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EXTRA LIGHT

Bolstering European lighting SMEs participation in public procurement extra-EU



Let's Partner Up - B2B Bid matchmaking & consortia building process





D3.1 Activity report of the Let's Partner Up - B2B Bid matchmaking & consortia building process

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PREMISES

This deliverable provides insights into forming consortia for participating in public procurement in three extra-EU countries addressed by the EXTRA LIGHT project activities: USA, Canada and Japan. It begins with an exploration of the different types of consortia that lighting and furniture SMEs represented by the project partners can form to enhance their chances of winning public procurement contracts. These consortia vary in structure and purpose, designed to navigate the complex landscape of international tenders effectively.

Following the foundational knowledge on consortia, the document delves into specific insights gathered from the EXTRA LIGHT international exploratory missions, tailored training and advisory services on public procurement procedures in the target countries, which involved discussions with public buyers from Japan, Canada, and the USA, and the procurement and legal experts specialised in supporting the European SMEs in accessing these foreign markets and government tendering processes. Each section dedicated to these countries offers a unique perspective from public buyers and experts, highlighting the specific requirements, preferences, and challenges faced in each market. These insights are invaluable for businesses looking to tailor their approaches to fit the nuanced demands of different international public procurement processes.

1. Building consortia for public procurement in the extra-EU

Several challenges confront European lighting and furniture SMEs when trying to access public procurement opportunities in non-EU countries such as the USA, Canada, and Japan. One strategic approach they might adopt is forming consortia to submit collective bids for public contracts. This necessity often arises because individual firms may lack the requisite financial scale, specifically in terms of turnover, or may not fulfil all the technical capacity or experience criteria demanded by the procurement authorities in these countries. Engaging in consortium bidding might allow these firms to pool their resources and capabilities to meet the stringent requirements of foreign public procurement processes.

In the world of foreign public procurement, opportunities which arise are often too significant and complex for a single company to tackle alone, in particular for a small business. Hence, the EXTRA LIGHT Consortium from the beginning promoted the bid consortium building as one of the main entry strategies for the European SMEs into the public tendering in the third countries. Forming a consortium and making a joint bid can be the key to unlocking success.

1.1 Typologies of the public procurement consortia

In public procurement, especially within third countries like the non-EU countries addressed by the project, consortia can take various forms, each designed to meet the specific requirements of the tender and the strategic goals of the participating entities. The typologies of consortia in this context mainly differ based on their structure, purpose, and the nature of the agreement among the members.

Here's a breakdown of the primary typologies considered in the EXTRA LIGHT training and matchmaking-oriented activities:





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- ✓ **Horizontal Consortia:** These consist of firms that operate at the same level in the supply chain and are usually in the same or similar industries. Their primary purpose is to pool resources, expertise, or technologies to fulfil the requirements of a public procurement contract that might be beyond the reach of individual members due to size, complexity, or financial demands.
- ✓ **Vertical Consortia:** In contrast, vertical consortia involve companies at different stages of the supply chain. This could include manufacturers, suppliers, and service providers who come together to offer a comprehensive solution to meet the procurement needs. This type of consortium allows for the integration of various stages of production and service delivery, providing a complete package to the procurement entity.
- ✓ **Mixed Consortia:** These consortia combine elements of both horizontal and vertical types. They might involve firms from different sectors or stages in the supply chain coming together to bid on projects that require a multidisciplinary approach. This typology is particularly relevant for complex projects that demand a wide range of expertise and resources.
- ✓ **Project-Specific Consortia:** These are formed with the sole purpose of bidding on a specific public procurement project. Members come together to pool their capabilities to meet the project's unique requirements and disband once the project is completed or the contract ends.
- ✓ **Permanent Consortia:** Unlike project-specific consortia, permanent consortia are established as ongoing entities that bid on multiple projects over time. They are typically structured with a more formal governance framework to manage the consortium's continuous operations and activities.
- ✓ **Open vs. Closed Consortia:** Open consortia are flexible in terms of membership, allowing new members to join at different stages of the procurement process or project execution. Closed consortia, on the other hand, have fixed membership and do not allow new entities to join once the consortium is formed.

The choice among these typologies depends on several factors, including the nature of the public procurement tender, the regulatory environment of the third country, the strategic objectives of the participating firms, and the specific challenges and opportunities presented by the tender. Each type of consortium offers different advantages and may face distinct challenges, particularly in navigating the regulatory and competitive landscapes of third countries.

The EXTRA LIGHT target companies expressed the main interest towards the vertical, mixed and open consortia typologies in the framework of the analysed public tendering in Canada, USA and Japan.

→ Example of a potential “vertical consortium” between a European Lighting SME and Canadian Service Maintenance Provider

Let's illustrate this with a hypothetical scenario involving a European SME specializing in advanced lighting systems looking to enter the Canadian public procurement market. The SME aims to secure a contract to upgrade the lighting systems in public buildings across a Canadian city to energy-efficient LED technologies.

The Challenge:

The European SME has the technology and expertise to produce and supply the LED lighting systems but lacks local presence in Canada to provide installation and ongoing maintenance services, which are crucial for the successful delivery of a public procurement contract.





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Formation of a Vertical Consortium:

To address this, the SME forms a vertical consortium with a local Canadian service provider specializing in the installation and maintenance of lighting systems. This partnership creates a comprehensive value chain from the production of the LED lights to their installation and long-term maintenance, offering a complete solution to the public authority.

Operation of the Consortium:

- **Role of the European SME:** As the main contractor, the SME is responsible for manufacturing the LED lighting systems, ensuring they meet the specific requirements of the public buildings and the standards set by the Canadian authorities. The SME also oversees the overall project management, coordinating closely with their Canadian partner to ensure timely delivery and installation.
- **Role of the Canadian Service Provider:** As the local partner and a member of the consortium, the service provider brings invaluable local knowledge, including compliance with Canadian regulations and standards. Their responsibilities include installing the LED systems, providing regular maintenance and repairs, and acting as the local point of contact for the public authority. Their on-the-ground presence ensures swift response times for maintenance calls and a direct line of communication with the end-user.

Benefits of the Vertical Consortium:

- **Comprehensive Expertise:** The consortium leverages the European SME's technological expertise and the Canadian partner's local market knowledge and service capabilities.
- **Compliance and Responsiveness:** The local partner ensures the consortium adheres to local regulations and standards while offering responsive after-sale support.
- **Competitive Advantage:** By offering a full-service solution, the consortium is more attractive to the public authority, increasing its chances of winning the contract.

This scenario exemplifies how a vertical consortium can effectively bridge the gap between a European SME's innovative technology and the local service infrastructure required to successfully implement and maintain that technology in a public procurement context in Canada.

An **open consortium** is flexible regarding its membership, allowing new entities to join either during the bid preparation phase or even after the tender has been won, to enhance the consortium's capabilities or to meet specific needs that arise during the execution of the project. This model is particularly useful in large-scale and complex projects where the initial consortium might need to integrate additional expertise, resources, or local partners to fulfil the project's requirements successfully.

- ➔ ***Example of a potential “open consortium” between an US Prime Contractor and European Lighting SMEs for the US Embassy in Paris***

Scenario Overview:

A US-based prime contractor wins a tender to refurbish and upgrade the infrastructure of the US Embassy in Paris, France. The project involves extensive renovation work, including significant enhancements to the building's energy efficiency and lighting systems. Recognizing the need for local expertise and compliance with European Union safety and quality standards, the prime contractor decides to operate within an open consortium framework.





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Formation of an Open Consortium:

- **Initial Phase:** Upon being awarded the contract, the US prime contractor forms an initial consortium with several European companies specializing in construction, architectural design, and electrical engineering, ensuring that the core competencies required for the project are covered.
- **Expansion Need:** As the project progresses, the prime contractor identifies a specific need for innovative lighting solutions that comply with the EU's strict energy efficiency and safety regulations. The consortium thus opens up for additional members who can supply and install state-of-the-art lighting systems.

Seeking European Lighting SMEs:

- **Call for Subcontractors:** The US prime contractor issues a call for expressions of interest from European lighting SMEs that have the necessary certifications and experience in implementing energy-efficient lighting projects.
- **Evaluation and Selection:** Interested European SMEs submit their proposals, showcasing their products, compliance with EU standards, previous project experiences, and capacity to deliver on a large scale. The prime contractor evaluates these proposals based on criteria such as technological innovation, compliance with EU regulations, cost-effectiveness, and proven track record.

Integration into the Consortium:

- **Selected SMEs:** Several European lighting SMEs are chosen to join the consortium as subcontractors. They are responsible for providing the lighting systems that meet the project's specifications, including installation and integration into the existing electrical infrastructure.
- **Collaboration and Execution:** These SMEs work closely with the prime contractor and other consortium members to ensure that the lighting systems are installed efficiently, meet all regulatory requirements, and contribute to the overall goals of the embassy's refurbishment project.

Benefits of the Open Consortium:

- **Flexibility:** The open consortium structure allows the prime contractor to adapt to the project's evolving needs by incorporating specialized skills and products.
- **Compliance and Quality:** By including European SMEs, the consortium ensures that the lighting systems comply with local regulations and standards, leveraging their expertise in the European market.
- **Efficient Execution:** The collaborative effort between the US prime contractor and European SMEs facilitates knowledge exchange, efficient project management, and the successful completion of the project within the desired timeframe and budget.

This example highlights how an open consortium can dynamically incorporate additional members to address specific needs, ensuring compliance with local regulations and standards while leveraging specialized expertise to achieve project objectives.

In the complex landscape of international public procurement, forming a consortium represents a strategic decision fraught with complexities, necessitating a deep understanding of multifarious rules, regulations, and operational dynamics. The simplified examples of vertical and open consortia





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provided for explanatory purposes only scratch the surface of the elaborate considerations involved. Each consortium, whether it aims to bid on a project in the USA, Canada, Japan or elsewhere, must meticulously navigate not only the specific public procurement rules and procedures of the target jurisdiction but also a broader spectrum of regulatory compliance issues ranging from antitrust laws to environmental and safety standards.

Beyond legal and procedural adherence, strategic partnership considerations play a crucial role in determining the consortium's structure and operational ethos. The formation and governance of these consortia require carefully crafted contractual arrangements that delineate the roles, responsibilities, and expectations of each member, ensuring alignment with the collective objectives while safeguarding individual interests.

Additionally, in cross-border consortium arrangements, the integration of diverse corporate cultures and operational practices becomes paramount, demanding not only legal acumen but also a high degree of managerial skill and cultural sensitivity. Thus, while consortia offer a formidable strategy for engaging in public procurement across borders, their successful formation and operation demand a comprehensive approach that balances legal compliance, strategic alignment, and operational integration.

2. Insights from the EXTRA LIGHT meetings with public buyers

During the project course, the EXTRA LIGHT partners organised three international exploratory missions in the target extra-EU countries: Japan, Canada and the USA, aimed at increasing their knowledge on the public procurement in these countries, meet potential public procurers and local business partners. Moreover, Partners also had the opportunity to meet and discuss with the representatives of several US, Canadian and Japanese municipal authorities during the visited industrial and thematic fairs in Europe (i.e. Smart Cities Expo World Congress 2022 and 2023 in Barcelona Spain, EuroLuce & Salone del Mobile 2022 and 2023 in Milan, Italy).

Engaging directly with public procurers is a strategic step aiming to navigate the intricacies of the public procurement landscape effectively. Such interactions offer a deeper understanding of the tendering process, clarifying the procedural maze and timelines that define public contracts. Beyond procedural clarity, meeting with procurers opens a window into the broader objectives and nuanced expectations behind the tender procedures. These expectations might encompass a range of priorities, from innovation and sustainability to local economic impact, which are not always explicitly detailed in tender documents or connections to wider infrastructure investments.

However, while direct engagement with public buyers offers numerous benefits to potential bidders, it's important to acknowledge the challenges and restrictions that often exist in practice. Public buyers may be hesitant to meet with companies outside officially organized tender information sessions to avoid any perception of conflict of interest or preferential treatment. In environments where official lobbying is not clearly regulated, public procurement officials are particularly cautious to maintain fairness and transparency in the tendering process. This cautious approach is fundamental to preserving the integrity of the procurement process, ensuring that all bidders have equal opportunity and that selections are made purely on merit.

In this context, industrial clusters, like those represented by the EXTRA LIGHT consortium, play a critical role as intermediaries between public buyers and companies. During the meetings with the public buyers, project partners aimed at unveiling potential challenges or concerns related to the





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procurement and the procurer's broader goals, and collecting this key information to be then transferred to the associated companies.

2.1 Japan – insights from public buyers

From 27th February to 2nd March 2023 project consortium organised the exploratory mission to Tokyo Japan, in collaboration with the Italian Chamber of Commerce in Japan (CCIJ). During these 4 days partners had the opportunity to meet both important public authorities and also potential local business partners for the public procurement process.

Regarding the public buyers, partner clusters had meetings with the Tokyo Prefecture and the Shibuya Municipality “Machizukuri” and, in particular with the representatives of the departments managing town planning, urban development, industry and tourism division.

The main difficulty in the public procurement in Japan is the fact, that although the information must be provided under both the GPA and the EU-Japan EPA, the tender details are provided only in Japanese. Therefore, EU bidders must be able to read and write Japanese, or request assistance from entities with procurement experience in Japan, in order to fully understand the procurement’s process and requests, and also to submit the correct documentation (also in Japanese). This aspect was fully confirmed by the public officers met in Tokyo, who highlighted also that also the possibility for asking questions or submitting queries must be carried out fully in Japanese because the staff do not speak English (and even if so, they are not obliged to answer in other language than Japanese).

Hence, in general the tendering process in Japan is extremely complex, also due to other normative and cultural characteristics (as highlighted in the EXTRA LIGHT deliverable *D1.2 EXTRA LIGHT Outlook of target public procurement markets in the USA, Canada and Japan*), it is highly recommended to collaborate with a local partner, or a trading house, in order to jointly participate in procurement tenders.

Sogo shosha – trading houses

The **trading houses (sogo shosha)** are Japanese companies which handle a wide range of products and materials, and traditionally engaged in trade logistics, plant development, etc. Known as a uniquely Japanese business model, the Shosha have been responsible for overseas transactions since Japan opened up to the outside world around the time of the Meiji Restoration. As Japan recovered as a trading nation after WWII, they grew significantly as they took charge of imports and exports, proactively expanded overseas, and expanded their global networks. They have leveraged these networks in recent years, making investments and developing various businesses on the world stage, including government procurement in Japan. The Shosha have two sources of revenues: traditional trading, and their growing investment activities. Their business portfolios are thus based on two cornerstones, trade, and business investment. Their basic business model for trade consists of utilizing global information, logistical networks, and financial resources to seek buyers and sellers on behalf of their customers, and earning commissions on linking them together. There are seven corporations that today are referred to as Sogo Shosha, namely Mitsubishi Corp., Mitsui & Co., Ltd., Itochu Corp., Sumitomo Corp., Marubeni Corp., Sojitz Corp. and Toyota Tsusho Corp., though the latter two are seen being a bit smaller than the “Big Five” mentioned at the outset.

The Shosha companies are members of the Japan Foreign Trade Council Inc. (JFTC) and are supervised by the Ministry of Economy, Trade and Industry (METI). More information about these trading houses can be found in the « [SHOSHA Handbook 2022](#) » elaborated by the JFTC.





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The Japanese officers highlighted that many international companies (mainly medium and big enterprises) collaborate with the Shosha to enter the market and also to deal with the public procurement, since foreign suppliers may be unfamiliar with the national (and local) procurement procedures and as tender documents and information are provided mainly in Japanese, foreign prospective bidders often form a joint venture, consortium or a partnership with local trading houses to participate in tenders. In this cases, Shosha can support company in collecting information on the tender, attending bid briefing meetings, communicating directly with procuring entities, or finding third party companies which could perform after services in lieu of the winning suppliers. They can also help in identifying a local business partner if necessary to ensure the products delivery, logistics or proximity service (like maintenance) and other.

EU suppliers may also seek additional assistance from other entities, such as local law firms, or local Japanese companies specialized in providing tender assistance in for example obtaining supplier qualification, arranging Japanese translation of the documents suppliers must submit to obtain the qualification, or submitting the application.

Moreover the EU-Japan Centre for Industrial Cooperation with its Japan Tax & Public Procurement Helpdesk is the first place where to look for advice in relation to public procurement in Japan.

2.2 Canada – insights from public buyers

The EXTRA LIGHT international mission to Toronto, Canada took place from 27.11 to 01.12.2023, and engaged numerous meetings with public authorities responsible for the public procurement among which the Ontario Public Buyers Association, City of Mississauga, HealthPro Procurement Services, Association Municipalities Ontario and Local Authority Services, the Canoe Procurement (Canadian municipality association). These meetings were a precious source of information about the public tendering in the Ontario province, and suggestions on how to approach it (and be successful) for the European SMEs represented by the project partners.

As the rules and proceedings regarding the public procurement in Canada have been widely described in other EXTRA LIGHT deliverables, as for Japan, we will highlighted below the most important insights collected from the public buyers, with particular focus on building procurement partnerships .

Prior to engaging in public procurement activities in Canada, it is always essential for a company to verify that it satisfies all the prerequisites for participation. This encompasses being duly registered to conduct business within Canada, obtaining all requisite licenses and certifications, and adhering to any particular requirements outlined in the procurement documentation. Furthermore, a significant number of procurement opportunities mandate registration on certain procurement portals or platforms, making it crucial to address this requirement promptly in the preparatory phase. Participating in public procurement in Canada can be a rewarding opportunity for European companies looking to expand their business. By understanding the Canadian procurement landscape, preparing strong bids, and complying with all requirements, the EXTRA LIGHT SMEs can successfully bid on contracts and grow its presence in the Canadian market.

The main recommendation given was the importance of having a local presence or network within Canada. It resulted to be crucial for accessing public procurement opportunities. Without local representation, EU companies may find it really challenging to engage with procurement officials, understand local market nuances, and answer properly the requirements of the public tenders. In fact, Canadian public procurement policies favor local businesses or require a certain percentage of local content, creating additional competition for EU companies.





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Although agreements like CETA aim to level the playing field, preferences for local suppliers are still manifested in various forms. There are aspects of the procurement regulations and policies that can inherently favor local companies, either directly through specific measures or indirectly through the way procurement processes are structured. This includes Set-Asides for Small and Minority-Owned Businesses, where the Canadian government operates set-aside programs intended to support small businesses, women-owned businesses, Indigenous businesses, and other minority-owned enterprises. While these programs aim to foster diversity and support for underrepresented groups within Canada, they inherently favor local companies that meet these criteria over foreign entities.

Furthermore, some tenders may favor companies that can demonstrate a strong local presence or extensive experience working within the Canadian context. This can include requirements for local offices, local workforce engagement, or previous work history with Canadian public sector clients. Additionally several procurement processes involve pre-qualification stages where suppliers must demonstrate their capability to meet the project's needs. Criteria used in these stages can favor locally based companies, such as requiring specific local certifications, standards compliance, or even references from local clients, as well as mandatory maintenance service and client assistance in loco.

While not codified in regulations, there can sometimes be an informal preference for local suppliers based on familiarity, perceived reliability, or the desire to support the local economy. Though such preferences are not officially sanctioned, they can influence procurement outcomes in subtle ways.

Hence, a local presence in Canada can be critical for understanding the nuances of the public procurement landscape. Local knowledge encompasses familiarity with the legal and regulatory environment, insights into the preferences and expectations of public procurement officials, and an understanding of the competitive landscape. Without a base of operations or partners in Canada, EU companies may struggle to acquire this nuanced understanding, which is essential for tailoring bids to meet specific criteria and for navigating the bureaucratic aspects of the procurement process efficiently.

Entering the public procurement as subcontractors to prime contractors

Considering the above, it is recommended for the EXTRA LIGHT SMEs to consider participation as subcontractors to prime contractors in Canadian public procurement processes. This arrangement allows European businesses to contribute their expertise, products, or services to larger projects without directly navigating the complexities of the Canadian procurement system or competing as the main bidder. By partnering with a prime contractor that already has a strong local presence and understanding of the Canadian procurement landscape, EU companies can mitigate some of the challenges associated with market entry, such as local regulations, certification requirements, and cultural differences. This can open doors to more subcontracting opportunities and potentially lead to direct procurement participation in the future.

Finding a list of prime contractors involved in Canadian public procurement can be a bit challenging, as there's no single, comprehensive source that lists all prime contractors across all sectors and types of procurement. However, the official public procurement portals (BuyCanada, MERX or other websites used by Canadian public authorities) provide access to active tender notices, contract history, and award notices. While it might not list prime contractors explicitly, by examining contract award notices and historical procurement data, companies can identify which firms have been awarded contracts and may be seeking subcontractors.





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2.3 USA – insights from public buyers

The third EXTRA LIGHT exploratory mission to the USA (New York) is planned for 21-23.05.2024, hence the insights collected during this event will be included in the apositely updated version of the deliverable.

Therefore, we report here the suggestions and reccomendations received from the US public procurement experts who delivered the EXTRA LIGHT digital training for the partner clusters and their SMEs, and legal market access experts who perform the project one-to-one tender support servic for the companies.

Similarly to the Canadian and Japanese public procurement, also the tendering process in the USA is very complex and challenging for the European SMEs. There are a number of rules and regulations governing federal procurement processes.

For businesses wishing to sell goods or services to agencies, the General Services Administration has created an integrated site called the System for Award Management (SAM), and businesses need a Unique Entity Identification Number from the Federal Service Desk website. Registration involves submitting information and documentation on legal status, organizational structure, tax identification, and finances and getting recognized as an official business or nonprofit organization. Once registered, businesses can search for federal contract opportunities through www.SAM.gov, www.SBA.gov, or specific agency websites. Among other things, bids must document the materials, proposed price, sourcing, experience, organizational capacity, and compliance capabilities. Submissions also must comply with the content requirements of the Buy America Act (which provides additional restrictions to the foreign companies access to the public procurement) and the Trade Agreements Act (TAA). To be TAA compliant, all products sold through the Government Procurement Agreement Multiple Award Schedule (GSA MAS Contract) must be manufactured or “substantially transformed” in the United States or a TAA “designated country” (like the World Trade Organization Government Procurement Agreement Countries).

Moreover, there is also a significant difference in classifying the small-and-medium sized companies in the USA and the European Union. In fact, in the United States, the Small Business Administration sets small business criteria based on industry, ownership structure, revenue and number of employees which in some circumstances may be as high as 1500, although the cap is typically 500. This difference may cause distortion in the competition process, as most of the European SMEs are smaller than their US namesakes.

Considering the above, the main reccomendation for the EXTRA LIGHT lighting and furniture SMEs is to start their tendering journey through partnerships with the US companies and/or large companies (US and European) with former success in the federal procurement as prime contractors (subcontractors).

The US General Services Administration (GSA) defines the partnership in the procurement framework as « combined efforts by two or more entities (companies) in fulfilling the purchase request of the US Government », and list three typologies of such collaboration :

- ✓ **Subcontracting** – it allows small businesses to sell to the government by partnering with a large business prime contractor. Small businesses must contact prime contractors directly. One contractor (company) is considered the “Prime Contractor”, who works directly with the federal government. Subcontractors have a smaller scope than the prime contractor and they directly work with the Prime contractor instead of the US Government. Companies can use the [GSA's Subcontracting Directory](#) and the GSA eLibrary to find potential large business prime contractors. The GSA obtains the names and addresses for this listing from the Federal





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Procurement Data System when a large business receives a federal contract over \$750,000 (\$1.5 million for construction contracts).

- ✓ **Joint Venture** - A joint venture is formed for the sole purpose of pooling resources of separate businesses to support the mission of a government agency successfully and cost-effectively. It is considered a new legal entity that requires approval by the Small Business Administration (SBA), a separate federal identification number, and a new SAM user account. More information about this partnership typology is available on the US Small Business Administration [website](#).
- ✓ **Contractor Team Arrangement (CTA)** - Under a CTA, two or more GSA Schedule contractors work together to meet the needs of an ordering activity (e.g., those agencies and organizations that can order from GSA Schedules). A CTA is an arrangement between the two companies, not the formation of a new company. For further details on CTAs, companies can refer to the [CTA page](#).

The main differences between the roles of Prime Contractor and Subcontractor are strictly related to the areas of responsibility, in particular :

- **Prime Contractor** – key areas of responsibility include :
 - Has privity of contract with the US Government, SAM Registration
 - Responsible for actions of the subcontractor, Contracting Officer must sign off on use of subcontractor, contract administration
 - Compliance: Additional responsibilities typically required by the government that only apply to the prime (Reporting, Insurance, Prompt Payment of Subcontractors, other) ;
 - Determine subcontractors responsibilities regarding bid requirements.
- **Subcontractor** – key areas of responsibility include :
 - Complete assigned work as specified in contract
 - Invoicing, Sending Report data in a timely manner, other agreements

The EXTRA LIGHT SMEs must remember that it will take time and research to find a good partner, ideally a potential partner is already winning contracts, is engaged with the public buyers' base, and allows company product to qualify for most contract opportunities.

A suggested approach by the legal experts, regards procurement related to the US federal facilities located in Europe, like military basis and the connected services, as well as diplomatic buildings (embassys, consulates, US-owned schools, etc.). These tenders are managed by the US federal agencies (i.e. State Department, and Defense Agency with Departments for the Army or Navy) as the facilities are owned by the government, and must respect the same procurement rules and procedres as domestic. The reccomended step is to identify the key prime contractors with the past or ongoing contracts for the public works based in Europe, and contact them to enter their networks. Very often these big companies search for the local-based subcontractors who are compliant both with the US GSA procurement requirements and also the European quality, security and safety standards.





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3. Conclusions

Accessing public procurement markets outside the European Union, like those of the US, Canada and Japan, poses substantial challenges for the EXTRA LIGHT lighting and furniture SMEs. These challenges are rooted in various factors, including complex regulatory environments, differing standards and certifications, language barriers, and the nuanced understanding required of local market dynamics. Given these obstacles, forging partnerships with local companies and other relevant actors, such as prime contractors, emerges as a strategic pathway to facilitate market entry for target companies. This approach was considered by the EXTRA LIGHT partners as particularly valuable in supporting SMEs through their "go – no go" decision-making process regarding government tendering in third countries.

Partnering with local entities offers SMEs an insider's perspective on the market, including regulatory requirements, consumer preferences, and competitive landscapes. Such alliances enable them to navigate the intricate processes of government tendering with greater ease, from preparing tender documents to understanding selection criteria. Furthermore, these collaborations enhance the credibility of EU firms, as local partners' established presence and network can open doors to key contacts, including potential customers, suppliers, and industry players. Moreover, these partnerships are instrumental in mitigating risks associated with new market entry. They allow for the sharing of financial and operational risks and provide a scalable approach to market penetration, enabling EU SMEs to test the waters with fewer resources initially. Operational support from local partners, in terms of logistics, distribution, and after-sales services, is crucial for fulfilling government contracts. Additionally, these partnerships help overcome language and cultural barriers, facilitating smoother communications and business transactions.

For the EXTRA LIGHT SMEs looking to access the extra-EU public procurement the paths through such partnerships seems to be the most appropriate considering their limited experience in such proceedings and also small company dimension that characterise this sector. The consortium accompanied the companies in this public procurement exploratory journey with several customised services including target countries' market and government procurement research, in-depth upskilling trainings with procurement experts from the US, Canada and Japan, and also tailored one-to-one legal advisory service with legal experts in the tender procedures and market access strategies for the USA and Canada. During the digital training activities (executed in autumn 2022-winter 2023), Partners and companies had the opportunity to learn more about the different partnerships typologies eligible in the procurement proceedings, as well as ways how to identify potential bid partners and conduct due diligence on these companies to ensuring compatibility and reliability. During the local EXTRA LIGHT hands-on workrooms where SMEs had the possibility to analyse actual tender documents, also examples of the subcontracting contracts with prime contractors were showcased to outline core issues to be aware about like terms of the partnership, covering roles, responsibilities, financial arrangements, and mechanisms for dispute resolution.

The one-to-one advisory service provided by the EXTRA LIGHT to the most committed SMEs offer also support in identifying and contacting the potential local companies in the third-countries and general contractors operating both in the target countries and in Europe (as in case of the USA and Canada tenders for military and diplomacy facilities).

In essence, strategic partnerships with local companies and prime contractors not only offer EXTRA LIGHT lighting and furniture SMEs a lifeline to navigate the complexities of extra-EU public procurement markets but also provide a platform for informed decision-making and sustainable market entry strategies.

