

COMMERCIAL SECURITY AND SAVINGS DELIVERED THROUGH WORKABLE CONTRACT SOLUTIONS



ARINC Inc is a global leader in the provision of Special Airport Systems. It was appointed on two of the most prestigious aviation projects in the Middle East; these being the New Doha International Airport in the State of Qatar and Phase II of the Dubai International Airport Expansion in the United Arab Emirates.

In Dubai, ARINC were appointed as a Package Contractor to the MEP Nominated Subcontractor and their services included the design, procurement, installation, testing and commissioning of such systems as public address, flight information displays, computer network equipment, management information systems, baggage handling systems, resource management systems, wired and wireless data networks and integration systems.

In contrast to their role in Dubai, the Doha project provided ARINC with the opportunity to lead a consortium with one of their competitors, Thales Security Systems, for the Special Airport Systems. Their works which remain ongoing include the design, procurement, installation, testing, commissioning, training and maintenance of such systems as fibre optic cables, local area network, access control, video surveillance, electronic visual information display, common use terminal equipment, airport operations database, gate management system, cable management and internet protocol television.

EC Harris were appointed to review and manage the commercial and contractual aspects of both projects to help ARINC gain an enhanced position and enable the continued provision of contracted services but with improved commercial security.

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Client challenges

Both projects presented numerous challenges throughout their construction and were delayed by three years or more. ARINC had, through the course of both projects suffered from a lack of skilled experienced commercial support and this had presented significant challenges on both projects given the level of changes and delays taking place.

In Dubai, EC Harris was engaged to gain a clear understanding of ARINC's true contractual and commercial position. The global economic crisis had presented additional difficulties in receiving monies that were due. They were also experiencing difficulty in negotiating and getting agreement of variation values and an award of extension of time with an unresponsive contractual chain.

These difficulties, albeit at varying degrees, were being experienced on both projects and were impacting on ARINC's financial status and global business.

Creating solutions

We found that by taking a consistent approach to the issues, a clearer understanding of ARINC's true position was revealed.

In Dubai, we explored alternative methods of resolution and settlement of the issues by introducing robust project procedures and applying proven document and cost control methods. This allowed a clear, concise and auditable documentation trail to be prepared and allowed the development of a strong submission for extension of time and financial compensation.

In Doha, the constraints of the contract conditions were presenting ARINC with greater challenges. As it was consortium lead, we used our open, honest and expert advice to facilitate a process of structured negotiation following the submission of claim documentation. This approach, resulted in the agreement of a significant change order for additional works and an extension of time, with costs, for a period 33 months. These processes introduced by EC Harris gave ARINC the confidence to continue to lead the consortium and perform the works, safe in the knowledge that the risks were both identified and mitigated.

Adding value

In Doha:

- The relationship with the consortium was improved due to closer engagement and the opening of communication channels. This facilitated a clearer understanding of ARINC's contractual position and enabled informed, strategic business decisions to be made
- The production of robust claim documentation and structured negotiation of change orders with subcontractors allowed ARINC's forecasted levels of margins on the project to be maintained
- A successful claim for over US\$90 million of additional entitlement was realised through our involvement in the lengthy negotiation process
- The Consortium were provided with the techniques to control subcontractors' costs and facilitate a route towards the negotiation of future claims for delay.

In Dubai:

- ARINC were better positioned to recover outstanding monies through the correct contract administration
- A full understanding of their commercial and contractual positions regarding additional works was achieved
- ARINC gained confidence in the overall strategy being employed for the recovery of monies and resolution of difficult issues.

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