

MERiFIC - Presentation of the Results of the Procurement Code of Practice *'A guide for businesses entering the MRE industry'*

Thursday 11th April, 2013 // Thétis EMR - Brest



*Prepared by:
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& Cornwall Marine Network*



Presentation of the main results of the Guide

AREVA WIND Procurement practices

Support from France Energies Marines

Questions & Answers



Support the development of marine energy in Cornwall and Finistère, with particular focus on the island and peripheral communities.

4 working axis:

- Technology support
- Policy issues
- Economic development →
- Stakeholder involvement



The Guide

OBJECTIVES OF THE GUIDE (1/2)

- Broadly **quantify the value of future energy investments** in marine energy within Western Europe
- Identify the **products and services** required for the above investments
- Determine the **process for becoming an approved supplier** to utility (energy) providers and tier 1 suppliers
- Identify the utility (energy) providers and tier 1 suppliers during
 - **Pre-qualification** tendering
 - The **tender**
 - The **sales presentation** / pitch



The Guide

OBJECTIVES OF THE GUIDE (2/2)

- Establish **which IT systems** are used within the tendering process
- Where possible, to **detail supplier collaborations** that have won contracts with energy providers or tier 1 suppliers
- Understand professional **codes of conduct** whilst delivering to contract
- **Identify organisations** that can provide information and support to the sector



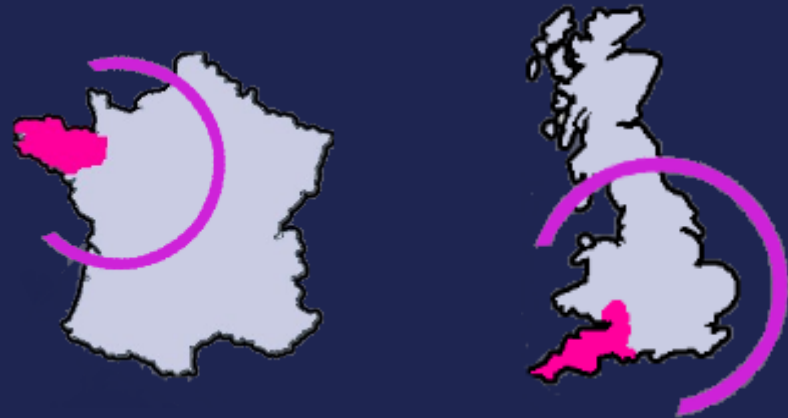
The Guide

TARGET AUDIENCE

Small and medium-sized businesses that are looking to diversify, or increase growth, in the marine renewable energy industry.

Focus on two areas:

- Bretagne, France
- South West, the UK



- Research conducted through: desk research, telephone research, an online survey, telephone interviews and face-to-face interviews
- Sampling from:
 - Purchasing Managers from **energy providers**
 - Purchasing Managers from **tier 1 suppliers**
 - Marketing and sales managers from **winning tier 2 / 3 supply chain businesses**
 - Purchasing managers from **wave and tidal device manufacturers**
 - **Consultants** advising the supply chain businesses

Results from the online survey:

- 13/27 answers from Park developers
- 10/18 answers from Device developers

Results from the interviews:

- 25+ interviews (face to face / telephone)



Chapter 1 - Background: electricity landscape in France (Brittany) and in the UK (South West)

Chapter 2 - Overview of marine renewable energy technologies

Chapter 3 - Supply Chain

Chapter 4 - Winning new business

Chapter 5 - The tendering process explained

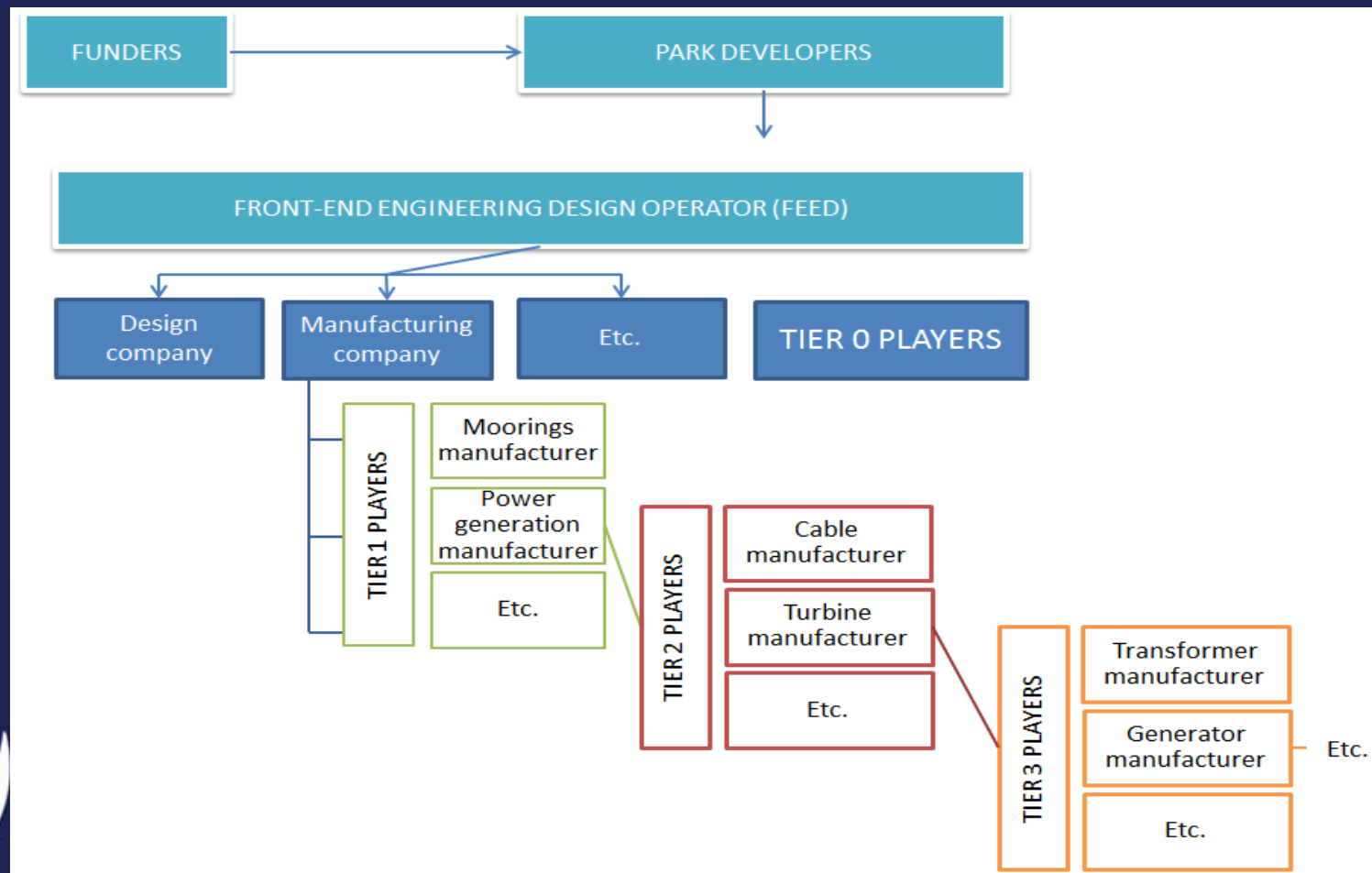
Chapter 6 - The Government and local support



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SUPPLY CHAIN (1/6)

- Map your location in the MRE supply chain in order to target the correct entry point and develop the right contacts



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SUPPLY CHAIN (2/6)

- Many different products & services are needed. They differ from one technology to another → identify in which phase(s) your business can intervene



- A wide range of companies from different backgrounds will be required at different stages of a project's developments
- Different technologies might require similar components.

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SUPPLY CHAIN (3/6)

- Be aware that Products & Services have different criticality & availability. Consider it while thinking about entering the market
- The example of the **Feasibility phase**:

Component /element	Criticality	Availability
Geological surveying	Critical for PD	-
Oceanographic surveying	Critical for PD	0
Heritage assessment		-
Environmental assessment	Critical for PD & EP	+
Human activities assessment	Critical for PD	-
Ressource assessment	Critical for PD	+
Feasibility assessment	Critical for PD	-

PD = Park developer, EP = Energy provider

SCALE: ++easily available to -- not available at all

- Focus on the **Manufacturing phase (1/2)**

FOUNDATIONS

- Several elements potentially produced ✓
- Naval industry not in the best position
- Saint-Brieuc: jacket technology to be chosen
- Durable solution for SMEs?

BLADES

- Full-scale blades for Offshore wind ✗
- Prototypes blades for Offshore wind ✓
- Full-scale blades for Tidal machines ✓

TOWER

- Manufacturer will be located in Le Havre
- Tower components ✓
(wide crinoline, security and fire system, electric tray cabinets...)



- Focus on the **Manufacturing phase (2/2)**

TURBINES

- Selection of suppliers for critical components will be closed at the end of 2013 (France)
- Other components: the consultation will take place later

ELECTRICAL/ELECTRONIC COMPONENTS

- Available off the shelf
- High-level qualification of Brittany businesses 
- No need for huge investments



- Always consider your potential investments compared to possible profit

'There could be profitable opportunities within the sectors of offshore wind, wave and tidal energy but this might not be true for all businesses'



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WINNING NEW BUSINESS (1/4)

- 3 steps to support profitable entry into the MRE industry



Business
Analysis

Product
Development

Communication



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WINNING NEW BUSINESS (2/4)

Business Analysis

Product
Development

Communication

We recommend that any businesses focuses on:

- The Macro business environment
- The Micro business environment
- Identifying customer behaviour and needs
- Your business's capabilities
- Financial viability of entering the marketplace



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WINNING NEW BUSINESS (3/4)



Recommended key stages for the development of your product:

- Idea generation, concept development and Testing
- Feasibility and Commercial attractiveness
- Brand development
- Implementation



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WINNING NEW BUSINESS (4/4)



Promotion aspects:

- The importance of message
- Important factors for the buyer
- Product solutions & Features
- Key marketing recommendations



Recommendation for French SMEs:

Crucial that people in contact with a potential buyer are able to communicate in English

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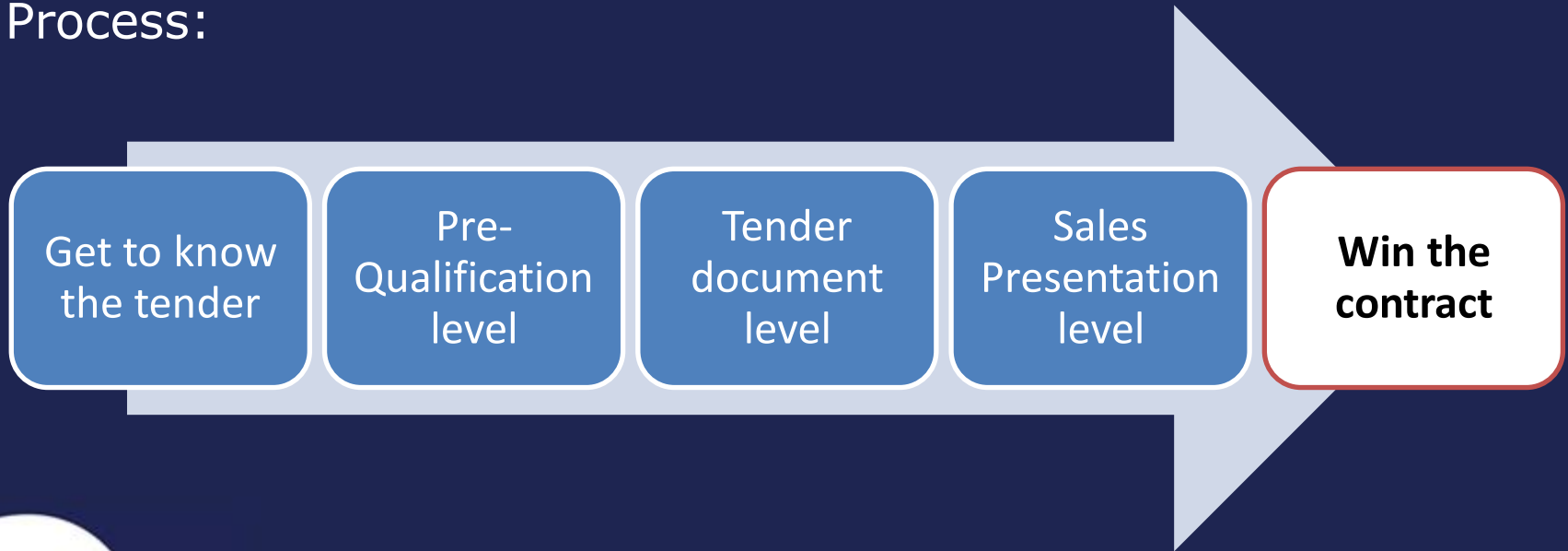
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The process of selection

- Differs from one kind of organisation to another
- Process:



Key facts

≈ 6 months to get registered with Utilities
Process largely in English



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THE TENDERING PROCESS (2/5)

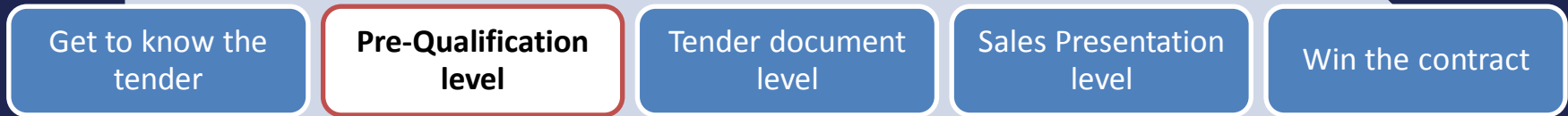


- Get to know about the tender and communicate with potential clients
- Get in touch with utilities and potential clients
- Navigating the tendering IT systems



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THE TENDERING PROCESS (3/5)



- Identify potential contractors (pre-qualification works as a filter)
- Not used for all contracts (mainly used for large contracts, notably in the MRE industry)

	Energy Providers	Park Developers	Foundation Manuf.	Wind turb Manuf.
Financial capacity	1		2	4
Company's experience	2	1	1	3
Quality & security at work	3	2		1
Time capacity			3	
Alternative skills			4	
Security management				2
Supplier's location				5

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THE TENDERING PROCESS (4/5)

Get to know the tender

Pre-Qualification level

Tender document level

Sales Presentation level

Win the contract

	Energy Providers	Park Developers	Foundation Manuf.	Wind turb Manuf.
Understanding & definition of the need	1	1	1	1
Technical & production capacity	2	2	2	3
Presentation of risk analysis	3			
Overall price, price breakdown and calculation	4	5	3	4
HR & Delivery timescales	5	3	4	
Capacity of intervention in case of failure or mistake		4		
Suppliers' terms and condition of sales		6		5
Definition of marine renewable energy as a strategic development for the supplier				2

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THE TENDERING PROCESS (5/5)



- Final phase of the tender to determine which supplier will be chosen
- Phase not always existing

	Energy Providers	Park Developers	Foundation Manuf.	Wind turb Manuf.
Experience & customer references	1			2
Technical expertise & know-how		1	3	1
Good understanding of the need		2	1	
Ability of the sales team to keep to planned presentation time			2	
Price				3
Clear & visual presentation				4
Sales team appearance				5
Force de proposition				6

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Thank you!

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