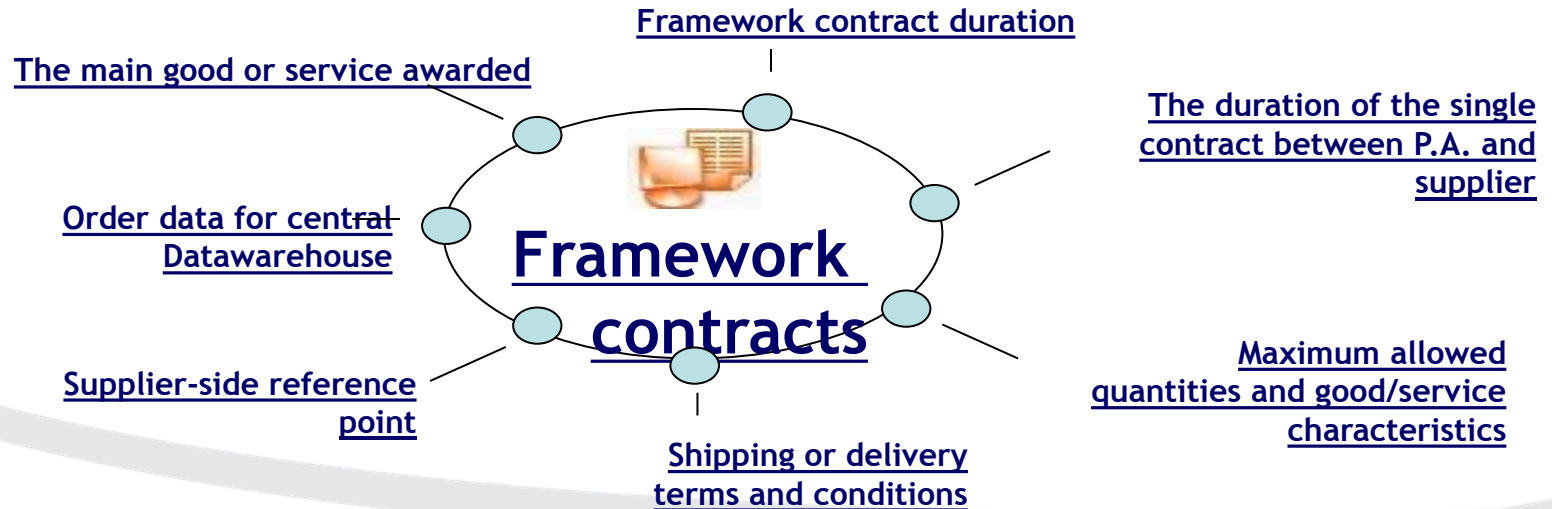
The opportunity to contribute to a “green public procurement” project

Greater expense control through purchasing reports, even if done by non-centrally located offices

Framework Contracts

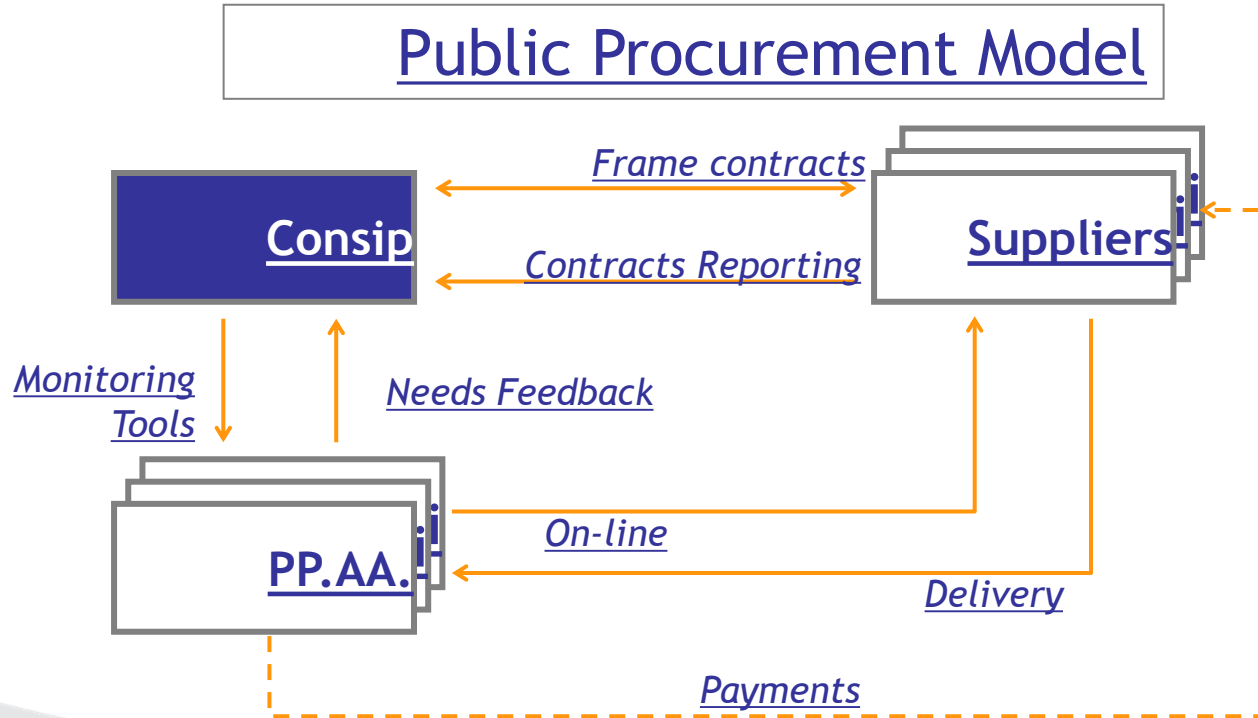
Framework Contracts are awarded - through Consip - by the Ministry of Economy and Finance after either a **traditional paper-based tender** or an **on-line** economic and technical evaluation. Both these procedures allow the Public Administration to purchase goods and services while offering suppliers an opportunity to satisfy public demand, guaranteeing **competition and transparency**.

Each framework contract has certain parameters that are intrinsic to its structure:



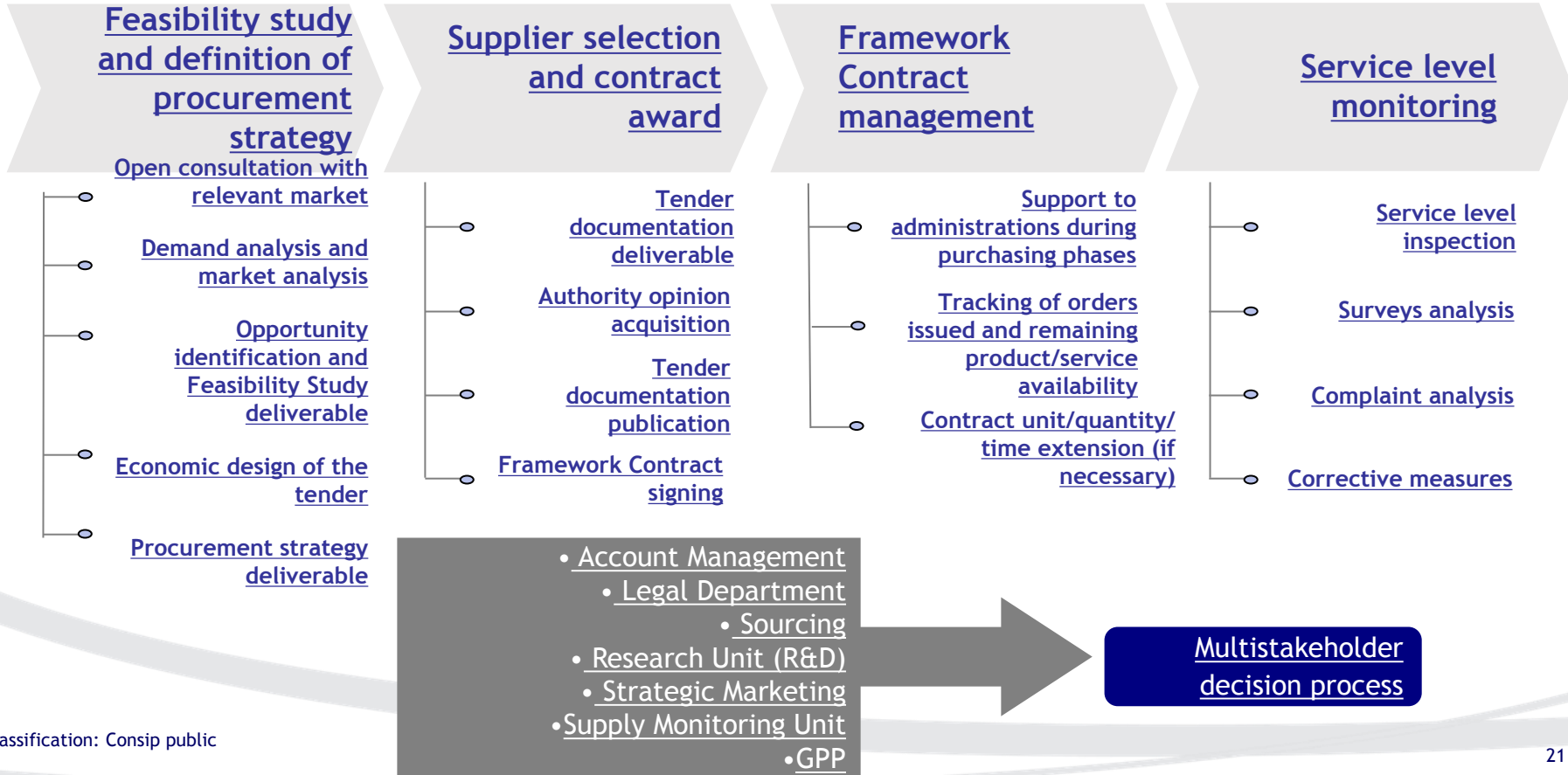


Framework Contracts - the model





Framework Contracts - the phases





consip Phase 1 - Feasibility study and definition of procurement strategy

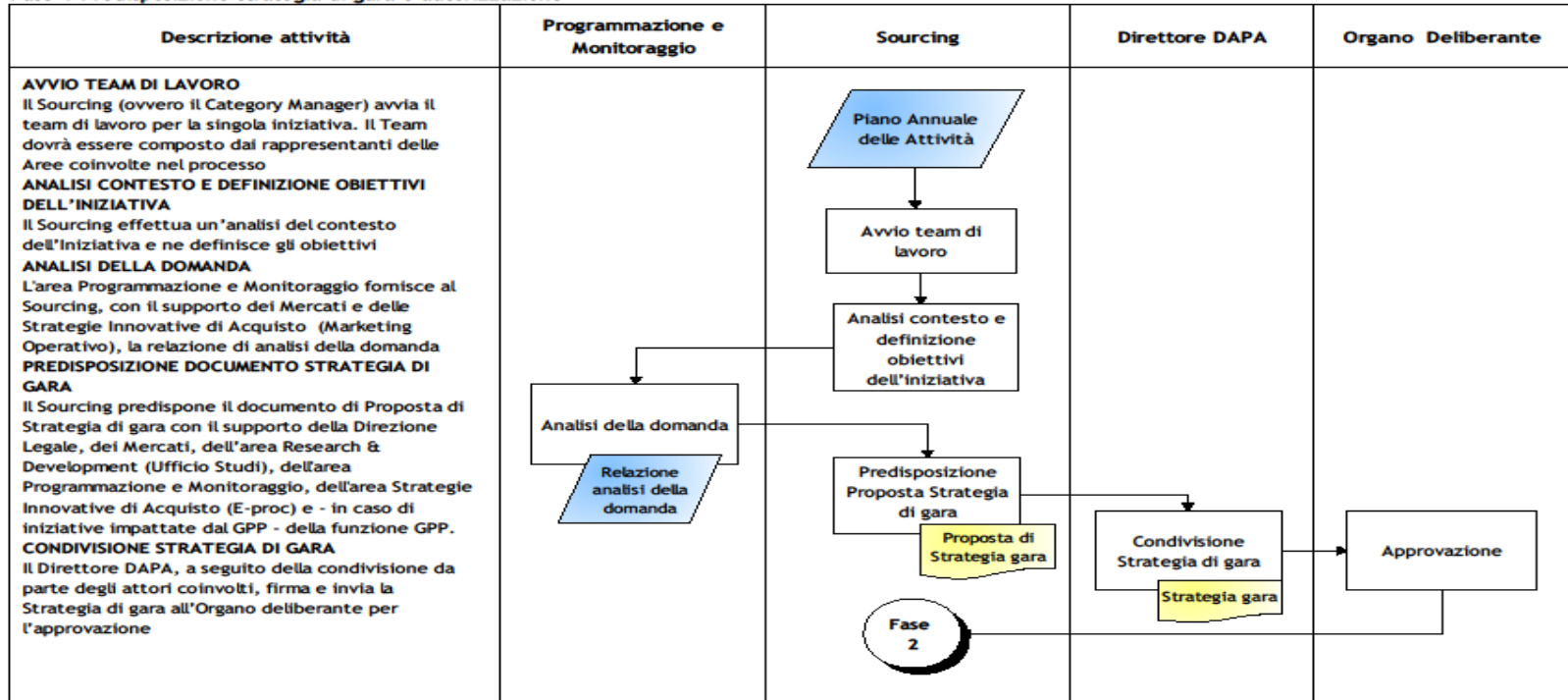
Planning

Sourcing

Director

Board

Fase 1 Predisposizione strategia di gara e autorizzazione



Processo di Sviluppo e Gestione di una Convenzione (modalità snaturalizzata)



Phase2 - Supplier selection and contract award

Tender doc publication

Sourcing

Legal

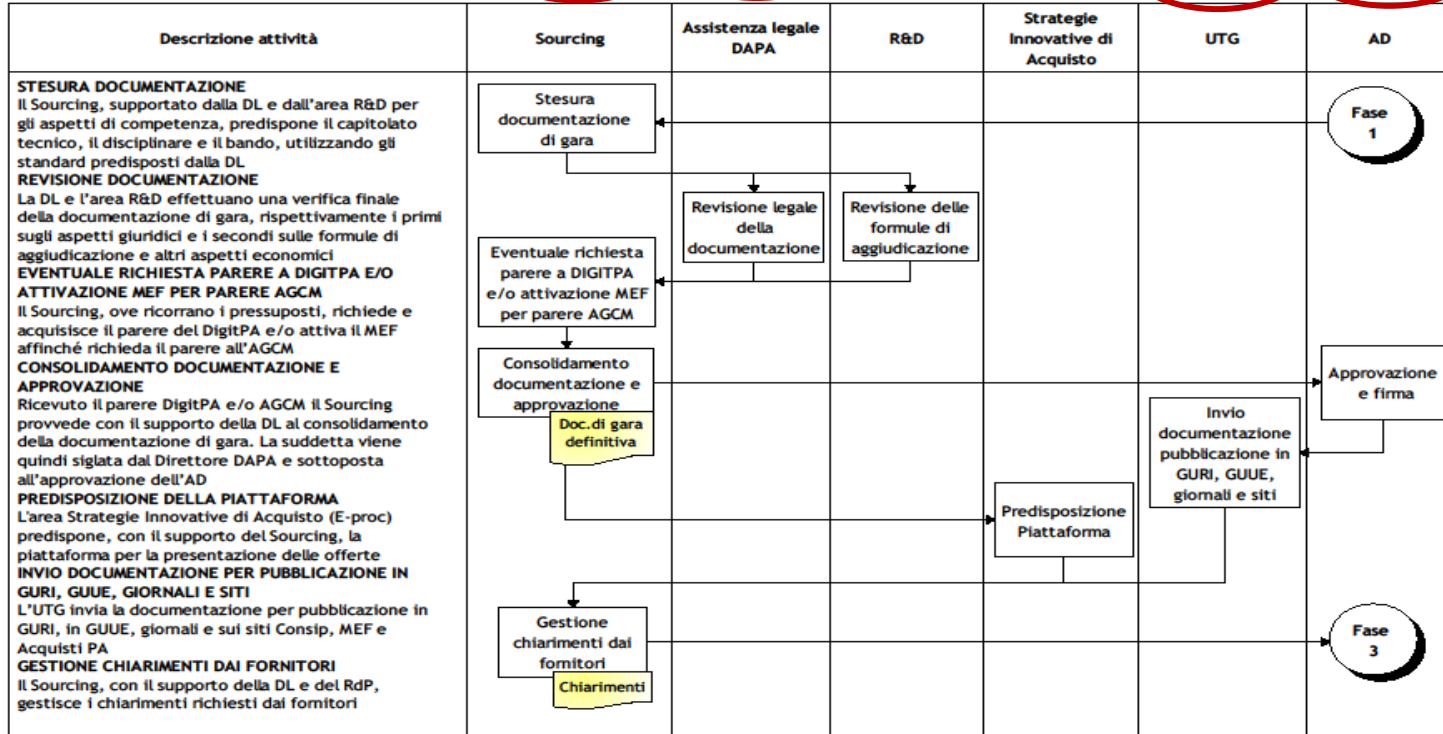
R&D

E-proc

Tender Admin

CEO

Fase 2 - Predisposizione documentazione di gara



Processo di Sviluppo e Gestione di una Convenzione (modalità smaterializzata)



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Phase2 - Supplier selection and contract award Tender evaluation and award

Sourcing

Tender
Comm.

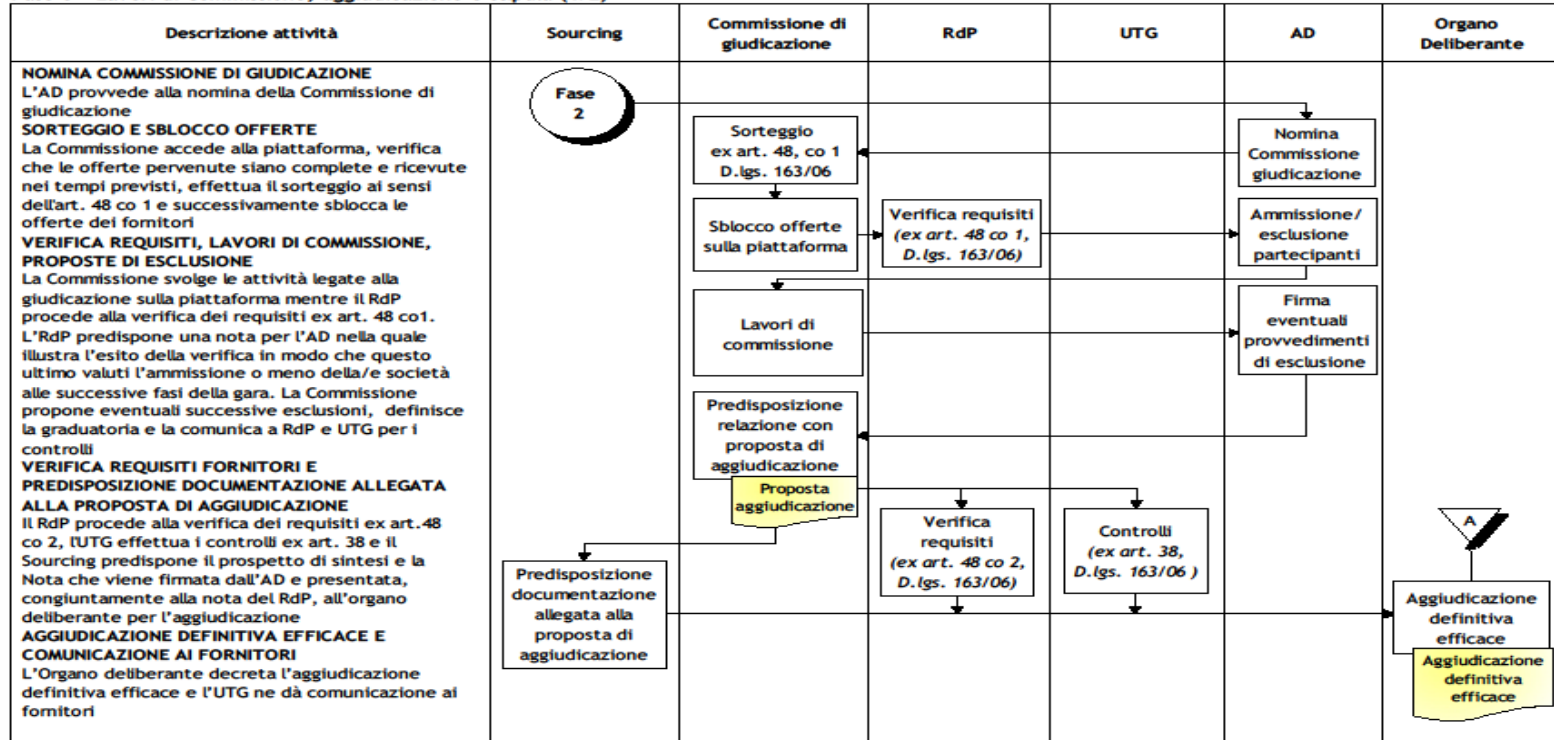
Process
Resp.

Tender
Admin

CEO

Board

Fase 3 - Lavori di Commissione, aggiudicazione e stipula (1/2)



Processo di Sviluppo e Gestione di una Convenzione (modalità smaterializzata)



Fase 4 - Gestione della convenzione

Descrizione attività	Program.ne e Monitoraggio	Sourcing	Mercati	Gestione Sistemi Informativi Acquisti PA	Strategie Innovative di Acquisto	Direttore DAPA	AD
<p>RELAZIONE CON IL MERCATO DELLE FORNITURE E MONITORAGGIO MASSIMALI DELLA CONVENZIONE Il Sourcing provvede alle relazioni con il mercato delle forniture e monitoraggio massimali Convenzioni</p> <p>RELAZIONE CON LE PA I Mercati sviluppano e gestiscono le relazioni con le PA supportati da Sourcing, Marketing Operativo (Strategie Innovative di Acquisto) e DL</p> <p>MONITORAGGIO LIVELLI DI SERVIZIO L'area Programmazione e Monitoraggio, con il supporto della Gestione Sistemi Informativi Acquisti PA (DSI), provvede alle attività di monitoraggio dei livelli di servizio erogati dai fornitori</p> <p>RACCOLTA E VALUTAZIONE INFORMAZIONI Il Sourcing raccoglie e valuta le informazioni relative alla Convenzione</p> <p>ADEMPIMENTI VERSO IL FORNITORE Il Sourcing, con il supporto della DL (e dell'area Acquisti - Direzione Business Support - nel caso di svincolo della cauzione) provvede alla gestione degli adempimenti contrattuali verso i fornitori</p> <p>AGGIORNAMENTO DEL PORTALE Nel caso si renda necessario (es. esaurimento Convenzione, ecc.), il Marketing Operativo provvede, su input del Sourcing, all'aggiornamento del Portale</p> <p>AGGIORNAMENTO CATALOGHI E NEGOZI ELETTRONICI Se necessario (es. esaurimento Convenzione, ecc.), la Gestione Sistemi Informativi Acquisti PA aggiorna, su input del Sourcing, i cataloghi e i negozi elettronici</p>	<p>Monitoraggio dei livelli di servizio</p>	<p>Fase 3</p> <p>Relazione fornitori e monitoraggio massimali della Convenzione</p> <p>Raccolta e valutazione informazioni</p> <p>Adempimenti verso il fornitore</p> <p>Predisposizione documentazione aggiornamento portale, cataloghi, negozi elettronici</p>	<p>Relazione con le PA</p>	<p>Eventuale aggiornamento cataloghi e negozi elettronici</p>	<p>Eventuale aggiornamento del portale</p>	<p>Sigla</p>	<p>Firma</p>

Processo di Sviluppo e Gestione di una Convenzione (modalità sparializzate)



consip **Food products Single supplier FA - Main characteristics**

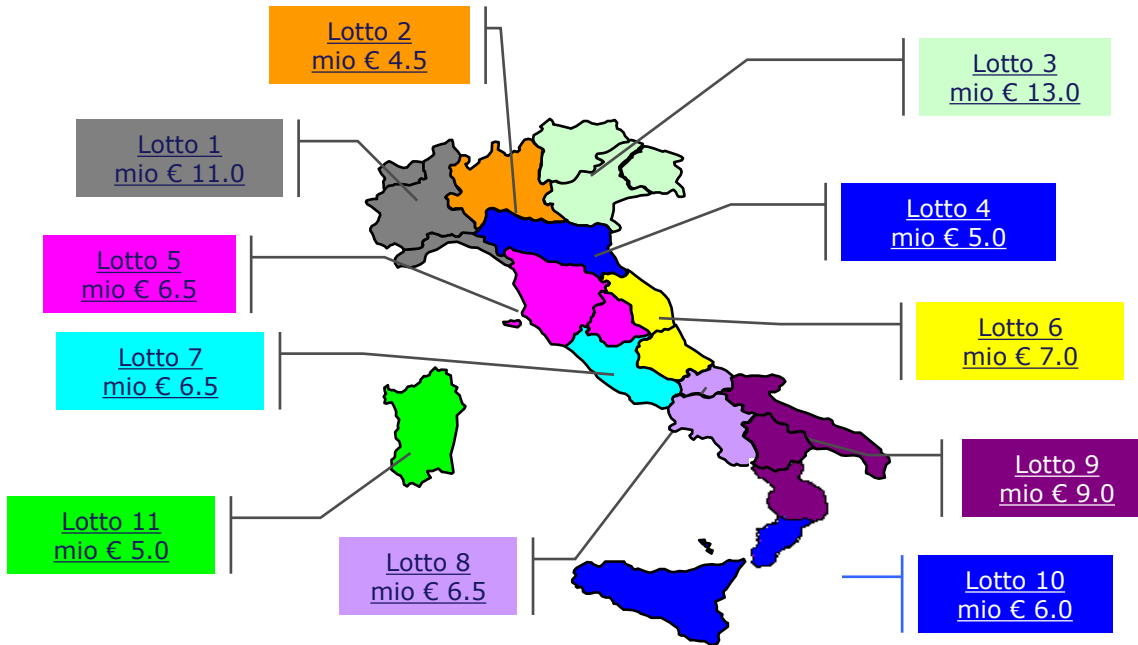
FA object	Food products for PAs - 35 Product classes - 160 Product categories - 700+ products (bio included)
Awarding procedure	Open tender - Digital procedure
Contract value	Maximum total value 80 mio €,
Number of lots	11 geographical lots
Awarding Criteria	MEAT: Price: 80 pts (Price weighted average) Quality: 20 pts (Objective characteristics - no discretionary judgement)
Participation requisites	Financial: Specific turnover Technical: EN ISO 9001 certification



FA Duration	12 months + 12 (under specific conditions)
Specific contracts duration	12 months
FA activation date	30/11/2012
FA expiration date	01/04/2014
Services	<ul style="list-style-type: none">• Logistic organisation and Shipment planning• Shipment• Quality controls• Reporting• Call Center



Lots distribution



Lots definition criteria

- Suppliers distribution
- PA needs
- Road infrastructure availability and characteristics



DWH - a monitoring system for Public e-Procurement

- To have a certified point of reference as required by law (compliance)
- To improve and measure results against goals
- To understand, improve decision making and support management
- Decrease IT and human resources information production costs, through tools and best practices



Information related to purchasing using the e-procurement platform:

- Who buys
- Who sells
- What
- When
- Where
- Which tools used
- How
- How much

Since 2000 DW system has traced:

- 26,862 billions euro value
- 1.986.433 transactions
- 79.508 active users
- 106.565 overall number of registered users

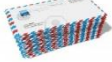


consip The CRM System - Users support for e-ublic Procurement



Multichannel

Letters



Meetings



Web Self care

Filo diretto con il programma

E-mail



Phone

800 90 62 27

eProc Portal



CRM System

ID	Data	Descrizione	Operatore	Contatore	Stato	Canale	Tipologia	Applicazione	Operatore
1	20050111 08:00:00	OPERAZIONE PRIMA ENTRA	OPERAZIONE PRIMA ENTRA	00000000	Chiuso	WebSelf	WebSelf	REDAZIONE	REDAZIONE
2	20050111 08:00:00	OPERAZIONE PRIMA ENTRA	OPERAZIONE PRIMA ENTRA	00000000	Chiuso	WebSelf	WebSelf	REDAZIONE	REDAZIONE
3	20050111 08:00:00	OPERAZIONE PRIMA ENTRA	OPERAZIONE PRIMA ENTRA	00000000	Chiuso	WebSelf	WebSelf	REDAZIONE	REDAZIONE
4	20050111 08:00:00	OPERAZIONE PRIMA ENTRA	OPERAZIONE PRIMA ENTRA	00000000	Chiuso	WebSelf	WebSelf	REDAZIONE	REDAZIONE
5	20050111 08:00:00	OPERAZIONE PRIMA ENTRA	OPERAZIONE PRIMA ENTRA	00000000	Chiuso	WebSelf	WebSelf	REDAZIONE	REDAZIONE
6	20050111 08:00:00	OPERAZIONE PRIMA ENTRA	OPERAZIONE PRIMA ENTRA	00000000	Chiuso	WebSelf	WebSelf	REDAZIONE	REDAZIONE
7	20050111 08:00:00	OPERAZIONE PRIMA ENTRA	OPERAZIONE PRIMA ENTRA	00000000	Chiuso	WebSelf	WebSelf	REDAZIONE	REDAZIONE
8	20050111 08:00:00	OPERAZIONE PRIMA ENTRA	OPERAZIONE PRIMA ENTRA	00000000	Chiuso	WebSelf	WebSelf	REDAZIONE	REDAZIONE
9	20050111 08:00:00	OPERAZIONE PRIMA ENTRA	OPERAZIONE PRIMA ENTRA	00000000	Chiuso	WebSelf	WebSelf	REDAZIONE	REDAZIONE
10	20050111 08:00:00	OPERAZIONE PRIMA ENTRA	OPERAZIONE PRIMA ENTRA	00000000	Chiuso	WebSelf	WebSelf	REDAZIONE	REDAZIONE

Overall number of service requests managed since 2005: 1.018.000

Front Office



72 persons
36 FTE

I Back Office



II Back Office Consip



Account/Category
Technical support
legal

The e-Procurement System : some figures

Overall number registrations (apr 2014): 106.565

Framework contracts	Marketplace	CRM
<ul style="list-style-type: none"> • Framework Contracts: 269 • Lots: 2.327 • Suppliers: 313 • Transactions: 1.044.260 • Trans. value: 24,11 billion euro • Active users: 64.146 	<ul style="list-style-type: none"> • Published notices: 26 • Registered Suppliers: 19.670 • Transactions: 942.174 • Trans. value: 2.751 mln • Registered users: 51.354 • Active users: 37.300 	<ul style="list-style-type: none"> • Service request: 1.018.871 • Survey : 126
<p><u>Accumulated data since 2000</u> <u>Last update April 2014</u></p>	<p><u>Accumulated data since 2003</u> <u>Last update May 2014</u></p>	<p><u>Accumulated data since 2005</u> <u>Last update May 2014</u></p>

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