



# How to do business with NCI Agency

## Acquisition Directorate

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# Presentation Outline

- Acquisition Directorate Portfolio
- Business Volumes and Funding
- NSIP Procurement Procedures
- Basic Ordering Agreements (BOA)
- Budget Procurement Procedures
- Not for Profit Framework (NFPF)
- Bid Evaluation Methodologies – LPTC vs BV
- Typical Bidding Mistakes and Typical Bidding Good Practice

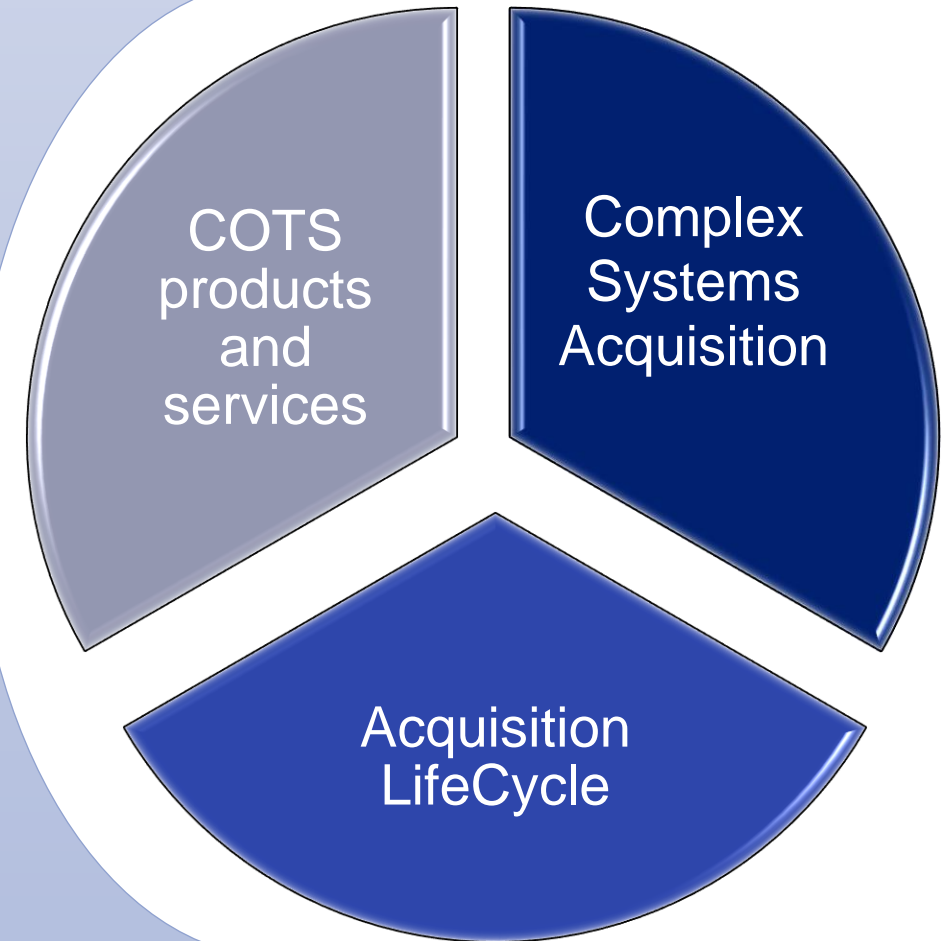
# Acquisition Directorate Portfolio

## Our Vision

Deliver fully digital NATO Enterprise by providing rapid, relevant and innovative acquisition in a collaborative, transparent and unbiased manner and with excellent customer service.

## Our Mission

We commit to enable NATO's transformation into a fully digital enterprise through cost-effective, innovative and timely acquisition of quality systems, services and their support through life, setting the benchmark for ethical business conduct, customer satisfaction, and efficiency.



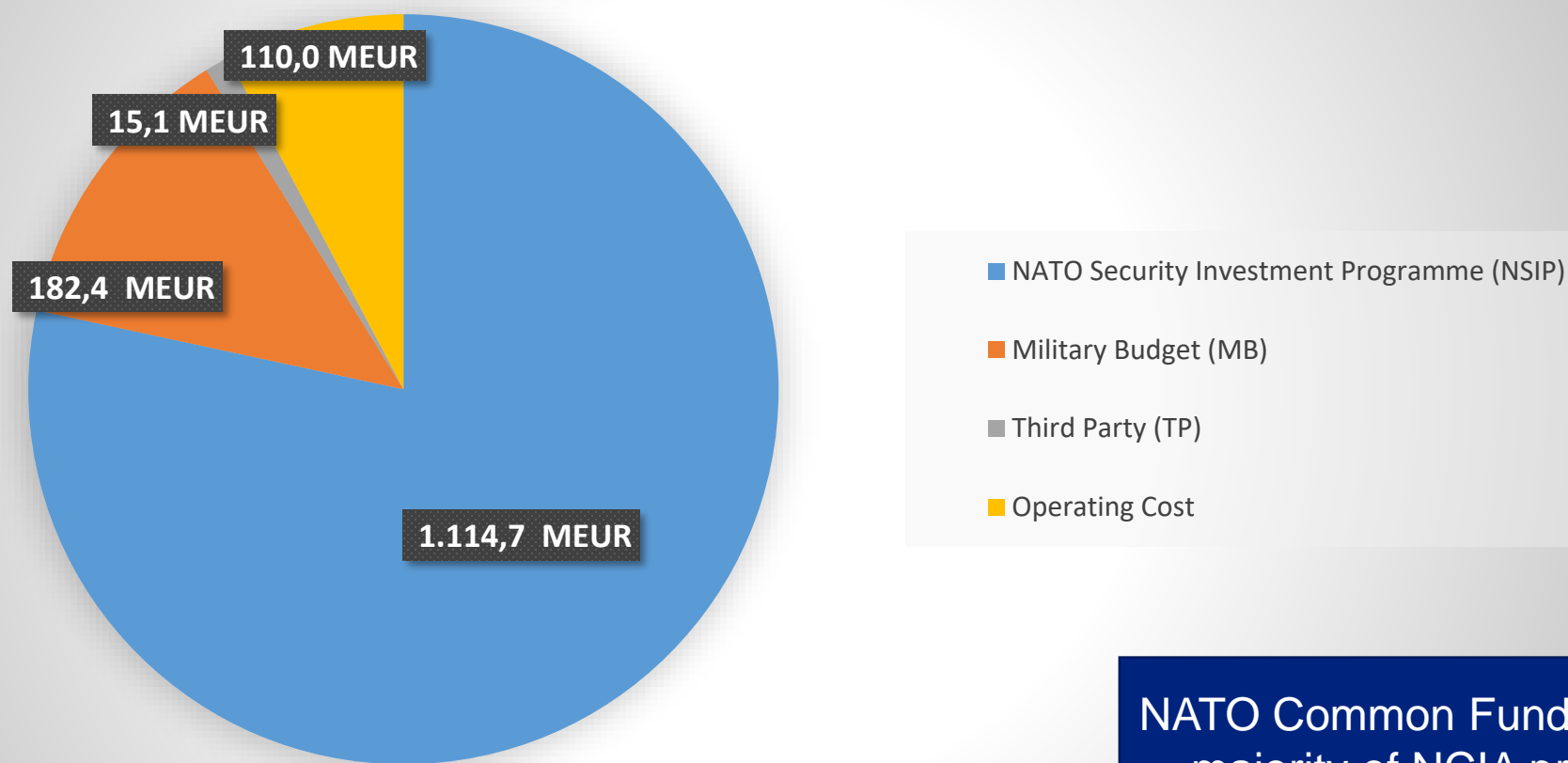
# Principles of NCI Agency Acquisitions

Competition

Non Discrimination

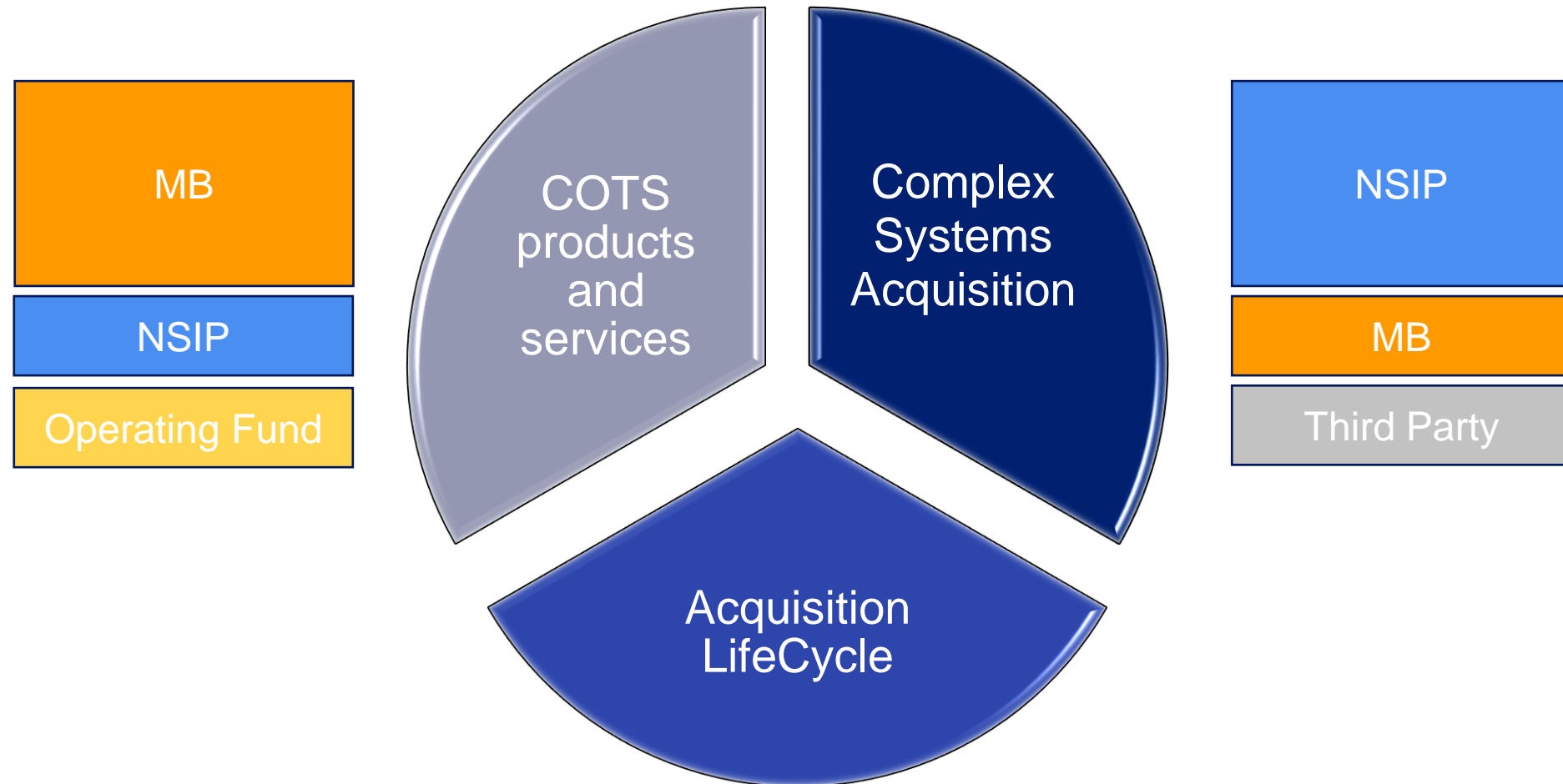
Impartiality

## 1.4 BEUR Contracted Volumes in 2019

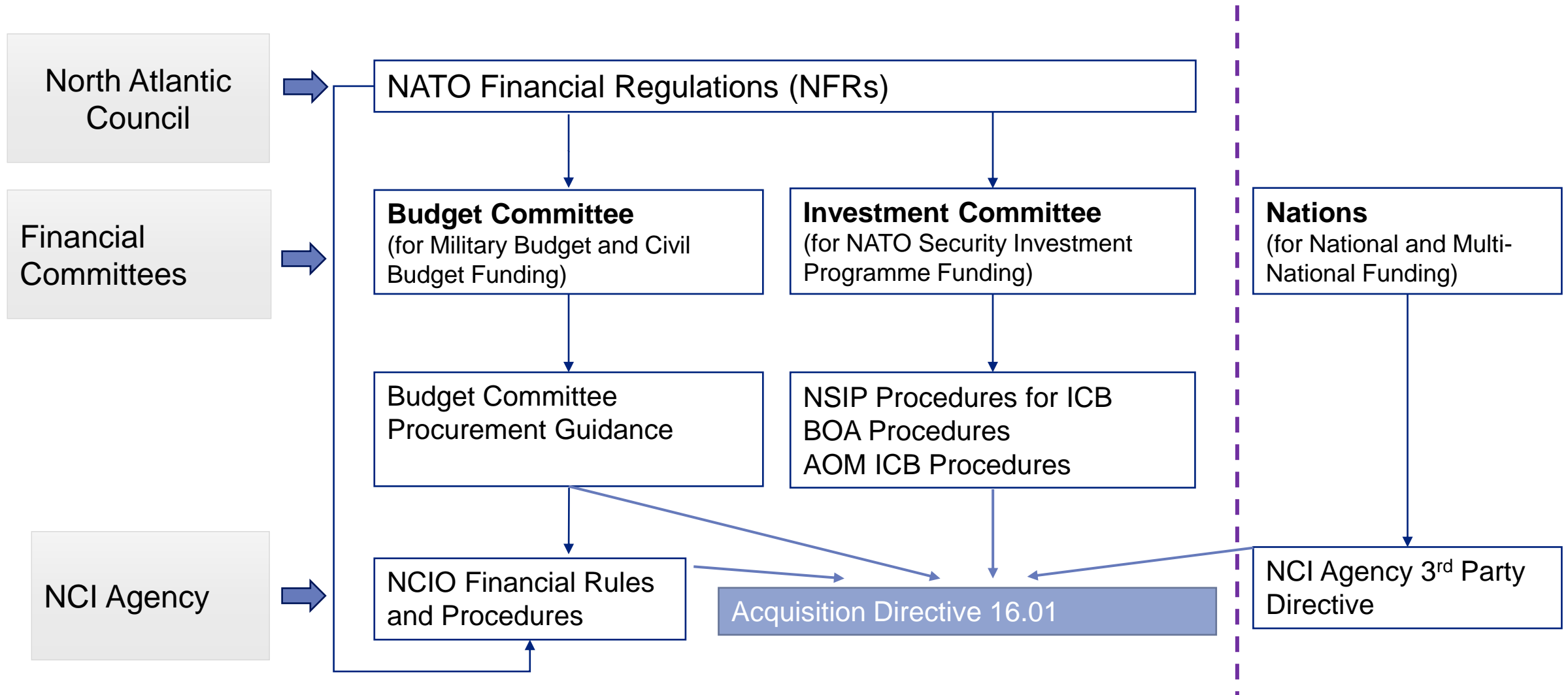


NATO Common Funding represents majority of NCIA procurements

# Main funding sources vs Acquisition portfolio



# Procurement methods depend on the source of funding



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# NSIP Procurement Authorization Process



# Procurement Procedures for NSIP Funding Complex Acquisitions

- Procurement Method:
  - NSIP International Competitive Bidding (ICB);
  - Alliance Operations and Missions (AOM) ICB
- Governing Procedures:
  - NSIP Procedures for International Competitive Bidding ('2261');
  - Alliance Operations and Missions (AOM) ICB procedures
- Evaluation method:
  - Best Value;
  - Lowest Price Technically Compliant

# Procurement Procedures for NSIP Funding COTS products and services

NSIP



- Procurement Methods:
  - International Competitive Bidding (ICB);
  - Alliance Operations and Missions (AOM) ICB;
  - Basic Ordering Agreement Programme
- Governing Procedures:
  - NSIP Procedures for International Competitive Bidding;
  - Alliance Operations and Missions (AOM) NSIP Procurement Regulations;
  - Procedure Governing the Use Of Basic Ordering Agreements
- Evaluation method:
  - Lowest Price Technically Compliant

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# Declaration of Eligibility

## What is it?

Declaration of Eligibility certifies that the company has the necessary financial, technical and professional competence to participate to the International Competitive Bidding or to take part to the BOA Programme.

## How is it requested?

- For International Competitive Bidding
  - Upon publishing of Notification of Intent to invite bids (NOI) by the NCI Agency, the company requests the Declaration of Eligibility to the national authorities
- For BOA Programme:
  - Upon receipt of BOA application from a company, NCI Agency requests Declaration of Eligibility via respective national delegation and/or national authorities,

# Basic Ordering Agreements (BOA) Programme



BOA Programme is a two-step contracting procedure:

- 1 BOA Agreements are signed between the NCI Agency and companies for participation to the BOA Programme, following provision of the Declaration of Eligibility by the country of origin.
- 2 Competitions for BOA Contracts are conducted amongst the BOA holders.

# Procurement Thresholds for BOA Competitions

Established Financial Limits Thresholds	Procurement Procedure
< €20K	BOA Single Tender
< €40K	BOA 3 Tender
< €160K	BOA 5 Tender
≤ €160K	Full BOA Competition

# Procurement Procedures for Budget Funding

MB

Operating Fund

- Procurement Method:
  - International Competitive Bidding (ICB);
  - Limited Competition
- Governing Procedures:
  - Budget Committee Procurement Guidance
- Evaluation method:
  - Lowest Price Technically Compliant;
  - Best Value

# Procurement thresholds for Budget Funding

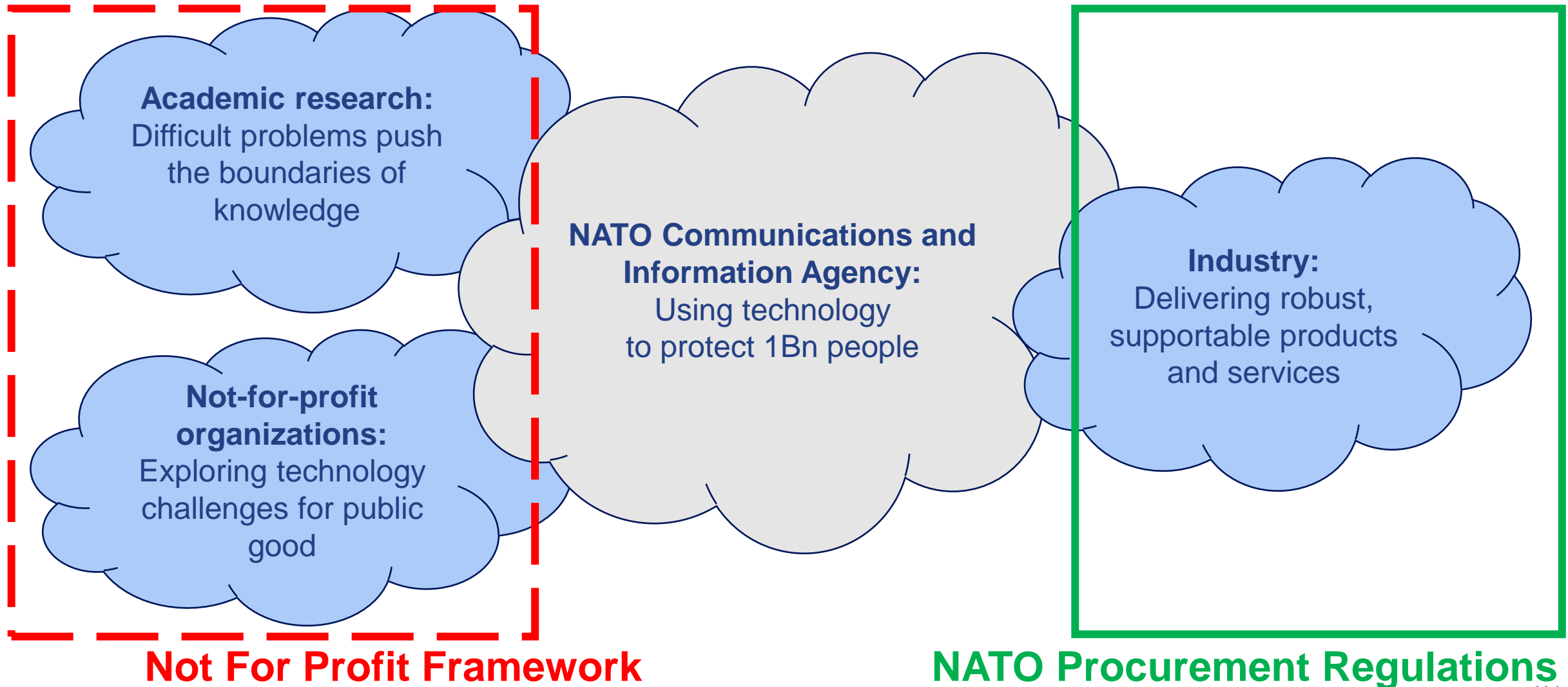
MB

Operating Fund

Established Financial Limits Thresholds	Procurement Procedure
< €20K	Single Tender
< €40K	3 Tender
< €160K	5 Tender
≤ €160K	International Competitive Bidding

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# Expanding knowledge ecosystem



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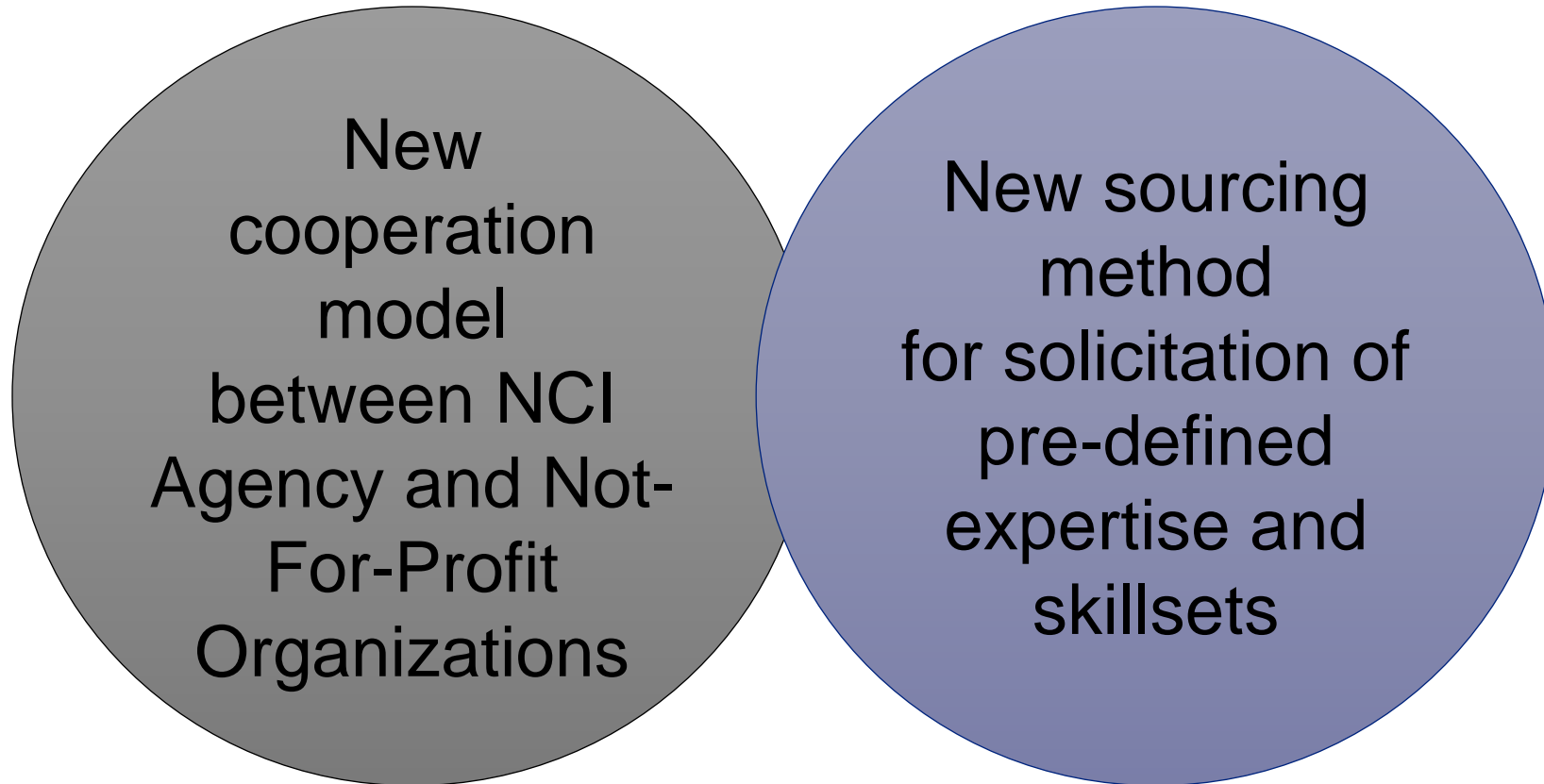
# Not-For-Profit Framework (NFPF)

## Purpose

The purpose of the NFPF is to expand the Agency's cooperation ecosystem, diversify the NATO supply chain, and enable wider nations' engagement in the NCIA work.

# Not-For-Profit Framework (NFPF)

## What is it?



# Not-For-Profit Framework (NFPF)

## How does it work?

- Not-For-Profit Framework (NFPF) is established along the NATO Capability Development process and:
  - Complements the existing cooperation and contracting with Industry
  - Provides compliancy with the NATO Financial and Procurement Regulations
  - Builds on the best practices and lessons learned from nearly 20 years of the Agency's execution of the Basic Ordering Agreements (BOA) Programme.
- Employs the principles of applicability, eligibility and cooperation model promoting competition

# Benefits of the NFPPF

## NATIONS

- Bring NATO perspective into the work of national NFP organizations
- Facilitate knowledge and information exchange
- Benefit from NATO funding through the NFPs participation in NCI Agency's projects

## NATO

- Expand structural frameworks for cooperation
- Speed up project execution
- Gain access to specialized skills and expertise and introduce innovative solutions

## NCIA Agency

- Gain access to specialized skills and expertise
- Simplify sourcing and incentivize cost reduction
- Diversify the cooperation portfolio for capability development

# Not-For-Profit Framework (NFPF) Applicability

- Pre-defined expertise and skillsets aligned with the Chartered mission of the NCI Agency
  - Skills Framework for the Information Age (SFIA)  
<https://www.sfia-online.org/en/framework/sfia-7/skills-home>
- Use of NFPF is particularly beneficial for the Agency's work in capability development
- NFPF can be used in support of various types of activities, irrespective of the source of funding, like for example execution of the scientific Programme of Work, research and development, implementation of projects or provision of services.

# Not-For-Profit Framework (NFPF)

## In practice - Contracting

- NFPF cooperation model is a two-step contracting procedure:

- 1 At first, NFPF Agreements are signed between the NCIA and NFP organizations for participation to the NFP Framework, following the provision of the NFPF Declaration of Eligibility (NFPF DoE) by the country of origin.
- 2 At the second step, competitions for NFPF Task Orders will be conducted amongst the NFPF Agreement holders in support of specific NCIA requirements.

# Not-For-Profit Framework (NFPF) Eligibility

- Eligibility is limited to organisations from within NATO nations whose expertise areas are aligned with the mission of the NCI Agency, and which are certified by the country of origin as not-profit making or having a legal or statutory obligation not to distribute profits to their shareholders or individual members.
- Excluded from NFPF participation are organizations that include industries in their memberships.
- Organizations participating in the NFPF are excluded from participation at any tier in any of the NCI Agency's procurements addressed to Industry and vice versa.

# Not-For-Profit Framework (NFPPF)NFPPF

## Declaration of Eligibility

- NFPPF DoE will contain the full statutory name and address of the NFP organization.
- The country of origin must declare that these NFP organizations:
  - have expertise areas aligned with the mission of the NCI Agency – delivery of C3 capabilities, provision of secure CIS services and delivery of capabilities and provision of services “other than C3/CIS” to NATO and nations
  - are not-profit making or having a legal or statutory obligation not to distribute profits to their shareholders or individual members
  - have the necessary financial, technical and professional competence to be admitted by the Government of the country of origin as bidders were it responsible for awarding contracts of this nature under the NFPPF.

# Not-For-Profit Framework (NFPF)

## In practice - Agreements

- NFPF Agreements have validity period of five years and will be subject to renewal and provision of renewed NFPF Declaration of Eligibility (NFPF DoE).
- Following process will be used for establishing NFPF Agreements:
  - a) The national NFP organization downloads NFPF InfoPack from the NCIA website
  - b) The national NFP organization submits the NFP application to NCIA – filled-in NFPF Agreement template and NFP's expertise and skillset areas adopted from SFIA
  - c) NCIA requests the NFPF DoE via the respective national delegation to NATO
  - d) NCIA receives NFPF DoE via the respective national delegation to NATO
  - e) NCIA negotiates/establishes the NFPF Agreement with the national NFP organization.

# Not-For-Profit Framework (NFPF)

## In practice – Task Orders

Following process will be used for sourcing NFP support and awarding Task Orders against the NFPF Agreements:

- a) The Agency will publish opportunities on the Agency website.
- b) The timeline for submission of proposals will be within four weeks, depending on the complexity of the requirements. The Agency bidding documents may include terms and conditions to supplement or refine the basic terms of the NFPF Agreements and reflect particular circumstances for the execution of the individual Task Order being competed (security, intellectual property, participation by NFPs consortia etc.).
- c) Only those NFP organizations having concluded a NFPF Agreement will be eligible to submit proposals.
- d) As a general rule, the Task Order will be awarded to the lowest compliant bidder.
- e) The financial terms of the Task Orders will be defined according to the most appropriate compensation arrangement considering the circumstances of each case. This may include any (or a combination) of the following pricing arrangements: firm-fixed price, time and material or labour-hour arrangements. Off-site and on-site execution will be possible, depending on the nature of work and with due consideration to the applicable security classification.

# Project examples

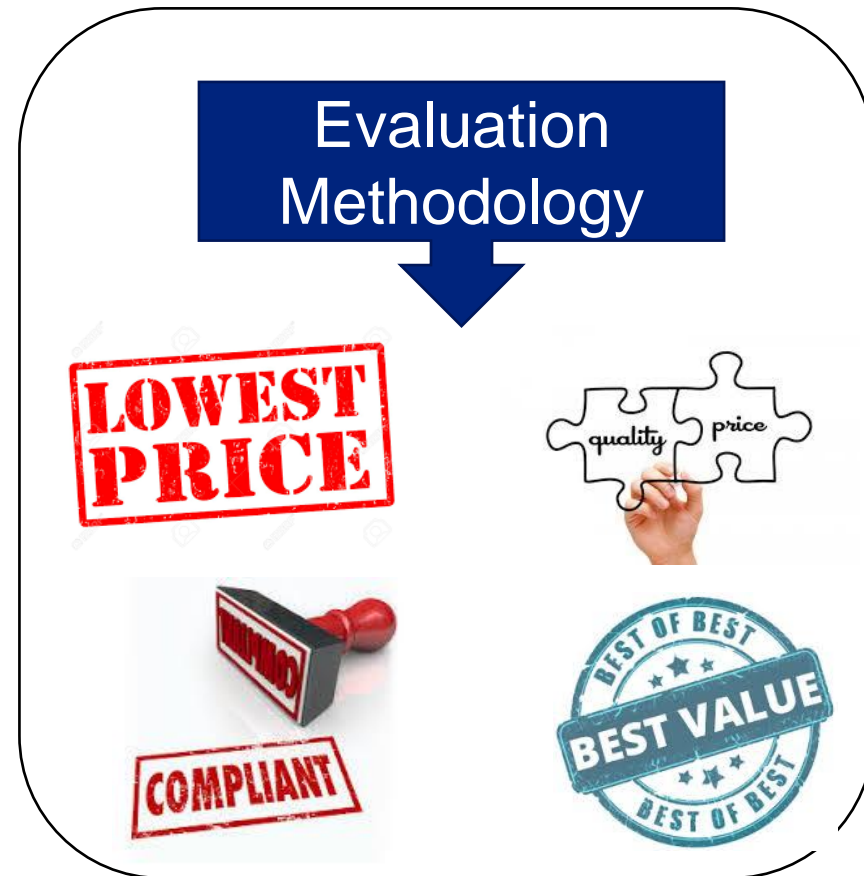
- **Recent Examples**

- Interoperability of machine learning study (€80K)
- Radio communication in challenging environments (€60K)
- High-assurance design study (€60K)
- Attribute based access control study (€80K)
- Speech quality on military communication networks

- **Future studies**

- Quantum sensor assessment
- Internet of Things in disaster relief scenarios
- Behaviour of autonomous software systems
- IOT: secure, distributed processing in smart city environments
- Nano satellite application study
- Complex scenarios for natural language processing

# NCI Agency Bid Evaluation



Bid evaluation must follow formalized procedures and be:

- ✓ Objective
- ✓ Non-discriminatory
- ✓ Impartial
- ✓ Unbiased

# LPTC vs BV Evaluation

Solicitation process step	Lowest Price Technically Compliant	Best Value
<b>Contract Award</b>	Based upon the lowest price technically compliant bidding	Based upon the quality of the bids, as well as the bid price
<b>Technical Evaluation</b>	Evaluated only to determine compliance with the technical requirements (Pass/Fail)	<ul style="list-style-type: none"> <li>• Set of evaluation criteria are identified to the Bidder in order of importance</li> <li>• Rates each bid based upon how well it responds to the requirements of the IFB</li> <li>• Assignment of weighting factors</li> <li>• Detailed technical evaluation</li> </ul>
<b>Dispute Procedures</b>	Annex 1 of the NSIP Procedures for International Competitive Bidding	<ul style="list-style-type: none"> <li>• Annex 1 of NSIP Procedures for International Competitive Bidding for complaints before bid closing</li> <li>• Annex X of NSIP Procedures for International Competitive Bidding for complaints after bid closing</li> </ul>

# NSIP Best Value Evaluation Methodology

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

## Important Notice

- ✓ NCI Agency **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

# 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
- Not meeting the requirements of the IFB:
  - Alter delivery locations or take exception to the delivery schedule, offer a quantity different from that required, fail to conform to one or more specifications, fail to propose a product or service that meets the minimum specifications, fail to meet minimum education or skill requirements, fail to meet minimum experience requirements, fail to state a specific price or states a qualified price.

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# Typical Bidding GOOD PRACTICE

- Read and follow Section 3, Bid preparation instructions - what will be evaluated
- Read and understand Section 4, Bid evaluation and contract award - how bid will be evaluated
- Take advantage of questions and answers sessions prior to bid closing by posing written questions. These sessions are the only opportunity bidders have to also address waivers or deviations
- 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 how are you going to meet this requirement
- Meet bid closing date and time
- Always ask for a debriefing – use the feedback to improve future bids