

## You save millions with the right procurement process!

Meventus' multi-step approach for wind turbine procurement projects ensures utilisation of all important levers to achieve real procurement excellence

We have been asked by clients whether we could provide an experienced negotiator in order to support with contract negotiations for the procurement of wind turbine generators. Certainly we can do that. However, contract negotiations are only the last step in a more comprehensive approach to achieve real procurement excellence. Meventus uses all important levers from the demand- and supply side but also ensures that the most efficient process will be applied.

Three levers to achieve procurement excellence:



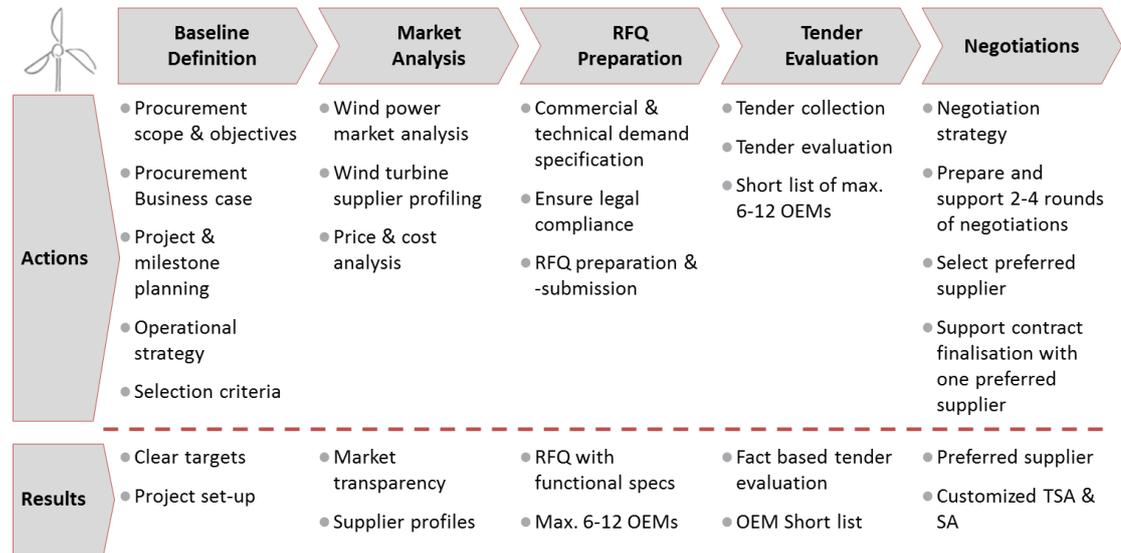
On the **demand** side it is important to define a clear scope to ensure comparable offers from suppliers. Engineering driven companies often tend to over-specify technical requirements. For instance, it should not be of importance what kind of insulation material is used in order to protect a wind turbine against cold climate conditions. Instead the important function to be fulfilled is that it can be operated down to  $-30^{\circ}\text{C}$ . Key is to create relatively simple but functional specifications in order to let the suppliers fully leverage their competence areas with their own solutions.

The procurement **process** should be customised according to the grade of competition and the existing knowledge level of the buyer about the wind turbine market. In order to be well prepared for supplier negotiations, it is crucial to understand the market dynamics with the recent developments and market deficiencies (e.g. Asian turbine suppliers – how good are they really?). Also a clear owner's strategy and a rigid negotiation process with several decision gates and feedback sessions help to utilise competition benefits.

The **supply** side will be in focus during the supplier negotiations. Not only the purchase price is of relevance but also contract conditions like payment schedule, price indexation, warranties, spare parts pricing, lead times and maintenance cost, etc. Meventus' expertise comprises detailed analysis and performed negotiations of 80+ contract packages.

Our **5-step approach to procurement** includes the definition of a clear target, creation of market transparency, preparation of a request for quotation document (RFQ), utilisation of maximum competition, analysis of quotes and supplier negotiations until contract closure.

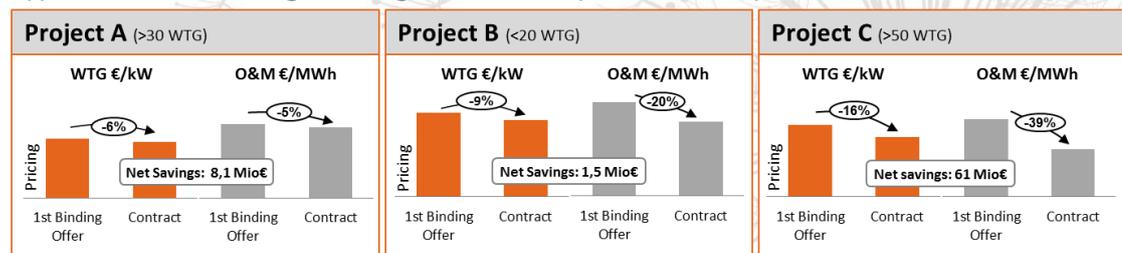
Meventus' 5-step approach to procurement of wind turbines:



We have successfully conducted procurement assignments for some 20 on- and offshore wind power projects in Northern Europe with a **total capacity of 2 000 MW** including the first significant delivery of 39 Chinese WTGs into Scandinavia in 2015/16.

To demonstrate our confidence in our procurement competencies and to minimise your financial risk with our engagement, we also offer our procurement support on a variable fee basis, where our fees will partly be calculated based on the **achieved savings**.

Typical realised savings through Meventus' procurement process:



Explanations: Projects A&B: WTG prices incl. CCV, transport, erection and commissioning; project C: WTG ex-works prices. Savings calculated as net present value improvement for finally selected WTG incl. O&M achieved through price reductions during negotiations from 1st binding offer compared to final pricing at contract signature after 3-4 selection gates at 8% discounting rate; improvement of other contract conditions not considered. Contract conditions and O&M scope/term vary between examples.

Please contact Meventus for more detailed information on client references, procurement expertise or different fee models.



**Norway (Headquarter)**  
 Meventus AS · Kongsgårds Allé 59  
 4632 Kristiansand  
 Tel.: +47 91-184324  
[kyle@meventus.com](mailto:kyle@meventus.com)

**Sweden**  
 Meventus AB · Döbelnsgatan 24  
 11352 Stockholm  
 Tel.: +46 70-4223111  
[thilo@meventus.com](mailto:thilo@meventus.com)

[www.meventus.com](http://www.meventus.com)