THE USE OF
TENDER PREPARATION / EVALUATION SOFTWARE

BY NSW HEALTH SERVICES

CASE STUDY DOCUMENT – PILOT TESTING

RELEASE 1 - 5 July 2004

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INTRODUCTION

The NSW Health Peak Purchasing Council – Supply Infrastructure Team is responsible for the statewide implementation of a tender preparation / evaluation software called TenderMax™. TenderMax™ is provided by a company called DecisionMax™ [referred to in this document as the software provider] who also provide a tender response software for suppliers / tenderers called DMaxLite™.

The implementation is progressed via the Tenders & Contracts Networking Group that is comprised of representatives from all Health Services. The main focus of the project is the distribution of the software TenderMax™ to Health Services that are committed to its utilisation, installation and upskilling of key stakeholders involved in the tendering and contracting process.

This document seeks to provide comprehensive information on the project by summarising all the strategies and the learnings to date.

Reform of NSW Health Services Tendering Process

NSW Health Peak Purchasing developed and implemented a multi-phase strategy to ensure that the tender process is properly structured and managed to provide procedural fairness for all tenderers, and to minimise the potential for legal liability. These strategies were:

- o Properly Structured Tendering System

- o Standardised Tender Documentation

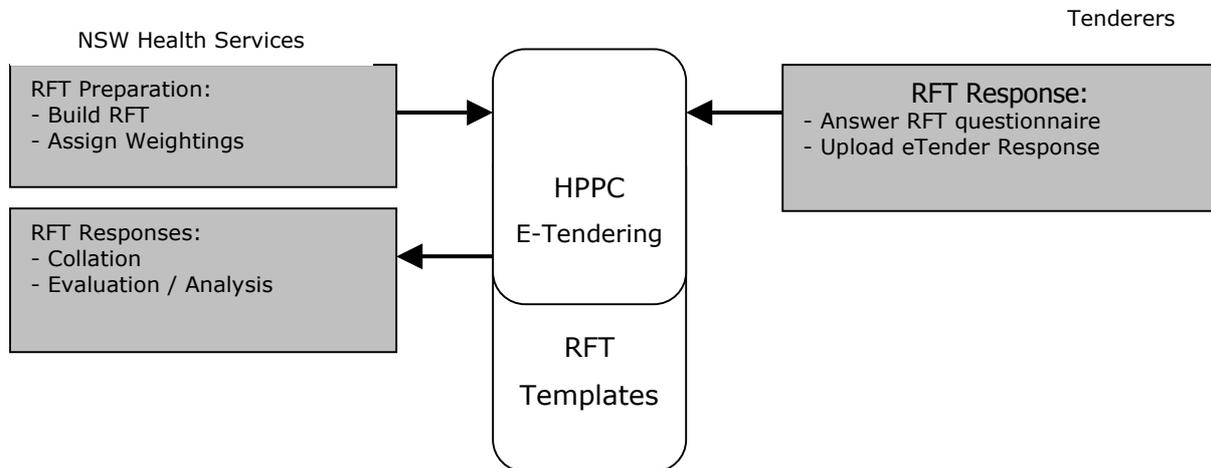- o Central Tenders & Contracts Registry

- o Electronic Tendering System

Objectives

The Electronic tendering system for Health is only one stage in the whole tendering reform. The scope of automation does not include the pre and post-publishing requirements of the tender. To fully automate the tendering process a tender preparation and evaluation software is required that will electronically transform the existing standardised documents.
The main objectives are:

- ▪ To streamline the whole Tendering Process by automating the current methods of tender preparation, evaluation and contract management;

- ▪ To deliver the highest level of productivity and efficiency gains by reducing the amount of time currently taken in evaluation of responses.

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Completing the Electronic Tendering Concept

NSW Health Services

Tenderers

| RFT Preparation: - Build RFT - Assign Weightings	HPPC E-Tendering RFT Templates	RFT Response: - Answer RFT questionnaire - Upload eTender Response
RFT Responses: - Collation - Evaluation / Analysis		

The software completes the whole electronic tendering process by automating all the shaded areas in the preceding diagram that were completed manually. The following are the efficiencies that will be achieved:

1. Tender template – the software enables the user to create a template of questions / specifications that are clearly objectified. Scores for each question / specification answered can be pre-assigned at this stage. This process removes any ambiguity and subjectiveness in the questions and responses. This template can be modified and re-used for other tenders.

2. Analysis – Currently, tender response analysis is done by tabulating responses and assigning scores and ranks before a general weighted average can be calculated, a process that is not only time consuming but also heavy on paperwork. The presence of all committee members is also a critical factor to be able to perform the task. The software pre-assigns the parameters to each of the evaluation criteria. These parameters automatically generate summaries, weightings, and averages. This promotes the highest transparency and integrity of evaluation.

3. Short listing – The software eliminates the tedious process of sifting though the respondents according to their compliance of mandatory and general requirements. This feature allows the members of the evaluation committee to view full technical reports, graders' summary that examines deviances, and polar views to compare competitiveness among respondents and against the industry average.

4. System Compatibility – The software's minimum operating system requirement is Windows 95. Its compatibility with most applications also makes it easier to exchange information via email, html format, directly to the NSW Health eTendering system, remote client tendering, and paper tendering.

5. Security – A range of security tools are built in including file encryption, data compression and data encryption options for real time uploading and split data responding. Full offline responding is also available to cover network outage of large file reception.

6. Other benefits and flexibilities

   o Pool of tender templates in the TCNG database and library – tenderers from different Areas will benefit from previously designed tender templates by other Areas. The specifications that require specialist inputs and advice can be modified but not re-done in its entirety. This will save enormous amount of time and other resources.
   o Remote client accessibility – this will eliminate time wastage in waiting for a common time for everyone to be convened into one room to create specifications and evaluate.
   o Total management of contract performance – this gives AHS the facility to monitor performance of contractors as well the satisfaction of the end users.

Overall Benefit to the Health Services

The HPPC acknowledge that the use of the software reduces tender preparation, evaluation time and subsequently reduce demand on Health Service resources as illustrated in the diagram below.
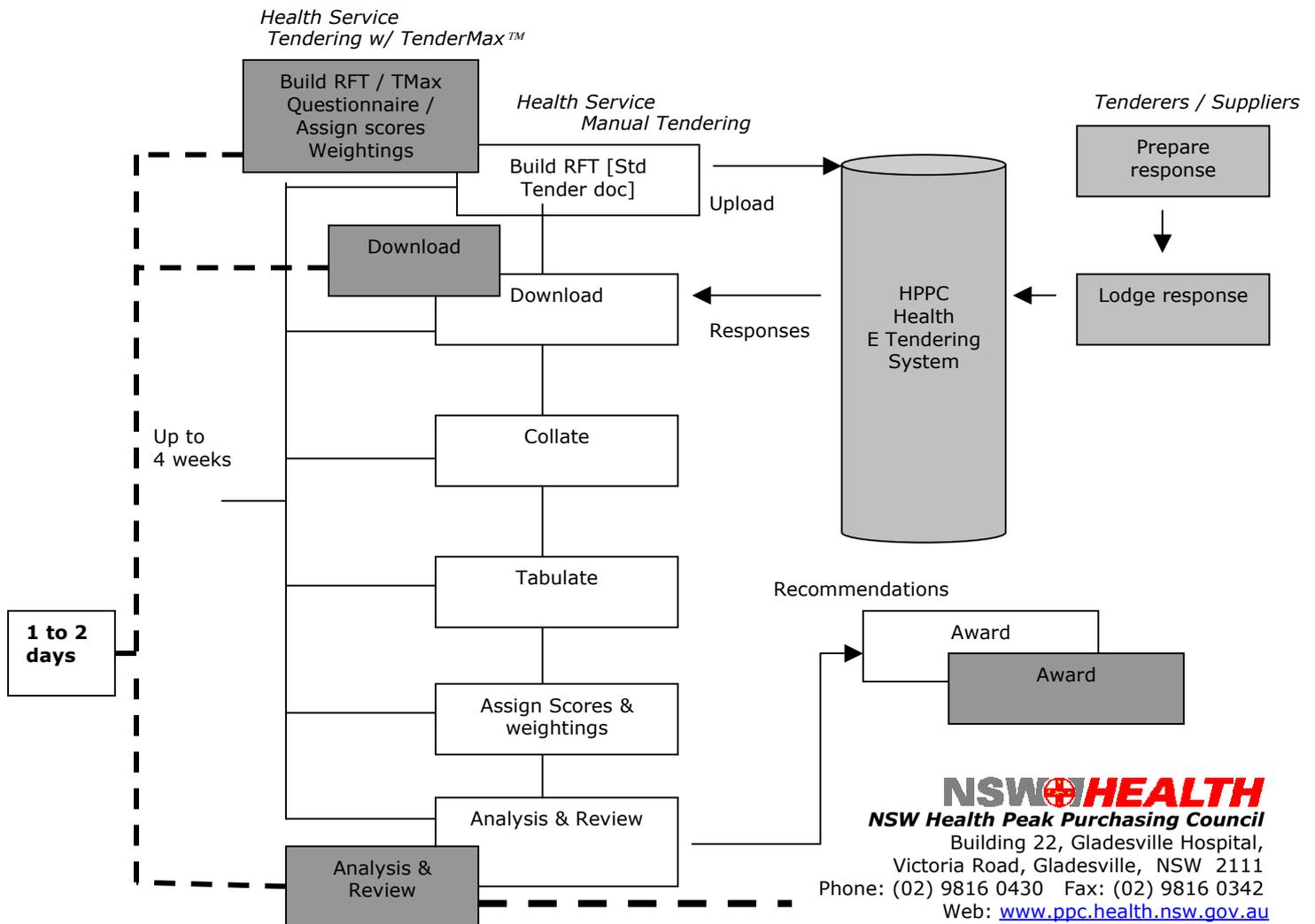
WHAT IS TENDER MAX

TenderMax™ is a tender preparation and evaluation software created and distributed by the company DecisionMax [Referred to in this document as the Software Provider]. The main feature of TenderMax™ is the automation of the tender preparation and evaluation methodologies. The software directs the user towards industry recognised best practice principles and towards practices that ensure the highest level of probity.

The software is a simple application with a wide degree of flexibility. Users of all skills can adapt to the professional question-asking format, of the software. The software presents a look and feel that mirrors paper-based tenders. It has been designed to incorporate the full spectrum of parties that work in tenders, suppliers and buyers. For the buyers the system delivers a comprehensive platform to undertake contract management, tendering and KPI / Scorecard.

For suppliers responding to tenders the use of HTML and DMaxLight™ [the software tenders may use to respond to TenderMax™ tenders] tool allows a range of solutions that ease the burden of responding to tenders. With DMaxLight™ suppliers can even collaborate online using multi logins so that different parties within their organisation can work on a tender across a Network.

TenderMAX™ has been designed to assist organisations in all forms of procurement automation. This in-turn has seen specific-purchasing modules developed to assist organisations in developing purchasing programs for both goods and services in industrial and non-industrial sectors.

TenderMax™ has been engineered to deliver to users an application that will handle all the phases of full electronic tendering, i.e. tender design and composition, tender weighting, tender distribution, tender response management, tender evaluation and tender assessment reporting. Tasks such as clause management are automated and terms and conditions or other existing documents can be maintained in their existing format and integrated into the software's tender template if required. Documents supported include:

- Inserted CAD files
- Inserted Schedules up to 256x3000 rows
- Inserted Spreadsheets
- Inserted Databases Microsoft Access in native, other databases as self-running executables
- Inserted MS Word files
- Inserted Applications (any self running executable)
- Inserted Catalogues, (DmaxLight™ or others based on self running executables)
- Inserted XLS files

The final electronic RFT has options for transporting electronically to the vendor for off-line completion, i.e. the RFT can be downloaded from the HPPC Health eTendering System.

In addition the software application supports a range of added value tasks, these include:

- Strategic eSourcing - The software has been designed to support a range of e-sourcing requirements. These include contract life cycle planning, contract risk

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- analysis and on-going litigation management such as insurance renewals, contract guarantee management and OHS reviews. The e-sourcing module is provided as part of the software application suite.

- Best Practice Tender production - The tender process within government has undergone extensive restructuring over the last few years particularly in the issues of probity, regional support and best value buying. To meet this market demand the software was developed with interoperability between current legislative and policy requirements.

- Post Tender Supplier Relationship Management – TenderMax™ has an integrated range of satisfaction survey and benchmarking tools. Using the power of HTML the SRM module, Health Services can implement user satisfaction surveys and contract benchmark surveys.

Security and Tender Access Receipting

To meet the growing needs of secure tendering, the software has been engineered for probity and end-to-end security. In the client side an unlimited number of security options are integrated to control: system access, system capabilities and even question access. Profiles can be set so a single user can access only a single question if desired.

Communication security has become a growing industry issue and to meet these demands a range of integrated security tools have been built into the software. These include file encryption, data compression and data encryption options for real time uploading and split data responding.

- Full online lodgement of the response and attachments
- Uploading the response questions and encrypting the attachment files on CD for offline responding
- Full offline responding to cover network outage of large file reception

If the Tenderer needs higher security, users can encrypt tenders at the source and also use secure download services right up to PKI identification at the user level (personal key identification via smart cards at terminals).

The software provider is also working with key organisations in Australia and the UK to establish digital certification verification.

This technology will allow users to apply for a digital certificate / have the application validated and upon receiving the key, use the certificate to validate tenders and sign tenders and price bids in real time auctions. In data encryption the software provider has added an end to encryption solution that can manage both online and offline receipting.

This optional system carries double encryption keys: one to lock tenders for distribution and another to lock the response. Once a response is exported only the intended receiver (creator of the tender) can open the files.

This process can be managed by data encryption at up to 128bit encoding. These combinations of tools have now opened the door for a wave of new E-trading solutions such as Value Based Auctioning (VBA), electronic tender panel management and electronic Catalogue management.

Systems and network considerations

There are several ways to install TenderMax™ and its Grader Licences. Among the recommended are:

- PC-specific, stand alone

- PC-specific, with files backed-up in the network (files are only readable using TenderMax™ or Grader).

- Server Installed, Pro and Grader accessible by any user but one at a time

- Via a Paradox DB and Novell Directory Services.

Installation - Case Studies

Hunter AHS and Greater Murray AHS opted for a stand-alone set-up. This enabled them to conduct the whole tendering process centrally.

Northern Sydney AHS chose the fourth option to cater for a more widely spread tender participants, hence the greater practicability of the fourth option where all authorised officers within NSAHS can remotely access tender documents.
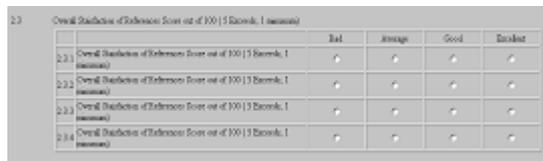
RESPONDING TO TENDERMAX™ TENDERS

Supplier (Tenderer) Solutions:

The tender responding solution has two alternatives:

HTML Reader

HTML is the language that lies beneath a Web page, an HTML Reader enables a user to read and respond to an HTML based tender offline. This tool allows document attachments including spreadsheets to be embedded in the out-going tender. This software is provided free with TenderMAX™. In addition the HTML version is used for internal and external satisfaction surveys. The HTML Reader may be provided free to prospective tenderers to enable them to electronically respond to a TenderMax™ Tender.

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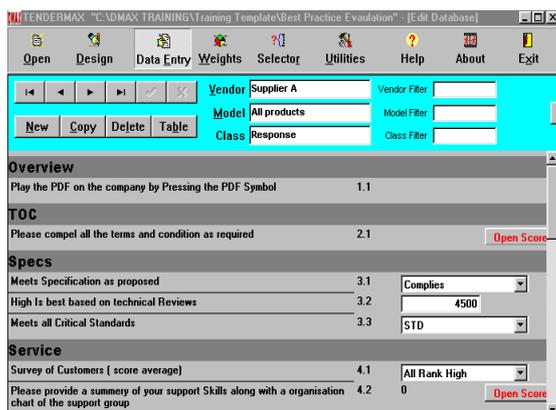*Illustrated below is a HTML Form with questions converted to SCORECARD technology*

This form supports rapid responses by suppliers to questions with text inserts for open ended. A Tender's response can be compiled over a number of days and when completed a tender is converted to a proprietary format and returned via email or uploaded into a secure Tender Box

DmaxLight™

In addition to handling tenders that have complex attachments and response file requests, DmaxLight™ automates the tenderer's response process, it allows multiple users to work on the same tender response collaboratively and provides 128-bit encryption of responses. In addition it provides a platform for SOA's where suppliers are providing "push content" on a regular basis for technical specification, product range and price updates.

DmaxLight™ is designed as a remote electronic question binder that places all files in correct order allowing logical tender response design. DmaxLight™ handles tender distribution, collection and file management automatically managing all records and file management issues such as naming conventions, file security issues and on-going archiving of completed projects and tender responses.

Illustrated below is DmaxLight™, it allows suppliers to respond to tenders with unlimited complexity. A supplier can have multiple people responding to the tender, attaching files such as (MS Word, XLS and Access database) to support or answer in-depth questions.

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TENDER MAX PILOT

The project was progressed via the HPPC Tenders & Contracts Networking Group [TCNG]. The group assigned the following sites to pilot the software:

Greater Murray AHS
Hunter AHS
Northern Sydney AHS

The pilot activities started in February 2003

Achievements:

- Establishment of a group of Health Service Trainers
- Completed Workshop for Suppliers that was progressed via the Health Services Supply Association of NSW Inc.
- Arranged for the software supplier to present to Buyers and Suppliers at the HSSA 2003 Conference
- Establishment of an Information Pack for inclusion with each RFT that is released
- Establishment of industry briefings for each RFT that is released
- Established collaboration with Health Purchasing Victoria and Queensland Health
- Establishment of help desk & peer support mechanisms
- Establishment of a questionnaire / survey for suppliers
- Published a number of RFT using the TenderMax™ format
- Establishment of a user guide

Benefits confirmed:

- Reduction of overall tendering timeframe
- Reduction of paper-based transactions
- Probity ensured in evaluation and supplier debriefing
- Auditability of each step
- Borrowing of templates created by other Areas for modification and reuse

Tests conducted:

- Software Acquisition - Each of the 3 sites purchased 1 Pro licence and 3 graders licences.
- Software Installation - No problems encountered at HAHS, GMAHS and NSAHS
- Software Use - The software was used to tender for relatively straightforward tenders. It was found to be easy to use and self-explanatory.
- RFT Templates - Converted into TenderMax™ templates and used during the training sessions. This assisted   users in the formulation of compliance questions and specifications.
- RFT Release - Exportation and upload of RFT into the eTendering System have been well executed, as TenderMax™ and the eTendering System are compatible.
- RFT Evaluation

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HAHS

Although a supplier forum was organised to pre-orient prospective tenderers about the functions of the software, one submitted a response to an HAHS using DmaxLight™. This indicated either lack of skills or confidence by the supplier to use the software.

GMAHS

Although tenderers were forwarded information about the software and other appropriate documents and were provided with group information session. It was identified that 2 out of 9 suppliers were encountering difficulties due to their limited computer know-how. This became evident when incorrect submissions were received. [i.e. wrong files sent "Backup file" instead of the "Skel file"] The rest of the responses were satisfactory.

Evaluations by 3 graders via pre-allocated open questions were successful. Overall evaluation based on best price and best value for money was satisfactory.

Finalisation of Tests

After a thorough review of learnings from all tests including those completed by other states [completed late October 2003], the HPPC Secretariat changed the status of the project from "Pilot testing" to "Health testing to "open the gates" for others to join the testing and finalise individual Health Service decisions to use the software accordingly.

This reclassification was introduced to:

1. Eliminate the pressure on pilot sites to complete testing in order to sign-off, as sign-off will no longer be required. Since the rollout is non-mandatory and considering that each Health Service would have individual system set-up preferences, a pilot sign-off is not necessary for the implementation at other sites.

    Health Services that prefer "global network set-up" will be at liberty to progress at their own pace, without unnecessary pressure brought about by the pilot status.

2. Enable other Health Services to commence preparations for the utilisation of TenderMax™ at any time.

3. Enable the HPPC Secretariat to better negotiate a Health corporate licence with the software provider.

4. Enable the HPPC Secretariat to better negotiate a "trial before purchase arrangement" with the software provider.

The HPPC Secretariat ensured that the reclassification did not impact on strategies already in place at Greater Murray AHS and Hunter AHS, and strategies planned by Northern Sydney AHS, as well as the established support agreements with the software provider.

The HPPC Secretariat also ensured that existing support strategies continues and extended to other sites that are to express interests. This was facilitated by:

1. Establishment of a case study document that summarises the learning's from all the tests completed to date, inclusive of other states.
2. Establishment of a peer-training program. Considering the cost of training for TenderMax the HPPC Secretariat endeavoured to establish collaborative training sessions and either seeks the support of previously trained Health personnel to share their expertise or negotiate a group package with the software provider.

To be continued – Case Study Document – Release 2 – Costing & Implementation

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