

# Implementation example for the CFIT Commitment

"The products we procure are durable and are, or can be, reused, refurbished, and ultimately recycled through verifiable partners and supply chains when we have finished with them"





# Case study

# Framework agreement for the provision of remanufactured windows notebooks

Office of Government Procurement Lireland 2024

# This case illustrates elements of the following **CFIT Commitment:**

 The products we procure are durable and are, or can be, reused, refurbished, and ultimately recycled through verifiable partners and supply chains when we have finished with them

The purpose of this series of cases is to illustrate what the implementation of commitments of the CFIT framework for circular and fair procurement of ICT can look like. Please note that these case descriptions focus on one element of a tender or process which generally includes many more sustainability requirements.

**Impact** categories:







**Product** 

categories:

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# Framework agreement for the provision of remanufactured windows notebooks

#### Introduction

In recent years, Ireland has introduced significant pro-circular policy and legislation. This has contributed to making real progress towards achieving a Circular Economy in the country. In April 2024 the Government of Ireland published "Buying Greener: Green Public Procurement Strategy and Action Plan 2024–2027" which sets out a number of actions and targets to drive the implementation of green and circular procurement practices across the public sector. This includes the following specific target for sustainable ICT procurement:

By 2025, a minimum of 80% of ICT end user products (desktop computers, portable computers and mobile phones) procured by public sector bodies under new contract arrangements are certified to EPEAT Gold Standard (or equivalent), TCO Certified (or equivalent) or will have been remanufactured.

Ireland's Environmental Protection Agency has moreover published national <u>GPP guidance and criteria including GPP criteria for ICT Products and Services</u>. The GPP criteria include several criteria for the procurement of refurbished and remanufactured equipment.

This prompted the Office of Government Procurement (OGP), responsible for sourcing common goods and services for the Irish public sector, to consider the procurement of 'second life' IT products when the time came to renew the existing framework agreement for the supply of IT products.

This case study presents the actions of the Irish government to set up a framework agreement for the procurement of remanufactured laptops, and the resulting lessons learned.

Definition 'remanufactured' from BSI standards:

https://www.bsigroup.com/en-GB/our-services/product-certification/industrysector-schemes/the-kitemark-for-remanufactured-and-reconditionedproducts/

## What was implemented?

In November 2023, after two unsuccessful previous attempts earlier that year, OGP launched a third call for tenders to set up a framework agreement for the procurement of remanufactured notebooks and associated services[1].

The framework contract, available to all public sector bodies in the country, is for a period of four years and has an estimated maximum value of 30 million EUR (based on estimated demand). If several suppliers are awarded a place on the framework, annual mini-competitions are required to select one supplier for the year. If only one qualifies, the contract is for the four-year period.

To clarify that the object of the tender is remanufactured notebooks and not refurbished ones, the tender includes in the introduction the definition of both types of equipment:

### **Remanufactured Windows Notebook Computers**

The Framework will be utilised by Framework Clients who have a requirement for Remanufactured Windows Notebook Computers as further detailed in Appendix 1 to this RFT.

"Remanufacturing" is the process of returning a used product to at least its original performance with a warranty that is equivalent or better than that of a newly manufactured product. Using a combination of parts (reused, new, repaired), remanufacturing sees the rebuilding of a product. It takes place to restore a product to a like-new quality in both its performance and appearance.

For the avoidance of doubt, "Refurbished" Windows Notebook Computers are not in scope. Refurbished Windows Notebook Computers go through a refurbishment process, with parts and components used to rebuild or repair, to return the product to a satisfactory working condition but has not been subject to the remanufacturing process. Refurbished products do not come with a warranty that is equivalent or better than that of a newly manufactured product.







To simplify management of assets and streamline deployment, the framework agreement requires that:

[...] the first one hundred (100) Remanufactured Windows Notebook Computers supplied under a single purchase order must be the same model and specification of a single OEM brand. Subsequent Devices required to fulfil the remainder of the single order (if required) up to the next one hundred (100) Devices may be an alternative Device, all of which must be an identical model and specification of a single OEM brand and so forth.

For quality assurance of the remanufacturing process, tenderers must have in place certified management systems according to ISO 9001 and ISO 14001/EMAS and/or BS 8887-220:2010 – Design for manufacture, assembly, disassembly, and end-of-life processing (MADE), the process of remanufacture or equivalent.

Furthermore, to ensure that remanufactured laptops comply with strict quality standards and service levels that are similar to those for new products, the tender required among others:

- Minimum TPM 1.2+ security with the option to TPM 2.0 upgrade (in those cases where TPM 2.0 is not included in base configuration) TPM 2.0 is required for Windows 11.
- A standard two-year warranty, upgradeable to a three-year warranty, countrywide, with Next Business Day Service on-site, covering all notebook parts and labour costs.
- A standard one-year warranty for the battery, countrywide, with Next Business Day Service on-site too, with a possibility for an extended warranty.
- Replacement of Dead on arrival/Dead on installation (DOA/DOI) devices by the same model and specifications within the next business day.
- Service desk during regular working hours certified to ISO 20000-1 standard or operated under the ITIL 4 framework or equivalent with multi-channel technical support and the possibility for additional support options.

Additionally, the tender includes requirements to ensure that the minimum technical specifications for the notebook processors are upgraded annually to avoid premature equipment obsolescence due to limitations related to software or operating system requirements for the duration of the contract:

Tenderers must note, that annually on the anniversary of the commencement date of the Framework Agreement, the minimum processor generation required in the technical specification will be increased by one generation.

And several upgrade options are also available on demand aside from the minimum annual processor upgrade:

## For example:

In year 1 of the Framework Agreement, the minimum technical specification requirement for the processor is a 6th generation, and the upgrade options require a 7th and 8th generation. In year 2 of the Framework Agreement the minimum technical specification requirement for the processor will be a 7th generation, and the upgrade options required will be an 8th and 9th generation and so forth.



Finally, having learned from previous unsuccessful tenders, OGP wanted to ensure that the framework agreement could be concluded even if only one supplier successfully submitted a proposal (in contrast to usual practice to require at least two contractors) and specified in the tender that it would be concluded: "with a minimum of one (1) framework member ("Framework Member") and up to a maximum of five (5) Framework Members."

### How was it put In place?

- An existing framework agreement for the supply of Windows Desktops, Notebooks, 2-in-1 Devices and Peripherals for the whole Irish public sector was due to end in July 2023.
- The IT Category Manager responsible for the contract within OGP commenced the design of a replacement framework agreement in July 2022.
- As the national GPP criteria published in 2021 included criteria to aid the procurement of refurbished and remanufactured equipment, OGP began to more closely consider the potential for the inclusion of 'second life' IT products in the framework agreement, both for their environmental and financial benefits. This was promoted at a senior level in government with the Minister of State at the Department of Public Expenditure, National Development Plan Delivery and Reform, within which OGP sits, explicitly encouraging the inclusion of such products in the agreement.
- OGP conducted extensive market research, including surveys and face—to-face engagements, to assess the viability of including refurbished and remanufactured equipment in the framework agreement. Three factors influenced the decision to opt for remanufactured rather than refurbished products: the assurance to be able to acquire the same model in larger quantities, (up to 8% of the expected total framework sales), the longer warranty periods when compared to refurbished devices and the availability of verifiable standards (in this case the BSI Kitemark™).
- These factors helped to overcome an initial reluctance by OGP to include remanufactured products, which stemmed from a lack of understanding about their quality, security, reliability, and the fact that the procurement of 'second life' devices is a departure from the typical procurement of 'new' equipment.

- OGP also surveyed potential framework clients (over 600 IT and procurement managers across the Irish public sector) as part of the framework design process. The survey included questions regarding their interest in purchasing remanufactured equipment. About 160 organisations responded with 27% stating they were interested and another 25% stating they would like to know more. The largest area of interest was from the education sector, but interest was expressed from all sectors.
- Based on the gathered market intelligence, OGP decided to focus on laptops only, as this is the only area of the market for remanufactured IT products that is active at scale. A standalone lot for remanufactured laptops was included in the framework agreement, alongside lots for the procurement of new devices (desktops, laptops, and peripherals). As is standard for most framework agreements published by OGP, the call for tenders required a minimum of two suppliers per lot.
- When the call for tenders was published in February 2023, two bids were received for the remanufactured lot. However, both were disqualified at the compliance stage for administrative issues on their submissions and the lot was void. In order to minimise that risk in future tenders, the IT Category Manager met both suppliers to clarify how information should be submitted.
- Based on the interest expressed by both suppliers, OGP launched a
  second call for tenders in September 2023, this time with a framework
  agreement only for remanufactured laptops. As two suppliers submitted
  offers the first time, OGP kept the condition of ensuring at least two
  suppliers for the agreement. However, this second time one of the
  bidders did not tender. As a minimum of two suppliers were required, the
  framework was void again.
- In November 2023 OGP published a new for tender which enabled the awarding of a contract to one or more suppliers as applicable and in June 2024 the contract was awarded to one supplier.





#### Who was involved?

- The Office of Government Procurement, part of the Office of Public Expenditure, National Development Plan Delivery and Reform, was responsible for drafting the tender documents and all the technical specifications for the remanufactured equipment. This included a team of four people (Category Specialists and Senior Category Specialists) lead by the IT Category manager who conducted market research and defined the technical specifications for the tender.
- Technical specifications were developed in conjunction with a panel of eight Subject Matter Experts from various sectors.
- The Irish <u>Environmental Protection Agency</u> developed the national GPP Criteria that include criteria to assist in the procurement of refurbished and remanufactured IT equipment and served as inspiration for OGP.
- About 160 public sector organisations, who replied to the survey and provided their feedback on the interest to buy 'second life' products.
- OEMs and resellers of OEM equipment who participated in the market research and their tender proposals.

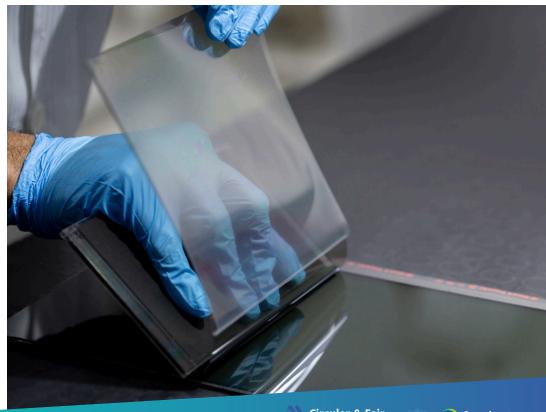
## What were the outcomes and lessons learned?

#### Outcomes

- Ultimately, two suppliers responded to the call for tenders from November 2023. Only one of these suppliers met the compliance requirements and successfully proceeded to evaluation.
- While having more than one supplier on the Framework to compete for contracts would have been the ideal outcome, having a contract for 4 years with the same supplier will enable OGP and all authorities buying from the framework agreement to build better relationships with the contractor and promote good contract stewardship by all parties.
- Economically, remanufactured laptops are about 30% cheaper than new ones, contributing at the same time to reducing environmental and social impacts.
- This framework enables the procurement in the region of 60,000 remanufactured laptops. In environmental terms, when compared to buying new laptops, this could equate to a reduction of 19 million kilograms of CO2, 72 million kilograms of mined resource preservation and 11 billion litres of water not used. The CO2 saving is equivalent to taking 1200 cars off the road for each year of the contract.

#### Lessons

- Direct support from the Minister of Public Expenditure, National Development Plan Delivery and Reform to purchase 'second-life' items, combined with a motivated IT Sourcing team within OGP, has been instrumental in driving engagement and commitment to green procurement and the circular economy, even when problems arise in the process.
- Market analysis is key to understand products and service availabilities, characteristics and guarantees, especially when considering refurbished and remanufactured options.
- Having quality assurance standards to refer to when procuring 'second life' products helps to reduce some of the barriers to such products and to allay concerns of ICT procurers who are not familiar with the offering. Strict guarantees and service requirements equivalent to those offered for 'new' devices help too.









- Consulting potential clients on their inclination to purchase remanufactured products is important to assess potential demand and support the inclusion of such products in general framework agreements.
- Ensuring that potential bidders understand how to respond correctly to a call for tender in the public sector is essential, as many in this newly emerging market are not experienced in this space and risk failing on compliance issues.
- Having IT experts in the ICT Sourcing team has been fundamental to ensure the inclusion of specifications that ensure product evolution and compatibility over time, especially in a four-year contract, as hardware specifications influence software and security upgrades.
- Raising awareness is still needed to demystify the quality of 'second life' products. The organisations interested in buying remanufactured equipment were mostly those that supply the equipment to students, so the pressure on performance is lower than for in-house uses. This reflects a preconception that will need to change. In that regard, the Department of the Environment, Climate and Communications has now set targets to encourage the procurement of remanufactured devices, namely for desktops, laptops, and cell phones.
- When the market for more sustainable products is limited (in this case for remanufactured products), the procurement team should be more flexible with certain administrative requirements (i.e. allowing only one instead of requiring two or more contractors) or be ready to tender again when contracts are void. Perseverance is key.
- To further promote the circular economy, OGP is examining the possibility of setting up a framework agreement for the end-of-life management of IT equipment in order to improve current practices and promote remanufacturing of IT equipment across the public sector.



Image: Irelands Minister for Public Expenditure NDP Delivery and Reform, Paschal Donohoe TD (right) and Minister of State with responsibility for public procurement and circular economy Ossian Smyth TD (left) with a partially remanufactured laptop.

#### **References:**

[1] Access the tender documents in the Irish e-procurement platform (<u>IHW037F</u>)

Images provided by Circular Computing and the Government of Ireland

### Disclaimer:

This case has been described to provide inspiration. If, after careful reflection, this example offers added value to your procurement practices, adapt it to fit your organisation and make sure it is compliant with the applicable rules and regulations for procurement.





