

Respect

Excellence

Integrity

Leadership



Value Proposition

Redefining Best Value



Public Works and
Government Services
Canada

Travaux publics et
Services gouvernementaux
Canada

Canada

Overview

- BEMWG – Terms of Reference and Participants
- The Challenge
- Conceptual Model
- Implementation Considerations
- Example of an Evaluation Methodology
- Summary
- Next Steps
- Annex – Process Flow



BEMWG - Terms of Reference

- The ADM AB and the Guidance Committee would like:
 - To re-define “Best Value” to incorporate a **value proposition based bid evaluation model** that can be used by AB procurement professionals which:
 - Considers the evaluation of additional elements such as
 - the capability, capacity and commitment of the bidding firm to contribute to Canada’s socio-economic objectives
 - “Leverage the spend”
 - Augments our historical bid evaluation approaches where the value proposition consisted of performance, cost and delivery



BEMWG - Terms of Reference (con't)

- Develop a conceptual model for evaluation methodologies
 - Review existing policies, models and guidelines
 - Assess their relevance
 - Discuss potential value proposition ideas/approaches/methodologies
 - Develop a conceptual model taking into account procurement modernization
 - Prepare a straw-man presentation for consideration by the Guidance Committee and obtain their feedback
 - Revise conceptual model
 - Assess the model
 - Present final conceptual model



BEMWG - Terms of Reference (con't)

- Timeline (current)
 - Initial presentation to Guidance Committee – Dec. 21
 - Updated presentation to Guidance Committee – Feb. 2
 - Presentation to ADM and Associate ADM – March 21
 - Consultation with Legal Services - Trade Agreements Specialists – April 17
 - Working level consultation - May
 - Final presentation to ADM, Associate ADM and Guidance Committee – late May



The Participants

- Guidance
 - Normand Masse (lead)
 - Sylvain Cardinal
 - Claire Caloren
 - Vicki Ghadban
 - Scott Leslie
 - Johanne Provencher
- Members
 - Mark Diotte - SSAMS
 - Colleen Donahue – CASMS
 - Charles Greene - CASMS
 - Tara Hartley - OSME
 - Dave Hatherall - Marine
 - Sandra Labbé - Marine
 - Craig Webster – Marine
- Legal Advisor
 - Ian McLeod



The Challenge

- How do we evaluate bids to determine best overall value in the modern federal government procurement environment?
 - Pressure on departments budgets and corresponding purchasing power
 - Constrained procurement resources
 - Critical acclaim of NSPS
 - AB's Integrated Business Plan
- What do we include in an expanded definition of best value?
 - New value proposition elements
 - How to include them in the evaluation
- How do we balance the time and level of effort in our procurements and maximize the application of existing policies and procedures?
 - To incorporate additional value proposition elements into the solicitations
 - While improving the net benefits to Canada
 - Consider appropriate procurement scope/complexity
 - For example, utilize for procurements above \$10M



Conceptual Model

- **Value proposition elements**
 - Defined as those socio-economic elements which are important to Canada in the context of the specific procurement
 - Become part of **Canada's legitimate operational requirements**
 - Included in the definition of best value in the solicitation
 - Identified two groups of value proposition elements
 - Group A includes the bidder's commitment to Canada with respect to
 - Sustainability
 - Innovation
 - Emerging Technology
 - HR Development
 - Technology Transfer
 - Industry Sector Specific Benefits (eg Space)
 - Capital and Infrastructure Investment
 - Group B includes the bidder's commitment to Canada with respect to enhancements to existing policies
 - Sub-contracting to SMEs and Aboriginal Firms
 - Canadian Content (for example scoring the Canadian Content)
 - Specific value proposition elements and the associated fraction of the total evaluation score need to be tailored to fit the specific procurement

Implementation Considerations

- Start consultation (early in the procurement process) on the application of value proposition
 - Industry and Clients
 - As part of overall commodity management
 - On specific procurements
- Determine appropriate threshold (complexity, budget, impact on Canadian market) at which value proposition could be considered for inclusion in competitive procurements
- Example

Consideration	Good Candidate	Poor Candidate
Complexity	Complex	Basic
Budget	\$10M	\$2M
The Procurement's Impact on Canadian Market	Significant	Minimal

Operational Implementation Considerations

- Assess the benefit/risk of incorporating value proposition elements in terms of the:
 - Client department's operational needs and budget
 - Impact on procurement cycle time
 - Risk of a successful bid challenge
 - Note that under the trade agreements
 - **Canada is responsible for defining its legitimate operational requirements**
- Procurement planning and approval
 - Value proposition elements to be addressed in Proc Plans, CPAAs, PRCs, Approval Documents
 - Procurements where we propose to incorporate Group B value proposition elements (SME and Aboriginal subcontracting and scoring Canadian Content) should be reviewed by legal services early in the procurement planning phase

Example of an Evaluation Methodology Using “Innovation” as the Value Proposition Element

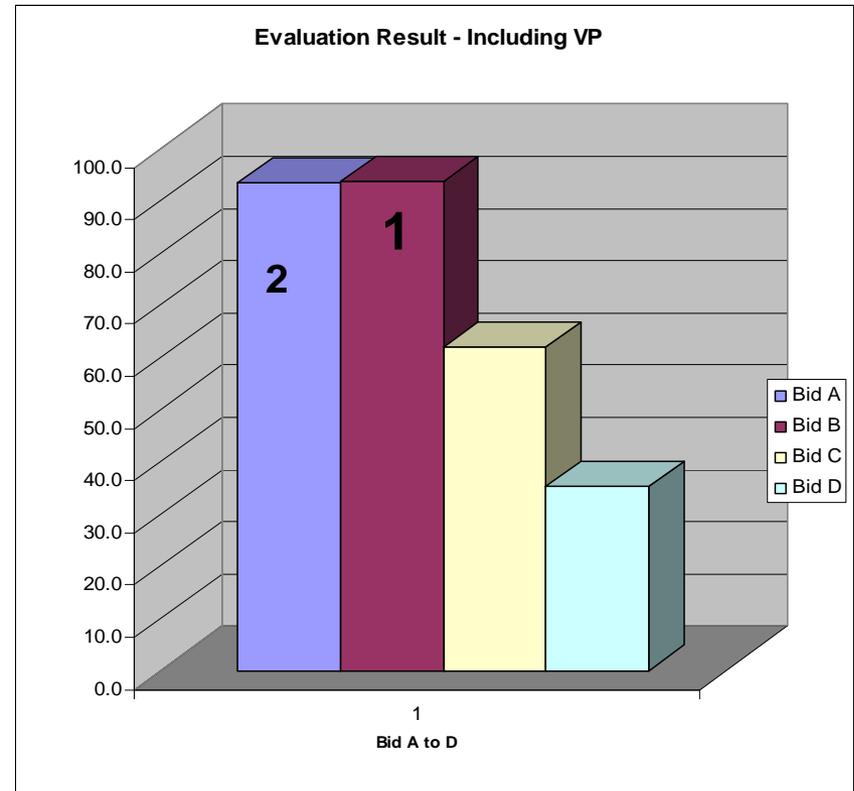
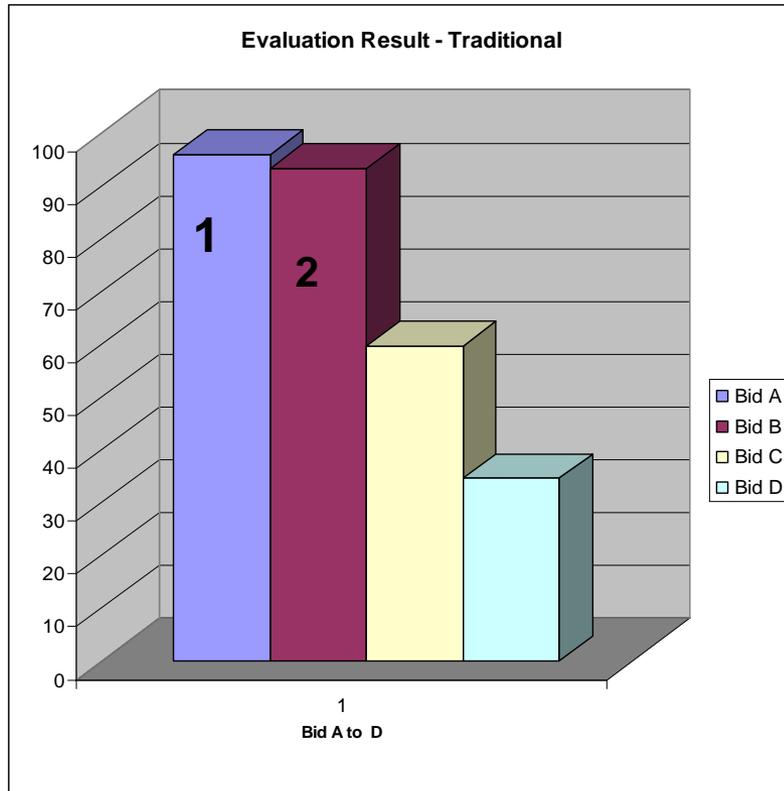
- **Value Proposition Under Consideration**
 - Innovation benefits **to Canada** deriving from the bidder’s proposed good or service
- **Proposal Data Requirement**
 - Bidder submits a one page description of the innovation benefit **to Canada** which would be a direct result of Canada purchasing the bidder’s good or service
 - The solicitation needs to include the statement that bids will be evaluated on the basis of the bidder’s demonstration, in its bid, of the **value of the innovation benefit to Canada**
- **Evaluation Methodology**
 - Rate the bidder's described innovation benefits **to Canada**
- **Example of a Rating Methodology – based on CICP approach**
 - 0: There are no anticipated innovation benefits to Canada
 - x% of total score: There are modest innovation benefits to Canada
 - 2x% of total score: There are significant innovation benefits to Canada
 - 3x% of total score: There are exceptional innovation benefits to Canada
- Consider **leveraging the existing CICP expertise, processes and experienced resources** to develop project specific rating methodologies and to conduct the value proposition evaluations

Bid Evaluation Example - Delivery of a High Tech Service To Government of Canada

Bid Evaluation Summary - Traditional Evaluation Methodology					Bid Evaluation Summary – Utilizing Our Proposed VP Evaluation Methodology (Using 5% for this Example)				
Bid Eval Weights					Bid Eval Weights				
Technical	20%				20%				
VP	N/A				5%				
Price	80%				75%				
Bid	A	B	C	D	Bid	A	B	C	D
Technical Score	16	20	20	14	Technical Score	16	20	20	14
VP Score	N/A	N/A	N/A	N/A	VP Score	2.3	5.0	4.7	2.0
Price Score	80	73.3	39.7	34.6	Price Score	75	68.7	37.2	19.3
Total Score	96	93.3	59.7	34.6	Total Score	93.3	93.7	61.9	35.3



Bid Evaluation Example - Delivery of a High Tech Service To Government of Canada



Summary

- Best Value can be redefined to incorporate value proposition elements
- The value proposition elements – for example innovation – become part of Canada's legitimate operational requirement
- Value proposition elements could be considered for a significant number of our competitive procurements, for example complex competitive procurements greater than \$10M
- When put into practice, value proposition should respond to the client department's needs as well as those of other procurement stakeholders
- Incorporation of value proposition elements into the evaluation of any specific procurement should take into consideration
 - The type and complexity of the procurement;
 - The availability of procurement resources and time available to contract for and take delivery of the goods or services; and
 - The clients' budget and the impact on the client's purchasing power
- This value proposition conceptual model is a guide for procurement staff
 - Must be tailored to the specific procurement



Next Steps

- Consult on the conceptual model
 - Internally – PG-4s and 5s
- Incorporate feedback to generate final conceptual model
- Final presentation to Guidance Committee, ADM and Associate ADM
- Implementation
 - PRISM to lead
 - High level consultation with industry
 - Address TB policy on rating socio-economic criteria
 - Policy and procedure development/dissemination
 - Training
 - Performance measurement methodology and reporting procedure
- Consult externally with industry prior to application on specific procurements

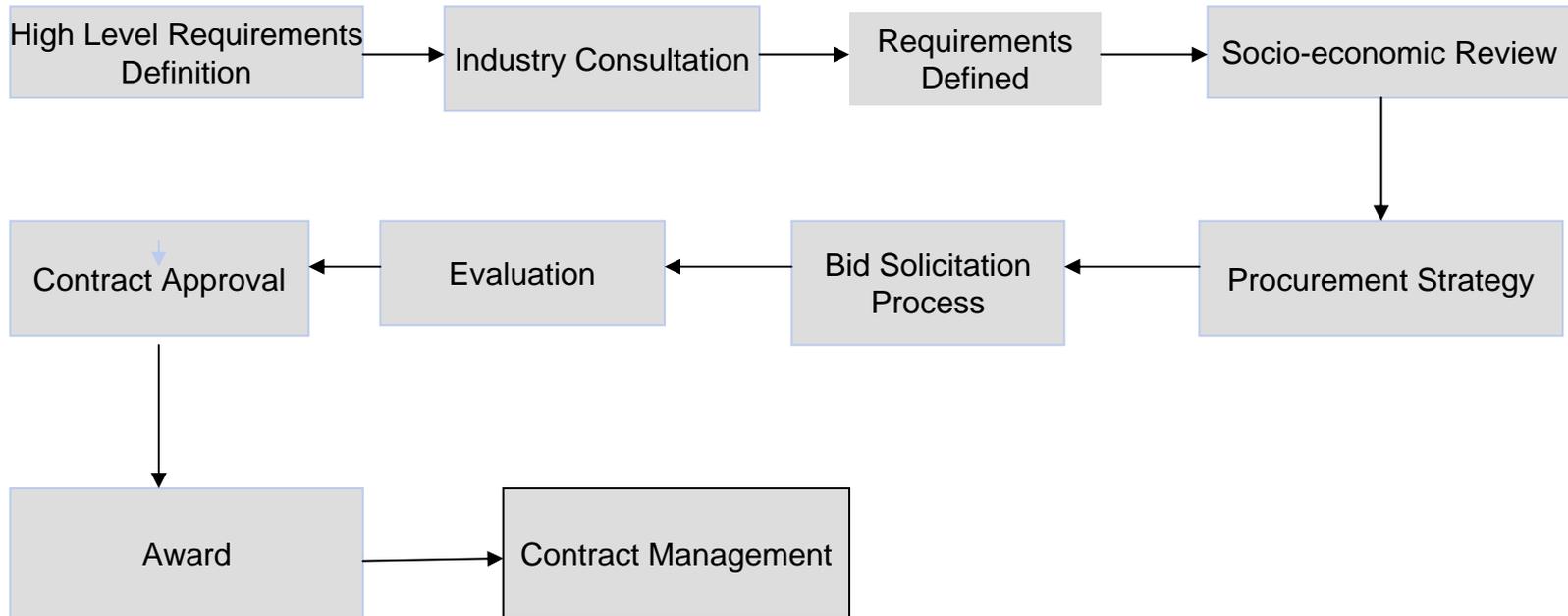


Annex - Process Flow



Overview

Complex Competitive Procurement Process Traditional Procurement Strategy



Overview

Complex Competitive Procurement Process

Value Proposition Incorporated Into The Procurement Strategy

