



Rijkswaterstaat  
*Ministry of Infrastructure and the  
Environment*



# BVP at Rijkswaterstaat and in the Netherlands

## Past, present, future

Wiebe Witteveen

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# Outline

- Development of Rijkswaterstaat
- Past: history of BVP/PIPS in the Netherlands and at Rijkswaterstaat
- Present: observations in doing BVP/PIPS
- Future: 2015 and beyond (Dutch strategic plan)
- Q&A





# Rijkswaterstaat

- Agency of Ministry of Infrastructure and the Environment
- Founded in 1798
- Around 9,000 employees
- Annual budget: 4 to 5 billion euros





# Procurement Strategy

- Rijkswaterstaat...
  - is a leading client in the Netherlands
  - focuses its attention on the users of the network
  - focusing more on core tasks
  - is handing over more work to the market in integrated contracts to capture value from the market





## Historical development Dutch construction industry

- Eighties: RAW – contracts
  - Product-based
- Developments in the nineties
  - Maeslantkering; Westerscheldetunnel; Balgstuwkering Ramspol
- UAV-GC 2000 / 2005
  - Integration of Design and Build
  - Quality assurance





## The year 2002

- Parliamentary Enquiry Commission
- Compact government





# Developments 2004-2014

## Business Plan RWS 2004-2008:

- More quality with less people
- Market, unless ...

- Corporate procurement strategy 2004

- Fixed maintaince: performance-based contracts
- Variable maintaince: Engineering&Construct-contracts
- New instructure/large renovation: D&C-contracten

- 2008: MEAT,unless... and Design-Build-Finance-Maintains for projects for large (€ 100+)-projects

- 2013: Procurement Law: MEAT, unless...





## BV History in Netherlands

- 2002 Kashiwagi coordinates with Ministry of Housing, to present to major construction clients in the Netherlands
- 2003 Heijmans and Ministry of Transport attend annual conference to learn about BV/PIPS
- 2005-2008 Heijmans funds effort in BV/PIPS research; Heijmans is major driving force behind BV/PIPS. Ministry of Transport attends annual conference
- 2007 Scenter becomes W117/PIPS platform in Netherlands





## BV History in Netherlands (2)

- 2009 Ministry of Transport runs € 500 mln. pilot project (largest BV/PIPS test in the world)
- 2009 Dutch book on BV/PIPS
- 2010 More Dutch projects; interest from Dutch Purchasing Association (NEVI)
- 2011 Roll-out of BV within NEVI; 2nd edition of Dutch book
- 2013 First 2-day Dutch BV Conference; 3rd edition of Dutch book
- 2013: Founding of the Dutch Best Value Association



# Best Value Procurement





## Priority Road Investment Programme

- Ambition from Minister of Infrastructure and the Environment: 30 starts of work of road widenings and rush hour lanes and 10 openings for road users before June 2011
- Start September 2008
- May 2011:
  - 30 'shovel hits the ground'
  - 10 'cutting the tape'





## Launching project: Fast Track Project

- Program results: 15 projects finished (expectation was 10)
- Delivery time of projects accelerated by 25%
- Transaction costs and time reduced by 50-60% for both vendors and client
- 95% of deviations were caused by Rijkswaterstaat or external [not vendor caused]
- Ministry of Transport wins prestigious Dutch Sourcing Award





## Evaluation (2)

Vendors endorse the market approach, attach certain conditions

- Vendors are satisfied and score the approach an 8 out of 10 on average
- Vendors are concerned about sustainable competition
  - Is the method comprehensible for everyone?
  - Can all vendors organise themselves appropriately?
- Professionalisation
  - Challenge for Rijkswaterstaat: uniform
  - Challenge for vendors: take into account the client's interests

*'If you do not understand the risks of the project, you don't stand a chance'*

*'Because we didn't succeed, we wondered if we should have invested more'*



## Evaluation of market approach

- Acceleration achieved!
  - 6 contracts awarded, each in 5 months
  - Tender phase reduced by 50%
- Costs 60% lower
  - Vendors: 50% to 75% lower costs
  - Rijkswaterstaat: estimated reduction by half, development costs for the contract excluded
- May 2011: On average 1 year earlier completion date per project

*'The costs to tender are significantly lower than 'traditional' D&C'*



# Goals 2012 and beyond

- Goals:

- Sustaining BVP/PIPS as a procurement method in organizations
- Move beyond first movers to early adapters - slowly expanding way of thinking/working in the supply chain

- Dutch projects

- Rijkswaterstaat
- Other public clients
- Health care sector (in cooperation with NEVI)

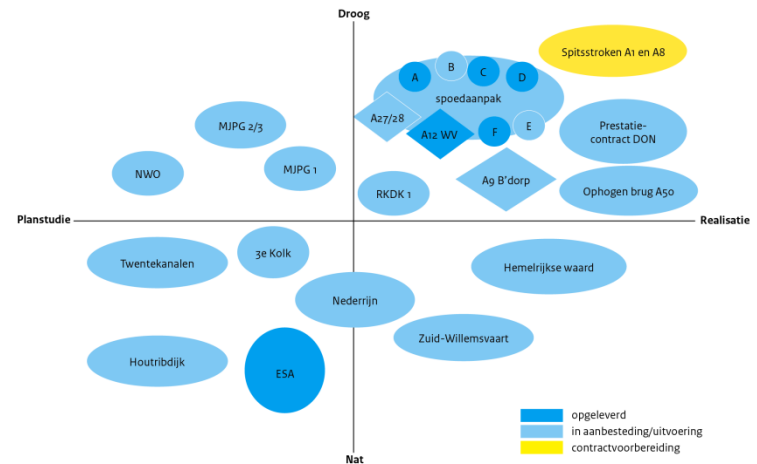
- Role of NEVI (worlds 3<sup>rd</sup> largest procurement association after US

- and UK)
- Training
- Certification



## Rijkswaterstaat effort

- >25 BV-procurements (35 projects/contracts):
  - engineering services
  - highway maintainance
  - Design-Build including biggest BVP program worldwide
- Total spend: > € 900 mln.
- 19 projects delivered







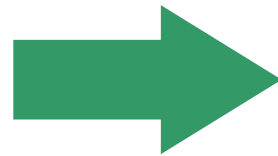
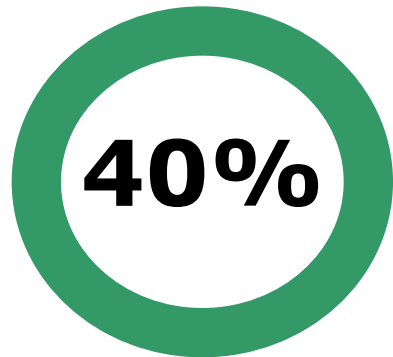
# Rijkswaterstaat Strategic Plan BVP 2012-2015

- Focus on engineering services and Design-Build
- Approximately 10 projects per year until 2015
- Coordination by central core-team
- Measure, measure, measure



## Award to highest quality score

**'Normal' MEAT**



**Best Value MEAT**



- High Quality does not mean High Price! MEAT delivers competitive bids (15% below average bid)
- BVP truly delivers 'Best Value': high quality bid and competitive price
- 20 projects, €700M, #protests: 1 (won)



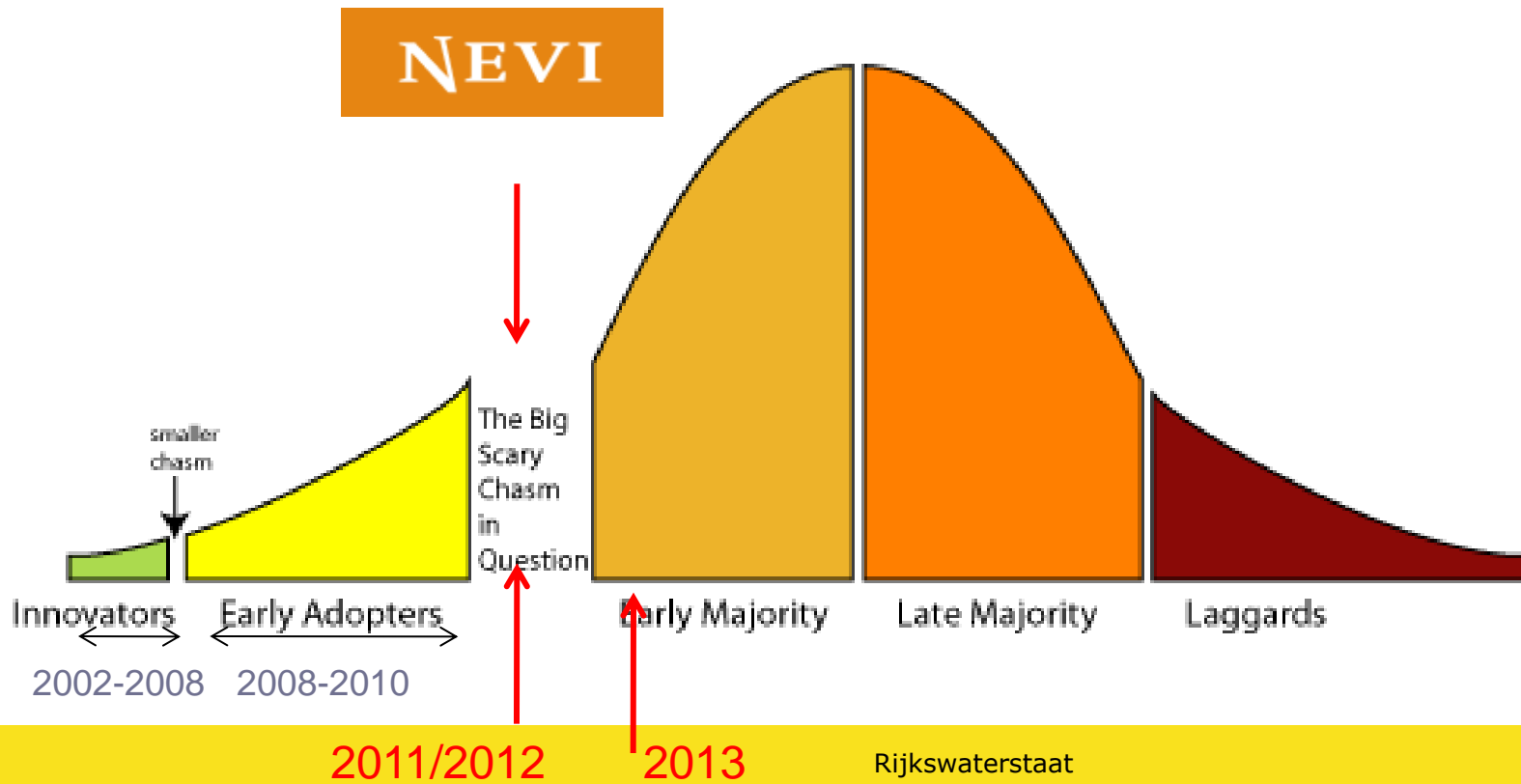
## Why does RWS apply BVP?

- Less chance of “fighting contracts”
- Focuses award criteria on risks most occurring (client risks)
- Vendors are challenged to take interests of the client into account and act accordingly (RAVA plan)
- Vendors are challenged to think with ‘the end in mind’, i.e. to think ‘supply chain’



# Crossing the chasm

Geoffrey Moore's 'Crossing the Chasm' diagram  
circa 1991



Rijkswaterstaat  
Best Value Procurement



## Drivers for adoption

- In general
  - Low bid tendering led to frustration
    - Clients not getting what they intended to get
  - Fits in a trend of outsourcing of activities by large public clients
  - Budget cuts on public authorities
  - Procurement law: more (obligatory!) focus on quality
- In construction
  - Outcome parliamentary inquiry Committee of Construction Fraud
  - Move towards integrated contracts



## Drivers for adoption (2)

- Success of the Fast Track project
- Open-mindedness of Dutch people
- Ambition & persistence of small group of visionaries who set up a (still growing) network of practitioners



## 2015 & beyond

- April 13<sup>th</sup> and 14<sup>th</sup> 2015: third Dutch Best Value Conference
- Rijkswaterstaat cooperates with ProRail
- 50+ A/A+ certified individuals
- More knowledge dissemination (round tables; knowledge sessions)
- Continue the move from “Procurement” to Risk Management & Project management
- Expand backwards in the value chain



## RWS 2015 & beyond

- Continued focus on engineering services
- Designated market for Design-Build
- Performance-based maintenance contracts





## Lessons Learned

- BVP works in context European legislation
- BVP ensures tenderers keep interest of the client in mind (goal alignment)
- Paradigm change is needed, this takes time to implement: core team
- Transparent communication and thorough preparation (training!) is essential





# Discussion statement

Best Value Procurement adds value in any delivery model but needs a directed paradigm change

