



Welcome to SPICE second webinar on: Delivering Transport Projects through Cooperation: the Alliance Model

**February 23
@ 2:00 pm - 3:00 pm**

Objectives

- To introduce the Alliance Model as an effective contract model for delivering transport projects
- To discuss the benefits of the Alliance model in comparison to traditional frameworks in innovative transport projects and how to adopt this model for other types of transport project

Presenters

- Dr. Bahar Namaki Araghi, City of Copenhagen
 - What can other cities learn from Tampere's experience
- Mauri Mäkiaho Finnish Transport Agency, Project Manager
 - Approaches to innovation procurement

Title: Introduction of the Allience Modle and Potentials for Incorporating this Method in ITS- Projects

Bahar Namaki Araghi, PhD

ITS-Project Manager,
Coordinator of the SPICE project: Smart Procurement for Better Transport
City of Copenhagen, The Technical and Environmental Administration
Traffic Department, Njalsgade 13, 2300 København S
Mobil: +45 2135 3792, Email: eh5v@tmf.kk.dk

Objectives

- What is an Alliance Model?
- Why an Alliance Approach?
- General Principles of Alliancing
- Choice of various Delivery Methods based on level of Risk and Innovation
- How and Why Alliance Model can fit ITS-based project?

What is an Alliance Model?

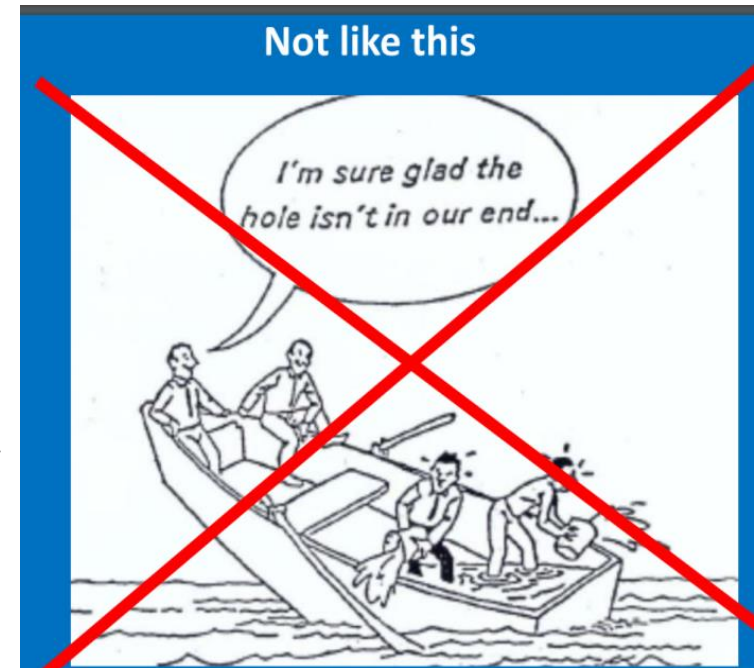
- A project Alliance is a commercial/legal framework between a department, as a 'owner' –participant and one or more private sector parties as 'service provider' or 'non-owner participants' (NOPs) for delivering one or more capital works projects.
- Alliance projects involve the owner and non-owner participants collaborating to deliver a project, with all participants sharing the responsibility for project risks and for achieving project objectives. In an alliance all participants win or lose commercially depending on their collective performance against the client's objectives. This creates an incentive for the participants to focus on what is 'best for project.'

Why an Alliance Approach?

- Project Alliances have the potential to procure many positive outcomes including:
 - **Greater Certainty over project costs,**
 - **Opportunities for innovation**
 - **Improved performance in delivery of infrastructure projects**
 - **Good quality or level of service**
- The alliance approach was also favoured because of the benefits that the approach usually delivers. These benefits include :
 - **reduced overheads,**
 - **streamlined approvals,**
 - **increased private sector participation,**
 - **increased agility to deal with an evolving scope of works, and achieving multiple objectives.**
- An alliance would also provide incentives to reduce start-up times and finish ahead of schedule and encourage high performance in areas such as stakeholder relations, communication, maximising use of the local labour force and contractors, and increasing general workforce skill levels as a consequence.

General Principles of Alliancing

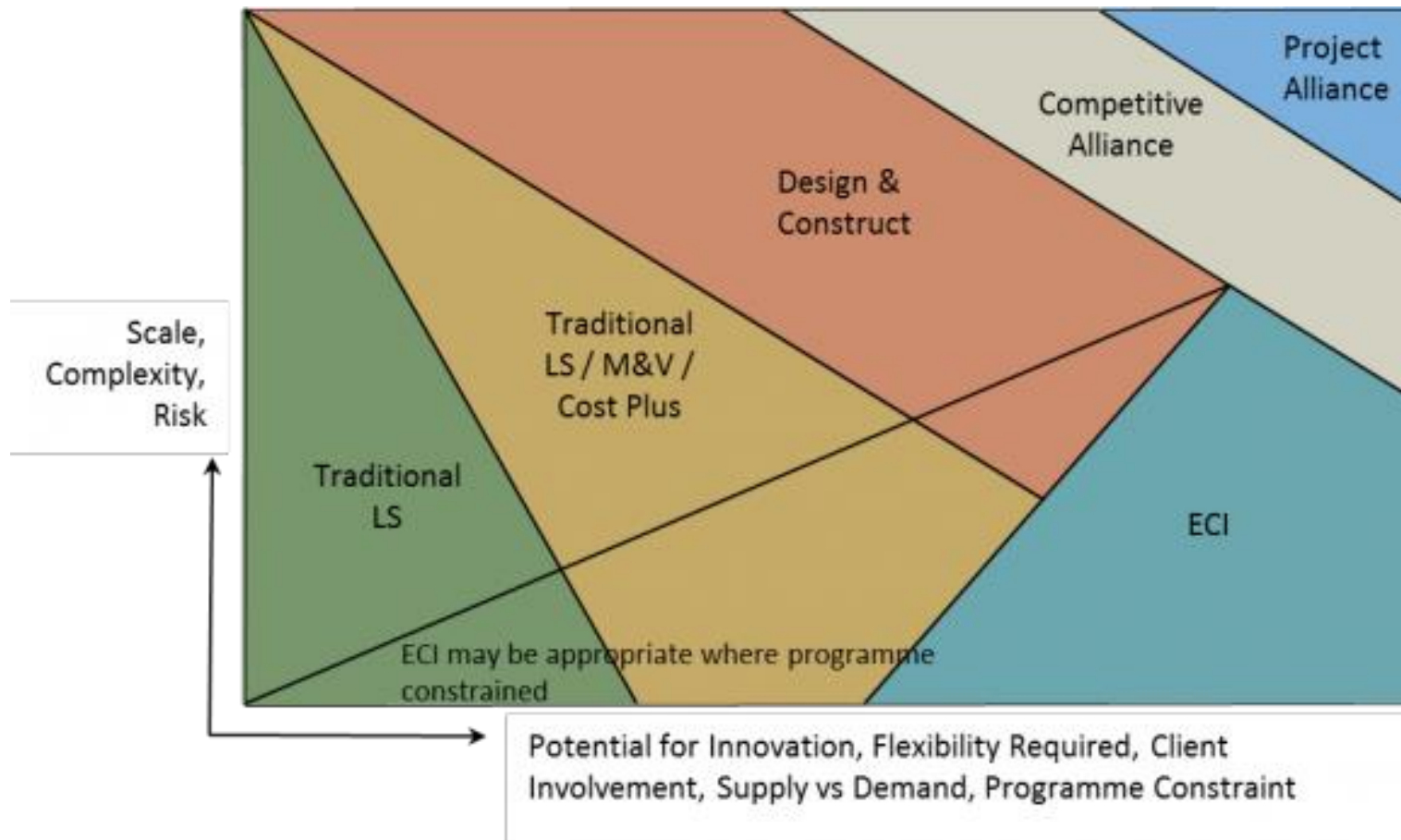
- All parties **win**, or all parties **lose**
- The participants have a peer relationship where each has an equal **say** in decisions for the project.
- Risks and Responsibilities are shared and managed **collectively**, rather than allocated to **individual** participants.
- Risks and rewards are **shared equitably** among the participants.



General Principles of Alliancing

- All participants provide '**best-in-class**' resources.
- The participants are committed to **developing a culture** that promotes and **drives innovation** and outstanding performance.
- There is a clear definition of responsibilities in a **no-blame culture**.
- All transactions are to be fully **open-book**.
- Communication between all participants is **open, straight and honest**.

Choice of various Delivery Methods based on level of Risk and Innovation



Where can we use Alliance Models

- The National Alliance Contracting Guidelines from the Australian Department of Infrastructure and Transport say that projects suitable for alliance contracting generally have one or more of the following characteristics:
 - The project has risk that cannot be adequately defined or measured in a business case or before tendering.
 - The cost of transferring risk is prohibitive.
 - The project needs to be started as early as possible before the risks can be fully identified and/or project(s) scope can be finalised, and the owner is prepared to take the commercial risk of a suboptimal price outcome.
 - The owner has superior knowledge, skills, and capacity to influence or participate in the development and delivery of the project.
 - A collective approach to assessing and managing risk will produce a better outcome.

How and Why Alliance Model can fit ITS-based project?

- High level of Risk
- High level of Cost and Investment
- Innovation is an inevitable part of ITS projects
- Uncertainty in design and outcome of the project
- Complexity of the solutions and diversity of the personal capacities needed
- Time-frame, it needs to start quickly



Thank you!

Get in touch:

www.linkedin.com/groups/12003657

<http://spice-project.eu/>