

# Questions and answers

Initial Challenge-Based Solicitation (CBS) – IaaS and Native PaaS  
Information webinar, February 16, 2024, Invitation to Refine,  
wave 1

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Content

Introduction.....3

Procurement Strategy and Framework Agreement Transition.....3

Procurement Process and Vendor Engagement .....6

Fairness, Transparency and Value for Money.....8

Software and Technology Compatibility .....8

Procurement process milestones and timelines .....9

## Introduction

Thank you for your questions and feedback provided during the Feb 16 Information webinar. Shared Services Canada (SSC) is responding with the information currently available with the intent to best prepare current and potential vendors (i.e., Industry) to this competitive procurement process and resulting contract.

As always, SSC is committed to creating the conditions for an open, fair and transparent competitive process. SSC is counting on collaboration with its stakeholders, including Industry, to design the best possible Cloud procurement vehicle for the Government of Canada (GC).

Many responses to the questions received at the webinar refer to regulations and policies that guide SSC and TBS decisions relating to the procurement of Cloud services and this procurement process. Shared Services Canada (SSC) continuously strives to balance rules, risks, innovation, security and stewardship in its decisions to best serve Canadians and achieve multilayered desired outcomes.

Laws and best practices are considered, and below are a few policies and directives that can provide more specific context and guidance to Industry for this procurement process:

- [Directive on the Management of Procurement- Canada.ca](#)
- [GC's Digital Ambition](#)
- [GC Cloud Adoption Strategy](#) including the principle of cloud smart
- [Shared Services Canada 2024-25 Departmental Plan](#)
- [Policy on Government Security](#)

SSC continues to encourage attendance to upcoming vendor engagements and to contact the Contracting Authority with any questions or concerns.

## Procurement Strategy and Framework Agreement Transition

### Q: Why is the GC Changing its procurement strategy?

A: For the past 5 years, the Framework Agreements (FA) has been a key part of how the GC, the IT industry, and Canadian citizens benefit from cloud services. However, as the needs and expectations of Canadians change, there's a growing requirement for the GC to update its approach to cloud hosting. This means moving beyond the current FA to introduce a broader range of procurement methods that better match today's demands.

The current FA offers a lot of possibilities but also has limitations such as the obligation to compete at the department level, limitation to award long-lasting contracts that offer best pricing.

The current procurement approach enables GC to compete once and put in place Government of Canada-wide procurement vehicles. Competing for the entire GC business should result in better pricing. Putting in place long-lasting contracts will minimize the number of migrations that are costly and risky.

It's designed to offer more flexibility and efficiency, enabling government departments to choose the most suitable cloud services that will serve them well into the future within a reliable and stable cloud environment.

In the cloud space, Canada has various needs: IaaS, Private Cloud, PaaS, SaaS. Different vendors have different capacities and offer different cloud products. To be optimally open, Canada is putting in place different procurement vehicles targeting specific vendor capacity (for example SaaS providers have different capacities than IaaS providers).

The diversification of procurement vehicles will create opportunities for vendors of different sizes and with different expertise. There will be 2-3 vendors selected for IaaS but a significant number of vendors for SaaS and PaaS.

The procurement segmentation should limit vendor lock in and offers opportunities to small and medium enterprises.

The use of each procurement vehicle will be integrated in a procurement ecosystem to ensure coherence, proper stewardship, and enable optimal evolution as the time passes.

This comprehensive strategy reflects a shift towards a more integrated and holistic approach to cloud service procurement in the GC.

**Q: Does this procurement support the Shared Services Canada (SSC) Data Centre Consolidation strategy?**

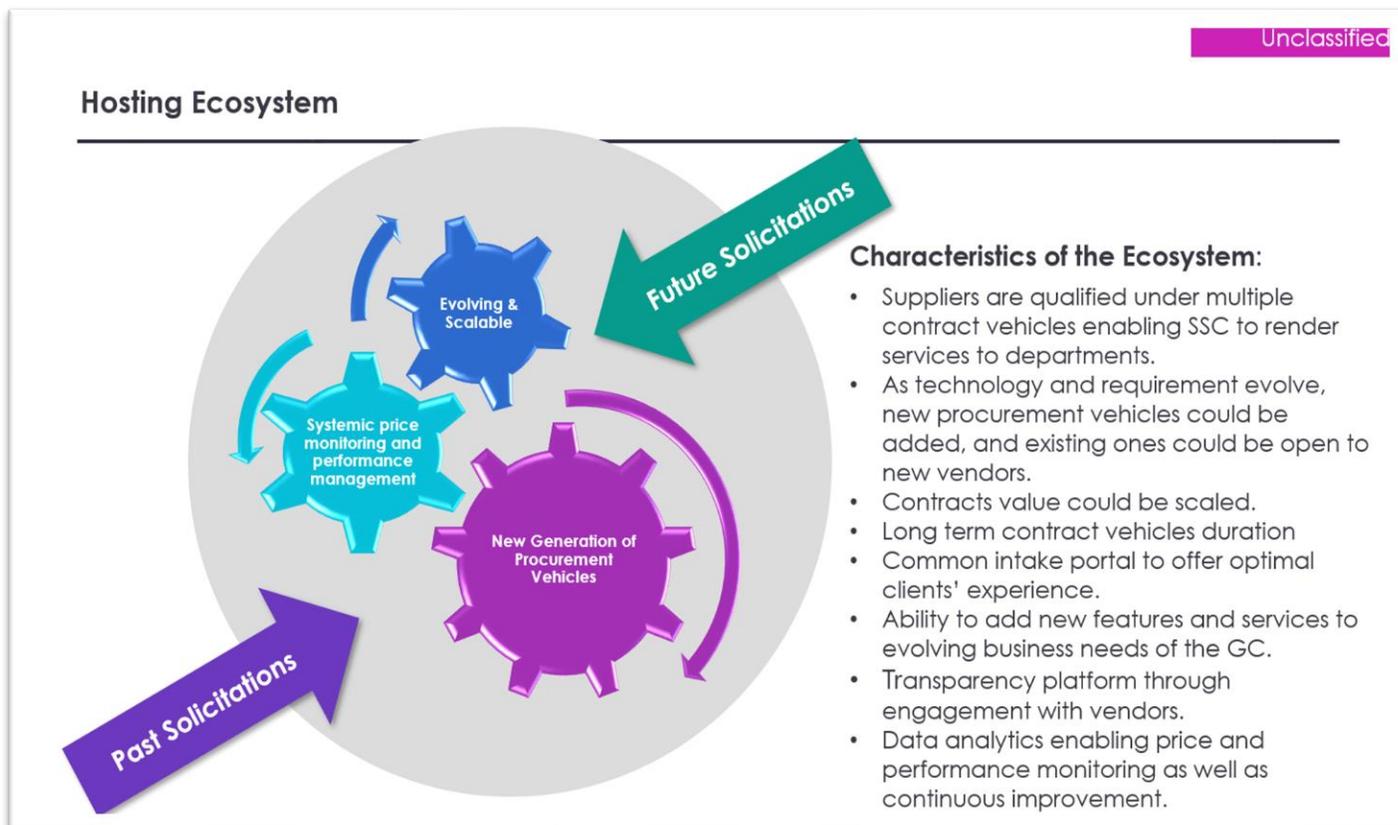
A: Yes, this procurement is aligned with SSC's goals for Data Centre Consolidation. The key business drivers for this initiative and the Data Centre Consolidation strategy are to provide excellence and economy of scale IT services. The Treasury Board of Canada Secretariat's (TBS) Office of the Chief Information Officer (OCIO) updated the Cloud Adoption Strategy and states: "As legacy data centres are closed; departments can migrate their applications to Enterprise Data Centres (EDC) or modernize their applications using public cloud services." This strategy has important implications for SSC both data centres and cloud services.

## New GC Cloud Procurement Ecosystem

### Q: What are the models being considered for procuring Cloud Services?

A: The New Generation of Hosting Procurement Ecosystem is the combination of the IaaS-Native PaaS procurement vehicle and other new procurement vehicles that will be launched to procure various cloud offerings (e.g., Private cloud, SaaS, PaaS), which will lead to a multi-cloud ecosystem.

SSC, in consultation with the Treasury Board Secretariat (TBS) are currently considering an ecosystem Allocation Matrix (EAM) that includes a common intake portal (broker).



### Q: Will the current Framework Agreement terms and conditions be used?

A: Yes, the terms and conditions already agreed by vendors under the Framework Agreements (FA) is the starting point for the new procurement vehicles. There was an initiative titled *FA 2.0* on which SSC gathered feedback from the industry. The insights gained from these consultations contributed to the decision to move towards a more holistic procurement approach.

## Procurement Process and Vendor Engagement

The GC opted for an [Agile Procurement Process \(APP3.0\)](#) to procure cloud services. This process is highly configurable according to many factors, including the variety of end users, the complexity of the problem to be solved, the type and maturity of the existing technologies, and implementation timelines. The level of success of an APP3.0 rests on the level of collaboration with stakeholders internal and external to the GC to design the best possible procurement vehicle.

### Q: What is the difference between outcome-based and challenge-based solicitations?

A: Both the outcome-based and challenge-based procurement approaches aim to solve specific issues. Outcome-based solicitations focus on achieving particular results, while challenge-based solicitations encourage creative solutions to a defined problem and challenges, potentially realizing benefits sooner.

## Task Authorization Contract

A Task authorization (TA) allows the GC to access Cloud services quickly and efficiently, while reducing the bureaucracy of governmental procurement and maintaining a fair opportunity and transparency for winning and pre-qualified suppliers. The process aims to meet GC's current needs while leaving room for future contracting possibilities, as technology and GC Department requirements evolve, ensuring contractual relevance over its lifespan.

### Q: How does selecting a limited number of vendors provide the best value for the GC?

A: Having a limited vendor pool in a task authorization contract enables the GC to consolidate all IaaS and Native PaaS requirements among all departments, effectively reducing bureaucratic and technical complexities associated with managing many suppliers. This approach also leverages economies of scale, ensuring the Crown receives the best value for these services.

On the other end, the [Agile Procurement Process \(APP3.0\)](#) provide best value by ensuring that:

- The contract could evolve over time. The scope of the contract is broad enough to include emerging technologies over a long period of time.
- The contract is scalable: It could scale up and down depending on Canada's need.
- The contract foresee that the prequalified vendors will remain on a list and could be onboarded over time as Canada's needs continue to evolve.

The scope of the resulting contract is to resolve the problem, address the challenges and produce the expected outcomes defined in the solicitation. The scope will remain stable during the contract's life but the way the cloud services will be rendered may evolve.

### Q: How did the GC determine the numbers: that five (5) vendors will prequalify, and then 2-3 of these vendors will be awarded Task Authorization contracts?

A: **About Prequalification:** The prequalified vendors will collaborate with Canada to develop the solicitation. The prequalification is designed to prequalify vendors that demonstrate the minimum capacity to perform the contract. Based on the FA consumption data, Canada concluded that

prequalifying 5 vendors is the right balance between diversity of vendors and effectiveness of collaboration.

**About Selection:** In many competitive procurement processes, the Government of Canada is awarding one contract. For this IaaS and Native PaaS solicitation, Canada expects to award two or three contracts. In establishing the number of selected vendors, Canada must balance the diversity of providers with the costs of maintaining multiple cloud environments.

The decision to select two or three vendors under the IaaS and Native PaaS solicitation is informed by the necessity to put in place an ecosystem of contracts that optimizes performance for Canada and the best value for taxpayers. The IaaS and Native PaaS solicitation is only one of the procurement vehicles that will be put in place in the new ecosystem; other new procurement vehicles will be put in place for other cloud services offering.

To ensure the fairness of the solicitation, SSC will develop the evaluation framework in collaboration with the prequalified vendors. SSC will also invite third parties to give input on the fairness of the procurement.

Capping the number of resulting contracts does not aim to limit competition, it is aiming to optimize the procurement ecosystem.

**Q: Are vendors required to bid on both the IaaS and the Native PaaS solicitations, or can they bid either on the IaaS or PaaS solicitation?**

A: For this specific solicitation, bidders need to bid for both IaaS and Native PaaS. Native PaaS is defined as PaaS supported, managed and operated by the bidder (first-party PaaS). The GC's requirement is to qualify Cloud Service Provider (CSPs) with Commercially Available Infrastructure-as-a-Service (IaaS) AND their Native Platform-as-a-Service (PaaS). There will be other procurement vehicles at a later date for other cloud procurement services including standalone PaaS.

**Q: Can vendors utilize a Billing Agent model as per in the Framework Agreement?**

A: The use of billing will be discussed with the prequalified vendors during Stage 5.

**Q: Can suppliers adjust their pricing during the procurement process?**

A: The resulting basis of payment for the contracts will be discussed with the prequalified vendors.

## Fairness, Transparency and Value for Money

### **Q: Is there a fairness monitor for this procurement?**

A: While no specific fairness monitor is assigned, the process includes various checks to ensure fairness and compliance with governing policies. For example, this procurement must get endorsement by various governance committees.

As the GC moves forward with this procurement process, it expects that industry and vendors bring up any perceived fairness issues directly with the Procurement Authority as they arise. This will provide the GC the opportunity to clarify any misunderstanding or bring required changes to the procurement process or content.

### **Q: How does the GC plan to guarantee optimal business alignment and value for money given the 70-30 assessment ratio?**

A: At this stage the decision to adopt a 70-30 contractor selection methodology is not final. It will be further discussed with prequalified vendors.

The 70-30 assessment ratio means splitting the evaluation between technical merit and cost. This ratio is a standard practice in procurement to balance quality and cost, ensuring that selections are not made on price alone but also consider the technical and functional value. As the procurement process evolves, especially under the [Agile Procurement Process \(APP3.0\)](#), adjustments may be made to ensure the ratio supports the best business/program fit and maximizes value for money. It's important to note that this ratio is still under review and may be adjusted.

### **Q: Will there be continuous performance monitoring and evaluations for vendors throughout the Task Authorization (TA) contract?**

A: Yes, a key objective in developing this cloud procurement ecosystem is to continually assess and monitor vendor performance against contract requirements. This approach ensures that vendors consistently meet expectations throughout the contract duration.

## Software and Technology Compatibility

### **Q: How is the GC addressing software compatibility and certification on chosen cloud platforms?**

A: GC is developing risk mitigation strategies to ensure software compatibility, focusing on maintaining operational continuity and adapting to potential challenges. Canada understands that some software are certified/supportable with only certain cloud platforms and acknowledge the limitations and challenges that this may pose. SSC will consult with the industry on how to best mitigate these challenges.

**Q: How will the GC handle software that isn't certified on selected cloud platforms?**

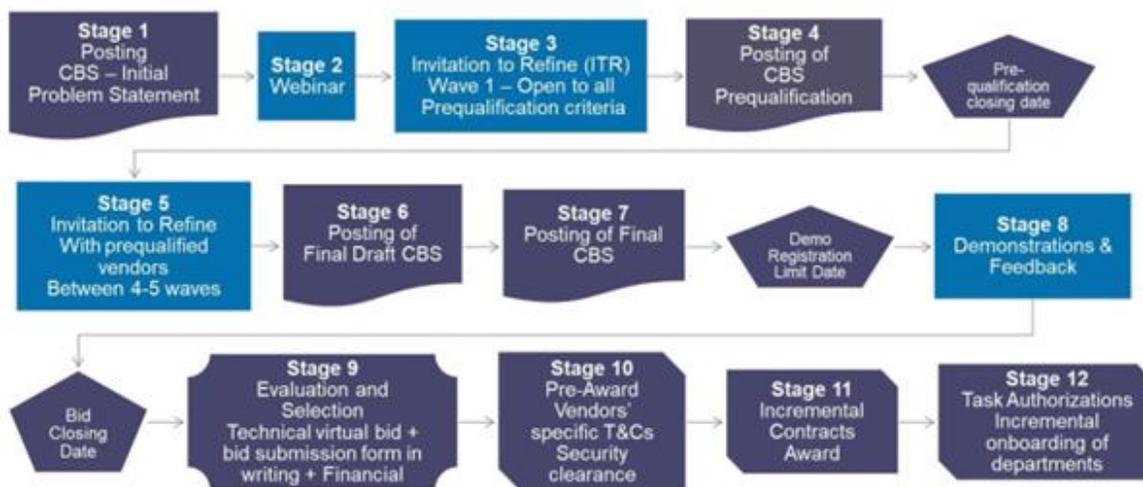
A: The GC is exploring multiple strategies. At this point in time, it's too early to determine the best way forward for each specific software.

**Q: How has the GC requirement for PBMM or HVA security requirements evolved in procurement processes, and when must it be met in this process?**

A: Meeting PBMM or HVA security requirements is not a prequalification criterion. For now, Canada's position is that the contractor must satisfy the Government of Canada's PBMM (Protected B, Medium Integrity, Medium Availability) or HVA (High Value Asset) security requirements prior to contract awards. The time to which contractor must satisfy security requirements will be revised with prequalified vendors.

**Procurement process milestones and timelines**

The procurement process milestones and timelines are currently estimated as follows:



**Estimated Dates**

Due to the nature of this procurement, process milestones and timelines are subject to change.

- Stage 1: February 9, 2024
- Stage 2: February 16, 2024
- Stage 3: March 2024
- Stage 4: April 2024
- Stage 5: April – August 2024
- Stage 6: July 2024
- Stage 7: July 2024
- Stage 8: September 2024
- Stage 9: October – November 2024
- Stage 10: December 2024 – January 2025
- Stage 11: February 2025
- Stage 12: February 2025 onward

**Q: What is the current timeline for the procurement stages, including the closing date for Stage 3?**

A: The procurement process is designed to be flexible, with several key dates rather than one fixed closing date. The initial important date to note is the pre-qualification closing in April 2024, which will be further detailed after the first Invitation to Refine (ITR) wave. If you're amongst the prequalified vendors, the next significant date is the bid closing in September 2024. This timeline includes various stages, such as prequalification, demo registration, and the final bid evaluation, ensuring a comprehensive and adaptable procurement approach.

**Q: How does the summer holiday period affect the procurement schedule?**

A: The procurement timelines are designed to keep the project moving forward while considering holiday periods. Although holidays and leaves are considered to ensure all vendors can engage, the project's priority means it continues to progress efficiently throughout this time. Reasonable adjustments are made as necessary to accommodate for these seasonal variations.