

BUSINESS OPPORTUNITIES & PROCUREMENT PROCESSES IN POLAND

SOFF

2015-06-04
Stockholm

AGENDA

- ▶ Business opportunities
- ▶ Procurement processes
- ▶ MSPO 2015

MAIN BUSINESS OPPORTUNITIES



NAVY

▶ What

- ▶ 3 submarines as a part of the ORCA program, preferably equipped with maneuvering missiles – delivery between 2022 and 2023
- ▶ 3 mine warfare destroyers KORMORAN – delivery until 2022
- ▶ 3 coastal defense vessels MIECZNIK – delivery between 2017 and 2019
- ▶ 3 patrol vessels with mine countermeasure functions CZAPLA – delivery between 2020 and 2022 / 2030
- ▶ Electronic intelligence ship DELFIN

▶ How large

- ▶ At least 3,4 BEUR, out of which 1,8 BEUR for the ORCA program, to be spent within the Fighting Threats at Sea Operational Program until 2022
 - ▶ 2014: 0,2 BEUR
 - ▶ 2015: 0,4 BEUR
 - ▶ 2016: 0,3 BEUR
 - ▶ 2017-2022: 2,5 BEUR
- ▶ Other government spending, not specified yet

Navy

▶ For whom (examples)

- | | |
|-------------------------|---|
| ▶ SAAB | ▶ Polyamp |
| ▶ Docksta Varvet | ▶ Teleanalys |
| ▶ Scania, Volvo Defense | ▶ Other providers of related equipment and services |
| ▶ Swede Ship Marine | |

▶ How

- ▶ Public tenders*
- ▶ Lobbying
- ▶ Strategic partnerships (joint ventures, knowledge transfers)

* MAJORITY OF DEFENSE PURCHASES WILL BE MADE ACCORDING TO PUBLIC TENDER PROCEDURES, HOWEVER IT IS POSSIBLE TO OMIT THEM DUE TO NATIONAL SECURITY INTERESTS PROTECTION. IT IS VERY PROBABLE THAT THIS MIGHT BE THE CASE IN TERMS OF SUBMARINES PURCHASE.

AIR DEFENSE

▶ What

- ▶ 19 mobile radiolocation stations BYSTRA – delivery until 2022
- ▶ 79 self-propelled anti-aircraft missile systems POPRAD – delivery until 2021
- ▶ Simulators and training aircrafts

▶ How large

- ▶ At least 6,4 BEUR, out of which 3,8 BEUR for the „shield of Poland”, to be spent within the Air Defense Operational Program until 2022
 - ▶ 2014: 0,05 BEUR
 - ▶ 2015: 0,15 BEUR
 - ▶ 2016: 0,3 BEUR
 - ▶ 2017-2022: 5,9 BEUR
- ▶ Other government spending, not specified yet

Air defense

▶ For whom (examples)

- | | |
|---------------------------|---|
| ▶ SAAB | ▶ Scama |
| ▶ BAE Systems Bofors | ▶ Nammo Sweden |
| ▶ GKN Aerospace Sweden | ▶ Other providers of related equipment and services |
| ▶ Rockwell Collins Sweden | |

▶ How

- ▶ Public tenders
- ▶ Lobbying
- ▶ Strategic partnerships (joint ventures, knowledge transfers)

ARMORED AND MECHANIZED FORCES

▶ What

- ▶ 13 fire modules REGINA and RAK – delivery until 2025
- ▶ Armored infantry fighting vehicles based on Universal Modular Tracked Platform
- ▶ Simulators and trainers
 - ▶ Tactical battlefield simulators
 - ▶ Minelaying engineering trainers
 - ▶ Shooting simulators

▶ How large

- ▶ At least 2,3 BEUR to be spent within the Armored and Mechanized Force Modernization Operational Program
 - ▶ 2014: 0,1 BEUR
 - ▶ 2015: 0,1 BEUR
 - ▶ 2016: 0,1 BEUR
 - ▶ 2017-2022: 2 BEUR
- ▶ Other government spending, not specified yet

Armored and
mechanized
forces

▶ For whom (examples)

- | | |
|-------------------------|---|
| ▶ BAE Systems Hägglunds | ▶ Åkers Krutbruk |
| ▶ MSE Engineering | ▶ Other providers of related equipment and services |
| ▶ SAAB | |

▶ How

- ▶ Public tenders
- ▶ Lobbying
- ▶ Strategic partnerships (joint ventures, knowledge transfers)

SEARCH AND RESCUE

▶ What

- ▶ 3 rescue vessels RATOWNIK – delivery between 2020-2022
- ▶ Equipment for the navy and border guard
 - ▶ Sensors
 - ▶ Radars
- ▶ Submarine rescue ship
- ▶ Adaptation of buses to medical evacuation

▶ How large

- ▶ Financing from several governmental sources, not specified yet

Search and
rescue

▶ For whom (examples)

- | | |
|---------------------|---|
| ▶ Swede Ship Marine | ▶ Sepson |
| ▶ QinetiQ | ▶ Docksta Varvet |
| ▶ SAAB | ▶ Other providers of related equipment and services |

▶ How

- ▶ Public tenders
- ▶ Lobbying
- ▶ Strategic partnerships (joint ventures, knowledge transfers)

AGENDA

- ▶ Business opportunities
- ▶ Procurement processes
- ▶ MSPO 2015

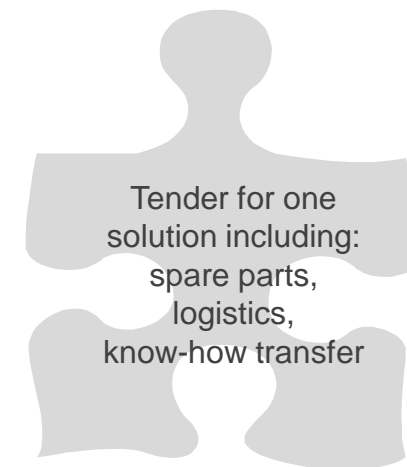
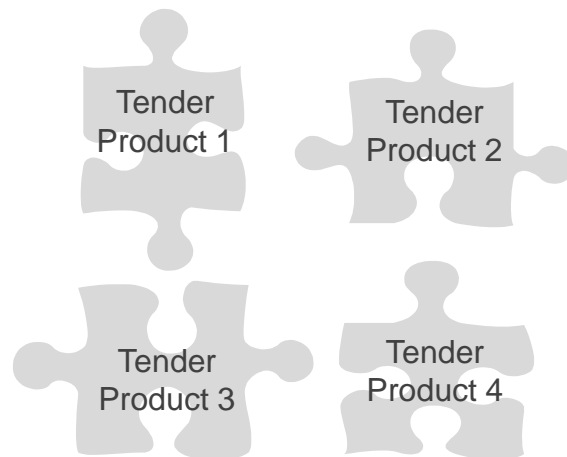


SYSTEM OF ARMAMENT PROCUREMENT HAS MOVED FROM BEING PRODUCT FOCUSED TO SOLUTION FOCUSED

UNTIL 2011

FROM 2011

Tender structure



Main decisive organization



Ministry of National
Defense



Inspectorate of
Armament

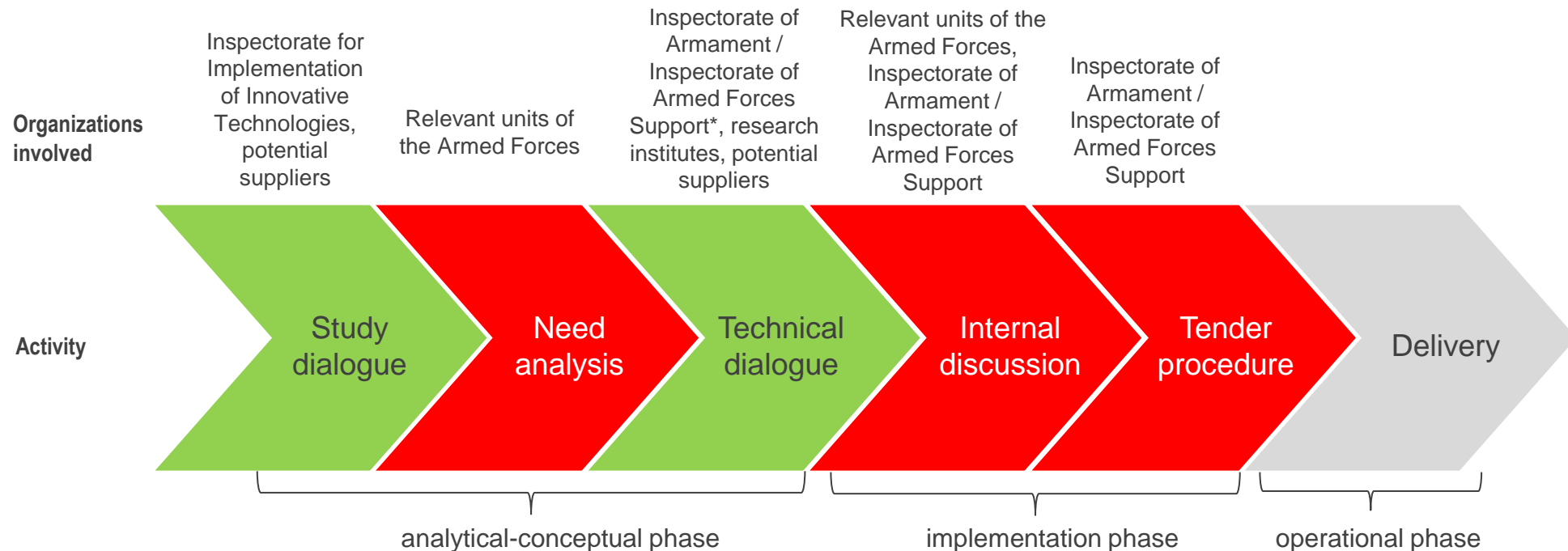


Inspectorate of Armed
Forces Support

DECISION MAKING HAS DURING THE SAME TIME MOVED FROM MOND* TO THE INSPECTORATES



TYPICAL ARMAMENT PURCHASE PROCESS CONSISTS OF 6 MAIN STEPS



- supplier allowed to have an impact on involved organizations



- supplier not allowed to have an impact on involved organizations

SUPPLIER IS ALLOWED TO INFLUENCE THE PURCHASING PROCESS IN 2 OF THE INITIAL STEPS

* INSPECTORATE OF ARMAMENT IS RESPONSIBLE FOR MAJORITY OF PROCUREMENT FOR ALL TYPES OF ARMED FORCES. INSPECTORATE OF ARMED FORCES SUPPORT RUNS PROCUREMENT MAINLY FOR LOGISTIC PURPOSES, FOR EX. MAINTENANCE AND REPAIR SERVICES
SOURCE: BUS RESEARCH

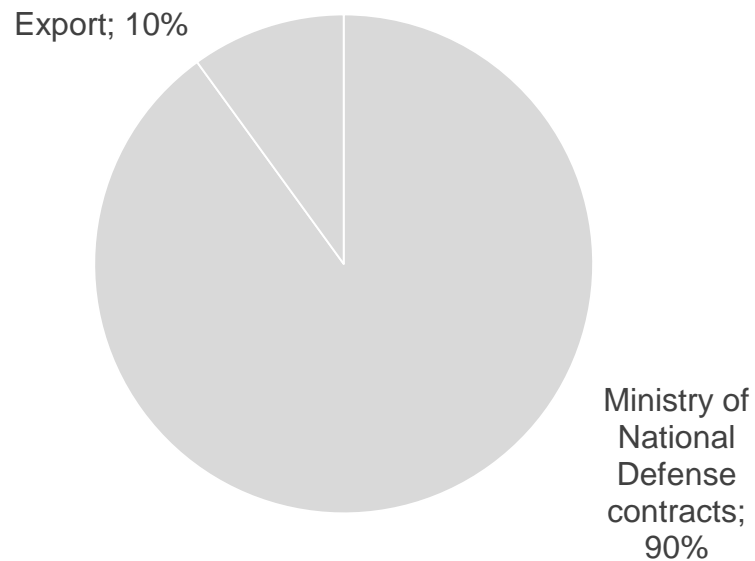
SEVERAL PURCHASING PROCEDURES ARE USED

Open tender	<ul style="list-style-type: none">▶ Open to all potential suppliers
Limited tender / competitive dialogue	<ul style="list-style-type: none">▶ Only invited suppliers can bid
Urgent operational need procedure	<ul style="list-style-type: none">▶ Tender can be omitted, flexibility in purchase organization
Direct purchase	<ul style="list-style-type: none">▶ In case of only one potential supplier
Special Forces purchase	<ul style="list-style-type: none">▶ Strictly confidential purchases, suppliers invited directly▶ Some of those purchases are financed by US Aid Fund

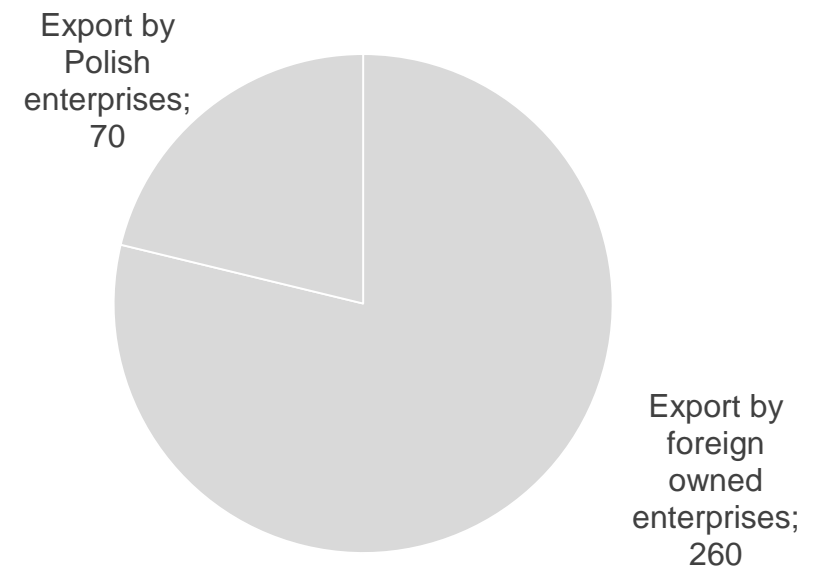
DECISION ABOUT HOW TENDER IS TO BE ORGANIZED IS MADE DURING THE INTERNAL DISCUSSION

EXPORT CAPACITY OF POLISH DEFENSE MARKET IS CURRENTLY LOW

90% OF POLISH DEFENSE ENTERPRISES INCOME COMES FROM MOND CONTRACTS, IN %



ONLY A MINOR PART OF DEFENSE EXPORT COMES FROM POLISH ENTERPRISES, IN M EUR



mainly aircrafts, aviation devices and ammunition

LONG TERM GOAL OF POLAND IS TO MAKE IT'S OWN INDUSTRY MORE EXPORT ORIENTED

SEVERAL ASPECTS SHOULD BE CONSIDERED: PUBLIC PROCUREMENT LAW, POLONIZATION, OFFSET ACT

Public Procurement Law

- ▶ All government procurements must comply with the Public Procurement Law
- ▶ It is possible to omit public procurement due to national security interests protection
- ▶ Ministry of National Defense will probably use the opportunity to omit public procurement in case of medium-range anti-rocket missile system and submarines

Polonization

- ▶ Contractor's commitment to cooperate with domestic industry (i.a. in the form of significant subcontractor work)
- ▶ 25% often seen as the minimum threshold for Polish participation in the production process
- ▶ Aim of polonization's mechanism is to strengthen Polish defense industry capabilities

Offset Act

- ▶ Compensation agreement which provides domestic industry with a reward for foreign equipment purchase, for ex. in the form of new investments
- ▶ Offset is non-obligatory – Ministry of National Defense has to justify the need to draw an offset agreement each time
- ▶ Foreign contractor has to present sales offer and offset offer at the same time
- ▶ Penalties for failing to fulfill the offset agreement






SOURCES: NEW OFFSET ACT – THE ACT ON CERTAIN AGREEMENTS CONCLUDED IN CONNECTION WITH CONTRACTS ESSENTIAL FOR NATIONAL SECURITY OF 26 JUNE 2014, BUSINESS SWEDEN ANALYSIS

BOTH BASIC REQUIREMENTS AND TENDER PURCHASING CRITERIA NEED TO BE FULFILLED TO GAIN CONTRACTS IN POLAND



BASIC REQUIREMENTS OF DELIVERING TO THE MINISTRY OF NATIONAL DEFENSE



PURCHASING CRITERIA

Criteria	Importance
Polonization	
Adjustment for Polish conditions	
Price	
Delivery time	
Service	

SOURCES: INTERVIEWS WITH MARKET EXPERTS, SELECTED CONTRACT NOTICES PUBLISHED BY THE ARMAMENT INSPECTORATE (MOND)

IMPORTANCE:  = LOW  = HIGH

AGENDA

- ▶ Business opportunities
- ▶ Procurement processes
- ▶ MSPO 2015

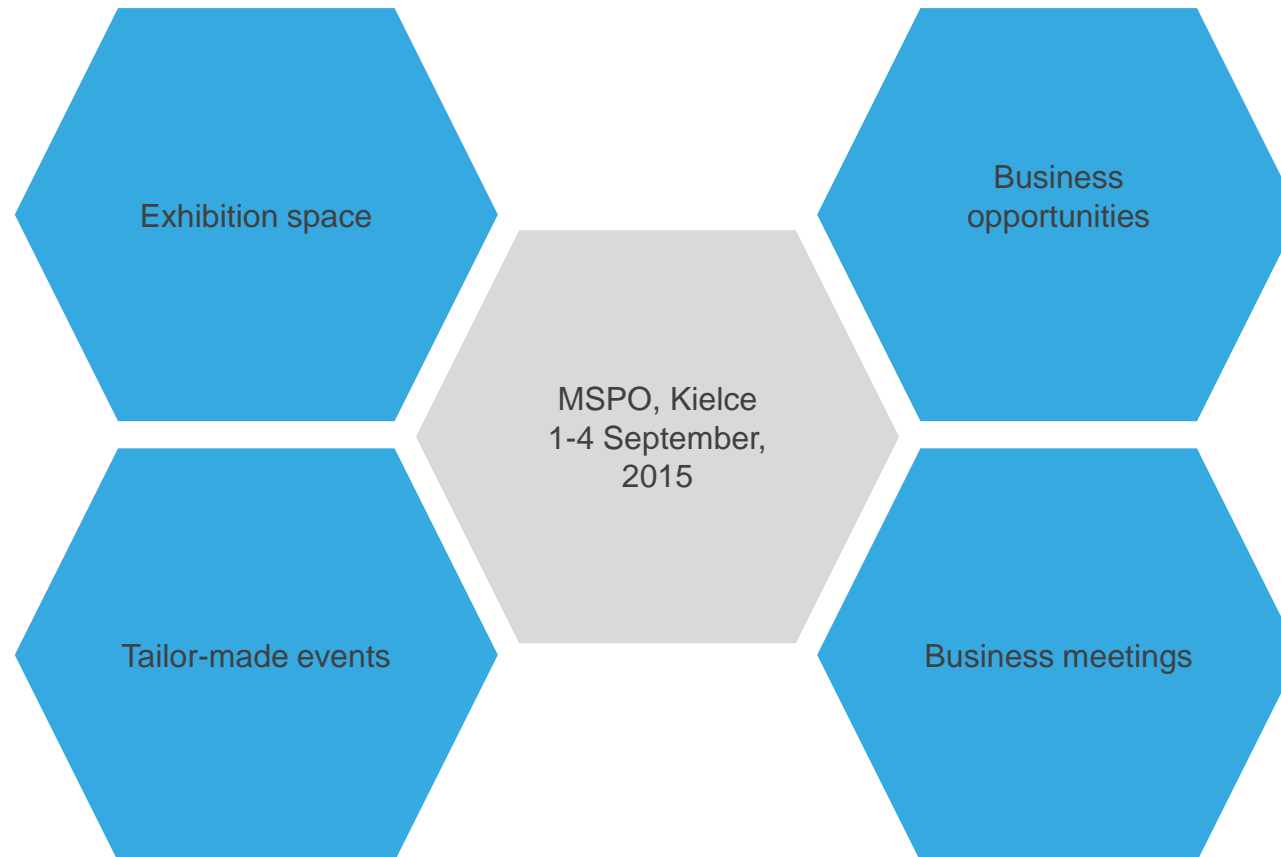
ABOUT MSPO

- ▶ MSPO is Central Europe's premier trade fair and leading forum in the defense industry, in 2014 attended by:
 - ▶ 15 000 visitors and
 - ▶ 500 exhibiting companies from
 - ▶ Approx. 30 countries on
 - ▶ 25 000 m2
 - ▶ Click on the link to the right for a video from the previous fair in 2014
- ▶ The fair is annually opened by the President of Poland Bronislaw Komorowski and attended by key policy makers from Poland and abroad. During MSPO 2015, Sweden will be represented at the ambassador's level and by FMV (Swedish Defence Material Administration). Swedish companies to exhibit during MSPO include SAAB and BAE Hägglunds. What is new this year is that even small and medium-sized Swedish companies will have the opportunity to exhibit in common Swedish stand.





BUSINESS SWEDEN OFFER FULL SCALE SUPPORT DURING MSPO KIELCE 1-4TH OF SEPTEMBER 2015





PRELIMINARY SCHEDULE

Time	Mon 31/8	Tue 1/9	Wed 2/9	Thu 3/9	Fri 4/9
0800-0900					
0900-1000		Business meetings	Business meetings	Business meetings	
1000-1100	Flight to Warsaw				Transport to Warsaw (ordered by BuS)
1100-1200					
1200-1300		Lunch at the exhibition area	1230 – 1400 Swedish Embassy reception and lunch	Lunch at the exhibition area	Lunch
1300-1400					
1500-1600	Transport to Kielce (ordered by BuS)				Flight from Warsaw
1600-1700		Business meetings	Business meetings	Business meetings	
1700-1800					
1800-1900	Hotel check-in and dinner	Dinner	Dinner	Dinner	
1900-2100		Transport to hotel	Transport to hotel	Transport to hotel	



EXHIBITION SPACE



- ▶ Part in common Swedish stand* with a podium. Stand will be located close to SAAB, BAE Systems and Polish Ministry of National Defense. Stand will be available from 10:00 1/9 until around 11:00 4/9.
- ▶ Opportunity to participate with either own, or temporarily employed staff, who will:
 - ▶ Act as company representative throughout the fair
 - ▶ Present products
 - ▶ Collect visitors' business cards and compile the list of leads

* SWEDISH STAND DESIGNED IN ACCORDANCE WITH THE VISUAL IDENTITY FOR PROMOTION OF SWEDEN



TAILOR-MADE EVENTS



- ▶ Seminars
 - ▶ Business seminars or thematic seminars targeting the Polish audience
- ▶ Mingle
 - ▶ In Swedish stand or in a rented space at the fair
 - ▶ With or without official representation
- ▶ Press briefings
 - ▶ Tailor-made
 - ▶ With or without official representation



BUSINESS OPPORTUNITIES



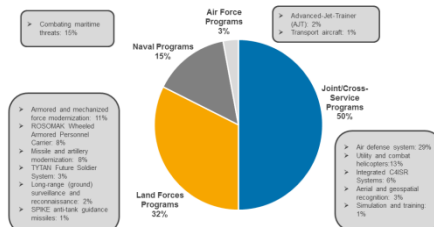
KEY FINDINGS

Opportunities	<ul style="list-style-type: none"> Main business opportunities include X, Y and Z Business opportunities are worth X, Y and Z X, Y and Z among Swedish SMEs can make use of the business opportunities To make use of the business opportunities, Swedish SMEs should X, Y or Z
Potential	<ul style="list-style-type: none"> Segment is X MEUR large and has grown by Y% on average during last 2 years Segment is expected to grow by more than X% during next three years Drivers for growth are X, Y and Z
Structure	<ul style="list-style-type: none"> Segments consists of X, Y and Z A, B, Y and C are active Key actors are X, Y and Z Key players target the market mainly through X, Y and Z and are located in A, B and C Several regulations should be considered, but no significant legal entry barriers Price followed by quality main purchasing criteria

SOURCE: SWEDISH DEFENCE VMS

10 NOVEMBER 2015

POLAND'S 2013-2022 TECHNICAL MODERNIZATION PROGRAM IS VALUED AT ABOUT 34 BEUR



SOURCE: OFFICIAL JOURNAL OF THE REPUBLIC OF POLAND, POLANDS OFFICIAL JOURNAL OF LAWS AND REGULATIONS NO. 13, 23 JUNE 2014

10 NOVEMBER 2015

NAVY

What	How large
<ul style="list-style-type: none"> 3 submarines as a part of the ORCA program, preferably equipped with manning missiles – delivery between 2022 and 2023 3 mine warfare destroyers KORMORAN – delivery until 2022 3 coastal defense vessels MECZNIK – delivery between 2017 and 2019 3 patrol vessels with mine countermeasure functions CZAPLA – delivery between 2020 and 2022 Electronic intelligence ship DELFIN Floating degaussing station MADRETO 	<ul style="list-style-type: none"> At least 3,2 BEUR to be spent within the Fighting Threats at Sea Operational Program until 2022 2014: 0,2 BEUR 2015: 0,4 BEUR 2016: 0,3 BEUR 2017-2022: 2,5 BEUR Other government spending, not specified yet
For whom	How
<ul style="list-style-type: none"> SMB Docksta Varvet Scania, Volvo Defense Swedish Ship Marine 	<ul style="list-style-type: none"> Public tender Lobbying Knowledge transfer Joint venture with Polish shipyard

SOURCE: SWEDISH DEFENCE VMS

10 NOVEMBER 2015



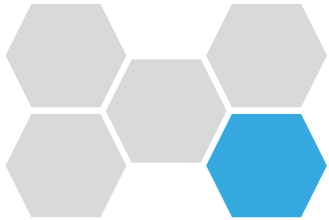
SOURCE: SWEDISH DEFENCE VMS

10 NOVEMBER 2015

Business opportunities mapping

- Ongoing projects where Swedish solutions can be delivered
- Planned procurements that are matched individually to Swedish companies and Poland's armed forces modernization plan for 2013-2022
- Polish companies for strategic partnerships
- Potential local partners
- Compilation in MS Word with suggestions for policy makers to meet during MSPO

BUSINESS MEETINGS



- ▶ Business meetings
 - ▶ Individual schedule of business meetings with identified decision-makers
 - ▶ Interpreter and negotiation support from Business Sweden available subject to capacity
 - ▶ Approx. 8-12 pre-booked business meetings / companies
 - ▶ Not pre-arranged meetings to be held at the Swedish stand throughout the fair

* THE NUMBER OF MEETINGS IS BASED ON OUR EXPERIENCE FROM MSPO 2014, BUT MAY BE HIGHER OR LOWER

CONTACT BUSINESS SWEDEN IN WARSAW

Daniel Larsson
Trade Commissioner
Business Sweden in Warsaw

daniel.larsson@business-sweden.se
+48 602 55 20 22

