



# EXPORT PROJECT PROCUREMENT

# Topics

- ◆ **Corporate Structure - SNC-Lavalin**
- ◆ **Procurement Structure**
- ◆ **Typical Export Project Criteria**
- ◆ **Procurement process - Discussion**
- ◆ **Our expectations**
- ◆ **Conclusions**



# Corporate Structure

- ◆ **Decentralised :**
  - **Head Office – Montreal**
- ◆ **Centers of excellence:**
  - **Petro-Chemical; Industrial; Mines; Aluminium; Energie; Transport; Agri-Food; Environmental; Pharmaceutical**
- ◆ **Geographic Operations:**
  - **United States , France, Belgium, Algeria, Tunisia; South Africa, Saudi Arabia, U.A.E., Australia, Venezuela and Chile**
- ◆ **International Marketing Offices**

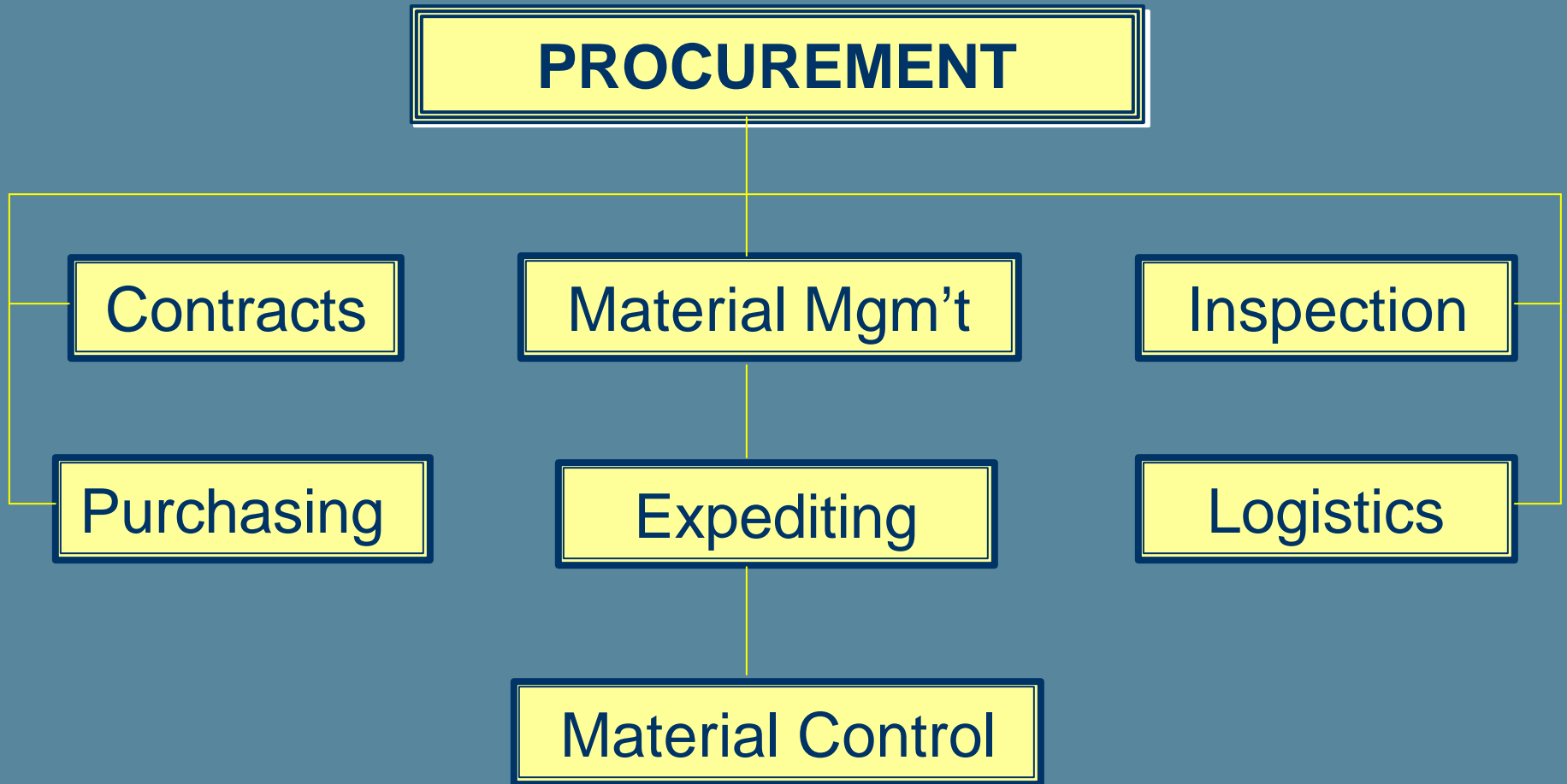


# Procurement Structure

- ◆ Decentralized across the geographic business units
- ◆ Common management and control systems
- ◆ Common methodology and work processes
- ◆ Linked electronically - Internal Network
- ◆ Montreal - Center of excellence and best practices for all Procurement matters for the Corporation
- ◆ Maintenance and control over Alliance agreements



# Organisation



# Procurement Responsibility

- ◆ Procurement is responsible for the provision of all goods and services required by the project in accordance with the construction schedule
- ◆ A Procurement Manager is nominated for each project
- ◆ All communications having a commercial impact are to be held with him
- ◆ Commercial documents specific to the project, country and clients needs are developed each time
- ◆ Pre - selection and tendering processes are decided with the client and the credit agencies

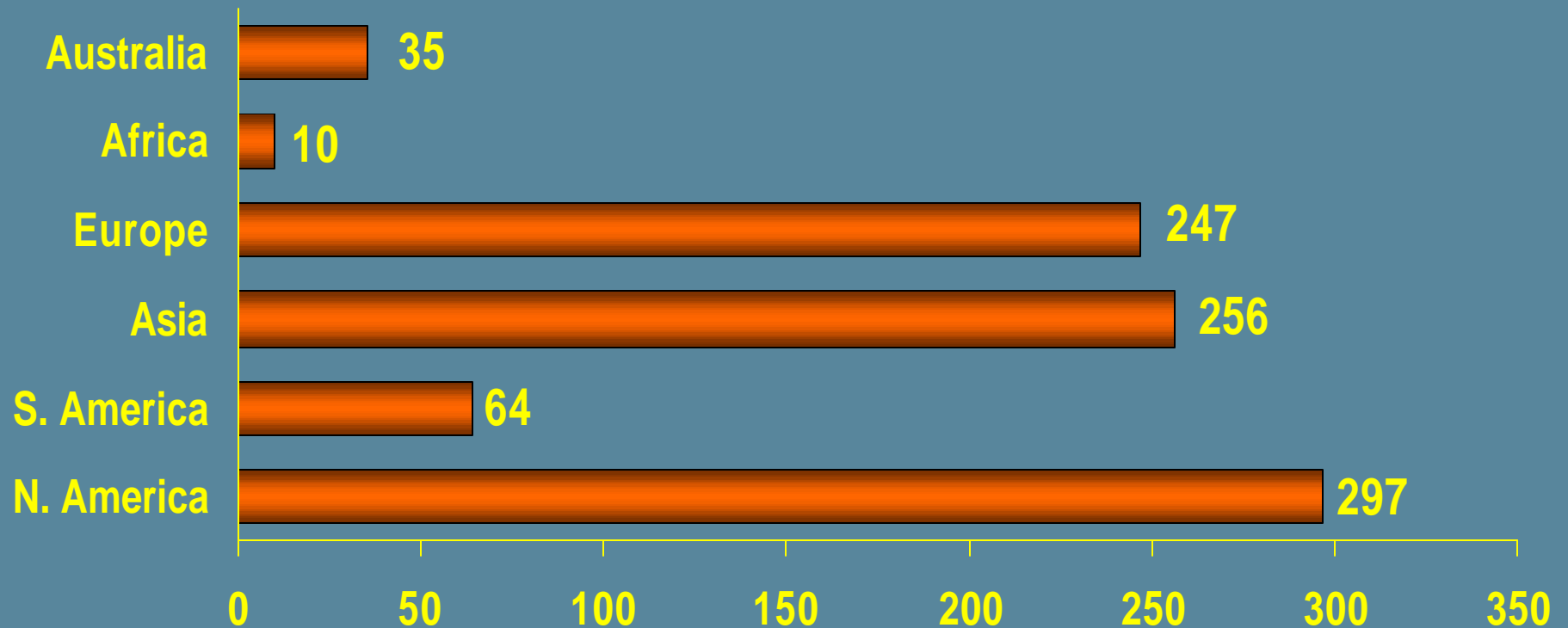


# Our Strength

- ◆ Global teamwork, people, methods, procedures
- ◆ Global network linking all SNC-LAVALIN procurement groups
- ◆ Common method and work processes ( ISO 2000 )
- ◆ Global data base of all main suppliers and contractors
- ◆ In country professionals
- ◆ One stop shop



# Global Resources

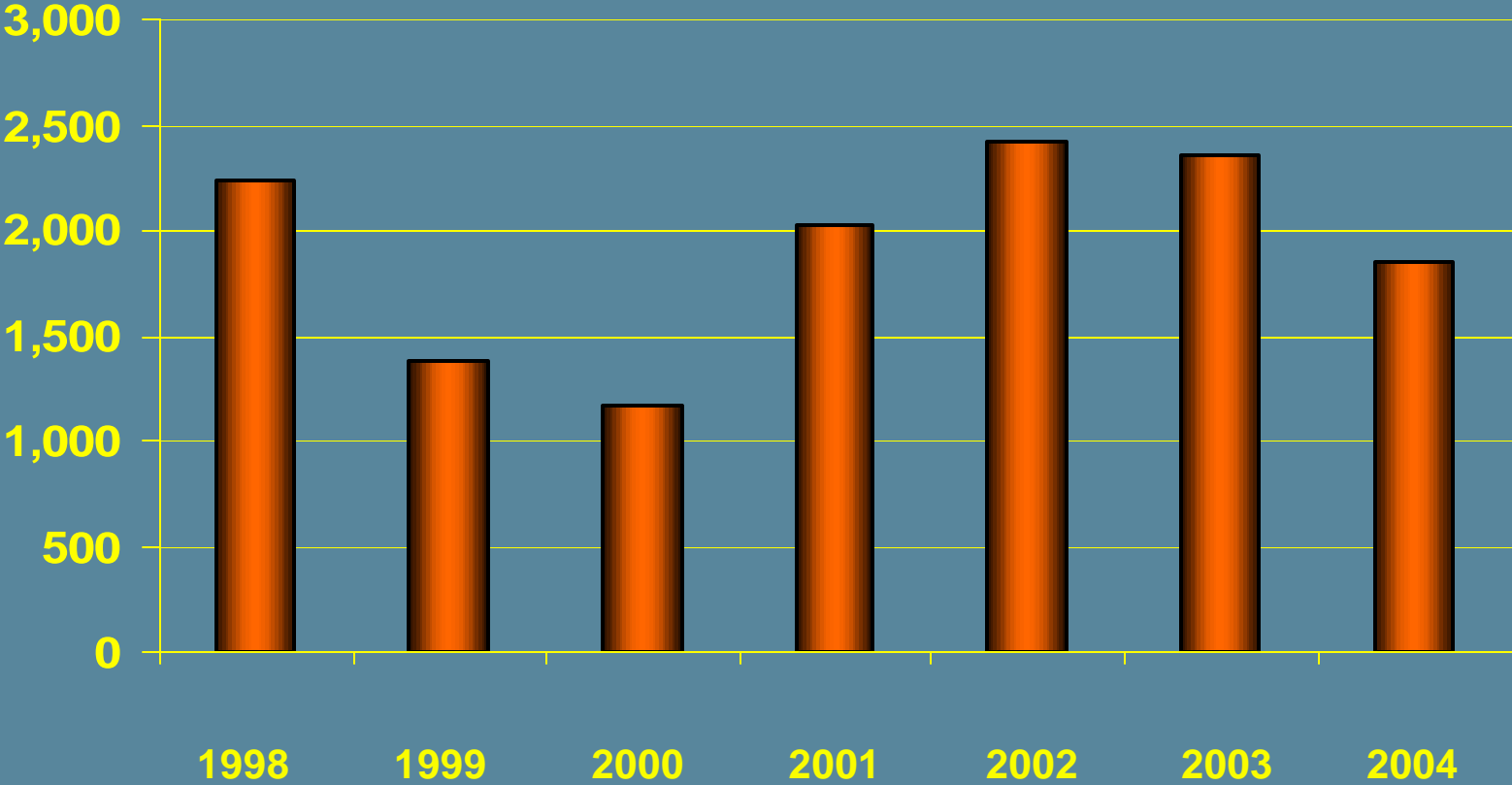


More than 900 professionals





# Capital Cost Commitments



# Project Criteria

- ◆ Client and Mandate
- ◆ Country and Laws
- ◆ Financing and Lending Institutions
- ◆ Technology
- ◆ Project Site Location
- ◆ Schedule
- ◆ Quality, Cost , Time and Safety

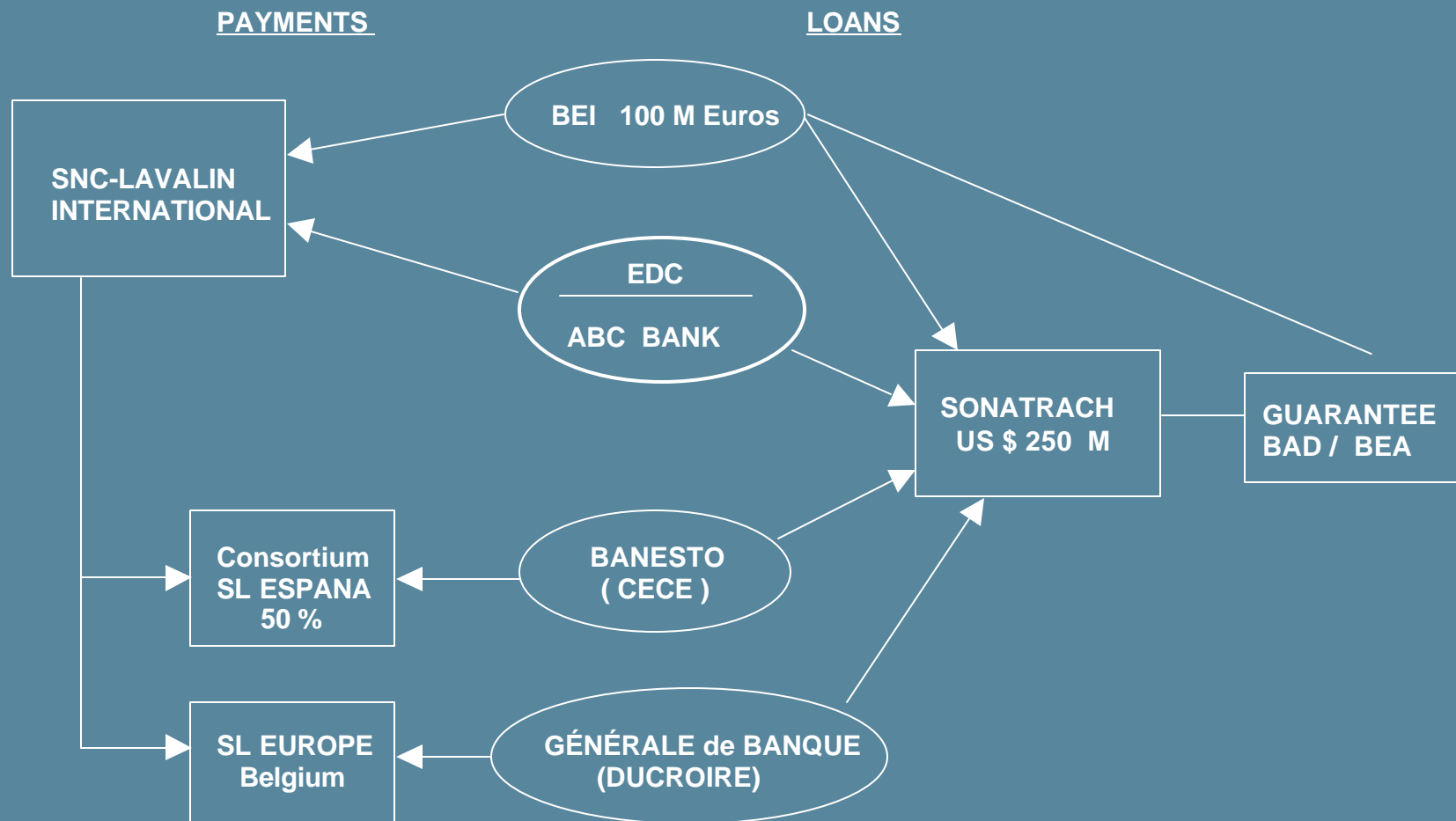


# SNC-Lavalin's Responsibilities

- ◆ Contractor
- ◆ Project Management
- ◆ Engineering
- ◆ Procurement
- ◆ Construction Management
- ◆ Training of Owners personnel
- ◆ Arrange for Export Credit Financing to Client



# Financing Structure



# Project Procurement

## PROCUREMENT PROCESS

### *DISCUSSION*



# Project Procurement

## SUPPLIER PRE - SELECTION CRITERIA

- ◆ By invitation - Rarely use the Public tendering process
- ◆ Process experience and client preferences
- ◆ Country of installation
- ◆ SNC-Lavalin's experience from previous projects
- ◆ Quality Control System in place
- ◆ Fulfillment of contractual obligations
- ◆ Plant capacity and ability to deliver on time
- ◆ Safety and Security program



# Project Procurement

## MAJOR ELEMENTS IN AN EXPORT PROJECT:

- ◆ **The Five « P »** : **P**atience, **P**erseverance, **P**erformance, **P**rofessionalism and **P**rice
- ◆ Warranty periods much longer than for Canada
- ◆ Payment approvals by client are slower
- ◆ Technical support in country of installation
- ◆ Documentation requirements are very stringent
- ◆ Best offer first - No auctioning
- ◆ **DANGER:** Direct client intervention to lower price
- ◆ **WHAT NOW** ..... *Contact the Procurement Manager*



# Our Expectations

- ◆ Ready to join up with us and to work together
- ◆ Continued support during the bidding and negotiation stage
- ◆ Patience in the project development phase  
( Remember the four year development phase discussed earlier )
- ◆ Understanding of the terms and conditions to the letter and following them explicitly
- ◆ Ensure availability of technical support at site
- ◆ Technical assistance during construction phase
- ◆ Share certain commercial risks where required
- ◆ Be ready to support long term warranty requirements
- ◆ Ensure the timely availability of spare parts





# Constraints

- ◆ Not all projects follow the same formula as the Rhourde Nous one
- ◆ Export Credit Financing conditions , client requirements and site location do not always allow us to utilise Canadian supplies
- ◆ Process technologies and type of equipment are not always available in Canada
- ◆ Even though our production capacity is good, our pricing structure and shipping costs can make us non - competitive



# How to participate

- ◆ Identify the responsible regional office and the Procurement Manager for the project
- ◆ Understanding of the market conditions
- ◆ Financing, country and geo-political situation
- ◆ Identification and definition of risk and willingness to partake
- ◆ Direct or indirect export

□ Register on the **SNC-Lavalin website:**  
[www.snclavalin.com](http://www.snclavalin.com) / suppliers



# Conclusions

- ◆ Even though more than 50% of our projects are in overseas markets they do not always guarantee an opportunity to participate
- ◆ The frequency of winning major overseas industrial projects is irregular, so patience is a must
- ◆ We are constantly preoccupied by Canadian content in the execution of our overseas projects and have a good success rate
- ◆ Export is never without risk. Thus one must be ready to take some of them, understand these, identify ones capacity and willingness to take them on and find solutions to mitigate and manage them





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**Thank you for your attention.**

**Question period**

