

RETURN BIDS TO:
RETOURNER LES SOUMISSIONS À:
Bid Receiving - PWGSC / Réception des soumissions
- TPSGC
Place du Portage, Phase III
Core 0A1/Noyau 0A1
11 Laurier St./11, rue Laurier
Gatineau
Québec
K1A 0S5
Bid Fax: (819) 997-9776

SOLICITATION AMENDMENT MODIFICATION DE L'INVITATION

The referenced document is hereby revised; unless otherwise indicated, all other terms and conditions of the Solicitation remain the same.

Ce document est par la présente révisé; sauf indication contraire, les modalités de l'invitation demeurent les mêmes.

Comments - Commentaires

Vendor/Firm Name and Address
Raison sociale et adresse du
fournisseur/de l'entrepreneur

Issuing Office - Bureau de distribution
Miscellaneous Special Projects Division (XN)/Division
des projets spéciaux divers (XN)
Canadian Building
219 Laurier Ave. West, 13th Floor
Room 13077
Ottawa
Ontario
K1A 0S5

Title - Sujet Acquisitions Program E-Procurement	
Solicitation No. - N° de l'invitation EN578-131350/A	Amendment No. - N° modif. 005
Client Reference No. - N° de référence du client 20131350	Date 2014-05-08
GETS Reference No. - N° de référence de SEAG PW-\$\$XN-111-27555	
File No. - N° de dossier 111xn.EN578-131350	CCC No./N° CCC - FMS No./N° VME
Solicitation Closes - L'invitation prend fin at - à 02:00 PM on - le 2014-06-17	Time Zone Fuseau horaire Eastern Daylight Saving Time EDT
F.O.B. - F.A.B. Plant-Usine: <input type="checkbox"/> Destination: <input type="checkbox"/> Other-Autre: <input type="checkbox"/>	
Address Enquiries to: - Adresser toutes questions à: Moore, Karen	Buyer Id - Id de l'acheteur 111xn
Telephone No. - N° de téléphone (819) 956-1410 ()	FAX No. - N° de FAX () -
Destination - of Goods, Services, and Construction: Destination - des biens, services et construction:	

Instructions: See Herein

Instructions: Voir aux présentes

Delivery Required - Livraison exigée	Delivery Offered - Livraison proposée
Vendor/Firm Name and Address Raison sociale et adresse du fournisseur/de l'entrepreneur	
Telephone No. - N° de téléphone Facsimile No. - N° de télécopieur	
Name and title of person authorized to sign on behalf of Vendor/Firm (type or print) Nom et titre de la personne autorisée à signer au nom du fournisseur/ de l'entrepreneur (taper ou écrire en caractères d'imprimerie)	
Signature	Date

Solicitation No. - N° de l'invitation

EN578-131350/A

Client Ref. No. - N° de réf. du client

20131350

Amd. No. - N° de la modif.

005

File No. - N° du dossier

111xnEN578-131350

Buyer ID - Id de l'acheteur

111xn

CCC No./N° CCC - FMS No/ N° VME

See attached.

Letter of Interest (LOI)

Solicitation Amendment 5

Purpose:

- A) To share the Industry Day presentations.
- B) To respond to questions regarding the LOI.

A) INDUSTRY DAY PRESENTATIONS

Industry Day Presentations attached.

B) QUESTIONS AND ANSWERS

QUESTION 5

In section 2.c it states that we are required to submit our LOI Annex G response by May 5, 2014. In the actual LOI document and in Annex G, it indicates that we must submit our response to Annex G at least 3 business days before our scheduled one-on-one meeting. Please confirm that our response to Annex G is due no later than 3 business days before our scheduled one-on-one session.

ANSWER 5

Please refer to Amendment 4 Question 4.

QUESTION 6

Industry Day will have an impact on our submission of Annex G, but the submission date is before Industry day. Could you confirm the required submission dates for Annex G?

ANSWER 6

Please refer to Amendment 4 Question 4.

QUESTION 7

Can you please clarify the proposed timeline. Specifically, we would anticipate that the due date for submission of LOI Annex G responses be after the May 6th Industry date. We expect that our response will be significantly impacted by the better understanding we will receive by participating in the May 6th Industry Day. We are hopeful that PWGSC will allow responses to be submitted 10 days after the Industry Day session.

ANSWER 7

Please refer to Amendment 4 Question 4.

QUESTION 8

Can you clarify item 2c? Is the submission date applicable to any questions for the Industry day. Our plan is to submit any questions we may have for the Industry Day by that date, but to provide you with a much more detailed response to Annex G no later than 3 days prior to our one on one session.

ANSWER 8

Please refer to Amendment 4 Question 4.

ALL OTHER TERMS AND CONDITIONS REMAIN THE SAME



May 6th 2014

Acquisitions Program e-Procurement Solution Industry Day

Palais des Congrès de Gatineau – Salle Chapleau

10:30 - 16:30

The Government of Canada is pleased to welcome you to the Industry Day for the Acquisitions Program e-Procurement Solution

Today's Industry Day is an open forum allowing Canada to communicate its requirements at a high level, and for Industry to ask questions and seek information in order to gain a sound understanding of the business needs of the Government of Canada. Representatives of Public Works and Government Services Canada and Treasury Board Secretariat will provide details surrounding Federal Government procurement and its operational context, the Acquisitions Digital Program, Canada's vision for e-procurement, and the associated engagement and procurement process to follow.

Our mission is to leverage digital technology to provide a modern, sustainable and efficient approach to procurement in the Government of Canada. We recognize the vast technological capabilities of Industry and are eager to engage with suppliers to gain further knowledge regarding the solutions currently available in the marketplace.

This transformation will require us to change the way we operate, standardize our process, and align with commercial approaches. We will look to you to bring your innovation and your best practices to help shape the future of our business. A dialogue with Industry is the starting point of the procurement process that will ultimately lead to the acquisition of an e-procurement solution fundamentally transforming the procurement landscape of the Government of Canada.

This initiative will impact procurement professionals and public administrators from all areas of the Federal Government as well as the supplier community at large for years to come. Active and continuous engagement with all stakeholders is critical to our success. We appreciate and value your participation in this event and look forward to our discussion today and in the days to come.

Our sincere thanks to all the participants of this industry day.

The Acquisition Digital Program
Acquisitions Program Transformation
Public Works and Government Services Canada
Government of Canada

ACQUISITIONS PROGRAM E-PROCUREMENT SOLUTION INDUSTRY DAY

AGENDA*

TUESDAY, MAY 6, 2014

10:30 – 16:30

PALAIS DES CONGRES, GATINEAU, QUEBEC

	TIME	ITEM ON THE AGENDA	PRESENTED BY
	09:30 – 10:30	REGISTRATION	
1	10:30 – 10:40	Welcome	Vicki Ghadban Director General Public Works and Government Services Canada, Acquisitions Branch
2	10:40 – 11:00	Overview of the Engagement and Procurement Process for the Acquisitions Program e-Procurement Solution	Normand Masse Director General Public Works and Government Services Canada, Acquisitions Branch
3	11:00 – 11:20	Government of Canada Vision for e-Procurement	Pablo Sobrino Associate Assistant Deputy Minister Public Works and Government Services Canada, Acquisitions Branch
	11:20 - 11:40	Overview of Acquisitions Digital Program	Emilio Franco Lead, Digital Program Public Works and Government Services Canada, Acquisitions Branch
4	11:40 - 12:00	Question Period	All
	12:00 - 13:00	LUNCH	
5	13:00 – 13:30	Government of Canada Vision on Financial Management Transformation	Alain Séguin Senior Director, Office of the Controller General Treasury Board Secretariat
6	13:30 – 13:45	Overview of Federal Government Procurement	Emilio Franco Lead, Digital Program Public Works and Government Services Canada, Acquisitions Branch
7	13:45-14:35	Operational Context - Panel Presentation by Operational Sectors within the following areas: <ul style="list-style-type: none"> • Goods • Professional Services • Regions 	Francine Brisebois Senior Director Public Works and Government Services Canada, Commercial and Consumer Products Directorate Pascale Archambault A/Senior Director Public Works and Government Services Canada, Professional Services Procurement Directorate Annie Desgagné Regional Director Public Works and Government Services Canada, Pacific Region
	14:35 - 14:55	Question Period	All
	14:55–15:10	BREAK	
8	15:10 -15:45	Operational Context - Panel Presentation by Operational Sectors within the following areas: <ul style="list-style-type: none"> • Major Projects • Defence and Security Procurement 	Rami Acouri Senior Director Public Works and Government Services Canada, Major Projects Services Al Hamel Senior Director Public Works and Government Services Canada, Electronics, Munitions and Tactical Systems Procurement Directorate
9	15:45 - 16:20	Question Period	All
10	16:20-16:30	Closing Remarks	Vicki Ghadban Director General Public Works and Government Services Canada, Acquisitions Branch

*Schedule subject to change at any time / *Horaire modifiable sans préavis



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Industry Engagement

E-procurement Solution

May 6, 2014

Normand Masse
DG, STAMS-PWGS



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Agenda

- Objectives
- Strategy
- Process
- Schedule

Objectives

- Assess the level of industry interest/capacity;
- Assess the level of readiness and availability of industry offerings;
- Gather input on the key service elements and potential service delivery model; and
- Solicit input to further define the requirements for a subsequent RFP.

Strategy

- A *SMART* approach (e.g. Canada Student Loans Program, Atomic Energy of Canada Limited's Nuclear Laboratories, Disability and Sick Leave Management Project, and Integrated Relocation Program)



Strategy (Cont'd)

- Early engagement with the industry
- Extensive consultation with the industry throughout the solicitation process
- Engagement with key internal stakeholders (e.g. PWGSC Business Management Sector & Information Technology Services Branch, Treasury Board Secretariat Chief Information Officer Branch, Shared Services Canada, Client Departments/Agencies)
- Focus on the effective governance (dedicated procurement team, management oversight, executive steering committee)



Strategy (Cont'd)

- Leverage third-party expertise (e.g. Fairness Monitor, Advisory Services, Program Management)
- Take into account socioeconomic considerations (e.g. Industrial & Regional Benefits, Benefits for Aboriginal businesses, innovation, green procurement)

Process

Industry Day

Share with the industry our challenges, objectives, high level requirements as well as the procurement approach and plan.



Process (Cont'd)

One-on-One Meetings

To understand availability, readiness and capability of the current solutions and to seek industry feedback and suggestions.



Process (Cont'd)

- **Draft RFP**
- Standard “Q & A” period to address any vendor questions
- Conduct (if necessary) working group sessions with industry to work on major issues and “show stoppers”



Process (Cont'd)

Final RFP

Standard “Q & A” period to further address any outstanding question or concern



Schedule

Milestones	Timeline
1. LOI	April 9 ~ June 17, 2014
2. Industry Day	May 6, 2014
3. One-On-One Meetings	May 7 ~ 30, 2014
4. Draft RFP	Q2 2014-15
5. Final RFP	Q3 2014-15
6. Evaluation	Q4 2014-15
7. Treasury Board (TB) Submission (if required)	Q4 2014-15
8. Contract Award	Q4 2014-15
9. System Implementation Starts	Q1 2015-16
10. Business Transition	2015 – onwards

Thank You

Questions



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Acquisitions Digital Program

Emilio Franco, Digital Program Lead

Acquisitions Program Transformation



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Change Drivers

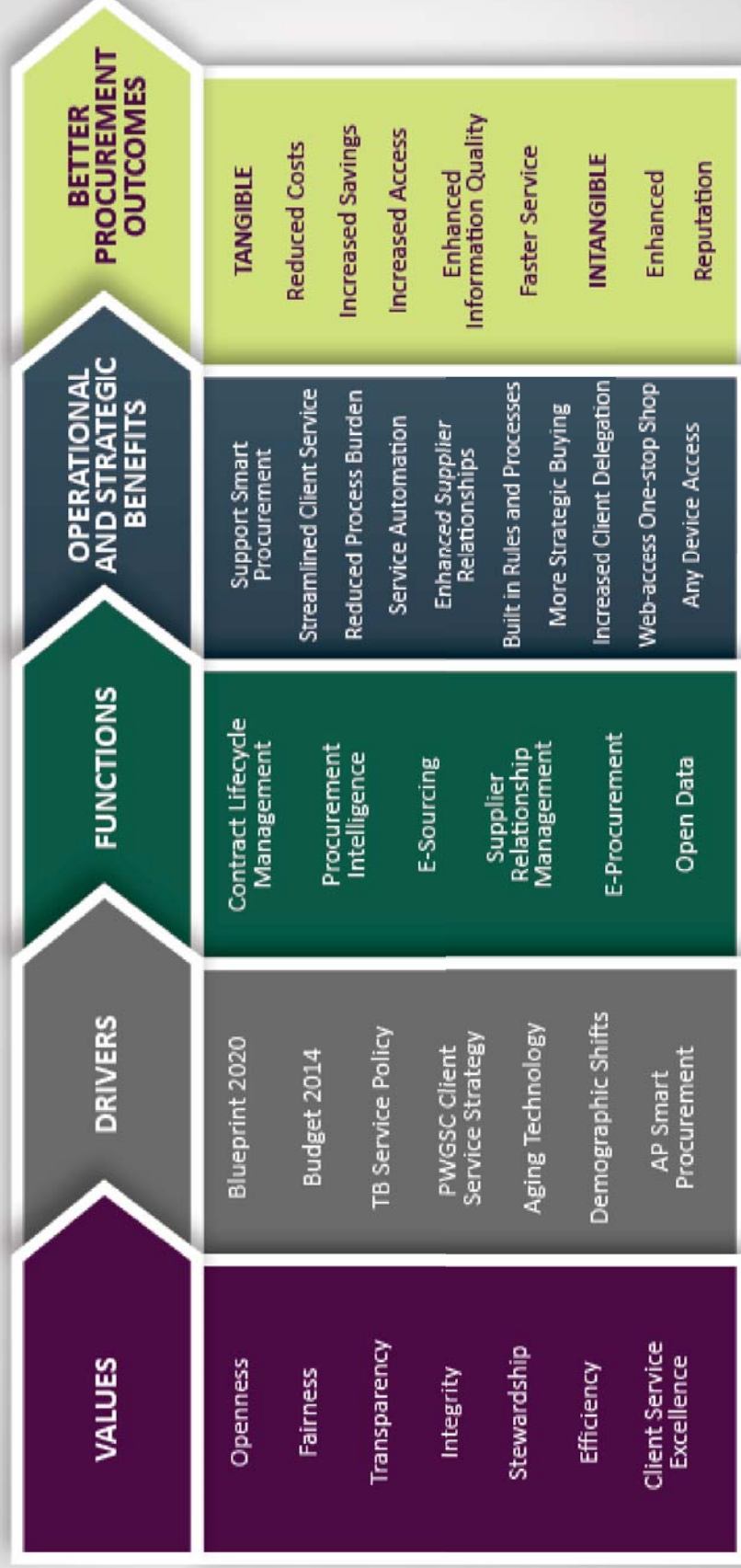


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Opportunity



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E-Procurement Solution

- **Strategic Sourcing and Contract Management Services** – An integrated and modern online strategic sourcing application suite consisting of electronic sourcing, contract lifecycle management, supplier relationship management and spend management.
- **e-Purchasing Services** - The electronic ordering of goods and services available on PWGSC Framework Agreements by clients.
- **Business Intelligence**, market analysis, and reporting services on all aspects of the underlying databases to enable GC access to key decision-making information as well as to inform departmental and public reporting requirements.
- **Flexible Solution** that allows a business user to configure the solution (add new fields, web forms, alter workflow, approval rules, and create new reports) without additional services from the supplier; and
- **System Support** – Bilingual (French and English) help desk call centre may be required, system documentation (technical and user), and associated system user training for the above components.



E-Procurement Guiding Principles

Modernized Procurement Systems



Improve processes, access to data and customer service through affordable, flexible and interoperable service oriented tools and systems

Whole of Government Approach



Consolidating systems to streamline service delivery and modernize end-to-end procurement processes

Buying Smart



Improving commodity management and strategic sourcing by maximizing spend visibility and enhancing business intelligence

Enhanced Access



Improving commodity management and strategic sourcing by maximizing spend visibility and enhancing business intelligence

Cost Effective



Considering solutions that represent the most cost effective total cost of ownership, while ensuring usability, ease of implementation, and interoperability with GC Financial Systems (SAP)



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Acquisitions Digital Program

Contract Lifecycle Management

Requisition Management Contract Creation Contract Management Audit & Compliance

E-Sourcing

Sourcing Events e-RFX Creation e-Tender e-Bidding & e-Evaluation

Supplier Relationship Management

Onboarding Supplier Repository Supplier Risk Management Performance & Credentials

Purchasing Intelligence

Reporting & Analytics Spend Savings Tracking Procurement Dashboards

E-Procurement

e-Catalogue & Ordering Catalogue Management Built in Controls Service Procurement



Services

Sourcing

Suppliers

E-Purchasing

Internal Services

Portal

Access to Services

Procurement Information

Open Data

Accounts

Strategic & Operational Planning

Commodity Management

Business Planning

Stakeholder Relationship Management

Information Management

Monitoring & Control

Approvals & e-Signature

Comms

Training

Application Admin

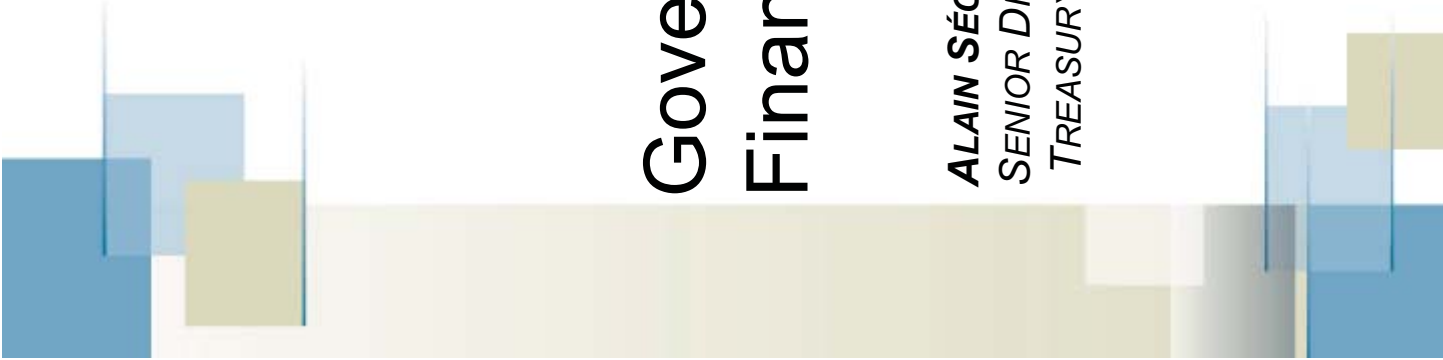
Procurement Policy

Operations Management & Support

Desired Outcomes

- **Transform existing GC Procurement Function** with a modern, integrated strategic sourcing and contract management solution that is aligned with GC enterprise solutions and consisting of: contract lifecycle management, e-sourcing, spend analysis, and supplier relationship management;
- Provide secure, easy, accurate, **web based access to procurement information** and services (e.g. e-catalogues and e-bidding);
- Create an **e-business environment with secure access** and information exchange between procurement professionals, clients and suppliers;
- Provide **better value, better advice, innovative services** and reduce cost and process burden to effectively serve Canadians, GC clients, suppliers, and procurement professionals; and
- Fulfill the information needs of strategic decision makers **for business intelligence**, reporting, strategic sourcing and commodity management.

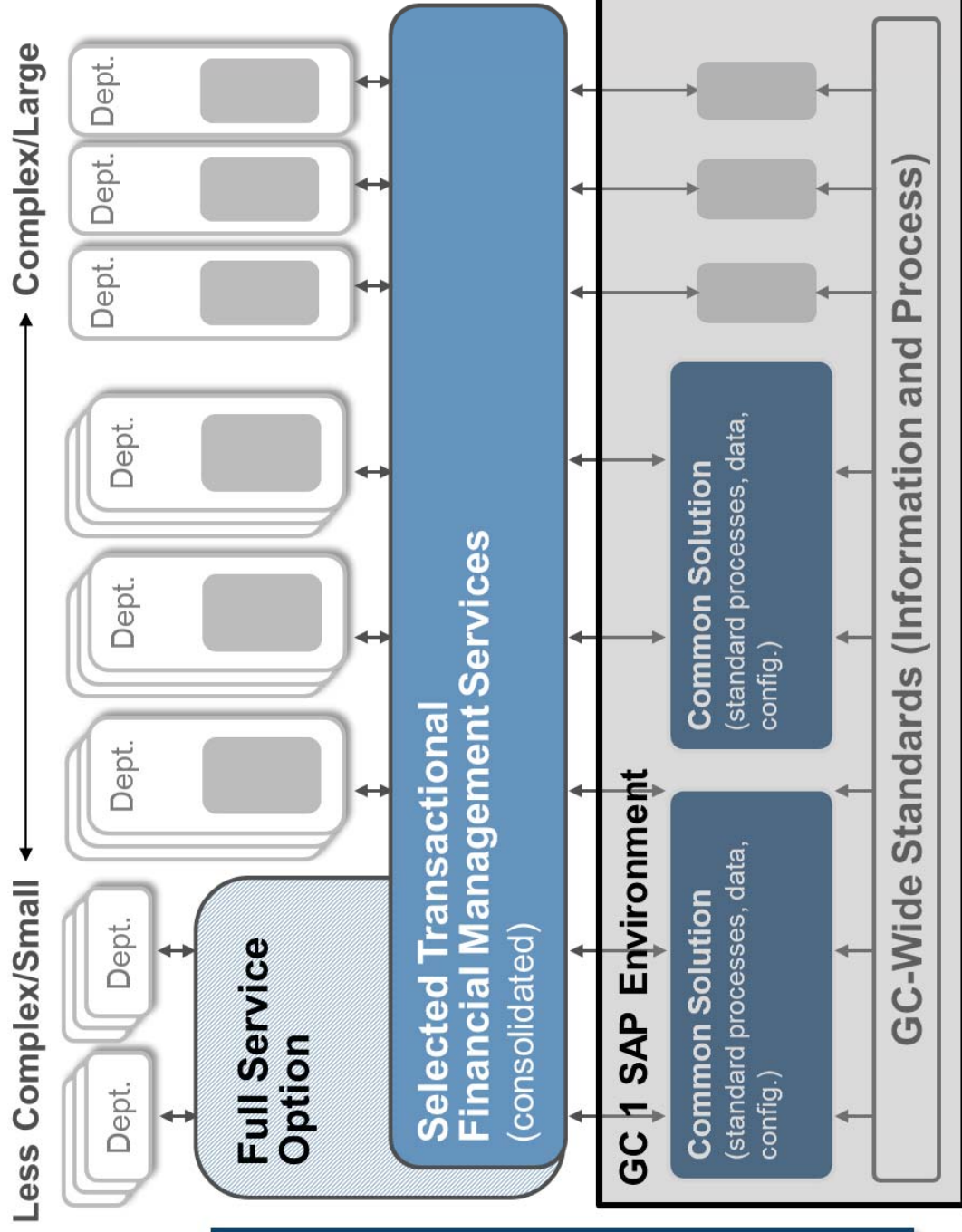




Government of Canada *Vision on* Financial Management Transformation

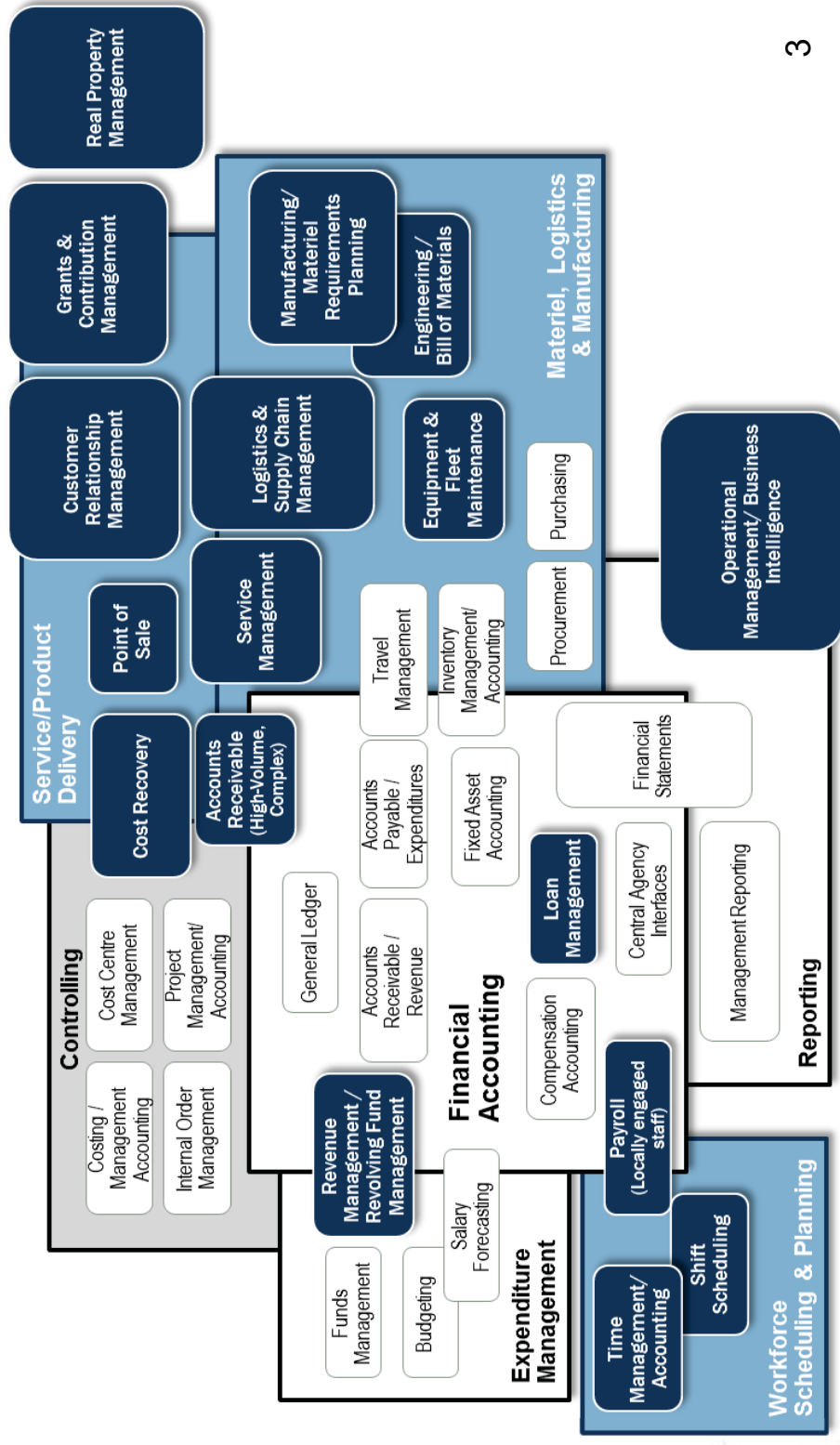
ALAIN SÉGUIN
*SENIOR DIRECTOR, OFFICE OF THE CONTROLLER GENERAL
TREASURY BOARD SECRETARIAT*

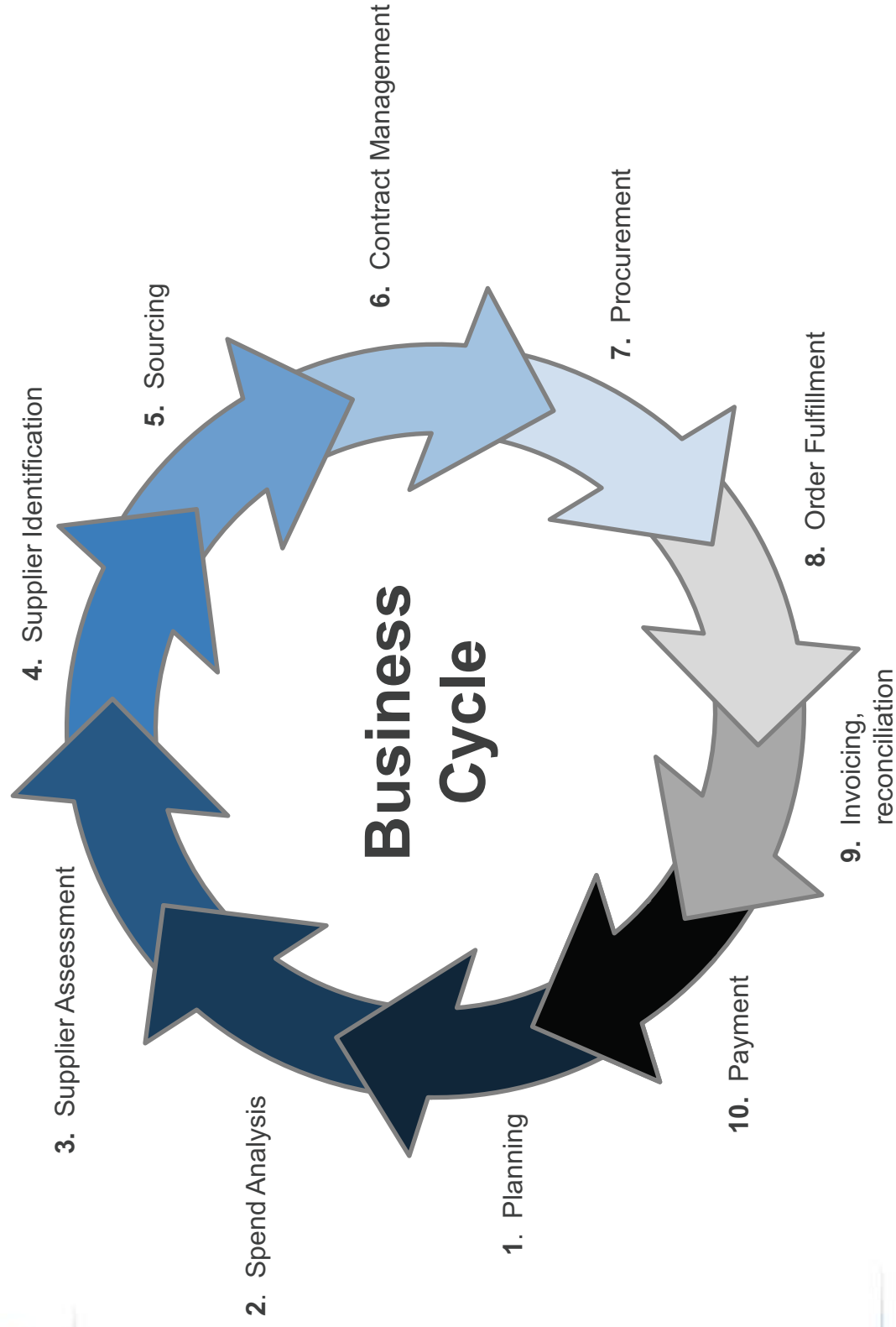
Proposed Enterprise Model for Financial Management



Overview of the complexity of Financial Management in the GC

The common business model must support many other resource management and program delivery functions tightly coupled with financial management.







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Procurement in the Government of Canada

Emilio Franco, Digital Program Lead

Acquisition Program Transformation

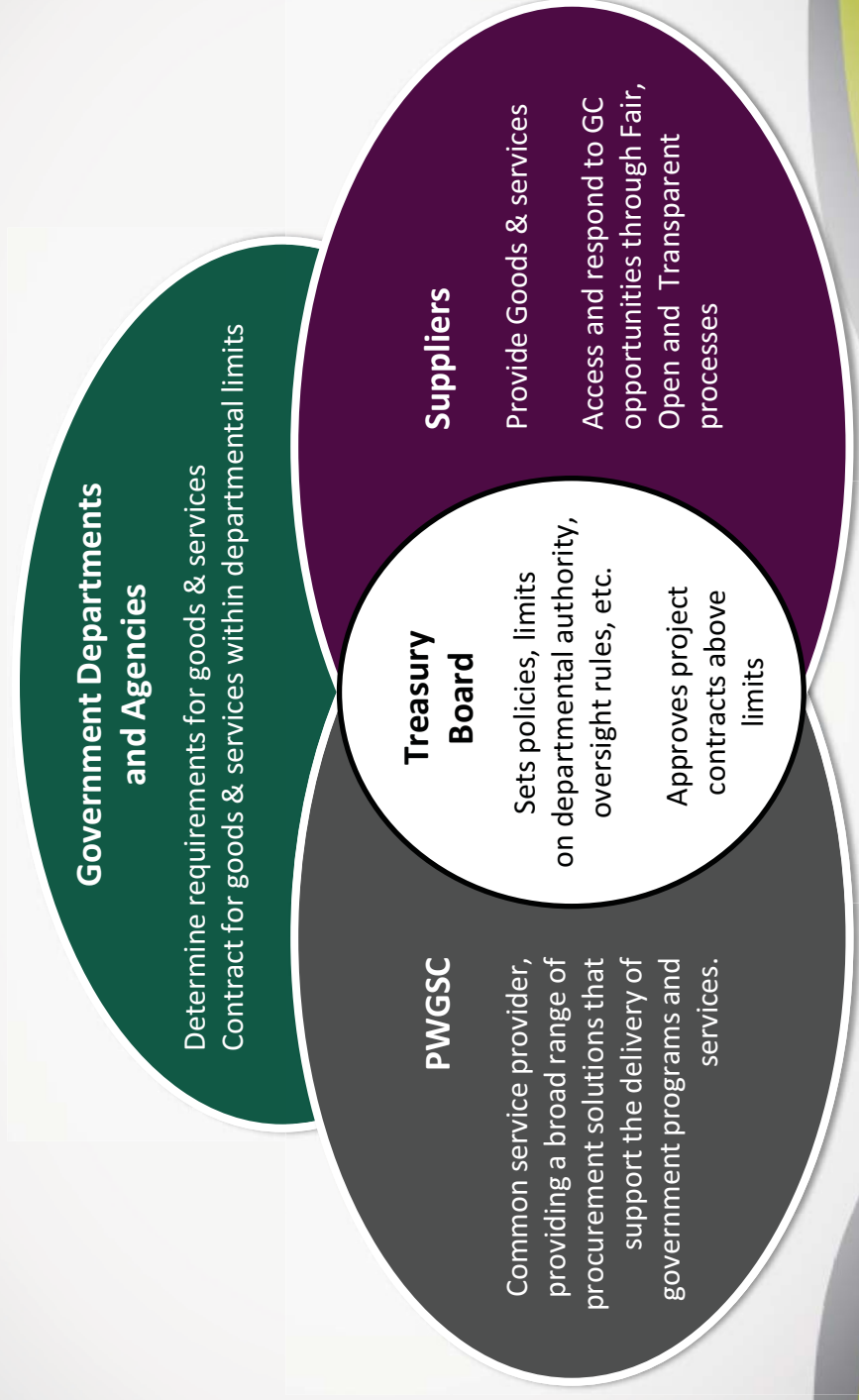


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Procurement Responsibility in Government of Canada



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Procurement Responsibility in Government of Canada

- **Public Works and Government Services Canada (PWGSC) responsible for:**
 - Planning & organizing the provision of goods & services for departments
 - Investigating & developing services for enhancing integrity & efficiency in the contracting process
 - Investigating & developing services for increasing efficiency & economy of the federal public administration
- **PWGSC Minister has exclusive authority to purchase goods for the Government of Canada**
 - Other departments have limited delegated authority to purchase goods through existing PWGSC framework agreements or through direct methods (sole source, competed contracts, credit cards, purchase orders, etc.)
 - Above delegated authority limits, departments must send goods and purchase requisitions to PWGSC



Procurement Responsibility in Government of Canada

- **All Ministers / Other Government Departments are responsible for:**
 - Planning & defining their specific requirements
 - Contract administration and post-contract evaluation *
- Other Government Departments currently have inherent authority to purchase services and construction up to the administrative limits established by Treasury Board
- For all procurement over delegated and TB administrative limits (goods or services), PWGSC and OGDs require Treasury Board approval

* Note that these are shared responsibilities where accountabilities vary throughout the contracting process

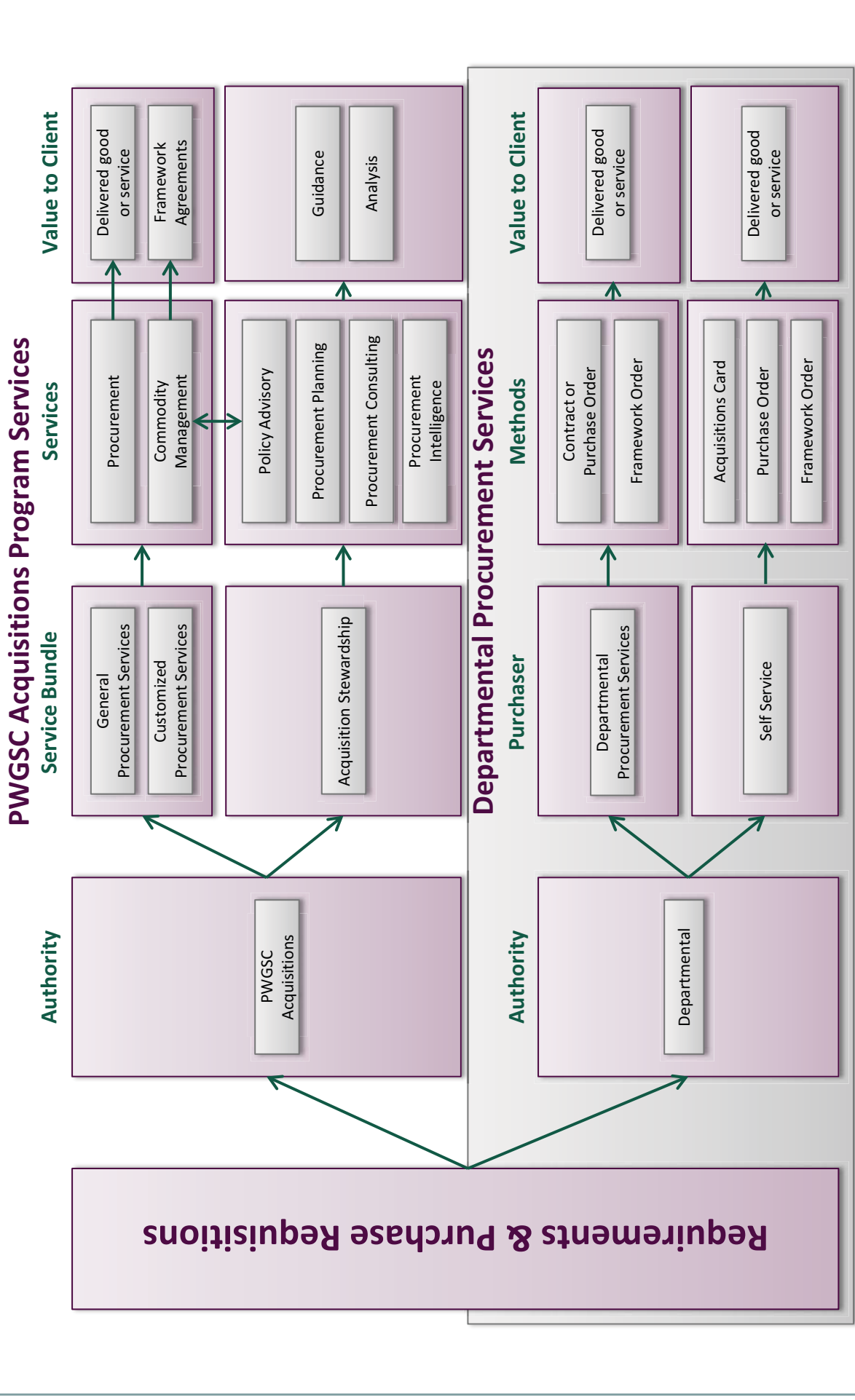


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GC Procurement Overview



Framework for Federal Procurement

Public procurement by Canada is governed by a number of acts, including those for international and national trade agreements, as well as policies, directives, and guidelines provided by the Treasury Board Secretariat (TBS) and PWGSC.

Acts

Regulations

**Policy, Directives,
Procedures &
Guidelines**

Obligations move from broad to specific, from overarching principles to specific direction



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Framework for Federal Procurement*

ACTS & REGULATIONS

- Financial Administration Act (FAA)
- Department of Public Works and Government Services Act (DPWGS Act)
- Defence Production Act (DPA)
- Federal Accountability Act (FedAA)
- Government Contract Regulations (GCRs)
- Conflict of Interest Act
- Access to Information Act
- Privacy Act
- Official Languages Act
- Lobbying Act
- Criminal Code
- Competition Act

AGREEMENTS

- Agreement on Internal Trade (AIT)
- North American Free Trade Agreement (NAFTA)
- World Trade Organization Agreement on Government Procurement (WTO-AGP)
- Comprehensive Land Claims Agreements (CLCAs)

POLICIES, DIRECTIVES, PROCEDURES & GUIDELINES ...

- Treasury Board (TB) Contracting Policy
- TB Procurement Review Policy
- TB Contracts Directive
- TB Common Services Policy
- Policy on Government Security
- Procurement Strategy for Aboriginal Business

- PWGSC's Code of Conduct for Procurement
- PWGSC's Supply Manual
- Acquisitions Program Policy Suite

* non-exhaustive listing

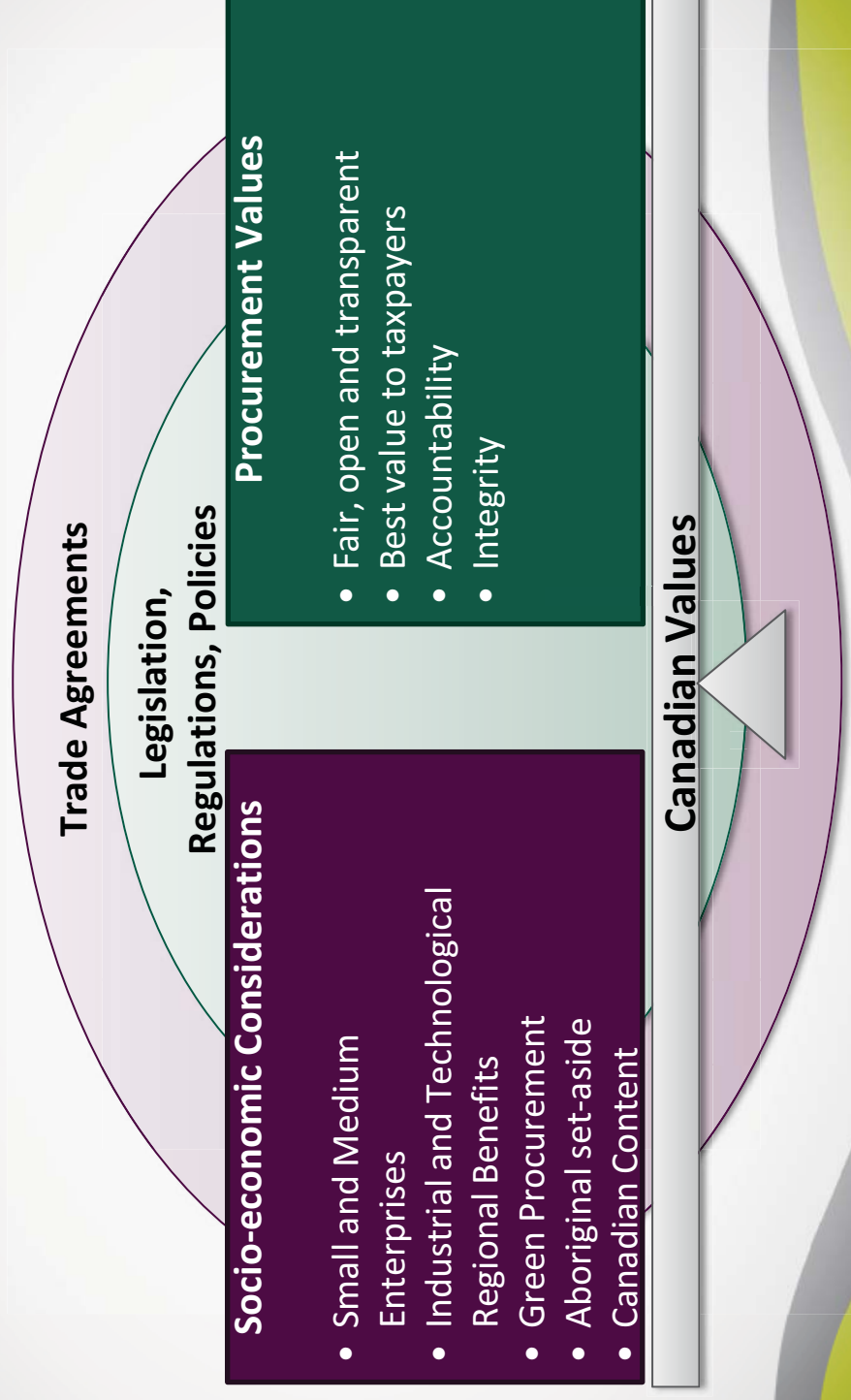


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Complex Procurement Environment



Procurement Principles and Objectives

- **Integrity:** Supply activities will be open, fair and transparent
- **Client Service:** Every reasonable effort will be made to satisfy the operational requirements of Government clients, while obtaining best value in each procurement process.
- **National Objectives:** Supply activities will advance established government national socio-economic policies, within the limits imposed by international trade obligations
- **Competition:** Procurement will be competitive, with specific exceptions as identified in legislation and trade agreements



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Regulatory, Legislative and Policy Considerations

- **Fair, Open and Transparent Procurement**
 - PWGSC carries out government procurement in a manner that enhances access, competition and fairness that results in best value or, if appropriate, the optimal balance of overall benefits to the Crown and the Canadian people. Our procurement processes reflect these objectives.
 - Under Canada's Trade Agreements the default method of tendering is openly competitive.
- **Reporting Requirements**
 - Reporting obligations for procurement activity, proactive disclosure, and Trade Agreements.
- **Official Languages**
 - All documentation (including contracts and solicitations) generated by Canada, that is communicated to the public, must be accessible in both Official Languages.
 - Suppliers have right to communicate with the Government of Canada in the official language of their choice



Socio-Economic Considerations

- **Policy on Green Procurement**
 - Consolidated Framework Agreements that include environmental considerations, and
 - Advice on the purchase of more environmentally preferable goods and services
- **Canadian Content Policy**
 - The purpose of the Canadian Content Policy is to encourage industrial development in Canada by limiting competition to suppliers of Canadian goods and services.
 - The policy only applies to procurements by PWGSC
 - The policy does not apply to procurements covered by international trade agreements.
- **Industrial and Regional Benefits (IRBs)**
 - The purpose of the Industrial and Regional Benefits Policy is to leverage major procurements to stimulate and support long term regional and industrial development in the Canadian economy.
 - The policy does not apply to procurements covered by international trade agreements.
- **Procurement Strategy for Aboriginal Business**
 - Mandatory set-asides apply to goods and services valued in excess of \$5,000 for which Aboriginal populations are the primary recipients/end users.
 - Client departments may also voluntarily designate any procurement as being restricted exclusively to qualified Aboriginal suppliers.
 - Procurements set-aside for Aboriginal businesses are not subject to trade agreements
- **Small and Medium Enterprises (SMEs)**
 - Ensuring a procurement system open to small and medium and regionally based businesses



High Volume, High Value Procurement

Procurement Each year:

- \$16-\$20Billion in total government spend
- ~450,000 transactions
- 30% under Framework Agreements

Spend Distribution:

- **PWGSC**
10% of transactions
70% of spend
- **Other Government departments**
90% of transactions
30% of spend

PWGSC Acquisitions Program 3 Year Average (FY2011-12 to FY13-14)*	TOTAL (\$)	TOTAL (Volume)
Goods	\$6.2B	19,865
Military	\$4.1B	10,227
Non-Military	\$2.2B	9,639
Services	\$6.3B	22,099
Military	\$2.3B	4,602
Non-Military	\$4.0B	17,497
TOTAL BUSINESS VOLUME	\$12.5B	41,965

*excludes procurement by other government departments



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PWGSC Acquisitions Program Spend

3 Year Average (FY2011-12 to FY13-14) *		TOTAL (\$)	TOTAL (Volume)
TOTAL BUSINESS VOLUME		\$12.5B	41,965
MILITARY	TOTAL MILITARY	\$6.4B	14,829
	SUB-TOTAL GOODS	\$4.1B	10,227
	Ground Effect Vehicles	\$1.0B	949
	Watercraft	\$0.4B	730
	Ammunition	\$0.4B	622
	Fuels	\$0.3B	620
	Vehicular Components	\$0.3B	543
	OTHERS	\$1.7B	6,763
	SUB-TOTAL SERVICES	\$2.3B	4,602
	Architect & Engineering	\$0.5B	683
	Maintenance & Repair	\$0.3B	668
	IT Services	\$0.3B	552
	Professional & Administrative	\$0.3B	439
NON-MILITARY	Transportation & Travel	\$0.2B	333
	OTHERS	\$0.7B	1,927
	TOTAL NON-MILITARY	\$6.1B	27,136
	SUB-TOTAL GOODS	\$2.2B	9,639
	IT Goods	\$0.7B	2,589
	Fuels	\$0.3B	2,351
	Medical Equipment & Supplies	\$0.3B	893
	Telecom Equipment	\$0.2B	601
	Laboratory Equipment	\$0.2B	464
	OTHERS	\$0.4B	2,741
	SUB-TOTAL SERVICES	\$4.0B	17,497
	Construction	\$1.1B	3,253
	Property Management	\$0.5B	3,031
GOODS	IT Services	\$0.5B	2,576
	Custodial Services	\$0.4B	1,946
	Professional & Administrative	\$0.3B	1,746
	OTHERS	\$1.3B	4,945

* excludes procurement by other government departments



Procurement Oversight

Internal

Contract Conflict Management

- Office within Oversight Branch of PWGSC which provides dispute resolution services
- Acts as an appeal/review organization for all procurement-related disputes and extra-cost claims
- Administers the Contracts Settlement Board and the Contract Dispute Advisory Board which are arbitration processes for claims not immediately resolved

Office of the Procurement Ombudsman

- Independent organization reporting to the Minister of PWGSC
- Reviews procurement practices of departments to ensure fairness, openness and transparency
- Reviews complaints from suppliers about individual procurements (below the Agreement on Internal Trade (AIT) thresholds - \$25K for goods, and \$100K for services)
- Reviews complaints with respect to contract administration (e.g. late payments)
- Provides Alternative Dispute Resolution services

External

Canadian International Trade Tribunal

- Reviews complaints from suppliers about individual procurements above the trade agreement thresholds for compliance with trade agreements
- Issues findings, awards costs, recommends remedial actions (e.g. cancellation of contract)

Federal Court

- Suppliers can bring their grievances forward to the Federal Court, but are encouraged first to work through the less formal and costly forms of resolution described above



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Framework Agreements

- Government of Canada Framework Agreements are referred to as “*Standing Offers*”, “*Supply Arrangements*”, and “*Task-Based Contracts*”

Type of Framework Agreement	Scope	Number of Agreements in place (approximate)
National Master Standing Offer (NMSO)	National in scope for all federal departments and agencies	3100
Regional Master Standing Offer (RMSO)	Regional in scope for all federal departments and agencies	1300
National Individual Standing Offer (NISO)	National in scope for a specified client	350
Regional Individual Standing Offer (RISO)	Regional in scope for a specified client.	1600
Departmental Individual Standing Offer (DISO)	Can only be accessed by PWGSC	350
Supply Arrangement (SA)	Varies	2100



Mandatory Use Frameworks Agreements

The use of Framework Agreements within the following ten commodity groups is mandatory across the Federal Government.

1. Information Processing and Related Telecom Services **(D)**
2. Professional, Administrative and Management Support Services **(R)**
3. Ground Effect Vehicles, Motor Vehicles, Trailers, and Cycles **(N23)**
4. Telecommunications Equipment and Accessories **(N58)**
5. General Purpose Automatic Data Processing Equipment (including Firmware), Software, Suppliers, and Support Equipment **(N70)**
6. Furniture **(N71)**
7. Office Machines, text processing systems and visible recording equipment (N74)
8. Office Supplies and Devices **(N75)**
9. Clothing, Accessories and Insignia **(N84)**
10. Fuels, Lubricants, Oils and Waxes **(N91)**

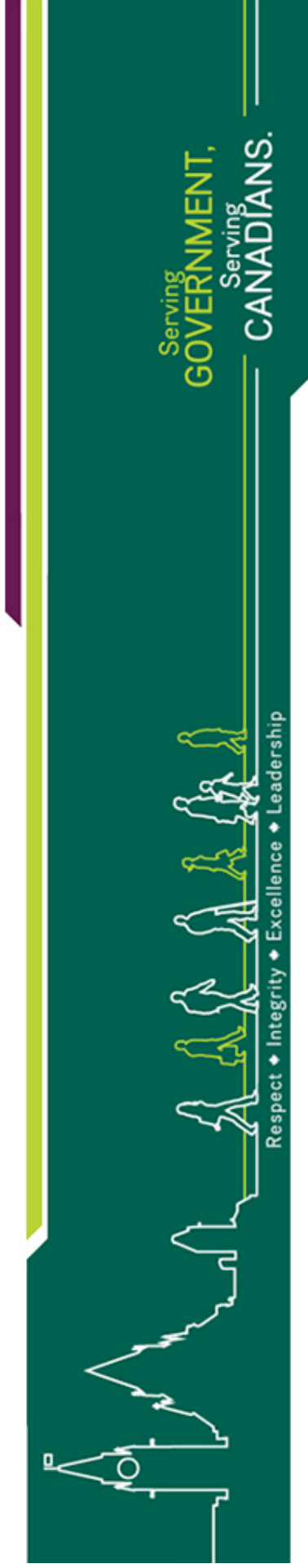
The use of Framework Agreements in other commodity groups is discretionary.



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Operational Context - Goods

Francine Brisebois, Senior Director

Commercial and Consumer Products Directorate



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Overview

- Our Business for “Goods”
 - Procurement Operational Organization
 - Trends
 - Client Base
 - Types of Goods
 - Categories
 - Supplier Base
- Methods of Supply
 - One-Step and Two-Step Approaches
- Challenge
- Conclusion



Procurement Operational Organization

Procurement of goods and services in PWGSC are performed by

- 5 main operational sectors
 - Commercial Acquisitions and Supply Management
 - Services and Technology Acquisitions Management
 - Services and Specialized Acquisitions Management
 - Marine
 - Defence and Major Projects
- 5 regional offices (plus Washington)
 - Pacific, Western, Quebec, Ontario & Atlantic regions

Supported by 5 functional sectors

- Acquisition Strategy and Relations Directorate
- Business Management
- Office of Small and Medium Enterprises and Strategic Engagement
- Policy, Risk, Integrity and Strategic Management
- National Fighter (Defence) Procurement Secretariat



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Trends

- Increasing demand for innovative procurement solutions e.g. turn-key solution, including services
- Increasing demand for efficiencies, savings, transparency, accountability (National Procurement Strategies)
- Increased oversight
- Declining financial/human resources
- Declining business volumes



Client Base

- Over 100 federal departments and agencies
- Locations across Canada
- 13 provincial and territorial clients for certain commodities such as vaccines and drugs
- Extensive variation in client programs, organizations and administrative needs



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Types of Goods Bought



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Categories

Distinct differences in commodities, clients and suppliers require innovative procurement solutions rather than a «one-size-fits all» approach.

Goods can be organized into four major categories:

1. Commercial off-the-shelf (COTS)
 - Office supplies, scientific, medical, audio-visual supplies, software
2. Configurable and manufactured on demand
 - Furniture, scientific, medical equipment, vehicles
3. Legislated by a federal body
 - Drugs and vaccines
4. Built to specifications
 - Uniforms for DND & CBSA, ration pack meals, specialized and military equipment



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Supplier Base

- Varies significantly from one commodity to another
 - Sourcing:
 - Competitive: office supplies, furniture, vehicles, audio-visual, etc.
 - Limited: scientific equipment, vaccines and drugs, packaging, spare parts, etc.
 - Supply Chain:
 - Manufacturers, distributors or retailers
 - Small and Medium Enterprise (SMEs) or multi-nationals
 - Socio-economic considerations:
 - SMEs
 - Canadian content
 - Aboriginal business
 - Environmental sustainability
 - Value proposition (export strategy, key industrial capabilities)



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Methods of Supply

The majority of procurements are conducted through the creation of:

Framework agreements such as standing offers and supply arrangements



Master contracts such as multi-client contracts or prime vendor contracts which normally include services such as inventory management, distribution, etc.



Single contracts for unique requirements with or without option years, with or without ramp-on requirements

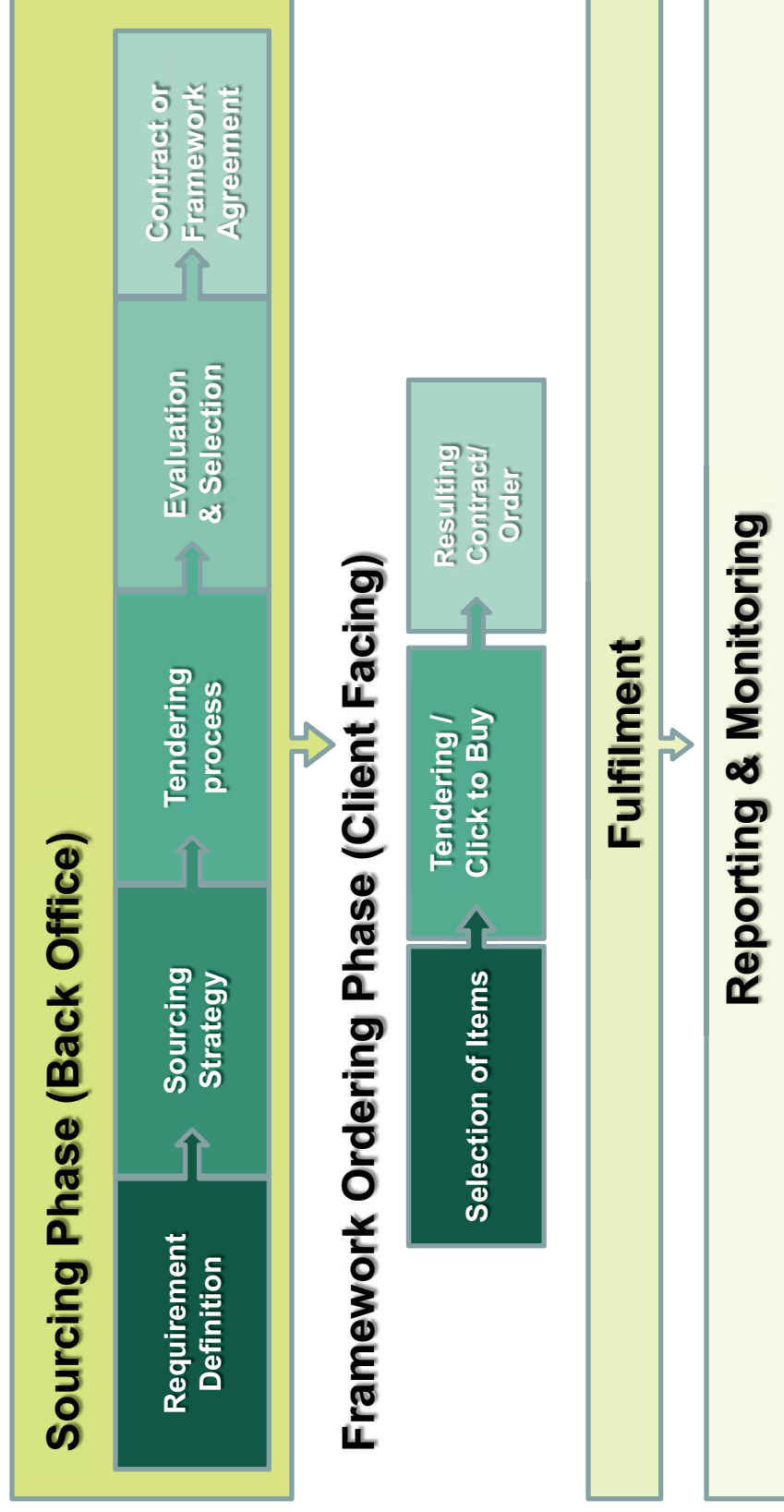


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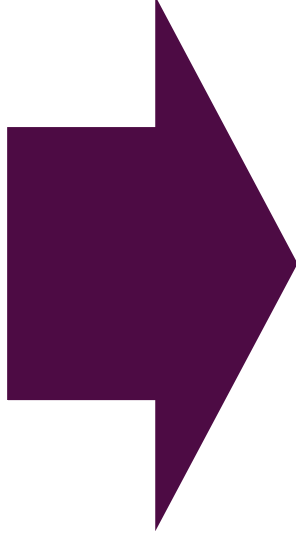
One-Step and Two-Step Approaches



Challenge

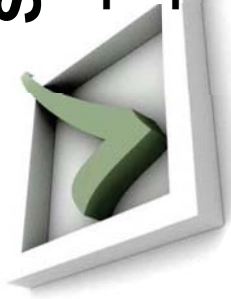
Operational Efficiency

- Availability
- Simplicity
- Speed



Strategic Efficiency

- Compliance
- Economies of scale
- Leveraging opportunities



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Simply ...

We need the ability to

- Develop and issue contractual/framework agreements (Back Office Process)
- Provide a « Click to buy » solution for our clients (Client Facing Process)
- Monitor and manage procurements to develop strategies to improve spend management and ensure sound stewardship
- Build a strong Supplier Relationship Management capability (SRM)



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Professional Services Contracting

Pascale Archambault, A/Senior Director

Professional Services Procurement Directorate



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Overview & Objective

Objective: Present you with an operational context for the contracting of Professional Services in PWGSC

- What We Buy
- How we buy services - Today
 - Traditional Contracts
 - Self Service Tools
- Clients and Suppliers
- Challenges
- Opportunities



What we buy

Temporary Help Services:

- Temporary replacement of absent staff
- Special short-term influx of workload
 - Contingent Labour (UK)

IT-related Professional Services:

- Programmers
- Database specialists
- SAP Specialists
- Etc ...

What we buy

Professional Services non-IT related:

Project Management	Harassment in the workplace
Auditing Services	Translation services
Learning / training services	Banking Services
Medical services	Chaplaincy services
Brokerage Services	Expert Advice consultant services
Moving and relocation services	Cyberprotection services
Technical and Engineering Services	Business Management
Etc ...	



How we buy services

- Traditional contracts
 - Single-buy (one time buy)
 - Task-based (as & when requested)
 - Solutions-based (approach)
- Self-serve tools
 - Configurable catalogue
 - Pre-qualified pool (2 stage procurement)



Traditional Contracts

- Long term contracts with option periods
 - (3 to 7 years which must be managed and monitored)
- Task-based contract require issuance of taskings by client (up to 100,000 per month on some translation contracts)
- Evaluation of bids is complex: usually point-rated (combination of technical score and price)
- Technical Evaluation criteria based on knowledge and expertise
 - Education & credentials
 - Experience of Firm or Proposed Ressource
 - Reference checks/interviews



Self-serve Tools

- Very large volume of service categories available (15,000 +) and suppliers (800+)
- Full annual re-competition of tools with quarterly refreshes (allowing new suppliers entry)
- Availability of resources is an important factor
- Technical Evaluation & Reference verification done initially
- Financial Evaluation Complex and labour intensive
 - Median rate analysis
 - Suppliers ranked by price
 - Client must be capable of searching through a combination of categories
 - Price can be blinded or open to suppliers
 - Prices can be refreshed on a weekly basis by suppliers (Temporary Help Services)



Self-serve Tools (continued)

Catalogues:

- Prices evaluated and set
- Technical qualification done by PWGSC
- Minimal configuration allowed
- easy to use for clients
- selection based on lowest price and availability
- Used mostly by non-procurement specialists – widespread use

Pre-qualified Pools (2 stages)

- No price evaluated (1st stage)
- Initial qualification done by PWGSC (1st stage)
- Clients must further define their requirements and evaluation criteria then compete (2nd stage)
- Selection based on best value
- Used mostly by client with procurement background



Our Clients

- All government departments and agencies procure services
- Some have procurement background – many are inexperienced one-time buyers
- Difficulty in writing Statements of Work and Evaluation criteria for Professional Services
- Difficulty in finding best tool to use
- Want fast and easy to use tools
- Need flexibility to define their requirements



Our Suppliers

- Mostly Canadian companies
- All sizes from Large multinational to micro-enterprises (single individuals)
- Importance to reducing barriers for SMEs
- Fair chance for all suppliers – no limitation in amount of suppliers on some tools
- Want Quality & Good value recognized (over price)



National Goods and Services Procurement Strategy for Professional Services

- The purpose of the strategy is to provide a consistent and uniform national approach for the procurement of professional services
 - Harmonization & streamlining of processes
 - Single governance
 - Consolidated training for our clients
 - Streamlined Master User Agreements
- Created in 2011
- Covers over 400 categories of Professional Services
- Common business rules



Challenges

- Large volume of transaction / suppliers to manage
 - limit our ability to apply innovative solutions
- Quality difficult to evaluate
- Numerous policy considerations
- Lack of procurement expertise from clients limit use of 2-stage tools
 - Encourages use of catalogues – lowest price over quality
 - Can result in « race to bottom » for suppliers
- Limited volumetric data:
 - Managing vendor performance
 - Monitoring and control
 - Business intelligence for improving service



Opportunities

- Creating new innovative tools
- Better flexibility for future priorities/trends
- Offering better value and easy-to-use tools for clients
- Offering easier bidding process for suppliers
- Business Intelligence – for better tools
- Reduction in barriers for SMEs
- Elimination of duplication of work



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Regional Operations

Annie Desgagné, Regional Director

Pacific Region

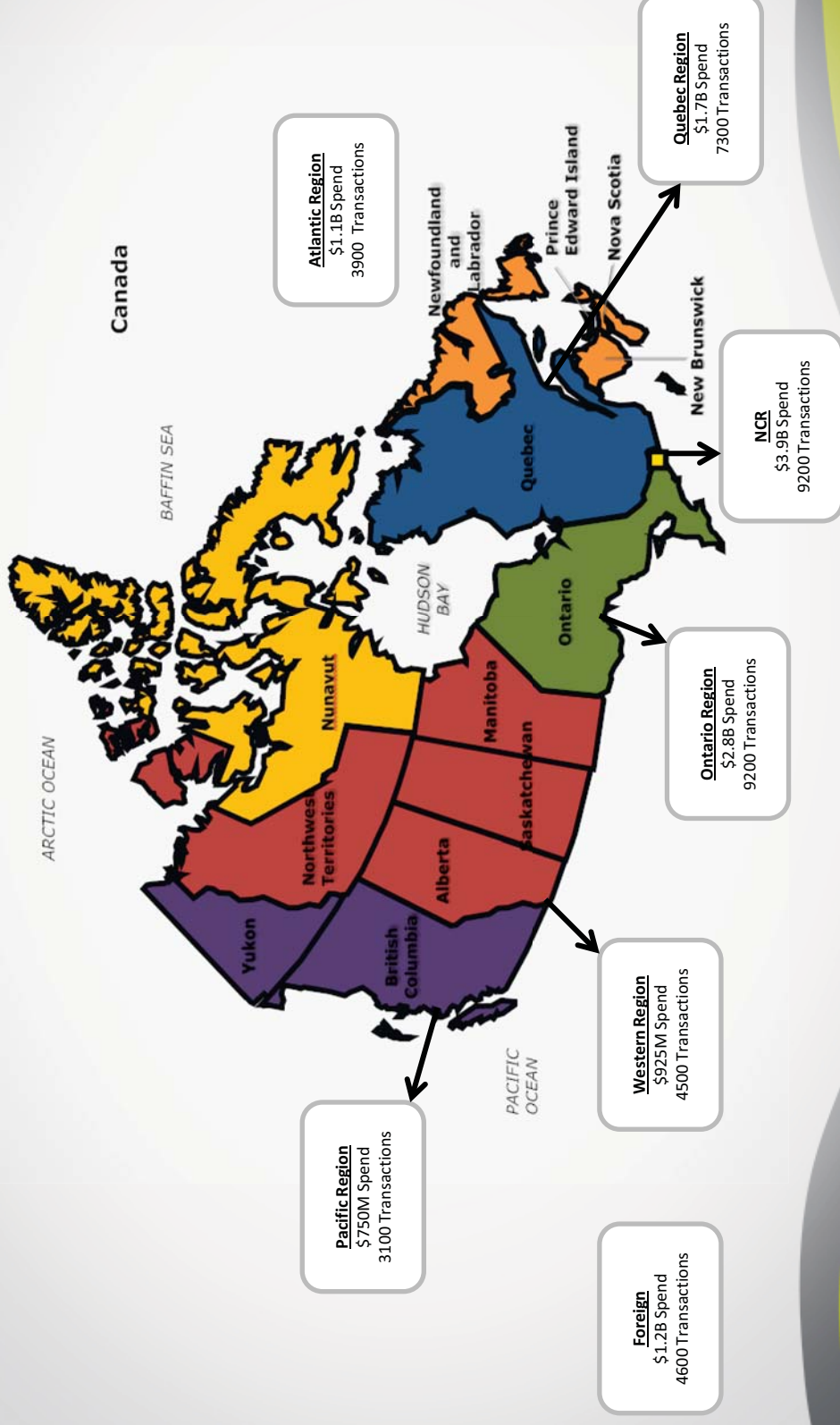


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Regional Representation



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Span of Regional Operations

- Regions support general and customized procurement services to PWGSC and other federal departments
 - Commercial Acquisitions: Goods and Services
 - Real Property Contracting (construction, maintenance, architectural, engineering and environmental services)
 - Marine Procurement
 - Office of Primary Interest on a number of Mandatory and Optional Framework Agreements including Office Equipment, Janitorial Services, Food and Beverage
 - Increasing business to support procurement for Federal Contaminated Sites Action Plan (Giant Mine, Port Hope, Esquimalt Graving Dock)
 - From time to time, Major Crown Procurements (Canadian Space Agency, Canadian High Arctic Research Station)



Stakeholders

- Typically regional PWGSC internal branches and other regionally based federal departments and agencies
- Spans federal department headquarter operations for National Goods and Services Procurement Strategies
- Regional offices typically serve dozens of federal clients in their geographic areas
 - Major Clients include Department of National Defence, PWGSC, Fisheries and Oceans/Canadian Coast Guard, Correctional Service of Canada, AANDC, RCMP
- Suppliers range from international, national companies and local SMEs



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Business Metrics

- Annual business volumes range from \$300M to \$650M per Canadian Region accounting for \$3 B of the national total business volumes
- Number of annual documents processed range from 17000 to 3000 per region
- Combination of basic, standard and complex procurements utilizing a mix of methods of supply, framework agreements, and direct contracting to support general and customized procurement services
- Between 75% and 85% of regional transactions are standard contracts and related amendments, remainder are procurement instruments (including client self serve options)
- Targeted service standards to track performance
- Governed by integrity framework and Procurement Code of Conduct
- Supported by an in-house developed workload management system



National Goods and Services Procurement

Strategy for Office Equipment

- 5 year Strategy to encourage departments to explore the concept of print optimization/fleet management; standardization; consolidation
- Includes categories of imaging equipment such as Photocopiers, Multi-Function Devices, Scanners, Consumables and Managed Print Services, Fax Machines, Tempest and shredding equipment
- Serve OGDs through a suite of pre-competed, self-serve procurement instruments across 5 categories of Imaging Goods & Services with a combined total recurring annual spend in the order of \$90M. 90% or more of transactions processed within client delegations



NCR Real Property Contracting

- Annual business volumes \$486.6M
- Number of annual documents processed 1239 (Open Agreements, Standing Offers, Contracts and Amendments)
- Combination of basic, standard and complex procurements utilizing a mix of framework agreements and direct contracting
- More than 99% of regional transactions are standard contracts and related amendments
- Support PWGSC Real Property Branch for maintenance, construction, architecture and engineering requirements for PWGSC property assets in the National Capital Region





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Large Scale Procurements

Presented by Rami Acouri
Senior Director
May 6, 2014



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Characteristics

- Long term contracts up to 20 years
- Outsourced services or new designed goods
- High dollar value and complex financial arrangements
- Significant integration or innovative solution
- Changing, unclear or risky requirements
- Application of project management principles
- Multi-stakeholders or public sensitive
- Limited supply base nationally or internationally



Procurement Process

- Early engagement with the client up to 3 years
- Client obtaining approvals and funding
- Client addressing issues and drafting the requirements
- Industry engagement and feedback
- Changes and configuration control on all documents
- Departmental solicitation process
- Treasury Board approval process
- Contract award and administration
- Contract closure and re-solicitation



Key Business Challenges

- Central allocation of all documents
- Size of files over numerous years
- Variety of different kinds of documents
- Version control over multiple years by multiple users
- Access, safe guarding and classification of documents
- IT changes, updates and compatibility issues
- Rotation of staff at client and in-house
- Industry turn over and shifting of focus
- Ease of locating documents and sharing lessons learned





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Defence and Security Procurement

Al Hamel, Senior Director

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Procurement Directorate



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Overview

- Management of procurement for Major Crown Projects and other Defence and Security projects
- Major Clients:
 - National Defence
 - Canadian Commercial Corporation
 - Royal Canadian Mounted Police
 - Transport Canada
 - Canadian Coast Guard
 - Canadian Security Intelligence Service
 - Communications Security Establishment Canada
 - Correctional Services Canada
 - Canadian Border Services Agency



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Armoured Vehicles Projects

Force Mobility Enhancement (FME) Project

- Convert up to 18 Leopard 2 A4 chassis into Armoured Engineer Vehicles (AEVs) (\$115M)
- Convert 4 additional Leopard 2 A4 chassis for a total of 12 Armoured Recovery Vehicles (ARVs) (\$34M)



Light Armoured Vehicle (LAV) III Upgrade Project

- Upgrade and improve the protection, mobility and firepower effects of 550 in-service LAV III vehicles including reconnaissance vehicles (\$1.2B)



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Armoured Vehicles Projects

New - Marginal Terrain Vehicles (MTV) Project

- Procurement of up to 25 Marginal Terrain Vehicles (MTV) to support Canadian Special Operation Forces Command (CANSOFCOM) operations (Project value \$40M)



New – LAV Reconnaissance and Surveillance System (LRSS) Project

- Upgrade 66 LAV III with a new surveillance system in replacement of the existing fleet of Coyotes (Project value \$500M)



In the last five years :

355 contracts per year

Average annual business value : \$1.7B



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Aerospace Equipment Program

- Support contracts for fleet of aircraft (Hercules, Sea King, CF18, Cormorant, Challenger, Aurora and others)
- Aircraft and aircraft systems procurement - Civilian and Military
- North Warning System
- Surveillance, identification, control and warning for the aerospace defence of Canada and the United States

In the last five years :

1536 contracts per year

Average annual business value : \$1B



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Electronics, Munitions and Tactical Systems Procurement

- Airfield Radars and Tactical Integrated C³ System for RCAF
- Integrated Soldier Systems, Medium Range Radars and Combat Net Radio Enhancements for Army
- Torpedo upgrades, sonars, periscopes, submarine parts, electronic systems for RCN
- Support to deployed operations for CAF, PWGSC Europe
- Munitions Supply Program
- Marine Traffic Control System for CCG
- Special requirements for CSEC, CSIS, RCMP and CBSA



In the last five years :

1022 contracts per year

*Average annual business value :
\$1.5B*



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Major Projects - Land

- **MSVS (Medium Support Vehicle System)** Procurement of new medium-sized logistics trucks for the Canadian Forces (\$1.58 B)



- **TAPV (Tactical Armoured Patrol Vehicle)** Acquisition of 500 well-protected and mobile, armoured wheeled combat vehicles (\$900M)



Major Projects - Air

- **Maritime Helicopter Project**

- Acquisition of 28 fully integrated helicopters CH-148 Cyclone from Sikorsky and In-service support to 2028 (\$5.3B)

- **Medium-to Heavy-Lift Helicopter Project**

- Acquisition of 15 MHLH aircraft (Chinook CH-147 “F” model) from Boeing and In-Service
- Support (ISS) for 20 years (project value \$4.7 B)



- **Tactical and operational training systems**

- Procure, and maintain for 20 years, courseware and training devices
- for the aircrew operational training capability in support of the CC-130J and CH-147F fleets (\$600M)

- **Next Generation Fighter Capability (NGF)**

- Acquire and maintain over 30 years a fighter aircraft to replace the CF-18 fleet



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Fixed-Wing Search and Rescue Aircraft Replacement (FWSAR)

- Replacement of current Fixed Wing SAR aircraft.
- The FWSAR project is in Definition Phase (Development of RFP).
- Active engagement with industry, many sessions held since Aug. 2011 (Workshops, one-on-one, etc).
- A draft RFP was released in early 2013, with the final RFP to be released later on this year.
- Estimated value: \$3.0B for acquisition and In-service Support for period of 20years



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Halifax Class Modernization/ Frigate Life Extension (FELEX)

- Mid-life modernization of the 12 HALIFAX Class frigates
- Two Multi-ship refit contracts with Irving Shipbuilding Inc. and Victoria Shipyards Ltd.
- Combat Systems Integrator (CSI) contract with Lockheed Martin Canada
- Two ships completed. Three ships currently under refit, with two more to come



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Canadian Surface Combatant

- Project valued at \$26B, for a new fleet of ships to replace the existing destroyers and frigates
- Highly complex and challenging requirement (complexity level 4)
- Recent approval obtained to launch the Definition Phase to conduct ship design activities and refine cost estimates and timelines
- Industry consultations are planned in advance of establishing a procurement strategy
- Irving Shipbuilding Inc. will build the combat vessels under NSPS



Arctic Offshore Patrol Ship (AOPS)

- Project to procure 6-8 ships
- Comprehensive sequence of activities planned with Irving Shipbuilding Inc., to negotiate the acquisition contract:
 - Clarification of technical requirements, performance management & risk re-balancing elements
 - Development / review of company's proposal
 - Negotiations



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- Engagement strategy informed by lessons-learned during NSPS Umbrella Agreement negotiations
- Potentially aggressive timelines and expectations



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Joint Support Ship

Part of Non-Combat package – Vancouver Shipyard Co (Seaspan)

- Design options – New Design and Military Off The Shelf (MOTS)
- New Design – Preliminary Design Complete. Final Design to be completed in 2014
- Contract to study MOTS design to be completed by 2014



- Design Decision Point – early 2013
- First delivery in 2017
- Last delivery Spring 2019.



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Mid-Shore Patrol Vessel (MSPV)

- Competitive Contract for 9 MSPV issued to Irving Shipbuilding of Halifax, in August 2009, with an option for 3 additional Vessels.
- 43 metre vessels that will operate up to 120 nautical miles offshore for up to 14 days. Operations will include maritime security and conservation and protection.
- Five vessels are currently under construction
- First delivery took place on July 31, 2012 (Private Robertson V.C.)
- Last delivery expected in Fall 2014



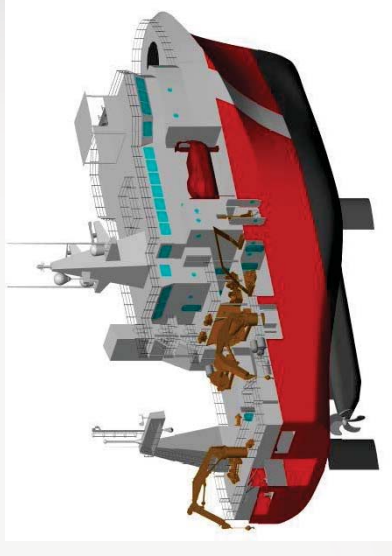
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Offshore Fisheries Science Vessel

- 3 OFSV will replace 4 existing vessels and will conduct fishing and acoustic surveys of fish and invertebrates in the Northern Atlantic and Pacific Oceans and monitor changes in marine ecosystems.
- Vessels will be 55 metres length overall with the ability to support a complement of 34 persons for 31 days without the need for re-provisioning with food or fuel.
- Design completed in January 2012 under a competitively awarded contract with RALion.
- Negotiations in process with the shipyard
- Build Contract is part of the Non-Combat Package of NSPS with Vancouver Shipyard Co. Ltd.



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Polar Icebreaker

- One Polar Icebreaker was announced in Budget 2008 with an estimated project cost of \$800M to replace the CCGS Louis St. Laurent, which will be decommissioned in 2017.
- The design contract was awarded to STX Canada Marine, Vancouver, BC, on November 17, 2011, following a competitive process.
- The Build Contract will be directed to Vancouver Shipyard Co. Ltd. as part of the Non-Combat Package under NSPS.
- The design is progressing. Ice Model Testing currently in progress in St-John's



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