

# INNOVATIVE PROCUREMENT STRATEGIES DELIVER FAST AND ON TIME

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Contractor appointed within

**three months**

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The Railway Procurement Agency (RPA) is an Irish government agency who is responsible for delivering the light rail network for Dublin (Luas), a key element of the overall Transport 21 strategic plan for Ireland.

The Luas network is made up of a number of lines. The first phase consisted of two lines covering 27km of track and 36 stops with a construction cost of over €775 million. Its success has resulted in the introduction of additional tram capacity and development of new lines and extensions.

The procurement strategy had separate contracts for construction, infrastructure maintenance and operations. As construction of Luas neared completion, the Infrastructure Maintenance Contractor (IMC) had to be put in place. Failure to procure and mobilise an IMC in time for safety case approval and test and trail running, would have led to delay in the opening of Luas for revenue earning operation, with an adverse impact on the Business Case and success of the scheme.

The procurement strategy adopted presented the RPA with a number of problems including; the limited market interest as there was only one bidder; the extremely short procurement timescale required and experience of lengthy negotiations with suppliers.

EC Harris was appointed to provide a solution drawing on a range of strategic consultancy services including; management consultancy, procurement advice, supply chain management, contract negotiations and project management.

### Creating solutions

Working closely with the client's team, EC Harris considered two approaches for the procurement strategy. One option was to stimulate market interest and competition by streamlining the tender and negotiation process, which utilised EC Harris' best practice processes. The alternative was to develop an in-house IMC.

With only one IMC bidder, the RPA was unable to evaluate adequately whether the submitted bid provided value for money due to the lack of competition. With our in-depth knowledge of the rail sector, supported by comprehensive benchmarking data, EC Harris developed a shadow bid. This provided the RPA with a value for money cost comparator and an affordability estimate, which allowed the procurement process to continue.

The next challenge was the required timescale for mobilising the IMC. Historic procurement timescale trends indicated a delay of five to six months for opening. On behalf of the RPA EC Harris managed an accelerated procurement process, which involved a number of stages including:

- The identification of risk in the procurement and negotiation process
- A tender evaluation strategy which was developed and signed off by all stakeholders in advance of the tender evaluation stage
- The development and implementation of a rigorous negotiation strategy and programme
- The process of selecting a preferred bidder was advanced immediately. A tight programme of contractual negotiations and milestones were agreed and implemented to ensure all parties had full visibility
- The development of an Enabling Service Agreement (ESA) allowed the contractor to start mobilising whilst the negotiations were completed. This reduced the risk to the overall opening of Luas
- The in-house infrastructure maintenance option was also advanced as a backup position
- Negotiations took place with the systems private operator, to whom the contract would eventually be novated.

### Adding value

Through EC Harris' innovative negotiation methods and strong contract management the RPA appointed the contractor within a three month period. By providing this solution, EC Harris assisted the RPA in opening Luas as planned.

EC Harris tools and processes have been adopted by the RPA and have subsequently been implemented in their main business. The RPA utilised EC Harris' rail sector expertise to improve established procedures, in order to increase time and cost efficiency, as well as their approach to contractor management.

### Contact

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