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For any feedback to the process, or the document, please contact the process owner, ITO Commercial Leader SPS Asia.

**Applicability:**

|  |  |  |
| --- | --- | --- |
| APPLICABLE PRODUCT LINES | | |
| Subsea Drilling Systems | Subsea Production Systems (SPS) | |
| Subsea Services & Offshore Equipment | Trees | Controls |
| Flexible Pipe Systems | MCS | Projects |
| Surface Pressure Control  Subsea Production Systems (SPS) |  |  |

**Document Revision Chart:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Rev | Section modified and revision description | Issue date | Expiry date | Author(s) |
| 1.0 | Updated to reflect latest process and organizational changes.  This procedure supersedes previous version QP-P&P -GLO-ITO-001. Template QT-SPS-GLO-ITO 001 supersedes QT-P&P-GLO-ITO-001. | 14/Aug/2017 | 14/Aug/2020 | M. Palaniappan |

Table of Contents

[1 Purpose / Outcome 4](#_Toc490205192)

[2 Scope & Applicability 4](#_Toc490205193)

[3 Process Overview / Instruction 4](#_Toc490205194)

[3.1 Acceptance and Distribution of Proposal Request 4](#_Toc490205195)

[3.2 Proposal Review and Reference Project Check 5](#_Toc490205196)

[3.3 Pricing, Delivery, Financial Adjustments and Contingencies 5](#_Toc490205197)

[3.4 Compilation and Submission 6](#_Toc490205198)

[3.5 Process definition – Preparation of Budgetary Response 7](#_Toc490205199)

[4 Roles & Responsibilities 8](#_Toc490205200)

[5 Quality Records 8](#_Toc490205201)

[6 References, Terms, Definitions & Acronyms 9](#_Toc490205202)

[6.1 References 9](#_Toc490205203)

[6.2 Terms, Definitions & Acronyms 9](#_Toc490205204)

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# Purpose / Outcome

The purpose of this Procedure is to outline the process undertaken by BHGE after receiving a budgetary proposal request from a customer.

Full compliance to this procedure is required within 1 month of publishing on the QMS (Documentum).

# Scope & Applicability

This Procedure is applicable to the global BHGE subsea systems ITO commercial operations team and shall be used as a process guide for the timely turnaround of budgetary proposal requests.

# Process Overview / Instruction

## Acceptance and Distribution of Proposal Request

### Budgetary proposal requests will be received by the Sales team from the customer. In case requests come in through other channels then the Sales team shall be engaged to lead the request and follow the process outlined in this document.

### The Sales team shall ensure that the On Boarding Policy is completed for the customer/end user and the opportunity is added to Deal Machine.

### The Sales team shall distribute the proposal request including the DEAL MACHINE reference number to the ITO (including Global CoE/ Product Group Commercial Leaders for distribution & information purposes) and Application Engineering teams.

The Sales team shall coordinate and conduct a meeting/call for the opportunity and shall ensure that the following people are invited:

|  |  |
| --- | --- |
| Regional Sales LeaderRegional SPS Comm Ops LeaderAssigned Tender ManagerAssigned Commercial ManagerAssigned Proposal Analyst | Regional AE LeaderAssigned AEsOther Comm Ops Leaders (Services & Offshore etc.)Execution team representative |

### The Sales Team is responsible for compiling relevant information specific to the budgetary request. During this meeting, the scope and timeline for the budgetary will be reviewed and an agreement to submit the budgetary will be reached. If for any reason, the collective team decide not to respond to the request then the customer will be informed as to the reasons why and this budgetary proposal process will end. The Sales team will be responsible to inform the customer accordingly.

## Proposal Review and Reference Project Check

### The ITO Application Engineering team shall review the budgetary request requirements and advise the team if a structured/standard product can be used or alternatively suggest the most suitable product/solution. The AE team shall then provide a high-level system MEL (or product MEL) detailing reference part numbers and projects as appropriate.

### If reference projects/products are available and if the project has been completed, the Tender/Commercial Manager shall locate actual ‘as executed’ costs and utilize this costing. In case the ‘as executed’ costs are not available, the respective Product Group’s Cost Catalogue for costing shall be used where available.

### If input is required from Offshore, Services etc. then the relevant ITO team shall be contacted for guidance

## Pricing, Delivery, Financial Adjustments and Contingencies

### MELs shall be forwarded to the relevant Product Groups as required for guidance on costing.

### The individual completing the Budgetary Proposal shall cost using the costing process outlined in OGQ-0111 Inquiry to Order Procedure. Alternatively, Big Machines may be used depending on complexity, scope, response turnaround, etc.

### Escalation shall be added as required (depending on the reference project costing date). Note that in the event Big Machines is utilised for costing then escalation is already built-in to the tool. The pricing will be finalised based on feedback from the sales team, competitive positioning requirements, market dynamics etc.

### Standard provisions shall be included for warranties, contingencies, financing costs etc. (utilising current standards) as outlined in the Costing Handbook.

### There will be no need to complete a risk checklist in Deal Machine nor will there be a need to enter risks in the Active Risk Manager tool, however, technical and commercial contingencies shall be estimated based on previous projects of a similar size and complexity.

### Reference the GE Oil & Gas General Terms and Conditions for Sale of Products, Parts and/or Services Subsea & Drilling (Rev A December 2015) in the Budgetary proposal.

### Lead times for the scope of supply shall be confirmed with Product Groups for inclusion in the submission.

### PM hours shall be calculated using the Integrated Project Management Configurator Tool and Engineering hours can be calculated using the respective Product Line Engineering hours Configurator.

### Ordinarily, Budgetary submissions will be offered with FCA as the shipping Incoterms from point of manufacture. However, where a specific Incoterm is required, logistics costs shall be included as required using an appropriate percentage of the total cost.

### Propose pricing in conjunction with Sales.

### Pricing and Contribution Margin levels shall be reviewed with regional management and a review shall be conducted if necessary. Further approvals may be obtained if required based on the appropriate DOA, if any.

## Compilation and Submission

### The standard budgetary proposal template shall be used and modified as required. It is critical that the submission includes all assumptions related to engineering costs, project management, locations of manufacture, inclusion/exclusion of SIT/EFAT, commissioning, provision of operational spares, disclaimer to avoid liability and disclosure to external parties.

### Final approved prices shall be copied into the standard budgetary proposal template.

### The final draft of the proposal and any attachments shall be circulated to the Sales, Engineering and Comm Ops teams for review and comments.

### Any changes/comments shall be incorporated in the final version and the document shall be converted to PDF for submission.

### After submission, the proposal and all relevant documents shall be stored in DEAL MACHINE. The documents shall also be stored in BOX/SharePoint if required.

## Process definition – Preparation of Budgetary Response

|  | | **Flow Chart Process - Legend** | | | | |  | |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Process Start/Stop** | | Sales | ITO | Application Engineering | Approver / Function / Product Group |  | | |
| **Process Step Connector** | |
| **Decision Point** | |
| **Ultimate Step Responsibility** | |
| **Key Step Contributor** | |
| **Ref** | **Activity** | | **Responsibility** | | | | **Additional Requirements** | **Links** | |
| 3.1.1 | Budgetary request received from Customer | |  |  |  |  |  |  | |
| 3.1.2 | Ensure On Boarding Policy activities for the Customer is complete | |  |  |  |  |  |  | |
| 3.1.2 | Sales team shall add the opportunity to DM | |  |  |  |  |  |  | |
| 3.1.3 | Sales distribute to ITO & Application Engineering teams under DM No. | |  |  |  |  | Include Global CoE/Product group commercial leaders for distribution & information purpose |  | |
| 3.1.3 | Prepare meeting slides & conduct  meeting | |  |  |  |  |  |  | |
| 3.1.4 | Agreement to submit budgetary proposal | |  |  |  |  | If no, customer shall be informed that a budgetary submission will not be provided **(Sales team responsibility)**. |  | |
| 3.2.1 | Do references projects/products exist for inclusion in MEL? | |  |  | YES |  |  |  | |
| 3.2.2 | Source existing costing/pricing for reference projects/products | |  | YES |  | NO |  |  | |
| 3.2.3 | If Input is required by Off shore, Services etc then the relevant ITO team shall be contacted for guidance | |  |  |  |  |  |  | |
| 3.3.1 | MEL provided to relevant Product Groups for costing input. | |  |  |  |  |  |  | |
| 3.3.2 | Compile costing using standard cost model | |  |  |  |  |  |  | |
| 3.3.3 | Include Escalation as appropriate to relevant components in cost model | |  |  |  |  |  |  | |
| 3.3.4 | Add provision for warranties, contingencies, financial adders, etc. | |  |  |  |  |  |  | |
| 3.3.7 | Confirm lead times with product groups | |  |  |  |  |  |  | |
| 3.3.8 | Calculate PM & Engineering costs utilising the cost configurators | |  |  |  |  |  |  | |
| 3.3.9 | Include logistics costs as required (if not FCA) | |  |  |  |  |  |  | |
| 3.3.10 | Compile Final Pricing | |  |  |  |  |  |  | |
|  | Regional or HQ level Budgetary review (if required) | | REGIONAL |  | HQ |  | If budgetary is a high enough value then HQ involvement may be required, either through a Budgetary review call or through separate engagement. |  | |
| 3.3.11 | Include any proposed adjustments in cost model | |  |  |  |  |  |  | |
| 3.4.1 | Include finalised pricing etc. in standard proposal format | |  |  |  |  |  |  | |
| 3.4.3 | Circulate final draft of submission for review and comment | |  |  |  |  |  |  | |
| 3.4.4 | Update documents and submit final draft. | |  |  |  |  | All documents to be submitted as PDF |  | |
| 3.4.5 | Documents submitted and stored in Deal Machine, Box and/or Sharepoint as required  **PROCESS ENDS** | |  |  |  |  |  |  | |

# Roles & Responsibilities

|  |  |
| --- | --- |
| **Key Role** | **Responsibility** |
| Sales/Account Manager | Responsible for notification of the Budgetary request, preparation of pre-bid slides, setting up pre-bid call and presenting the opportunity/request |
| Tender Manager | Responsible for setting the schedule for Budgetary Proposal activities |
| Responsible for securing the correct level of Application Engineering resource to complete the Budgetary deliverables |
| Commercial Manager | Supporting the Tender Manager with the budgetary proposal preparation if required  Can be an alternate lead resource to prepare the budgetary proposal |
| Commercial Leader | Approver for the final budgetary submission (following current DOA if applicable) |
| Application Engineer | Responsible for reviewing the Budgetary request and advising if a standard product/solution is available or otherwise advising on a best fit solution for the proposal |
| Proposal Analyst | Supports development of cost model either using an excel cost model or Big Machines |

# Quality Records

The following is a summary of records produced by this work instruction that shall be maintained and controlled according to the requirements of [OGQ-0102 - Record Control](http://edms.pw.ge.com/dctmquality/home/components/drl/drl.jsp?objectId=0900f5ea8063d167&showRendition=true). All records shall be in line with Records location map relevant for the Site/Organization.

|  |  |  |
| --- | --- | --- |
| **Record** | **Owner** | **Storage location** |
| Completed Budgetary Proposals | Tender Manager | Deal Machine  BOX/Share point |
| Minutes of Meetings (MOM) | Tender Manager | Deal Machine |

# References, Terms, Definitions & Acronyms

## References

|  |  |  |
| --- | --- | --- |
| **Number** | **Name** | **Training Material & Quiz** |
| n/a | [GE O&G QMS Lexicon](http://supportcentral.ge.com/@lexicon) | n/a |
| n/a | [Subsea Systems & Drilling QMS Lexicon](http://libraries.ge.com/download?fileid=697340101101&entity_id=55721334101&sid=101) | n/a |
| [OGQ-0102](http://edms.pw.ge.com/dctmquality/home/components/drl/drl.jsp?objectId=0900f5ea8063d167&showRendition=true) | [O&G Record Control Procedure](http://edms.pw.ge.com/dctmquality/home/components/drl/drl.jsp?objectId=0900f5ea8063d167&showRendition=true) | [OGQ-0102TM](http://edms.pw.ge.com/dctmquality/home/components/drl/drl.jsp?objectId=0900f5ea8063d169&showRendition=true) |
| [OGQ-0111](http://edms.pw.ge.com/dctmquality/home/components/drl/drl.jsp?objectId=0900f5ea807c31c6&showRendition=true) | [Inquiry to Order](http://edms.pw.ge.com/dctmquality/home/components/drl/drl.jsp?objectId=0900f5ea807c31c6&showRendition=true) | [OGQ-0111TM](http://edms.pw.ge.com/dctmquality/home/components/drl/drl.jsp?objectId=0900f5ea807f09ab&showRendition=true) |
| [QT-SPS-GLO-ITO-001](http://edms.pw.ge.com/dctmquality/home/components/drl/drl.jsp?objectId=0900f5ea808d0f57&showRendition=true) | [Budgetary Proposal Template](http://edms.pw.ge.com/dctmquality/home/components/drl/drl.jsp?objectId=0900f5ea808d0f57&showRendition=true) | n/a |

## Terms, Definitions & Acronyms

Italicized terms have been defined in [GE O&G QMS Lexicon](http://supportcentral.ge.com/@lexicon) for Terms, Definitions and Acronyms. In case of conflict with [GE O&G QMS Lexicon](http://supportcentral.ge.com/@lexicon), QMS Lexicon will take precedence.

|  |  |  |
| --- | --- | --- |
| **Acronym** | **Term** | **Definition** |
| AE | Application Engineer | See Section 4 Roles & Responsibilities |
|  | Big Machines | Costing tool within Deal Machine |
| CM | Contribution Margin | selling price minus variable cost, is a measure of the ability of a company to cover variable costs with revenue |
| COE | Centre of Excellence |  |
| Comm Ops |  | Commercial Operations |
|  | Cost Catalogue | Costing maintained by each product group |
|  | Costing Handbook | Costing guidelines from commercial finance |
| DM | Deal Machine | Business Opportunity Management System |
| DOA | Delegation of Authority | Delegation of Authority means division of authority and powers |
| EFAT | Extended Factory Acceptance Test | Testing of several equipment assemblies |
| EPC | Engineering, Procurement and Construction | The fundamental phases of a project, designated as EPC, the scope of which is usually sourced from two or more P&L’s |
| HQ | Head Quarters (GE O&G Global HQ) |  |
| ITO | Inquiry to Order | The process for developing commercial opportunities that includes risk review, development of a proposal and handoff to OTR |
| IWOCS | Installation or Intervention Workover Control Systems | The IWOC system is riser-based and depends on the marine riser / drill pipe. This system is deployed during well completions and workover to provide control fluid pressure to SCSSV and various Subsea Christmas Tree valves. |
| LOF | Life of Field |  |
| MCS | Manifold and Connection System | Manifold and Connection Systems GE Product & Project Entity |
| MEL | Master Equipment List | List of Document deliverables to Customer for a project’s scope of work |
|  | On Boarding Policy | Performing due diligence checks on new customers/end user |
| PDF | Adobe Portable Document Format (\*.pdf) | A file format for capturing and sending electronic documents in exactly the intended format. |
| PM | Project Management |  |
| SIT | System Integration Testing | |  | | --- | | Testing to establish that equipment interfaces and functionality are in accordance with requirements | |

End of Document.