



Rijkswaterstaat
*Ministry of Infrastructure
and Water Management*

Tendering on Best Price-Quality Ratio

Best Value approach
@Rijkswaterstaat

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Prague, 19-11-2018



Introduction

Wouter Smits

- Rijkswaterstaat since 2006
- Best Value team since 2012, coordinator since 2015
- Involved in > 20 Best Value projects (total value > €750 mln.)





Outline

- Introduction Rijkswaterstaat
- History of Best Value @Rijkswaterstaat
- Why Best Value @Rijkswaterstaat
- Best Value Projects & Results
- Lessons learned

INTRODUCTION RIJKSWATERSTAAT



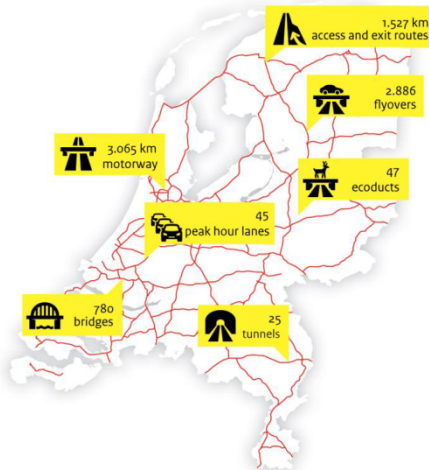
Rijkswaterstaat (1)

- Agency of Ministry of Infrastructure and Water Management
- Founded in 1798
- Around 9,000 employees
- Annual budget: €4 to €5 bln.





Rijkswaterstaat (2)



Main road network

- 3,046 km of motorways
- 1,428 km of access and exit roads and connecting roads
- 2,749 viaducts, 13 ecoducts
- 22 tunnels
- 743 bridges



Main waterway network

- 2,137 km of canals and rivers
- 5,472 km of waterways in open water
- 84 locks
- 278 bridges



Main waterway watersystems



Procurement strategy

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

HISTORY OF BEST VALUE @RIJKSWATERSTAAT



History of Best Value @Rijkswaterstaat (1)

- 2008: Priority Road Investment Program of Ministry of Infrastructure & Water Management – Why Best Value approach?
 - Enables quick selection of a contractor
 - Focuses award criteria on most occurring risks (client risks)
 - Challenges vendors to take interests of the client into account and act accordingly
 - Challenges vendors to think with 'the end in mind', to think 'supply chain'
- 2011: Evaluation Priority Road Investment Program






History of Best Value @Rijkswaterstaat (2)

- 2012 - 2015: Continue with pilot projects and evaluation:
 - Focus on Design & Construct
 - Performance measurement
 - Transition of organisation and continuous improvement of the Best Value approach @Rijkswaterstaat



History of Best Value @Rijkswaterstaat (3)

- 2015: Decision CPO Rijkswaterstaat:
 - All Service projects > €1 mln. 
 - All Design & Construct projects > € 5.5 mln. 
 - All Maintenance projects from 01-01-2018 
- Mandatory
consideration
- Mandatory
application
- 2015 – 2018: Execution Strategic Plan
 - Embedding the Best Value approach in the primary process of Rijkswaterstaat
 - Drafting and managing models/standards
 - (Continue) educating employees Rijkswaterstaat & vendors

WHY BEST VALUE @RIJKSWATERSTAAT



Why Best Value @Rijkswaterstaat

- Quality → We almost always select (82%) the vendor with the highest qualified offer
- Focus → Focus on the intention of the project, by use of project goals
- Reduction of discussion → Preplanning in the clarification phase
- Collaboration → The Dutch construction sector wants to improve
- Continuous improvement → Use of Key Performance Indicators (KPI) create transparency and stimulate overall improvement





Best Price-Quality Ratio

Price	Lowest price	2	1	-	10
	1 but lowest price	1	1	-	14
	2 but lowest price	-	-	-	11
	X but lowest price	2	-	2	7
		x but highest quality	2 but highest quality	1 but highest quality	Highest quality
		Quality			



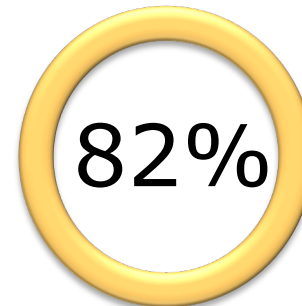
Award to offer with Best Price-Quality Ratio

- High quality does not mean high price! Best Value BPQR delivers competitive offers (15% below average offer)
- Best Value truly delivers 'Best Value': high quality offer and competitive price

'Normal' BPQR



'Best Value' BPQR





Best Value approach & EU Directives

- The Best Value approach is a method that fits within selecting on Best Price-Quality Ratio, and is compatible with EU Directives

BEST VALUE PROJECTS & RESULTS



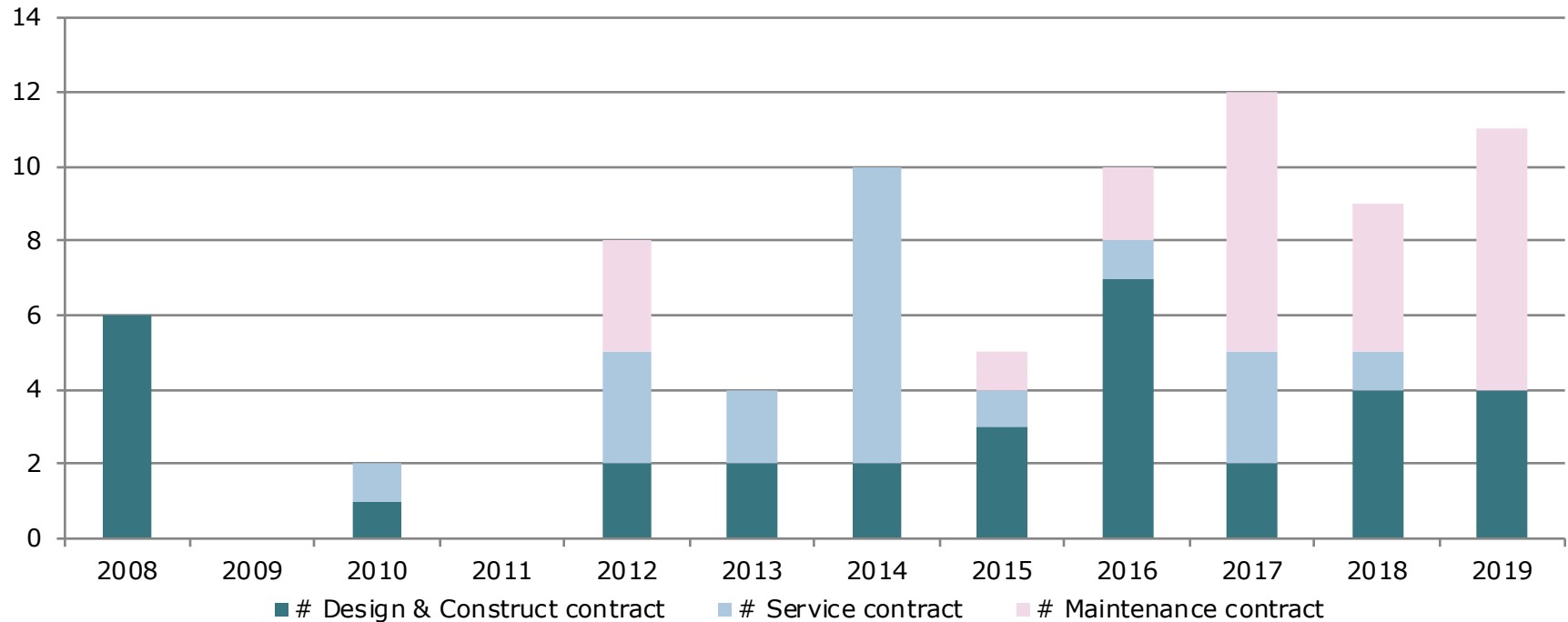
Results

(2008 – 2018)

- 61 Best Value tenders awarded
- 29 Best Value projects completed
- Total contract sum of €1.2 bln.



#Best Value projects per contract type (2008-2019)





Metrics:

Priority Road Investment Program (2008-2012)

- Program results: all projects finished in budget and time
- Total delivery time of projects accelerated by 25%
- Transaction costs reduced by 50-60%



Metrics:

20 additional Best Value projects (2012 – 2018)

	Total projects (#20)	Service contracts (#8)	Design & Construct / maintenance (#12)
Av. ceiling price	9,2 M€	2,2 M€	13,9 M€
Av. offer	6,5 M€	1,5 M€	9,7 M€
Av. deviations	3,8 M€ 54%	0,4 M€ 44%	6,0 M€ 61%
Av. exceedance/undercut ceiling price	113%	106%	110%



Value added (1)



Source: Opwaardering Zuid-Willemsvaart – Combinatie Vissers Ploegmakers B.V. / F.P.H. Ploegmakers B.V.

LESSONS LEARNED



Lessons learned (1)

- Implementation of Best Value takes time!
- Transparent communication and thorough preparation (training!) is essential
- Best Value transforms procurement strategy: think 'supply chain'
- Paradigm change is needed, this takes time to implement





Lessons learned (2)

- Focus on:
 - increase transparency / objectivity is essential
 - increase accountability
 - release control

This contradicts with traditional lowest price thinking, where the client assumes that more quality control by the client leads to higher quality products





Information

www.rijkswaterstaat.nl/zakelijk

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