



NITEC:∞

NCI Agency Industry Conference and AFCEA TechNet International

NSIP Best Value Bidding Methodology

Gael Craver

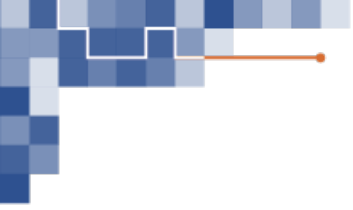
Acquisition Directorate



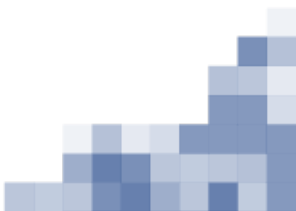


Presentation Outline

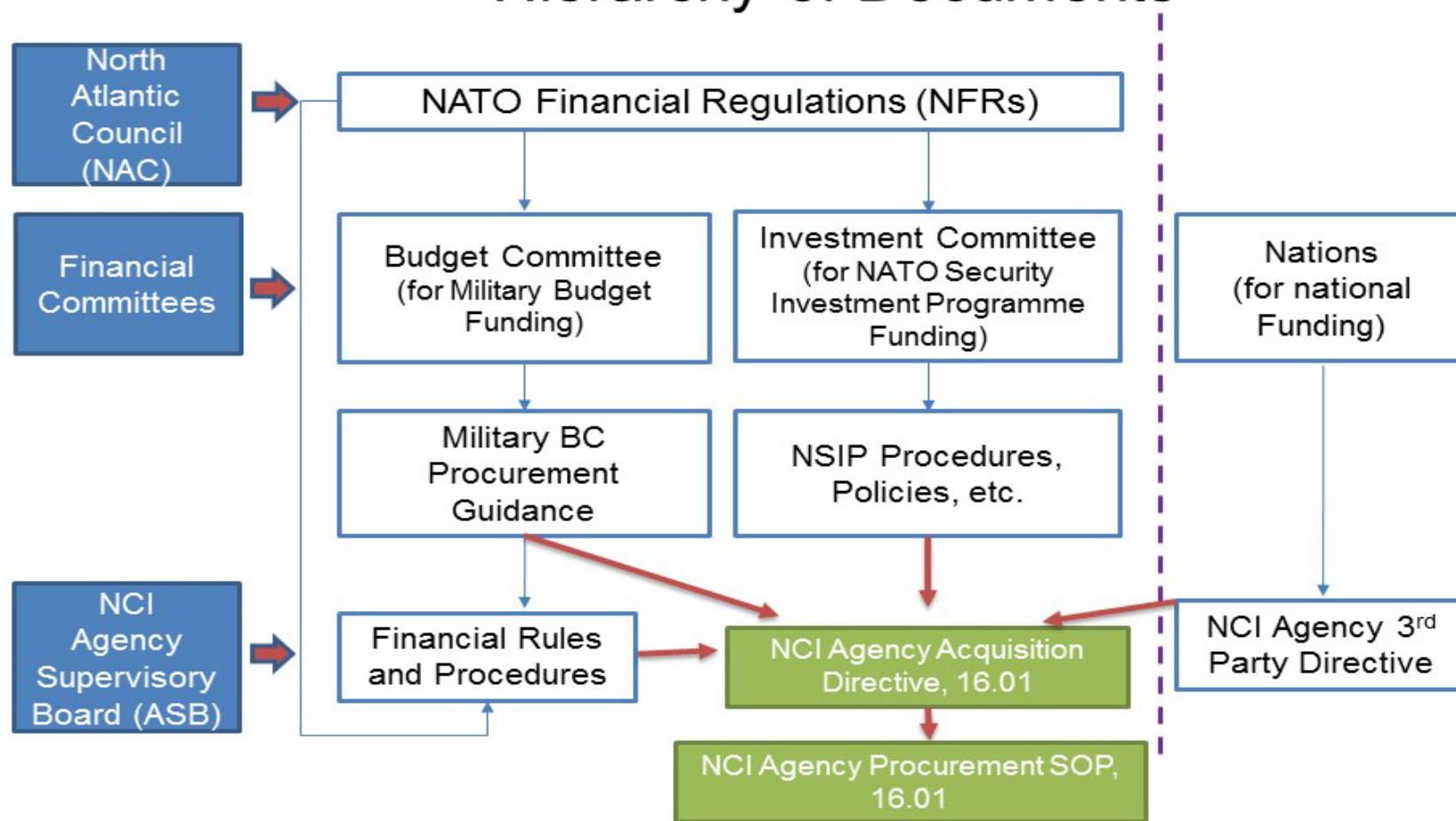
- Background
- Best Value Procedure
- Best Value Source Selection
- Competition Results and Award
- Take Away Tips



Background



NATO Procurements: Hierarchy of Documents





What Is “2261”?

- The NATO Security Investment Programme (NSIP) procedures for International Competitive Bidding (ICB) are detailed in AC/4-D/2261 (1996 Edition)
- Procedures are based upon contract award under Lowest Compliant Bidding Methodology
- An attempt to overcome the shortcomings of the basic procedure has been made by the introduction of a variation - a Best Value procedure

What Is “2261 Annex X”?

- Introduction of BV procedures into NSIP procurements has yielded a new, effective and comprehensive procedure. The BV procedure is primarily a risk mitigation measure in the implementation of complex projects
- Best Value Bidding Methodology is dictated by the Investment Committee’s procurement procedures, policies, and practices:
 - Annex X to AC/4-D/2261 (1996 Edition) – Procedures for Conducting International Competitive Bidding using Best Value Bid Evaluation Methodology dated July 2009
 - AC/4-D(2008)0002-REV2- IC Procedures and Practices for Conducting NSIP International Competitive Bidding Using Best Value Evaluation Methodology dated July 2015

2261 Annex X vs. 2261

- Procedures in 2261 apply equally to the Best Value procedure in Annex X, with the following basic exceptions:

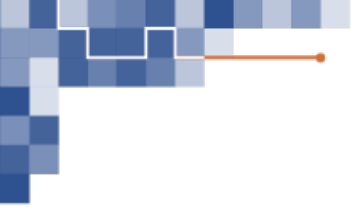
Process Step	2261 (Lowest Compliant)	2261 –Annex X (Best Value)
Contract Award	Based upon the lowest compliant bidding methodology	Based upon the quality of the bids, as well as the bid price
Technical Evaluation	Evaluated only to determine compliance with the technical requirements (Pass/Fail)	<ul style="list-style-type: none">▪ Rates each bid based upon how well it responds to the requirements of the IFB▪ Set of evaluation criteria are identified to the Bidder in order of importance▪ Assignment of weighting factors▪ Involves a much more detailed technical evaluation
Dispute Procedures	Annex I of 2261	Annex 1 of 2261 for complaints before bid closing Annex X for complaints after bid closing

NCIA Best Value Application

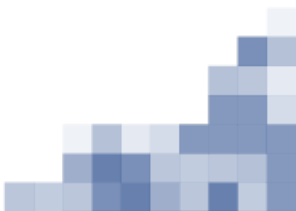
- NCIA provides procurement services encompassing a multitude of funding sources
- To streamline and provide a consistent process to stakeholders, NCIA applies NSIP Best Value procedures when conducting Best Value competitions regardless of funding source
- NSIP Best Value follows sealed bidding procedures and uses Invitation for Bids (IFBs) as the solicitation vehicle

Important to Note

- ✓ NCIA **does not** conduct negotiated Best Value competitions. Why is this important to know? Under sealed bidding procedures, what is submitted at bid closing is what is evaluated throughout the source selection process
- ✓ A company **will not** have the opportunity to submit a revised proposal as under negotiated contracts issued through a Request For Proposal solicitation using Best Value



Best Value Procedure



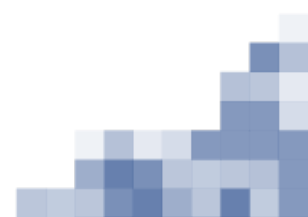


Best Value

Definition

The bidding methodology made to improve the contract award process by introducing and evaluating several factors relating to the overall value and quality of the bid which could not be included in the lowest compliant bidding methodology

It is primarily a risk mitigation measure in the implementation of complex projects



NSIP Best Value Summary

1. Top Level Criteria divided between Pricing and Technical Criteria
2. Bid must pass Administrative Compliancy
3. Second Level Technical Criteria identified by category and weighting factor
4. Third Level Technical Criteria identified in order of relative importance
5. Pricing has a not-to-exceed ceiling
6. Best Value Award is Formula Based (Pricing and Weighted Technical Scores are entered into a Best Value formula to determine the apparent successful Bidder

Where is this listed in the IFB?

- Points 1 through 3 -Book I, Section 4 under “Best Value Award Approach and Bid Evaluation Factors” and “Evaluation Step 2- Technical Evaluation”
- Point 4 – Evaluation Step 3-Price Evaluation
- Point 5- Section 4 under “Best Value Award Approach and Bid Evaluation Factors” and Evaluation Step 4-Calculation of Best Value Scores

NSIP Best Value Criteria (1 of 2)

- **Top-level criteria** are the highest level summary categories that will be used to evaluate bids; these are price (P) and technical (T)
- Default Price/Technical ratio is 50/50. However, it can vary from 40/60 to 60/40
- **Second-level technical criteria** are defined as elements
 - Recognized international certifications, technical approach/proposal, supportability, risk mitigation plan, life-cycle considerations, intellectual property rights, availability of proven products and services, etc.
 - Second and lower-level technical sub-criteria are prepared in a way as to mitigate the identified risks while respecting the proportionality principle and fostering competition
 - Weighting factors indicate the relative importance of the top-level criteria and the second-level technical sub-criteria

Where is this listed in the IFB?

- Book I, Section 4 under “Best Value Award Approach and Bid Evaluation Factors” and,
- “Evaluation Step 2- Technical Evaluation”

NSIP Best Value Criteria (2 of 2)

- **Third Level Technical Sub-Criteria**-The weighting factors for the third level technical sub-criteria is not included in the IFB – only presented in order of relative importance
 - CAB Chairman and a nominated expert have a complete knowledge of all weighting factors
 - The weighting factors for the third level sub-criteria are not known to Bidders or the Evaluation Team
- **Ceiling Price** - the price not to be exceeded must be abided by Bidders and is identified in the IFB
 - where life cycle costs are proposed as part of the bid evaluation, details are provided regarding the required services: such as,
 - Start date of the service
 - the duration of the life cycle portion of the contract
 - other details deemed relevant

Where is this listed in the IFB?

- Book I, Section 4 under “Best Value Award Approach and Bid Evaluation Factors”
- Book I, Section 4 under “Evaluation Step 3-Price Evaluation”

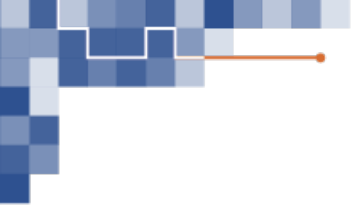
NSIP Formula Based Best Value



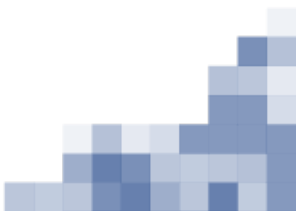
- **TS** = $a\% \cdot TS1 + b\% \cdot TS2 + c\% \cdot TS3 + \dots$
 - **where:** TS1, TS2, TS3, ... ≤ 100 are the technical score of each of the authorized second-level or published third-level technical sub-criteria; and a%, b%, c%, ... are the related weighting factors for each of the second-level or third-level technical sub-criteria adding to 100
- **PS** = $100 \cdot (1 - (\text{Bid Price} / (2 \times \text{Average Bid Price})))$
 - **where:** Bid Price and Average Bid Price will be the investment cost or the Present Value of the system life-cycle cost
- The BV Final Score (FS) is the sum of weighted TS plus PS
 - **FS** = $PS \cdot z\% + TS \cdot (1 - z\%) \leq 100$
 - **where:** z% is the authorised weighting factor for the Price Criterion
- The bid having the highest BV final score will be selected as the successful bid unless there is a statistical tie

Where is this listed in the IFB?

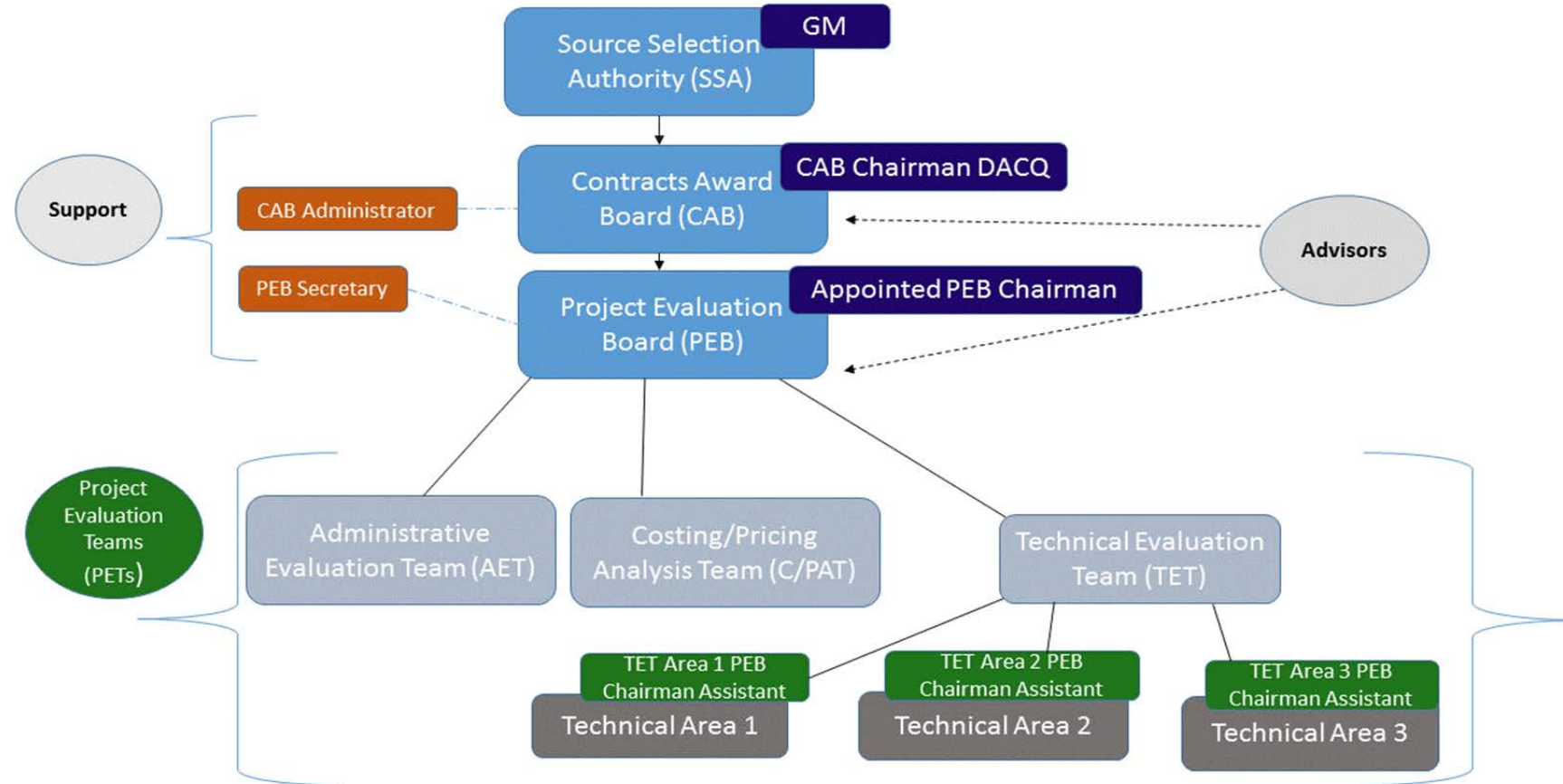
- Book I, Section 4 under “Best Value Award Approach and Bid Evaluation Factors”



Source Selection



SSO Hierarchical Structure



Best Value Evaluation Steps

Step 1

Bid Administrative Compliance Determination

Bids Evaluated against mandatory compliance requirements (Pass/Fail).

Step 2

Technical Proposal Evaluation

Evaluation of all bids which passed Step 1:

Typical Technical Criteria

- Engineering
- Management
- Support
- Risk

Evaluation results in a Raw (unweighted score). Score less than 20% of a major 3rd level category is non-compliant.

Step 3

Price Evaluation

Opening and evaluation of all bids found compliant at Step 2.

Step 4

Calculation of Best Values Scores

Pre-determined weighting factors applied to the raw scores assigned (weighting factors are part of the Source Selection Plan & only known to CAB Chair and originator).

Best Value Score is calculated for those bids found compliant at Step 3.

Step 1: Administrative Compliance

- Bids are checked for administrative compliance with the requirements of the IFB
- This stage, including the settlement of any dispute that might follow, does not delay the technical evaluation of the remaining bids
- A period of 21 days from the date of receipt of an uncompliant administrative bid notification is allotted for the receipt of a possible protest on behalf of the disqualified bidder's government

Where is this listed in the IFB?

- Book I, Section 3 under "Bid Administrative Package" and,
- Book I, Section 4 under "Evaluation Procedure, Step 1: Administrative Compliance"

Step 2: Technical Evaluation

- Bids scored with less than 20% of the maximum possible score (raw and unweighted) for a criterion are declared technically non-compliant
- The bidder has a period of 14 days from the date of receipt of notification to request a debriefing by NCIA. Thereafter, complaints follow the BV dispute procedure
- Opening of price envelopes are postponed pending the resolution of the complaint either amicably or by the Board of Arbitration

Where is this listed in the IFB?

- Book I, Section 3 under “Technical Proposal” and,
- Book I, Section 4 under “Best Value Award Approach and Bid Evaluation Factors” and,
- Evaluation Procedures, and,
- Evaluation Step 2- Technical Evaluation

Step 3: Price Evaluation

- Price must be within the ceiling
- The price bid meets the pricing prescriptions as well as the requirements for preparation and submission of the price bid
- Adequacy, accuracy, traceability, and completeness of the detailed pricing information provided
- Price Realism
- Non-compliance for reasons of price realism is a basis for lodging a complaint under the dispute procedure
- A period of 21 days from the date of receipt of an uncompliant price bid notification is allotted for the receipt of a possible protest on behalf of the disqualified bidder's government

Where is this listed in the IFB?

- Book I, Section 3 under "Price Proposal" and,
- Book I, Section 4 under "Best Value Award Approach and Bid Evaluation Factors" and,
- Evaluation Procedure, and,
- Evaluation Step 3- Price Evaluation

Step 4: . Calculation Of Best Value Scores

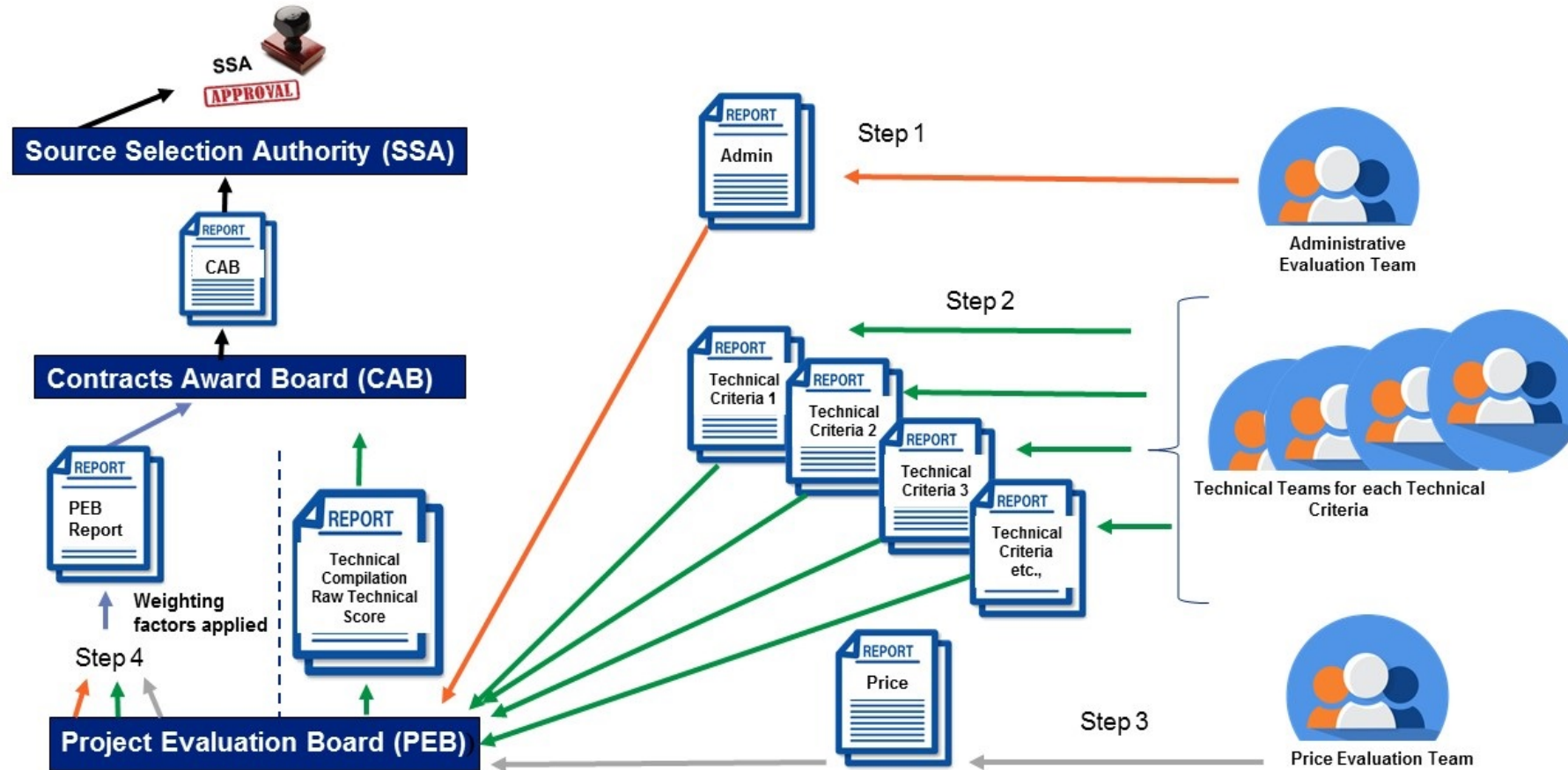
- Upon approval of the price evaluation report, the CAB will open the technical weighting scheme and apply the technical weight to the raw technical score to produce the weighted technical score
- For each bidder, both the pricing score and the weighted technical score are entered into the Best Value formula
- The bid having the highest Best Value final score is selected as the successful bid unless there is a statistical tie
- Statistical ties are resolved by awarding the contract to the bid with the highest weighted technical score

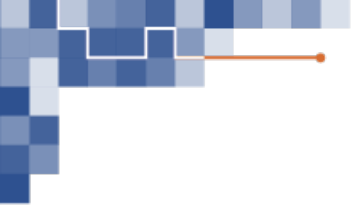
Where is this listed in the IFB?

- Book I, Section 4, Evaluation Step 4- Calculation of Best Value Scores

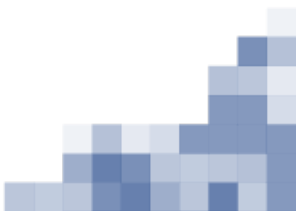
Best Value In Practical Terms

REPORTING AT STEPS 1 THROUGH 4





Competition Results and Award



Notification Of Competition Results

- Upon completion of the bid evaluation stage, bidders are notified by NCIA of the results of the competition
- All bidders are afforded an opportunity to a debriefing by sending the CO a debriefing request within 14 days of receipt of the notification
- If no debriefing is requested, NCIA accepts the unsuccessful bidder consents to the results of the competition

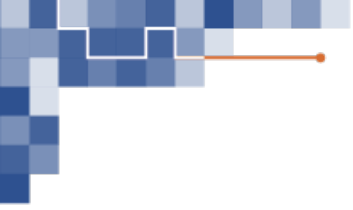


Debriefing Bidders

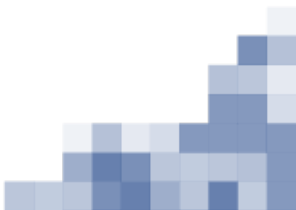
- Debriefings provide clarity about the process and the basis for the best value score assessed for the bid
- Debriefings are tailored to the bid submitted and both strengths and weaknesses of the bid are presented and discussed
- Representatives of the bidder's national delegation may attend at their discretion
- The debriefing must take place within 14 days of the date of the written request of a bidder

Notification Of Complaints And Suspension Of Placing Of Contracts

- A delegation has a period of 14 days from the date of the NCIA debriefing with the unsuccessful bidder to lodge a complaint
- Within the 14 days period, a formal request is made to NCIA to suspend the placing of the contract and to refrain from any action which might prejudice the rights of the parties concerned
- Award of the contract to the successful bidder is postponed until the completion of the allowed period following a debriefing or any dispute resolution
- If there are no complaints after the debriefings, under NSIP Best Value procedures, NCIA is mandated to allow 21 days to lapse after the date of the competition results notifications prior to awarding the contract



Take Away Tips



Take Away Tips- Bid Preparation

Typical Bidding Mistakes

- Late bid submissions
- Incomplete bids
- Taking exception to any terms or conditions in the contract provisions
- Imposing conditions that would modify the IFB or limit the bidder's liability to NCIA
- Limiting NCIA's rights under any article
- Failing to acknowledge a material amendment to an IFB
- Bid Guarantee not provided when required
- Unqualified Bidder (not from a participating nation, not nominated by a participating nation when required, not a BOA holder if BOA competition)
- Alter delivery locations or take exception to the delivery schedule in the IFB.
- Offer a quantity different from that required in the IFB.
- Fail to conform to one or more specifications in the IFB.
- Fail to propose a product or service that meets the minimum specifications in the IFB.
- Fail to meet minimum education or skill requirements in the IFB.
- Fail to meet minimum experience requirements in the IFB.
- Fail to state a specific price or states a qualified price.

Take Away Tips- Bid Preparation

- Read and follow Section 3, Bid preparation instructions (states what will be evaluated)
- Read and understand Section 4, Bid evaluation and contract award (states how bid will be evaluated)
- Take advantage of questions and answers sessions prior to bid closing by posing written questions. Q &A sessions are the only opportunity bidders have to also address waivers or deviations prior to submitting bids
- Comply with the bidding instructions
- Respond to all IFB amendments
- Ensure bid demonstrates a detailed understanding of the requirement and technical approach presented in the IFB. Bid needs to answer the question, “how are you going to accomplish this requirement”?
- Meet bid closing date and time
- Always ask for a debriefing – use the feedback to improve future bids