Functional procurement
Norwegian experiences

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The verified need
The tender document....

The need should be described in the tender document

However, due to lack of:
- time?
- procurement competence?
- good co-operation between different departments?

.... the verified need is not reflected in the tender document
The bid from the supplier...

The tender document:

- The need should be described in the tender document.

However, due to lack of:
- time?
- procurement competence?
- good cooperation between different departments?

... the verified need is not reflected in the tender document.
The final contract

The bid from the supplier...
The final contract ≠ Verified need
Open specifications
The characteristics of an open specification

- Describing WHAT should be achieved
  - ..... Not HOW it should be achieved

- Transfer of risk

- Contract monitoring - follow up on results and effects
  - ..... Not the actual delivery
Follow up on specifications

**Specification:**
- Installation of 50 panel ovens with a thermostat

**Contractual performance**
- Deliverance of 50 panel ovens with a thermostat

**Contractual monitoring**
- Does the supplier deliver the number of panel ovens?

**Specification**
- The energy use should be maximum 15 kWh

**Contractual performance**
- Deliver an energy use of maximum 15 kWh

**Contractual monitoring**
- Does the supplier deliver an energy use?
Four types of requirements

- Performance
- Function
- Standard
- Detail

Open specifications

★ = possible solutions
The municipality has a need to transport people from A to B.

Performance: Transport minimum 500 people per hour from A to B
Function: Type of transportation: Boat
Standard: Safety requirements according to European standard EN1914
Detail: Interoperability – Wheel chair rampage
The bricks in the needs puzzle has to be classified

Capacity ➔ Absolute demand

Environment ➔ Award criteria

Service level ➔ Contractual performance
# Types of requirements

The type of requirement has an impact on:

- the amount of competition between the tenders
- Risk sharing
- The possibility to offer innovative solutions

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Amount of competition</th>
<th>Risk</th>
<th>Alternative solutions/Innovation</th>
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</thead>
<tbody>
<tr>
<td><strong>Type of requirement</strong></td>
<td><strong>High</strong></td>
<td><strong>Low</strong></td>
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<tr>
<td>Performance</td>
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Dialogue with the market
- a success factor for innovative procurements

The municipality of Stavanger started a process to administer all technical systems from one single unit. From here they foresaw to administer heating, lighting, security devices and other monitoring of their buildings.

**Investments 2015**
- **150k Euros**
- against 4.7 million Euros in early estimates

**Net gain**
- 1-2.8 million Euros due to energy-saving solution

**Assessing the needs**
- Centralized management
- Increased efficiency
- Energy-saving device

**Planning and organizing**
- Ensuring ownership of this solution at the management level
- Different experts and end-users contributing on the needs

**Dialogue**
Stavanger organized a conference to come into dialogue with relevant suppliers. Solutions were discussed further in “one-to-one” meetings.

**Tenders**
The call for tender was concluded late 2013.
Implementing functional procurement

31.5 Armatur og utstyr
Armatur for tapperer skal normalt være utgitt i forhåndst-utfordre.
Spesialisering avbiseres med oppdragsgiver.
På alle hovedlinjer og opplegg samt sekundære luerer/fylide i stasjon medes
overgangspunktet. Ensom, tredje-sammensatte medes overgangspunktet.
Inn i vannomtak: meden-utvendig og utvendig-utvendig ventil,
redusjonventil, vanndispersor, utvendig, tilhenger og ventilation i vannomtak.
Vannmåler skal være EU-godkjent. Annen vanndispersor skal være iht. krav fra stellige
vannmyndigheter og bestem. Vannmåler skal bestes av tilk接接
Det skal benettes vedheng-standart, item-sammensatte. Tollettet skal være i
fremtids.

EKSEMPEL PA 3001 VVS-INSTALLASJONER

Gultiden skal beveges med innkrekser og være gultrenne.

Utdeleren skal bevegelse den vilje tollettet, skal være tilpasset og læge på sittes beskrivet
Melder dem av en slik på plakater. Førhet skal med vannmåler
Utloser ventiler bevegelse skal ha avt. fire planemater av rør, og vannmåler skal monteres
tillenkinsloip syue-for fyld.
Kontaktdiverse skal ha stok i grov-nere stangstran.
Competition on LCC?

Construction = 34%

Design = 2%

Operations & Maintenance = 64%