Course: e-Governance Project Lifecycle

Day 3: Session 4

DPR & RFP Preparation
Agenda

- Objectives for preparation of DPR
- DIT guidelines for preparation of DPR
- Key elements of DPR
- Need for KPIs and Service Levels in e-Governance Projects
- Service Level Management
- Approach for procurement of goods and services in for e-Governance
- Key elements of RFP
- Implementation Partner/agency evaluation and selection methods
What is a Detailed Project Report or DPR?

• The Detailed Project Report is an essential building block for firming up a proposed project initiative

• The DPR contains details about the proposed project to enable appraisal, approval, and subsequently implementation

• Usually prepared according to funding agencies’ templates and guidelines e.g. DIT guidelines for NeGP projects, World Bank guidelines...

Refer www.mit.gov.in – e-Governance/Reference documents section
What is a DPR used for?

It is a comprehensive proposal prepared for all types of projects and used as a basis for:

- Investment decision making
- Approval of plans and designs
- Project planning
- Implementation scheduling and budgeting

DPR involves a detailed study on various aspects of the project and should be prepared before the Selection of Vendors.
### When is a DPR prepared?

**e-Governance Project Lifecycle (eGLC)**

<table>
<thead>
<tr>
<th>Vision &amp; Strategy Development</th>
<th>Current State Assessment</th>
<th>Future State Definition</th>
<th>Implementation approach and sourcing</th>
<th>Develop and implement T system</th>
<th>Operate and sustain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stakeholder Needs Assessment</td>
<td>Critical assessment of current business processes and pain areas</td>
<td>Process reengineering and to-be process definition</td>
<td>Define implementation approach and phasing plan (functional and geographic)</td>
<td>Definition of detailed functional and technical requirements</td>
<td>System operations and maintenance requirements</td>
</tr>
<tr>
<td>Define clear vision &amp; objectives</td>
<td>Best practices in similar environments</td>
<td>Identity IT enablement opportunities and requirements</td>
<td>Assess detailed funding requirements and business model</td>
<td>System design and development</td>
<td>Software change management</td>
</tr>
<tr>
<td>Prioritization of services and projects</td>
<td>Assess legal framework and current limitations</td>
<td>Define changes to the legal and regulatory environment</td>
<td>Prepare DPR</td>
<td>Rollout services and systems (functionality and geography)</td>
<td></td>
</tr>
<tr>
<td>Incorporate domestic and global learnings</td>
<td>Assess current ICT systems and their ability to support future plans</td>
<td>Develop People change and capacity building plan</td>
<td>Develop People change and capacity building plan</td>
<td>Objectives and benefits evaluation and reinforcement</td>
<td></td>
</tr>
<tr>
<td>Identify institutional structures &amp; capacities for implementation</td>
<td>Assessment of current capacities at all levels and their preparedness for e-governance.</td>
<td>Develop project awareness and communication requirements…</td>
<td>Software quality assurance, acceptance testing and auditing</td>
<td>Change management and project communications</td>
<td></td>
</tr>
<tr>
<td>Define funding requirements</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Define monitoring and evaluation approach.</td>
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</tbody>
</table>

**Prepare DPR**

- Develop vendor evaluation and selection criteria
- Develop KPIs and performance levels for services and systems
- Develop RFP
- Bid evaluation and vendor selection
- Objectives and benefits evaluation and reinforcement
- Sustained change, capacity building and communications...
- Training and capacity building
- Change management and project communications
- Project documentation
- Project go-live

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_Specialized Training for e-Governance Programmes_

_Vision & Strategy Development_

_Critical assessment of current business processes and pain areas_

*Best practices in similar environments_

*Assess legal framework and current limitations_

*Assess current ICT systems and their ability to support future plans_

*Assessment of current capacities at all levels and their preparedness for e-governance._

**Process reengineering and to-be process definition_

*Identity IT enablement opportunities and requirements_

*Define changes to the legal and regulatory environment_

*Develop People change and capacity building plan_

*Define implementation approach and phasing plan (functional and geographic)_

*Assess detailed funding requirements and business model_

**System operations and maintenance requirements_

*System design and development_

*Rollout services and systems (functionality and geography)_

*Objectives and benefits evaluation and reinforcement_

*Change management and project communications_

*Project documentation_

*Project go-live_
When is a DPR prepared?

e-Governance Project Lifecycle (eGLC)

**Vision & Strategy Development**
- Stakeholder Needs Assessment
  - Define clear vision & objectives
- Prioritization of services and projects
  - Incorporate domestic and global learnings
  - Identify institutional structures & capacities for implementation
- Define funding requirements
- Define monitoring and evaluation approach

**Current State Assessment**
- Critical assessment of current business processes and pain areas
  - Best practices in similar environments
  - Assess legal framework and current limitations
  - Assess current ICT systems and their ability to support future plans
- Assessment of current capacities at all levels and their preparedness for e-governance

**Future State Definition**
- Process reengineering and to-be process definition
  - Identity IT enablement opportunities and requirements
  - Define changes to the legal and regulatory environment
- Define implementation approach and phasing plan (functional and geographic)
- Assess detailed funding requirements and business model

**Implementation approach and sourcing**
- Develop People change and capacity building plan
- Develop project awareness and communication requirements
- Define implementation approach and phasing plan (functional and geographic)
- Assess detailed funding requirements and business model

**Develop and implement T system**
- Prepare DPR
  - Develop People change and capacity building plan
  - Develop project awareness and communication requirements...

**Operate and sustain**
- System operations and maintenance
  - Software change management
  - Rollout services and systems (functionality and geography)
- Objectives and benefits evaluation and reinforcement
  - Sustained change, capacity building and communications...

The highlighted activities in the eGLC provide inputs to the DPR.

However, the DPR may make provisions of detailed study or implementation in some of these areas e.g. Legal reforms may be a separate project.
Main Sections of a DPR*

Section I : Background of project and other basic information

Section II : Project overview

Section III : Project details including its implementation model

*Based on DIT guidelines- Jan 09
Section I: Background of project and other basic information

<table>
<thead>
<tr>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title of the Project</td>
</tr>
<tr>
<td>Whether existing Mission Mode Project (MMP)</td>
</tr>
<tr>
<td>Eligibility Tests- NeGP or Best Practice Alignment</td>
</tr>
<tr>
<td>Whether Pilot or Roll out</td>
</tr>
<tr>
<td>Project Initiator details</td>
</tr>
<tr>
<td>Implementing Agency details</td>
</tr>
<tr>
<td>Location of project implementation</td>
</tr>
</tbody>
</table>
Section II: Project overview

Identification of stakeholders
Problem to be addressed by project
Causes and effects of the problem
Category of services: G2C, G2B or G2G
Proposed Services
Past experience and lessons learnt
Key activities and timelines
Project costs
Source of funding

From EGLC Phases:
A. Vision & Strategy Development
B. Current State Assessment
C. To-be State Definition

From EGLC Phases:
A. Implementation Approach and Sourcing
Section III: Project details

Goal and Objectives

- As a result of Vision & Strategy Development in EGLC
- Objectives should be S.M.A.R.T (Specific, Measurable, Achievable, Realistic and Time Bound)

Stakeholder Analysis

- As a result of Vision & Strategy Development in EGLC
- Discussed in previous section

Services and Service levels

- As a result of Vision & Strategy Development in EGLC
- Service is the core services delivered by the Agency
- Service levels are parameters for measuring efficiency, transparency & reliability of services
- Service Levels defined in terms of - Quality, Quantity, Delivery time & Cost
Section III: Project details (contd..)

Section III: Project details including its implementation model

Implementation Strategy

• As a result of Implementation approach and sourcing in EGLC
• Horizontal or vertical functionality implementation
• Prioritization criteria of implementation
• Delivery channel strategy

Scoping Study

• Description and Recommendations for each sub-activity
• Discussed in previous section

Process Reengineering

• As a result of Future State Definition in EGLC
• Scope and purpose of intended process change
• Mapping of existing processes
• Identification of areas of inefficiency, duplication of efforts, redundancy etc
• Preparation of blue print for improving efficiencies
Section III: Project details (contd..)

- Change Management
  - As a result of Future State Definition in EGLC
  - Capacity Building, Awareness Creation, Legal Issues

- Infrastructure
  - As a result of Future State Definition and Current State Assessment in EGLC
  - Back-end, Middle ware, Front-end, Network Architecture/ Devices, Information Security
  - As-Is, Option Analysis, To-Be

- Monitoring, Evaluation and Assessment
  - As a result of Vision & Strategy Development in EGLC
  - Impact/ Outcome Indicators, Output Indicators, Process Indicators
  - Means of verification
Section III: Project details (contd..)

- Other Activities like civil works, etc

- Organization structure
  - As a result of Vision & Strategy Development in EGLC
  - Existing and Proposed Organization Structure
  - Staffing and deployment strategy

- Assumptions and Risk Management
  - Assumptions
  - Risk Assessment
  - Measures for risk mitigation

- Estimated demand and growth rate of proposed services
  - In short, medium and long term
Section III: Project details (contd..)

Section III: Project details including its implementation model

Project Costs, Procurement and Financing

• As a result of Vision & Strategy Development in EGLC
• Project Cost
  • Investment Costs
  • Recurring Costs
• Financing
  • Year-wise breakup of source
  • Amount of funds in form of assistance

Public Private Partnership (PPP)

• Financial Analysis
• Business Model
• Key Implementation Design Features
Section III: Project details (contd..)

**Sustainability Plans**
- Procedural, staffing, budgetary and contractual arrangements to ensure sustainability of project outcomes

**Implementation arrangements**
- As a result of Future State Definition in EGLC
- Management arrangements
- Contracting arrangements
- Accounting and audit arrangements

**Detailed Work Plan**
- As a result of Future State Definition in EGLC
- Phasing of project activities
- Schedule of implementation for each phase
- Identify critical dependencies in the project and
- Expected timelines for completion of key milestones
Service Level Management
Understanding Service Levels/KPIs in e-Governance

‘Services’ in an e-Government Project (differentiating government services and third party services)

**Government Services:**
Department Services identified for ‘e’ enablement e.g.
1. Registration of companies
2. Filing of returns
3. Issuing passports
4. Registration of birth and death
5. Payment of taxes and duties......

**Services provided by third parties**
1. Development of application software
2. Implementation of IT infrastructure
3. Maintenance of systems and infrastructure
4. Establishment of call centre
5. Establishment of service delivery centers etc...
Understanding Service Levels/KPIs in e-Governance

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**Services provided by third parties:**
- Development of application software
1. 2.
- Implementation of IT infrastructure
3. 4.
- Maintenance of systems and infrastructure
5. Establishment of call centre

Government is responsible for ‘Quality’ of Government Services

& Third party service provider is responsible for ‘Quality’ of Systems/Technical services
Understanding Service Levels/KPIs in e-Governance

Service levels or Key Performance Indicators support in measuring ‘Quality’ of Services….

Government Services (Recap from GPR):
‘Quality’ attributes of government services include (illustrative list):
1. Time for service completion
2. Cost for service completion
3. Accuracy of service delivered
4. Completeness of service delivered
5. Transparency in service delivery…

Services provided by third parties:
‘Quality’ attributes of technical systems and services include:
1. Completion of systems development in time, to the requirements, standards and cost…
2. ‘Availability’ of services online
3. ‘Performance’ of systems to deliver online services
4. ‘Security’ of online services
Understanding Service Levels/KPIs in e-Governance

Improving the ‘Quality’ of services in e-Governance initiatives.

**Government Services:**
‘Quality’ attributes of government services are improved through (illustrative):

1. Government Process Reengineering
2. Leveraging Information Technology
3. Privatisation/PPP (to leverage private sector strengths…)

**Services provided by third parties:**
High ‘Quality’ technical systems and services are delivered through:

1. Clear understanding of requirements
2. Adopting proven technology and standards
3. Employing skilled resources
4. Right project management approaches
Understanding Service Levels/KPIs in e-Governance

Need for measuring the ‘Quality’ of services in e-Governance initiatives..

**Government Services:**

‘Quality’ attributes of government services need to be measured for:

1. Understanding performance and perception of citizens
2. To assess the outcomes and impact of initiatives undertaken for improving quality
3. To understand the progress towards the defined targets….

**Services provided by third parties:**

‘Quality’ attributes of technical systems and services need to be measures for:

1. To ensure compliance with defined performance levels – which in turn have impact on quality attributes of govt services
2. Proactive identification and resolution of technical issues

**New trends in e-Governance includes leveraging third party service providers in delivering government services…**

1. E.g. leveraging service providers for delivering government services (CSCs, eSeva, MCA21…) This requires measuring performance of service providers on both ‘process’ and ‘systems/technical’ measures
Service Level Agreements – Some Definitions

• **Service**: A Service is an outcome of a request and it provides an economic, social or personal benefit or right to the requestor or results in efficiency gains to an organization.

• **Service Level**: A Service Level defines the quality and quantity of service, in a measurable and objective way.

• **Service Level Objective (SLO)**: is the set of purposes or objectives sought to be achieved through defining and prescribing the Service Levels for an initiative or organization.

• **Service Level Agreement (SLA)**: is an agreement between the Service Provider and the Service Seeker that defines the Service Levels, the terms and conditions for enforcing the Service Levels and the remedies in case the Service Levels are not fulfilled.

• **Service Level Management (SLM)**: is an institutional arrangement that ensures effective implementation of the Service Levels and enforcement of the SLA.
Some Considerations for SLAs for e-Governance Projects

The Service Levels/KPIs defined for the project should fulfill the following design criteria:

• Should be based on the business objectives and goals proposed to be addressed through the project

• Should be measurable and enforceable

• Clear accountability and responsibility for SLAs (based on the stakeholders and their allocated responsibilities)
  - IT service provider can not be responsible for ‘government services quality’ if his scope is only limited to IT systems design and development…

• Should be inline with the phase of project development (SLAs during project development are different than the SLAs post project implementation)

• SLA’s to be time bound….
Defining Service Levels

• Service Levels need to be defined for services proposed to be covered under the e-governance project:

• Service Levels defined for those services to be delivered by the vendor forms the basis of the Service Level Agreements

• The components of the Service Level Definition are:

  - **Service Level Parameters:** measurable attributes of the service, which will provide a reliable and objective estimate of the quality and quantity of service

  - **Service Level Metrics:** A set of norms prescribed against each service level parameters to provide baseline performance expected from Vendor

  - **Service Level Measurement Method:** Precise, reliable and consistent method by which the service level parameter can be measured

  - **Service Level Enforcement Method:** Method by which the service level agreement can be enforced (deduction from payments, penalties etc)
### Sample SLA definition – G2B Service Delivery

<table>
<thead>
<tr>
<th>Service Metrics Parameters</th>
<th>Baseline</th>
<th>Lower performance</th>
<th>Breach</th>
<th>Measurement method</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Metric</td>
<td>Metric</td>
<td>Metric</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Credit</td>
<td>Credit</td>
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<td></td>
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</tr>
<tr>
<td><strong>Service Related – Citizen Facing</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Average wait-period at Service Centre (Peak dates, Peak hours)</td>
<td>&lt;15 min</td>
<td>15</td>
<td>15-25 min</td>
<td>10</td>
</tr>
<tr>
<td>2. Average wait-period at Service Centre (Peak dates, Non-Peak hours)</td>
<td>&lt; 10 min</td>
<td>12</td>
<td>10 -15 min</td>
<td>8</td>
</tr>
<tr>
<td>3. Average wait-period at Service Centre (Non-Peak dates, Peak hours)</td>
<td>&lt; 5 min</td>
<td>9</td>
<td>5-10 min</td>
<td>6</td>
</tr>
<tr>
<td>4. Average wait-period at Service Centre (Non-Peak dates, Non-Peak hours)</td>
<td>No waiting</td>
<td>7</td>
<td>0 – 3 min</td>
<td>5</td>
</tr>
</tbody>
</table>
## Sample SLA definition – G2B Service Delivery

<table>
<thead>
<tr>
<th>Service Metrics Parameters</th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Metric</td>
<td>Metric</td>
<td>Metric</td>
<td></td>
</tr>
<tr>
<td>Service Related – Citizen Facing</td>
<td>Credit</td>
<td>Credit</td>
<td>Credit</td>
<td></td>
</tr>
<tr>
<td>1. Average wait-period at Service Centre (Peak dates, Peak hours)</td>
<td>&lt;15 min</td>
<td>15 min</td>
<td>10 min</td>
<td>Time between issuance of the token to the customer at the kiosk on arrival and initiation of registration process in the system by the CSC executive (as measured by SLA Monitoring system)</td>
</tr>
<tr>
<td>2. Average wait-period at Service Centre (Peak dates, Non-Peak hours)</td>
<td>&lt; 10 min</td>
<td>12 min</td>
<td>8 min</td>
<td></td>
</tr>
<tr>
<td>3. Average wait-period at Service Centre (Non-Peak dates, Peak hours)</td>
<td>&lt; 5 min</td>
<td>9 min</td>
<td>6 min</td>
<td></td>
</tr>
<tr>
<td>4. Average wait-period at Service Centre (Non-Peak dates, Non-Peak hours)</td>
<td>No waiting</td>
<td>0 – 3 min</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Sample SLA definition – 2

<table>
<thead>
<tr>
<th>Service Metrics Parameters</th>
<th>Baseline</th>
<th>Lower performance</th>
<th>Breach</th>
<th>Measurement method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metric</td>
<td>Credit</td>
<td>Metric</td>
<td>Credit</td>
<td>Metric</td>
</tr>
<tr>
<td>Technology – Performance Related</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capacity of the Application Server</td>
<td>10000</td>
<td>6</td>
<td>&lt;6000</td>
<td>-6</td>
</tr>
<tr>
<td>10000 service transactions per hour</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uptime of Servers</td>
<td>&gt; 95%</td>
<td>12</td>
<td>&lt;96%</td>
<td>-8</td>
</tr>
<tr>
<td>&gt;98%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uptime of Internet services</td>
<td>&gt;98%</td>
<td>4</td>
<td>&gt;95%</td>
<td>-4</td>
</tr>
<tr>
<td>Time to restore Data Centre from failure</td>
<td>&lt;1 hour</td>
<td>5</td>
<td>&gt;3 hours</td>
<td>-5</td>
</tr>
</tbody>
</table>

Measurements from the Enterprise SLA Monitoring System at the State Data Centre

- No tolerance for lower performance. Zero credit will be given for performance below baseline.
Definition of Service Level Metrics

- The following performance metrics (range of values) to be defined for each service level parameter:
  - Baseline: Acceptable level of service by the vendor
  - Lower: Degraded level of service, for which vendor may be penalized
  - Higher (optional): Higher level of service for which vendor may be incentivized
  - Breach: Highly degraded level of service / material breach, which may invite termination contract

- Service level metrics should be realistic without compromising on Service Level Objectives
  - E.g. Baseline metric for portal load time can be anywhere between 5-10 seconds (which does not adversely affect the SLO of user experience). Setting a portal load time of 2 seconds is unrealistic
Measurement of Service Levels

• “If you can’t measure it, you can’t manage it!”
• Tools designed for measuring SLA metric should be precise, reliable, accurate, consistent and trustworthy
• Automated measurement by SLA Management System should be used wherever possible
• The conditions under which measurement is taken should be defined precisely:
  - e.g. Measurement of portal page loading: measured over a broadband connection of 128 Kbps
• Some SLAs (e.g. user experience) may require periodic surveys and feedback from end users. The methodology for this should be precisely defined in the Contract so as to eliminate later ambiguities and disputes
Service Level Enforcement

- SLA can be most effectively enforced by linking the payments to the Service Provider to the degree of compliance with the SLA

- Deduction Method:
  - Vendor gets 100% payments (monthly / quarterly / milestone) for full compliance to the SLA
  - For lower performance from SLA, specified percentage is deducted. Higher performance may be incentivized by bonus payments

- Addition Method:
  - A percentage of the payment (e.g. 40%) to the SP is made dependant on the fulfillment of Service Level Matrix
  - All SLPs are assigned credits for baseline, lower, higher and breach metric. Credits will depend on the priority of the SLP
  - Scores prescribed for baseline performance will add up to 100%
### Deduction Method – Illustrative example

<table>
<thead>
<tr>
<th>Sl. no:</th>
<th>SLA Parameter</th>
<th>Metric</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Time taken for setting up Deployment Infrastructure</td>
<td><strong>Baseline</strong></td>
</tr>
<tr>
<td></td>
<td>Up to 15 days from Letter of Intent</td>
<td>15-30 days (Penalty of Rs. 2000 per day)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>15-30 days (Penalty of Rs. 2000 per day)</td>
</tr>
<tr>
<td>2</td>
<td>Delay in completion of milestone</td>
<td><strong>Baseline</strong></td>
</tr>
<tr>
<td></td>
<td>1 week delay</td>
<td>1-2 week delay (Penalty of 5% of milestone payment for 1 week, additional 1% penalty for each additional day)</td>
</tr>
</tbody>
</table>
# Addition Method – Illustrative example

<table>
<thead>
<tr>
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<td>Metric</td>
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<td>3. Average wait-period at Service Centre (Non-Peak dates, Peak hours)</td>
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<td>5</td>
<td>5-10 min</td>
</tr>
<tr>
<td>4. Average wait-period at Service Centre (Non-Peak dates, Non-Peak hours)</td>
<td>No waiting</td>
<td>5</td>
<td>0 – 3 min</td>
</tr>
<tr>
<td><strong>Total Credit</strong></td>
<td>30</td>
<td>14</td>
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Addition Method – Illustrative example

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Total Credit

30% of the total payout (monthly/quarterly) is linked to vendor’s achievement of baseline SLA. In case of lower performance, lower credits will be given in that SLA parameter and payment will be reduced accordingly.
Addition Method – Illustrative example

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<tbody>
<tr>
<td></td>
<td>Metric</td>
<td>Credit</td>
<td>Metric</td>
</tr>
<tr>
<td>Service Related – Citizen Facing</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Average wait-period at Service Centre (Peak dates, Peak hours)  
   - Baseline: <15 min  
   - Lower performance: 15-25 min  
   - Breach: >30 min  
   - Credit: 12  
   - Credit: 6  
   - Credit: 0

2. Average wait-period at Service Centre (Peak dates, Non-Peak hours)  
   - Baseline: < 10 min  
   - Lower performance: 10-15 min  
   - Breach: >20 min  
   - Credit: 8  
   - Credit: 4  
   - Credit: 0

3. Average wait-period at Service Centre (Non-Peak dates, Peak hours)  
   - Baseline: < 5 min  
   - Lower performance: 5-10 min  
   - Breach: >10 min  
   - Credit: 5  
   - Credit: 2  
   - Credit: 0

4. Average wait-period at Service Centre (Non-Peak dates, Non-Peak hours)  
   - Baseline: No waiting  
   - Lower performance: 0-3 min  
   - Breach: > 3 min  
   - Credit: 0  
   - Credit: 0  
   - Credit: 0

Total Credit: 30% of the total payout (monthly/quarterly) is linked to vendor's achievement of service metrics. In case of lower performance, lower credits will be given in that SLA parameter and payment will be reduced accordingly.

Sample calculation: If bidder meets baseline in SLP 1 & 3, lower in SLP 2 and breach in SLP 3, payout will be 12+4+5+0 = 21%. Hence 21%+70% (fixed part of payout) will be paid to the vendor.
Introduction to RFP
Procurement in e-Governance Projects – Life cycle

Phase 1: Business Case
- Business Case for procurement
- Understand cost components
- Assess existing contracts / fresh procurement

Phase 2: Decide Procurement Strategy
- Assess Procurement Options
- Renegotiate existing contract/ Develop RFP / Bidding document
- Develop Draft Contract

Phase 3: Procurement
- Publish RFP
- Selection of Vendor
- Finalise Contract
- Sign Contract

Phase 4: Contract Management
- Set up Contract Governance
- Monitoring and Evaluation
- Exit Management
- Periodic Review
Regulatory Framework for Public Procurement

- Public Procurement operates on the backbone of a broad framework of National laws dealing with relevant aspects of procurement.
  - Indian Contract Act, 1872; Sale of Goods Act, 1930; Companies Act, 1956; Arbitration & Conciliation Act, 1996; Limitation Act, 1963; Right to Information Act, 2005

- Public Procurement in India is a State subject, and thereby the Regulatory Framework governing Public Procurement varies from State to State

- ‘General Financial Rules’ (GFR), framed by the central financial ministry acts as the guideline for public procurement, but has only subordinate legislation status

- Various states have adopted their own Legal framework, like KTPP Act

- Procurement funded by external donors (World Bank, ADB etc) follows guidelines by the donor in this regard
Planning the Procurement

- Based on the Procurement context, any of the following procurement modes may be employed:
  - Two stage competitive process: Expression of Interest, followed by Request for Proposal open to bidders qualified from EoI process
  - Single stage competitive process: Request for Proposal open to all bidders fulfilling the qualifying criteria
  - Request for Quotes: Used for standardized requirements, in which price is the only deciding factor
  - Procurement from Rate Contracts: For items with standard specification, for which Rates have already been negotiated in the form of a Rate Contract by a nodal agency and economies of scale can be obtained
  - Single sourcing / Nomination: In cases where the required Solution / Product is available from only one vendor and there are no suitable alternatives (strong justification required)
Request for Proposal

• A Request for Proposal (RFP) an invitation for suppliers, often through a bidding process, to submit a proposal on a specific commodity or service.

• The RFP process brings structure to the procurement decision and allows the risks and benefits to be identified clearly upfront.

• The RFP will have to specify in great detail, the following requirements of the Buyer:
  - Technical and Functional Requirements
  - Bid Process and Commercial Specifications
  - Contractual and Legal Specifications

• The RFP is usually structured in 3 Volumes with one Volume for each one of the above requirements.
Overview of selection through RFP

RFP Preparation and Publishing
- Preparation of RFP
- Preparation of Draft Contract
- Publishing of RFP

Bidding Process
- Pre-bid Clarifications
- Corrigenda / Addenda
- Bid Preparation & Submission

Bid Evaluation Process
- Prequalification & Technical Evaluation
- Commercial Evaluation
- Final Selection
RFP Volume I: Functional and Technical Specifications

• Contents of Volume I are:
  - Introduction & Detailed Background of the Project
  - Project Vision, Mission and Objectives
  - Services Definition
  - Detailed Scope of Work for the Vendor
  - Functional Architecture & Requirements
  - Technical Architecture & Requirements (including Security Requirements)
  - Other Requirements (e.g. Data Migration, Digitization etc)
  - Timelines for implementation of the Project

Project Deliverables
RFP Volume II: Bid Process & Commercial Specifications

- Contents of Volume II are:
  - Bidding Terms and Conditions (Guidelines for preparing proposal)
  - Pre-qualification Criteria
  - Technical Evaluation Criteria
  - Bid Opening and Evaluation Process
  - Evaluation of Commercial Bids
  - Negotiations, Contract Finalization and Award
  - Formats for providing bid response
    - Pre-qualification
    - Technical and
    - Commercial
RFP Volume III: Contractual and Legal Specifications

- Contents of Volume III are:
  - Roles and Responsibilities of Stakeholders
  - Service Level Agreement
  - Master Service Agreement
    - Scope of Services under the Contract
    - Breach, Rectification and Termination
    - Intellectual Property Rights
    - Disputes & Amendments
    - Change Control Schedule
    - Exit Management
    - Program Governance Structure & Schedule
    - Payment Terms and Schedule
    - Implementation Schedule

To be discussed in detail in the later sessions
General Statements on Scope and Requirements…

- This is only a high level scope of work and detailed scope of work shall be finalized during execution.

- The requirements indicated below are illustrative…the specific requirements shall be determined during execution…….

- The vendor shall develop system to address any additional requirements as they come up during project development…

- System should do .................. “etc”

- Vendor shall not charge any additional costs for new requirements identified during implementation.

How to cost for services/requirements which are not known????

Is there a provision for scope change management?

Is there provision for assessment of efforts for additional requirements and paying for such additional services????
Pre-Qualification Evaluation

- Pre-qualification stage is used to ensure bids from those bidders who have the necessary technical and financial capabilities are evaluated.

<table>
<thead>
<tr>
<th>Pre-qualification criteria</th>
<th>Why is it important</th>
<th>Relevant documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Years in operation</td>
<td>To ensure company is an established player</td>
<td>Company Registration Certificate</td>
</tr>
<tr>
<td>Company Turnover (last 3 yrs) from relevant operations (e.g. IT / ITES projects)</td>
<td>Turnover should be around 5 times the estimated project cost</td>
<td>Audited Financial Reports</td>
</tr>
<tr>
<td>Company profit (last 3 yrs)</td>
<td>To ensure the company is not loss making</td>
<td>Audited Financial Reports</td>
</tr>
<tr>
<td>Experience of relevant previous projects</td>
<td>Capability to handle project of the same scale</td>
<td>Citations / Work Orders</td>
</tr>
<tr>
<td>Minimum professional strength</td>
<td>To ensure the company has the requisite skills</td>
<td>Undertaking from Authorised Signatory of company</td>
</tr>
<tr>
<td>Relevant Certifications (e.g. CMMI Level 5)</td>
<td>To ensure Software Standards</td>
<td>Relevant Certificate copy</td>
</tr>
</tbody>
</table>
Technical Evaluation

- Technical bids of only those bidders who qualify the pre-qualification stage shall be opened.
- The Technical Bid is evaluated against pre-defined criteria. The following criteria are used to evaluate technical bids:
  - Technical Solution proposed by the vendor
  - Proposed solution and its compliance to functional requirements
  - IT Infrastructure and Hardware Design
  - Security Architecture
  - Approach & Methodology
    - Project Management, Risk Management & Quality Management approach
  - Past Credentials
    - Specific experience of projects similar to the current project
    - Broad experience in related domains
  - Proposed Personnel
    - Quality of staff proposed for key roles
    - Quality of manpower available with the company
## Sample Technical Evaluation Matrix

<table>
<thead>
<tr>
<th>No</th>
<th>Parameter</th>
<th>Max Score</th>
<th>Min Cut Off</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Proposed Technical Solution</td>
<td>40</td>
<td>30</td>
</tr>
<tr>
<td>1.1</td>
<td>Technologies &amp; s/w platforms proposed</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>1.2</td>
<td>Solution design &amp; approach</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>1.3</td>
<td>H/W and Infrastructure design</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>1.4</td>
<td>Security Architecture &amp; Features</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Approach &amp; Methodology</td>
<td>20</td>
<td>15</td>
</tr>
<tr>
<td>2.1</td>
<td>Implementation Approach</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>2.2</td>
<td>Project Management</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>2.3</td>
<td>Quality Management</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Past Credentials</td>
<td>25</td>
<td>19</td>
</tr>
<tr>
<td>3.1</td>
<td>Experience in implementing similar projects &lt;to be defined&gt;</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>3.2</td>
<td>Experience In large Government Sector Projects in India</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>3.3</td>
<td>Experience as a systems integrator</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Proposed Personnel</td>
<td>15</td>
<td>11</td>
</tr>
<tr>
<td>4.1</td>
<td>Quality of manpower of the firm</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>4.2</td>
<td>Domain Exp. and Skill Sets of key personnel</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>4.3</td>
<td>Proposed team structure</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>75</strong></td>
</tr>
</tbody>
</table>
Defining Technical Evaluation Criteria

- Break down each criteria into sub criteria and define objective parameters against each criteria

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Criteria</th>
<th>Marks awarded</th>
<th>Max marks</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Experience in implementing Health Management Information Systems (HMIS) in India</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Bidder to submit 2 citations (max 5 marks per citation):</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. For each citation with the following criteria (3 marks)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Web based solution with n-tier architecture</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• &gt; 200 concurrent users</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>b. If the citation is for government client, 1 bonus mark to be given</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>c. If the project involved service delivery through PPP, 1 bonus mark to be given</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Selection Methods

- Once the Technical Bids are evaluated and Technical score of each bidder is finalized, the final selection can be done based on a number of selection methods.

- Based on the requirement of the department, any of the following selection methods may be chosen:
  - Quality and Cost Based Selection (QCBS)
  - Quality Based Selection (QBS)
  - Least-Cost Selection (L1)
  - Fixed Budget Selection (FBS)
  - Consultants’ Qualifications Selection
Quality and Cost based Selection (QCBS)

- QCBS takes into account both the quality of the technical proposal and the cost of the services to be provided.
- QCBS allows for a reasonable tradeoff between quality and cost.
- Technical proposals are given weightage of 60-90%, with minimum cut-off at 60-75%.

**Technical Evaluation**
- Evaluate Technical bid and provide technical evaluation score (T)
- Eliminate bidders who scored less than cutoff

**Commercial Evaluation**
- Evaluate Commercial bid
- Normalize commercial bids score to 100 (C). Lowest bidder will score 100. Other bidders will be scored proportionately

**Final Selection**
- The bidder with the lowest composite score will be selected
- \( S = T \cdot w_t + C \cdot w_f \)
- \( w_t \) and \( w_f \) are the technical and financial weightage.
Quality Based Selection (QBS)

- Quality-based selection (QBS) is a method based on evaluating only the quality of the technical proposals and the subsequent negotiation of the financial proposal and the contract with the consultant who submitted the highest ranked technical proposal.

- QBS is appropriate when:
  - assignments are complex or highly specialized making it difficult to define precise Terms of Reference and the requires input from the consultants.
  - assignments where the downstream impact is so large that the quality of the services is of overriding importance for the outcome of the project.
  - assignments that can be carried out in substantially different ways such that financial proposals maybe difficult to compare.

- The Technical Proposals are evaluated in the same way as in QCBS, and negotiations are carried out with the highest ranked bidder for arriving at the cost of services.
Least Cost Selection

- Least Cost Selection (LCS) is only appropriate for selecting consultants for very small assignments where well-established practices and standards exist.
- Consist in setting a minimum quality mark and selection of the lowest financial proposal from the companies that are above the minimal financial score.
- Technical proposals will be opened first and evaluated.
- Bidders securing less than the minimum qualifying mark will be rejected, and the financial proposals of the rest will be opened and compared.
- The firm with the lowest price shall then be selected and invited to negotiate and finalize the contract.
Selection under Fixed Budget (SFB)

• Selection under Fixed Budget (SFB) is based on disclosing the budget to the bidders and selection of the vendor with the highest technical score within the estimated budget.

• Having the financial constraint, the bidders will adjust methodology and quality to the available budget.

• Fixed budget selection (FBS) is appropriate when
  - the TOR are precisely defined,
  - the time and personnel inputs can be accurately assessed,
  - the budget is fixed and cannot be exceeded.

• Technical Bids are evaluated and bidders are ranked based on the technical score. Financial bids of bidders with qualifying technical score are opened.

• Bidder with the highest technical score within the fixed budget is awarded the contract.
### Summary of Selection methods

<table>
<thead>
<tr>
<th>SELECTION PROCEDURE</th>
<th>TECHNICAL EVALUATION</th>
<th>FINANCIAL EVALUATION</th>
<th>COMBINED EVALUATION</th>
<th>SELECTION OF THE WINNING FIRM</th>
</tr>
</thead>
<tbody>
<tr>
<td>QCBS</td>
<td>Points and Scores</td>
<td>Scores</td>
<td>Weighted Scores (e.g. T-80/P-20)</td>
<td>Highest Combined Score</td>
</tr>
<tr>
<td>QBS</td>
<td>Points and Scores</td>
<td>Highest Technical Score</td>
<td>N.A.</td>
<td>Highest Technical Score</td>
</tr>
<tr>
<td>FIXED BUDGET</td>
<td>Points and Scores</td>
<td>Proposals Within Budget</td>
<td>N.A.</td>
<td>Highest Technical Score within budget</td>
</tr>
<tr>
<td>LEAST COST</td>
<td>Points and Scores</td>
<td>Minimum Technical Score</td>
<td>N.A.</td>
<td>Lowest Price among qualified technical bids</td>
</tr>
</tbody>
</table>
Some considerations for defining Commercial Bid Formats

• All bidders should be on a level playing field – with knowledge of all cost components in the project

• In case of bought out mode of operation:
  - Overall commercial quote to be obtained under logical heads (Software development cost, Deployment hardware cost, AMC cost etc)
  - Component level cost to be obtained under each major head

• In case of PPP/ transaction fee based model:
  - Bidder to be provided with all possible cost components and their quantity required over the contract period
  - Bidder to be provided historical data and trends to project the expected transactions during contract period
  - Individual cost components to be sought, in case of items under re-imbursement (e.g. hardware, consumables etc)
End of Session