

# Defence Capability Statement



## About Commerce Decisions

Since 2001, Commerce Decisions has provided its hosted AWARD® evaluation solution and professional services to support the procurement and post-contract review processes for both buyers and suppliers. AWARD® has been used by government, healthcare and the defence, aerospace and utilities industries on a wide range of procurements of differing sizes and complexity, collectively worth over \$500 billion.

Commerce Decisions has been at the forefront of best practice procurement programme management on some of the most complex and challenging procurements over the last 20 years. It has conducted original research and gained extensive experience on hundreds of large scale procurement programmes. In recent times, the successful delivery of the most UK MOD major programmes (under a corporate agreement), the London 2012 Olympic Delivery Authority's Infrastructure programme and also the ground-breaking Crossrail programme have proven that the Commerce Decisions' procurement programme management service is not only best practice, but successfully delivers programmes with the most demanding challenges ever faced in the UK.

In Canada, Commerce Decisions is currently supporting the Government of Canada (GoC), Public Services and Procurement Canada (PSPC), Industry Science and Economic Development Canada (ISED), the Department of National Defense (DND) and Irving Shipbuilding Inc. in the acquisition of the Canadian Surface Combatant (\$27BN CAD Programme). This included advice on the design and development of the assessment schemes to be used to select the consortia partners delivering Total Ship Reference Point (combat system and warship design refined to meet Canada's requirements). AWARD® is currently being used to engage industry, facilitate bid submission and evaluate the bids robustly.

In Australia, since 2013 Commerce Decisions has substantially improved the evaluation process for many government defence procurements, including:

- Adelaide Class Frigate - Group Maintenance Contract (\$350M AUD)
- SEA1778 Mine Counter Measures (\$100M AUD)
- SEA1654 Ph3 Maritime Operational Support Capability (\$1.5BN AUD)
- SEA1000 Submarine Combat Systems Integrator
- Armidale Class Patrol Boat - In-Service Support
- SEA1354 Submarine Rescue Services (\$300M AUD)
- SEA1180 Ph1 Offshore Patrol Vessel
- SEA5000 Future Frigate

Commerce Decisions is working with organisations to help remove the uncertainty of project delivery by defining and rolling out best practice processes that can be adopted widely. Client organisations have benefitted from our support in ensuring increased project efficiency, more projects completing as planned and delivering increased value. Commerce Decisions' solutions are providing programmes with the confidence that they are dealing with today's challenges efficiently, tackling programme complexity, meeting the demands of procurement regulations and delivering robust defensible decisions that are open to external scrutiny.

Our procurement programme management service delivers successful, efficient and defensible programmes in a structured and fully auditable manner using best practice by:

- focusing on the capabilities and requirements;
- considering all options and packaging strategies;
- clearly defining all user, system and functional requirements;
- implementing our proven method of Structured Criteria Development (SCD) to ensure programmes are seeking the right information and responses;
- enabling a robust, effective, efficient and defensible competition to select the right supplier;
- linking procurement 'promises' to delivered contract performance.

By taking this approach, Commerce Decisions has been able to successfully support the introduction of some of the most complex procurement programmes in a highly cost effective manner.

## About AWARD®

AWARD® has been continually developed and enhanced to meet the increasing demands of an ever-evolving procurement sector. The AWARD® Suite draws on our unparalleled expertise and experience of our services team; delivering an innovative set of modules to sit alongside the core Evaluation functionality.



An innovative solution set, the AWARD® Suite delivers the most comprehensive strategic evaluation technology available on the market. It is designed specifically to support strategic projects; providing teams with the confidence that they are dealing with procurement challenges efficiently, meeting the demands of procurement regulations and delivering robust decisions that are open to external scrutiny. AWARD® delivers consistent repeatable processes for both project and organisational deployments. It has been proven to reduce time to contract, improve value for money, and reduce risk.



### AWARD® Evaluation

- Conduct robust, transparent evaluations
- Work collaboratively
- Supports best practice processes
- Controls risk
- Reduces time to contract
- Enables real-time reporting
- Delivers efficient bidder debriefs



### AWARD® Dataroom

- Offers secure, resilient storage of data
- Allows suppliers secure, controlled access to project documentation
- Provides document management with folder structure
- Ensures secure communication with suppliers



### AWARD® Interaction

- Allows secure document transfer
- Enables bidder access to tender documents
- Allows bidders to respond on-line and submit their bids electronically
- Supports clarifications and issues management processes



### AWARD® SCD\*

- Built-in process steps to enable buyers to develop a robust criteria set
- Links criteria back to internal sources for full traceability
- Supports identifications, recording and assessing of dependencies and risks
- Provides structure to record the evidence required and formulate evaluator guidance
- Allows buyers to perform sensitivity analysis to ensure an appropriate scoring scheme and weightings are applied



### AWARD® RVfM\*\*

- Helps buyers to avoid the pitfalls of commonly used methodologies for determining VfM
- Provides buyers with techniques for defining VfM and undertaking sensitivity analysis
- Ensures a robust ranking for each bid
- Provides bidders with a transparent scoring mechanism



### AWARD® Mobile App

- Delivers AWARD® reports and updates straight to your mobile
- Notifies of new questions and notifications submitted by the project team
- Delivers clarification alerts from suppliers/bidders
- Enables project managers to keep track of deadlines



### Integration Capability

- Application Program Interface (API) enables seamless integration with eSourcing suites and back office systems
- Integration with e-procurement solutions enables organisations to deploy a best of breed tool set

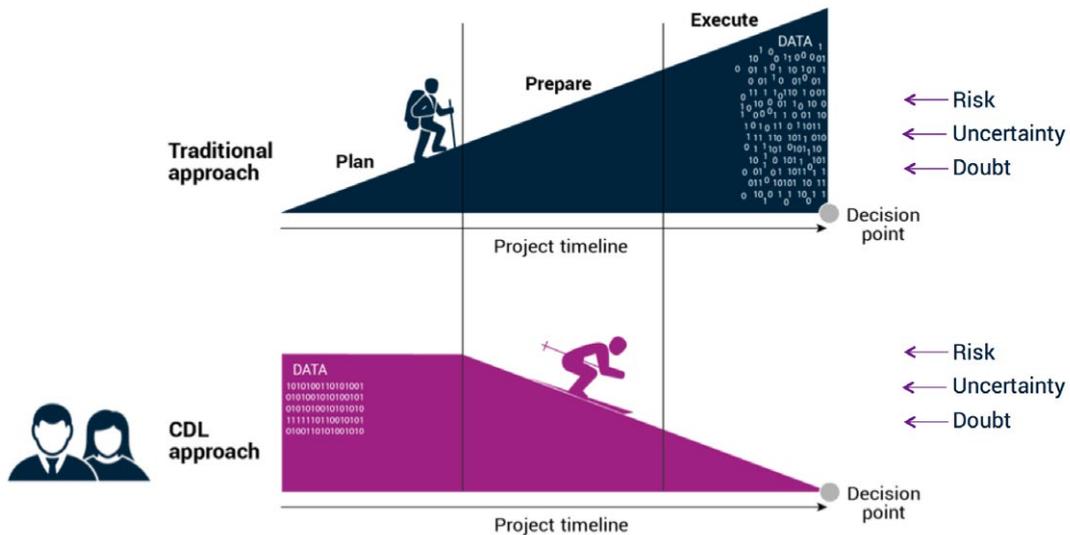
\* Structured Criteria Development (SCD)

\*\* Real Value for Money (RVfM)

These modules are both currently delivered as part of a services-led package.

## Our Methods

Preparing for and conducting a supplier selection process that is objective and focuses the evaluation on the issues that will affect the success of the project is not easy: dispersed stakeholder views need to be addressed and complex risks to the project's success should be identified and analysed. Doing this in a way that keeps the effort required manageable and provides the transparency necessary to engage suppliers effectively, whilst meeting relevant legislation, requires an experienced individual and well-proven tools and techniques.



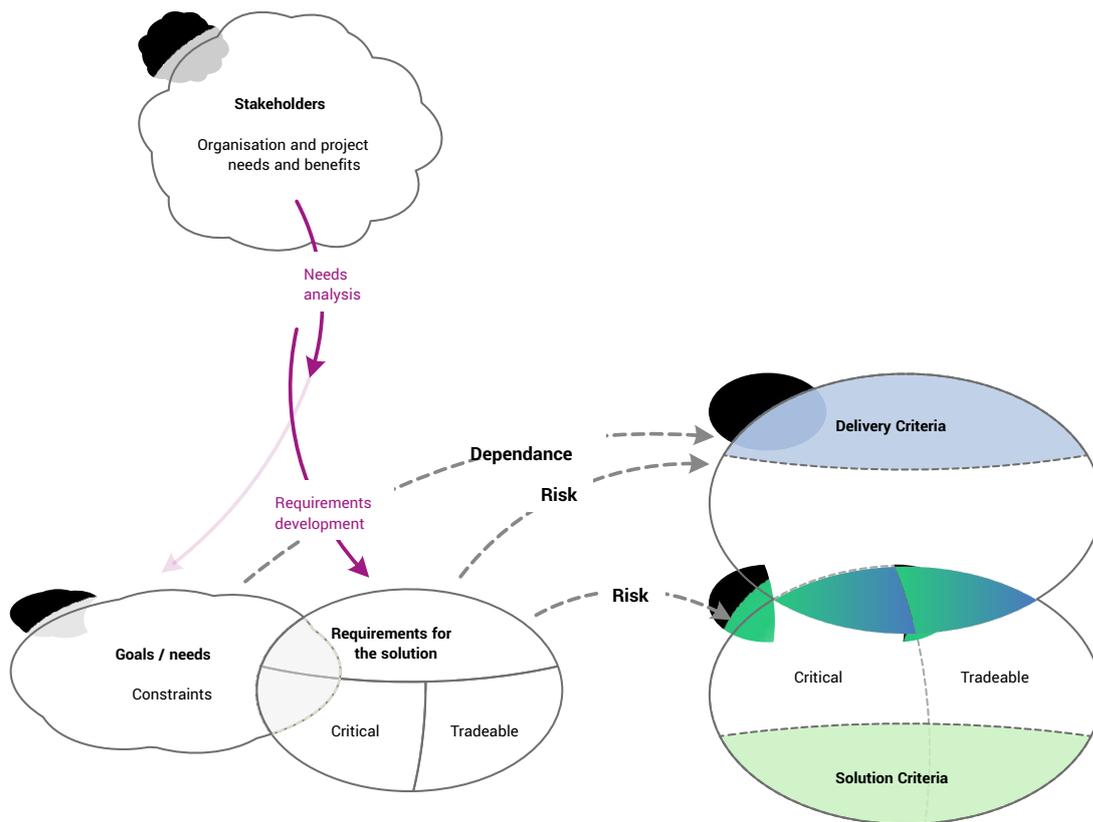
Commerce Decisions provides training and consultancy to support organisations in the delivery of best practice procurement and contracting processes. The services offered by Commerce Decisions span the lifecycle of the sourcing decision, from development of a sourcing strategy and understanding of how value for money will be measured, through the preparation of a detailed model against which suppliers solutions can be evaluated, to management and facilitation of the evaluation.



## Structured Criteria Development

Developing robust criteria and scoring guidance that reflects the strategy of the evaluation, the risk associated with the satisfaction of the requirements for the solution and the wider needs of the stakeholders is a time consuming task that is critical to achieving a transparent, objective and auditable evaluation. Commerce Decisions has developed a structured and robust method to develop criteria which are easily understood by project stakeholders and crucially, easily articulated to industry.

Structured Criteria Development (SCD) – identifies two main sources for your criteria: the requirements you have for the solution being procured and your project stakeholders.



Commerce Decisions Structured Criteria Development (SCD) methodology will help in the following ways:

- SCD is based on the principle that high level organisational needs should be identified and captured as part of the procurement process. This is often not explicitly addressed as part of procurement with the result that projects or procurements can go wrong in unanticipated ways. SCD analyses the high level needs to achieve a long-term sustainable capability and will then help identify what we call the dependencies of achieving this. The final step for SCD is then to work out what specific criteria will be included in the competition and how they will be scored.
- SCD includes a stage that helps identify when requirements need to be met and what should be evaluated to give confidence that the requirement will be met.

SCD is a robust methodology delivered on many Ministry of Defence strategic programmes over the last 15 years. It is proven to incorporate many valuable approaches now enshrined into the MOD Supplier Selection Process (JSP 507). The value of the techniques applied is augmented significantly by the facilitation and procurement process expertise of Commerce Decisions' consultants. When undertaking the SCD process, Commerce Decisions' is able to draw from a large library of previous work to maximise the efficiency of drafting criteria and guidance.

## Real Value for Money

Commerce Decisions works with project teams to compare different scoring methodologies and to assess their relative merits/drawbacks. Once the team has selected their chosen methodology and evaluation criteria, Commerce Decisions supports the delivery of a weighting workshop for the project team/stakeholders. We use the following model to determine the relative weights of each criterion.

<b>IMPACT</b> The extent to which the lack of this capability or solution would affect the overall objectives of the project.  How likely is it that the Authority could rectify the deficiency by other means?	Vital	The Authority could not rectify this by other means and it would result in complete failure to meet related objectives
	Very important	The Authority would find it difficult or very expensive to rectify this by other means
	Important	The Authority could rectify this but it would cause inconvenience or additional expense
	Neutral	The Authority could easily rectify this at minimal cost
<b>DISTINCTIVE CAPABILITY</b> Within the expected group of bidders, the measure of difficulty that the Authority anticipates that each would have in scoring 'Excellent confidence'	Rare	Only one or two bidders will be able to do this well
	Scarce	Few bidders will be able to do this well
	Common	Most bidders will be able to do this well
	Universal	Any bidder will be able to do this
<b>CERTAINTY</b> A measure of the level of information available to bidders to enable them to formulate a response	Full information	Complete clarity would allow a totally informed response
	Good information	Most of the information required is available - can be inferred or safely assumed
	Vague	Very little information is available, so responses are expected to be speculative, imprecise and lacking in detail
<b>IMMEDIACY</b> The extent to which the question relates to current or future demands on bidders (from the date of contract award)	Immediate	The capability, solution or resource must be available from the date the contract is signed
	Short term	The capability, solution or resource must be guaranteed to be available 'soon' after contract award
	Medium term	The capability, solution or resource must be guaranteed within a reasonable time after contract award
	Long term	There is little or no urgency in the availability of capability, solution or resource relative to the date of contract award

Scenario testing of the applied weightings is then undertaken against the chosen pricing methodology. The criteria and/or weightings can then be adjusted to ensure that the desired outcome is achieved – both in terms of delivering value for money and optimising outcomes.

The screenshot shows the AWARD software interface. The main window is titled 'Value for Money Overview' and contains a sidebar with navigation options like 'Manage Account', 'Standard Evaluation Projects', and 'Value for Money Projects'. The main content area is titled 'View Iteration 2' and includes a table of scenarios and a line graph.

Rank	Name	Cost (£K)	Quality Score (%)	Cost Score (%)	Full Score (%)
3	Basic	9,570	57.90	100.00	74.74
-	Cheaper	8,200			
1	Operational Excellence	10,200	85.00	93.82	88.53
2	Premium	11,000	88.90	87.00	88.14

The graph shows Quality Score (%) on the y-axis (0 to 100) and Cost (£K) on the x-axis (5,000 to 12,500). A curve represents the 'Line of Equality'. Three points are plotted: 'Basic' (blue square), 'Operational Excellence' (red diamond), and 'Premium' (green triangle). Vertical dashed lines indicate 'Min Acceptable Cost' and 'Max Acceptable Cost'. A horizontal dashed line indicates 'Min Acceptable Score'.

## Experience – Case Studies

### Maritime Indirect Fire System (MIFS)

Client Organization:

BAE Systems as Prime Contractor and Systems Integrator for UK Ministry of Defence

Size, scope, nature and complexity of work:

Weapons, ammunition and associated parts. The provision and integration of a Military-Off-the-Shelf Maritime Indirect-Fire System (MIFS) consisting of a Medium Calibre Gun and associated magazine Ammunition-Handling System and Fire Control System for Royal Naval Vessels including qualified ammunition. (Qualified ammunition includes those quantities required to achieve qualification to UK MoD requirements, arrangements for Initial Provisioning for introduction into service, together with arrangements for on-going provisioning and through-life support of ammunition to meet MoD requirements including Security of Supply).



The Contract included support during introduction to service and an initial period (e.g. 10 years) of In-Service Support. The successful bidder was required to work with BAE Systems Surface Ships Ltd as the Lead Contractor and Systems Integrator for UK Naval vessels. Additional levels of complexity resulted from BAE systems bidding for the contract with the Mk 45 Mod 4 5-inch (127 mm)/62-calibre gun. This meant that Potential and Perceived Conflicts of Interest had to be managed carefully throughout the Subject Matter Expert engagement process.

#### Program or project value and duration

£400 Million (GBP) - 15 year Contract

#### Roles and responsibilities

Delivery of Criteria

Commerce Decisions led the facilitation process to determine a harmonised set of criteria from the significant volume of technical requirements. Commerce Decisions led the process of writing up the criteria with evaluation scoring guidance, evidence requirements; subsequently presenting these and gaining approval from the project board and stakeholder community.

#### Weighting Workshops

Commerce Decisions led a series of weighting workshops with the project team and senior stakeholders. Sensitivity analysis was proven to have saved the project over £30 Million GBP.

#### Delivery of Evaluation Logistics

The AWARD® solution was used to manage the evaluation process and facilitated effective bidder debriefing.

## Military Afloat Reach and Sustainability tankers (MARS)

Size, scope, nature and complexity of work:

The MARS programme was defined by the DPA (now DE&S) as a Cat A project, valued at over £400m, to deliver the following core capabilities over a project life of 44 years as part of the Afloat Support system:

- Bulk Consumables – the provision of fuel, oils, ammunition, food, water etc. to embarked forces;
- Joint Sea Based Logistics – the provision of logistic support from afloat to joint forces ashore;
- Forward Aviation Support – the provision of support to maritime rotary wing operations.



MINISTRY OF DEFENCE

The 37,000-tonne ships will come into service from 2016 to replace the Royal Fleet Auxiliary's single-hulled tankers, and will maintain the Royal Navy's dedicated bulk fuel replenishment at sea capabilities. The 200-metre long tankers will also be able to carry helicopters and will support Royal Navy warships deployed around the world.



This is a large and complex project being executed over a long period of time, to include the delivery of the MARS ships and their subsequent support. The key challenges associated with the project were:

- Delivery to time and cost over the lifetime of the project;
- Identification and mitigation of the major programme risks, which was particularly important and challenging;
- Contractor selection – a full and comprehensive justification had to be provided for each of the potential contractors, both successful and unsuccessful;
- Significant challenges associated with establishing and gaining value for money – contractor selection was seen as key to achieving this;
- Large and broad-based stakeholder community – the requirements needed to be developed to meet the needs of all sectors of the armed forces (Navy/Army/Air Force).

The preferred contractual route was to create an alliance with an integrator whose key role would be to embed best project management and partnering practice throughout the MOD/industry delivery team. Expressions of interest were invited in 2005 with 16 potential bidders replying. Nine companies eventually responded, and the project team spent five months assessing their responses. Three companies were selected, as part of the downselection process, to identify the single preferred integrator.

**Program or project value and duration**

£452 Million (GBP) for four new vessels

Commerce Decisions became involved in the project at the pre-qualification stage. Using our Structured Criteria Development (SCD) method, we supported the conversion of the requirements identified by the Integrated Project Team (IPT) into questions that could be posed to the potential suppliers. The SCD process ensured that the evaluation criteria clearly addressed the major programme risks perceived by the IPT, and that the resulting questions solicited the correct information from the potential suppliers to enable a rigorous evaluation.

Commerce Decisions’ AWARD® evaluation solution was then used to support the collection and organisation of the substantial amounts of information submitted by the bidders, and the subsequent evaluation process.

Given the sensitivity and complexity involved in this project, the Integrated Project Team (IPT) engaged the services of the OGC (Office of Government Commerce, now Crown Commercial Service) to carry out an independent audit of the process they used. The OGC report stated:

**“The review team find that the process for down-selection to three potential integrators is well designed, robust and defensible. We found little to criticise in the method employed or the overall process, which is clearly and demonstrably open and highly visible.”**

Ref: OGC independent auditor

**Defence Infrastructure Organisation (DIO) – Project HESTIA**

**Size, scope, nature and complexity of work**

Hestia aims to harmonise the provision of soft facilities management across the UK Defence estate, replacing current arrangements with a suite of nine regional multi-activity contracts (RMACs) providing: catering, cleaning, waste management, retail & leisure, accommodation & mess management and a range of other support activities; they will also include options for management of stores & armouries and the provision of a deployable catering service for military operations.



**Desired outcomes**

- reduce the number of existing arrangements from around 80 to 7; this will make them more efficient to manage and offer better value for money;
- deliver contracts that are flexible enough to work with future defence needs and focus on meeting the needs of customers;
- introduce a simplified and effective model that fits in with wider defence policy and initiatives, including 'Pay as you dine';
- enable effective joint working with delivery partners and suppliers;
- address the need to incorporate small – medium sized enterprises in the supply arrangements;
- roll out projects in phases to incorporate lessons learnt.

Program or project value and duration:

Seven regional contracts to be delivered with a total estimated value of £800 Million (GBP). Each contract is valid for 5 years.

**Roles and responsibilities**

Commerce Decisions was engaged by Hestia in the evaluation planning stages of the programme. Initially tasked with facilitating the selection criteria (Pre-Qualification Questionnaire (PQQ) stage) for all regions, Commerce Decisions built a highly efficient criteria set for the PQQs with less than 15 criteria, closely aligned to industry's expectations and designed specifically to meet the objectives of Hestia.

Using the Structured Criteria Development (SCD) process, Commerce Decisions' approach ensured that there were two essentially different outputs:

- the sets of criteria for contract award, and
- a common understanding across the stakeholder community of how, when and why the criteria were going to help Hestia meet its objectives.

For the selection criteria, Commerce Decisions captured a considerable amount of intellectual information; cataloguing and cross-referencing it as it was collected so that decisions on which questions to ask could be made in structured way.

The upcoming tendering process for Hestia's regional Soft FM contracts will allow for site visits for bidders. This will afford the bidders a knowledge of, and affinity for, customer requirements. Negotiated processes (Competitive Dialogue) will then be used to enable the refinement of their tender solutions to ensure the delivery of the best solution to the MOD's requirement.

Across the programme, the DIO is seeking to provide commercial opportunity through the procurement process for the widest possible array of prime contractors, subcontractors and supply chain businesses, across the UK and within the EU, irrespective of size or specialisation. Commerce Decisions has been able to advise on criteria to ensure that this is achieved.

## Outputs and Benefits

Preparing for and conducting a supplier selection process that is objective and focuses the evaluation on the issues that will affect the success of the project is not easy: dispersed stakeholder views need to be addressed and complex risks to success should be identified and analysed. Doing this in a way that keeps the effort required manageable and provides the transparency necessary to engage suppliers effectively, whilst meeting relevant legislation, requires an experienced individual and well-proven tools and techniques.

Commerce Decisions has extensive experience of working with clients to successfully build appropriate and robust assessment schemes. We will engage the project stakeholders and quickly determine and agree the most appropriate approach to procurement. We have encapsulated years of experience into our Structured Criteria Development (SCD) and Real Value for Money (RVfM) methodologies that will provide a robust technique of developing the evaluation criteria to ensure the success of the project quickly and effectively. In focusing on a consolidated list of evaluation criteria rather than evaluating suppliers against lengthy and detailed requirements the evaluation will be clear, concise and allow for ease of supplier differentiation. Our SCD process has proven very successful in guiding procurement teams through the complexity of projects of this nature.

### Efficiency

- Online access – anywhere, anytime
- Distribute documents to right people
- Project Management controls and reporting capabilities reduce administration bottlenecks and time to contract by up to 40%
- Evaluators need little or no training to ensure a high return on investment and reduce start up

### Knowledge & Control

- Monitor the evaluation status in real time – user status reports showing completed and outstanding tasks
- Comparative analytical tools - visualise the overall results in real time or drill down to the details of the evaluator inputs
- Reports allow rapid identification of bidder strengths and weaknesses and links to supporting evidence – providing quality feedback

### Flexible

- Advanced configuration tools manage complexity and match your business processes
- Suitable for a wide range of procurement projects – e.g. competitive dialogue, frameworks, strategic and multi-lot, supplier and contract review

### Secure

- Secure document storage
- User Management tools to provide control and limit evaluators access to suit your processes

### Auditable

- All data changes recorded and auditable
- Rationale fully recorded to trace back to reasons for award
- Includes ‘Smart Links’ to tender documents and other evidence

### Collaborate

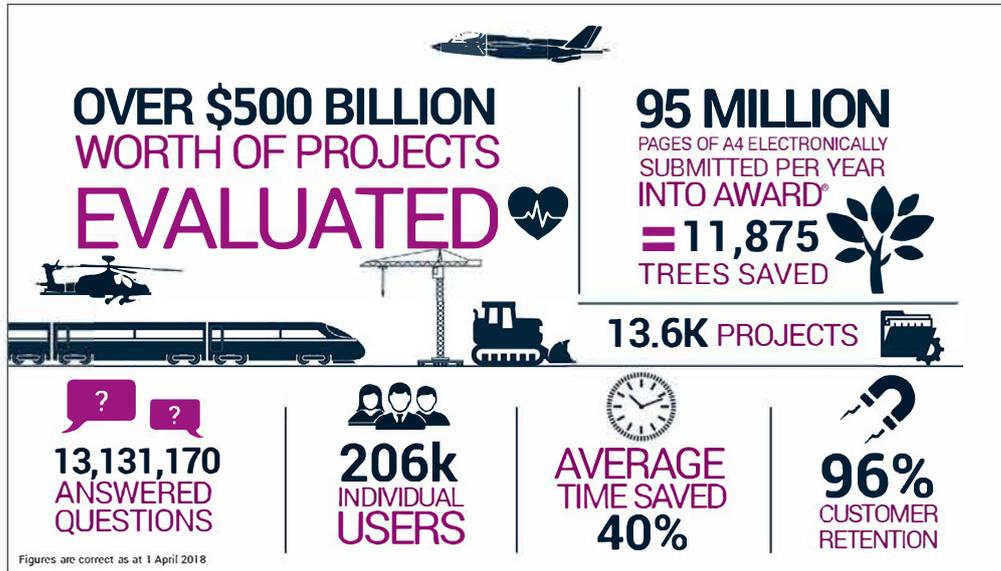
- Online access to Evaluators’ comments to facilitate moderation meetings
- Share reports online with stakeholders
- Produce debrief reports for bidders and stakeholders

### Best Practice

- Process templates de-risk project set up and deployment
- Quickly identify bidders with missing criteria to catch serious commercial, legal or technical issues early (well before negotiation starts)
- Reports allow visualisation of the contract value from multiple viewpoints (compliance, confidence, risk, innovation, etc)

## Commerce Decisions Mission

“Making a difference by helping people around the world benefit from the right procurement decisions being made on important projects”



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