



Public Works and
Government Services
Canada

Travaux publics et
Services gouvernementaux
Canada

ELECTRO-OPTIC AND INFRARED PROCUREMENT STRATEGY

REQUEST FOR INFORMATION FEEDBACK SUMMARY

W7701-145859/D

This document is **not** a request for proposal, request for quotation or call for tender notice. This document should not be considered as a formal commitment by Canada to issue a contract in the future.



INTRODUCTION

To offer innovative business opportunities and promote healthy competition, the Department of Public Works and Government Services Canada (PWGSC) promotes dialogue between industry and client departments to better align needs with solutions provided. PWGSC works to connect buyers and suppliers early in the procurement process through industry days, one-on-one supplier consultations and online collaborative tools. The purpose of these public consultations is to support collaboration between the Government of Canada, industry and client departments in order to offer them an open and transparent opportunity to give formal feedback on acquisition initiatives and projects as well as recommendations for service enhancements.

As part of the development of the electro-optic and Infrared (EO-IR) procurement strategy, during the summer of 2015, Canada published a second request for information (RFI) to draft a new version of the procurement strategy based on the comments made and concerns raised about the first letter of interest. The Government of Canada wanted to receive formal feedback from industry in order to improve and refine this new procurement strategy and also to ensure that the concerns raised in the past would be considered.

A number of descriptive documents were provided when the RFI was published in order to maximize the benefits of the RFI. These documents included a description of the client-department's (Defence Research and Development Canada [DRDC]) requirements, specific questions about elements of the procurement strategy and example of evaluation criteria for the prequalification stage.

SUMMARY TABLE — RFI PROCESS

Contracting Authority	Ian Potvin Acquisitions Branch Public Works and Government Services Canada Contact information: 819-956-9489 or ian.potvin@tpsgc-pwgsc.gc.ca
Posting or publication period	On July 8, 2015, PWGSC published RFI W7701-145859/D. The document included the description of requirements, specific questions about elements of the procurement strategy and example of evaluation criteria for the prequalification stage.
Participants	Seventeen (17) contractors participated in the consultation process (the list of participating businesses is available in Appendix "A" below). Members of PWGSC, the Gatineau office and the Quebec Regional Office. Members of the DRDC Valcartier technical team. Fairness monitor – Samson and Associates.
Industry Day	Sixteen (16) respondents represented members of industry on Industry Days held on August 4 and 6, 2015, in Quebec City and Gatineau.
One-on-one meetings and response to the RFI	Seven (7) one-on-one meetings were held (the list of participating businesses is available in Appendix "A" below). Contractors provided formal feedback. In addition, eight (8) official responses to the RFI were submitted by the August 14, 2015 deadline.



OBJECTIVES OF THE RFI

The objectives of the RFI were to: 1 — take note of industry comments or concerns about the new procurement strategy; 2 — ensure that concerns raised previously were considered; and 3 — offer industry members the opportunity to submit a summary of their capacity and willingness to perform work relating to EO-IR technology projects. In addition, a list of 27 questions was included in Appendix “B” of the RFI, requesting industry members to provide feedback on the basis of a number of elements in the procurement strategy.

SUMMARY OF INDUSTRY COMMENTS AND QUESTIONS

During the second phase of the public consultation process, industry members had the opportunity to provide feedback and recommendations on the procurement strategy for EO-IR technology projects.

Generally speaking, the new procurement strategy was favourably received. The vast majority of industry members pointed out that the new strategy allows a larger number of businesses to participate and fosters competition among all members. The new strategy also helped resolve most of the concerns that were raised during the first public consultation. However, there are some new procurement strategy elements that still need to be considered. Suggestions and comments from industry will help PWGSC and DRDC better define all procurement strategy elements and prepare calls for tenders.

Following an analysis of the responses and suggestions received relating to the 27 questions in the RFI (the questions are included in Appendix “B” below), it was determined that six (6) main issues still need to be addressed in the final version of the procurement strategy.

Issue 1 – Evaluation criteria: The evaluation criteria seem to favour expertise over experience and thus the use of existing/current teams or resources. In addition, it is recommended that businesses be evaluated on an overall basis, including an evaluation of prior corporate experience, an evaluation of total workforce, businesses’ capacity for innovation and the capacity to provide a type of service instead of providing specific resources.

Proposed action — Developing and restructuring evaluation criteria: PWGSC and DRDC will work together over the next few weeks to develop new evaluation criteria that will meet industry standards. Certain evaluation criteria currently being used will be revised so that all potential suppliers are treated in a fair and equitable way while encouraging healthy competition. A preliminary version of the new criteria may be published in the draft calls for tenders. We invite industry members to provide all relevant criteria that could be used in these calls for tenders. Here are some examples of guidelines that will be used by PWGSC and DRDC to develop evaluation criteria:

1. Prequalification under the standing offer / supply arrangement (SO/SA) – evaluate the capacity to provide the services requested (previous service delivery) instead of providing resources, where applicable.
2. Call-up against the SO– evaluate the resource or resources requested on the basis of their past experience and level of expertise in providing specific services.
3. Subsequent request for proposal (RFP) under the SA – evaluate the proposed solution, the understanding of the requirement and contractor’s (or consortium’s) capacity to complete all work.

Issue 2 – Search for an overall solution under the SA: For needs that require solution X to problem Y, it would be preferable to let contractors choose the resources required to perform the work. This would provide certain benefits, such as reducing acquisition costs for the Government of Canada and accelerating delivery of goods or services (deliverables).

Proposed action — Amendment of the terms and conditions of the SA: PWGSC and DRDC are currently in



discussions to determine the viability of this option. Certain evaluation criteria will have to be revised or developed to provide this possibility to those that have pre-qualified. Although this cannot be assumed, the SA should include specific parameters for providing greater latitude to those that have pre-qualified so that they can submit an offer based on their specifications, but that will also comply with the essence of the deliverables requested by DRDC.

Issue 3 – Value proposition: The procurement strategy will disclose no information on Industry Canada’s *Industrial and Regional Benefits (IRB) Policy* or on evaluation criteria for value propositions.

Proposed action — Consultation with Industry Canada (IC), which is the IRB policy administrator: PWGSC will continue to consult with IC on this item in order to ensure that calls for tenders will comply with government procurement policies, including the IRB policy. So far, no indications have been given on the applicability of this policy to DRDC EO-IR requirements. Unless indicated otherwise by IC, calls for tenders will not include the use of value propositions. However, PWGSC and DRDC will explore the possibility of developing evaluation criteria that would evaluate the innovative aspect of proposed solutions to any given requirements under the SA.

Issue 4 – Restrict competition under the SO: It is not recommended that competition be restricted to three pre-qualified parties only for low dollar value call-ups (- \$25,000.00) against the SO.

Proposed action — Amendment of the terms and conditions provided in the SO: On the basis of an analysis of the comments received, the procurement strategy will be adjusted so that all pre-qualified contractors will be invited to submit a bid for the award of a call-up against the SO. Therefore, all pre-qualified contractors that are able to provide the resource or resources will be asked to submit an offer.

Issue 5 – Security clearance: The timeframe required to conduct a Secret clearance level investigation will have to match the timeframe prescribed for providing resources under the SO.

Proposed action — Consultation with PWGSC’s Industrial Security Division (ISD) and awareness raising of stakeholders: The acquisitions team will consult with ISD to find potential solutions for reducing the delays created when Secret security clearance is required. Despite the efforts made by our services, there is a possibility that no potential solution may be found. For this reason, we recommend that contractors submit a sponsorship request to the Contracting Authority identified on page 2 if they have never received Secret security clearance for their businesses or employee(s).

Issue 6 – Refresh of the SO or SA: PWGSC and DRDC should provide contractors with the opportunity to pre-qualify or amend their previous offers or bids at all times and not just once per year.

Proposed action — Discussion and attempt to shorten the period of time between refreshes: The workload required to offer open and continuous refresh is currently greater than PWGSC’s capacity to provide such a service. On the basis of comments received from industry members, an update every 12 months would be reasonable. PWGSC and DRDC have noted that this period should be shorter rather than longer, and they will reassess the possibility of shortening this period if necessary.



NEXT STEPS

In the coming months, Canada will endeavour to develop calls for tenders based on the proposed procurement strategy and the comments provided by industry members, where applicable. Although this cannot be assumed, the calls for tenders will include a separate request for standing offer (RFSO) and a separate request for supply arrangement (RFSAs). According to the project schedule, PWGSC would like to post the draft calls for tenders as soon as they are ready in order to receive additional feedback from industry members. To adhere to the project schedule, only parts of draft calls for tenders could be posted.

There are tentative plans to officially post the calls for tenders early in 2016. Use of the new contractual mechanisms should begin in the spring of 2016.

CONCLUSION

We thank all industry members who took part in Industry Days and one-on-one meetings. Operational requirements for EO-IR projects require ongoing commitment by all stakeholders to develop innovative procurement mechanisms that will be viable on a long-term basis.

The feedback provided by industry members was welcomed with interest by Government of Canada representatives. The Government of Canada reiterated the benefits of participating in the public consultation processes underpinning informed decisions for acquiring goods or services in accordance with the priorities of the Crown and the Canadian people.



APPENDIX "A"

LIST OF PARTICIPATING BUSINESSES

Participants in public consultations:

- Valcom Consulting
- C-Core
- ABB Inc.
- Telops
- CPIC
- MDA System LTD
- NovaSyst
- Tech Obzerv
- LTI
- Aerex
- INO
- Photon ETC
- ONSENS
- Gexelec
- Genia Photonic

Participants in one-on-one meetings:

- MDA System LTD
- Photon ETC
- LTI
- NovaSyst
- CPIC
- ABB Inc.
- Telops



APPENDIX “B”

QUESTIONS TO INDUSTRY INCLUDED IN THE REQUEST FOR INFORMATION (RFI)

Questions to Industry on the Procurement Strategy	
1.0	GENERAL QUESTIONS ABOUT THE PROCUREMENT STRATEGY AND PREVIOUSLY RAISED CONCERNS
1.1	Do you have any concerns, comments or suggestions for improvement in relation to the new procurement strategy? Please explain your answer.
1.2	Do you think the new procurement strategy takes into account the concerns of industry members raised during the first public consultation? If not, can you tell which one(s) that has/have not been addressed? The concerns are identified in the findings report, included at Annex G.
1.3	Refers to section 6.0: Does the new procurement strategy promote access to competition for all members of this industry?
1.4	Refers to section 6.1: Do you have concerns about the fact that Canada wants to issue call-ups to a pre-qualified bidder of its choice, for low dollar value requirements (less than \$25,000)? If so, do you think that reducing that amount would be appropriate?
1.5	Refers to section 6.0: SO/SA – At what time should we make revisions to SOs and SAs in order to allow new businesses to participate and / or to allow pre-qualified bidders to modify their offers (every 3 months, 6 months, 12 months)?
1.6	Refers to section 6.0: Do you have any concerns about the terms of use of intellectual property rights by Canada?
1.7	Are all the requirements related to EO-IR technologies covered under the thirteen (13) streams proposed?
1.8	You are invited to provide any additional comments, suggestions or concerns that may have not been raised through these questions.
2.0	SELECTION AND/OR QUALIFICATION METHOD FOR THE SO (RFSO)
2.1	Refers to section 6.1 and Annex C: Is the way in which bidders are pre-qualified reasonable, and does it meet your expectations?
2.2	Refers to section 6.1: Is the two (2) step qualification for the OC, described in section 6.1, a viable option, or should we use another method? Please explain your answer.
2.3	How should we capture and evaluate competing work experience of a resource? (e.g. two (2) different work experiences acquired during the same time period accounts for 2 experiences; and two (2) experiences of similar work, acquired during the same time period, account for only 1 experience)
2.4	What type of modality could we use in the SO to limit the use of the same pre-qualifiers when issuing a low value call-up (less than \$25,000)? Should we use a rotation of suppliers' clause? You are invited to provide suggestions, if applicable.
2.5	In the context where scientific resources will be required only during the call-up process, what would be a reasonable period, given to a selected pre-qualified bidder, to provide the resource(s) (e.g. 3 days for a junior technician, 10 days for a specialized engineer, and 30 days for a highly specialized resource)?



	Please explain your answer.
2.6	Refers to section 6.1.1: Can you comment on the selection options proposed in section 6.1.1 above? In addition, we invite you to submit one or more options that have not been presented in this section.
2.7	Refers to Annex C: Can you comment on the criteria for SO pre-qualification identified in Annex C— EVALUATION CRITERIA – STANDING OFFER?
3.0	SELECTION AND/OR QUALIFICATION METHOD FOR THE SA (RFSA)
3.1	Does the option of pre-qualifying bidders by stream seem reasonable?
3.2	Should we review the pre-qualification process to make it more general to EO-IR technology (qualification for requirements as a whole rather by stream)?
3.3	Refers to Annex D, Section B: Should we be requiring bidders to meet more than one mandatory requirement in order to qualify under each stream (minimum of 2 or 3 mandatory criteria per stream)?
3.4	Refers to Annex D, Sections A and B: Do you have any concerns about the examples of pre-qualification criteria for the SA (generic mandatory criteria and those for each stream) presented in Annex D that would be used in the RFSA?
3.5	If the proposed options do not meet your expectations, can you suggest alternative prequalification options?
4.0	FINANCIAL QUALIFICATION CRITERIA AND BASIS OF PAYMENT FOR THE SO, SA AND/OR RESULTING CONTRACTS
4.1	If Canada decided to add a financial qualification criterion to reject financial bids that have prices above or below a certain percentage of the median or average price, would you have any concerns? Example: Median Price + 40% = X, Median Price - 40% = Y. Financial bids higher than "X" or below "Y" would be automatically rejected.
4.2	For scientific resource requirements under the SO, should we ask for fixed hourly rates or an hourly rate with a ceiling price and negotiate rates when issuing a call-up?
4.3	DO YOU HAVE ANY CONCERNS ABOUT THE VARIOUS BASES OF PAYMENT THAT HAVE BEEN USED IN GOVERNMENT OF CANADA CONTRACTING DOCUMENTS AND THAT MAY HAVE CAUSED YOU PROBLEMS IN THE PAST? PLEASE EXPLAIN YOUR ANSWER.
Questions to industry concerning DRDC operational needs	
5.0	Standing Offer
5.1	Are resource categories identified in Annex E representative of the EO-IR technology requirements?
5.2	Are banked hours that are capped conducive to meeting service requirements such as classifying EO-IR systems through as an SO?
6.0	Supply Arrangement
6.1	Refers to the criteria identified in Annex F: Do the evaluation criteria examples for the resulting RFPs seem reasonable, and do they meet your expectations?
6.2	Do you see it as a constraint the fact that Canada determines the number and/or categories of resources required to perform one or more specific tasks? Would it be more advantageous to let the pre-qualified bidders determine this information in order to obtain lower prices, while maintaining the same quality of deliverables?