

19 July 2013

Standard Guideline for the Overall Greatest Value Evaluation Methodology
Concerning Procurement of Information Systems
(Understandings among related ministries and agencies concerned in procurement)

This standard guideline has been compiled as a guide to the basic operational points concerning operation within the rules of the heads of each government ministry and agency after consultation with the Minister of Finance based on the administrative circular No. 1843 of the Budget Bureau, Ministry of Finance dated 27 June 2013, to ensure that procurement entities contribute to improving the efficiency of administrative processing in cases where the overall-greatest-value evaluation method is used for procurement.

(Note) Procurements to which this standard guideline cannot apply and on which consultation with the Minister of Finance will finish with success are continuously subject to “Standard Guide for the Overall Greatest Value Evaluation Methodology Concerning Procurement of Computer Products and Services” (Understandings among related ministries and agencies concerned in procurement, 28 March 1995) and “Standard Guide for the Overall Greatest Value Evaluation Methodology Concerning Procurement of Information Systems” (Understandings among related ministries and agencies concerned in procurement, 12 July 2002).

Section 1

Rules of the Heads of each Government Ministry and Agency (After Consultation with the Minister of Finance)

I. Scope of Application

1 Applicable procurement

The rules will be applied to the information systems as described below, of which the level of development can give great disadvantages to the people or cause great damage to the nation, and which cannot be developed only by the utilization of the existing software products and can meet all the requirements below, and which are recognized as such by the heads of government ministries and agencies.

- Super computers: services concerned with supercomputers which are limited to the development of system, the development of software and system integration services, and

other services concerned with supercomputers or supercomputer products which are integrally developed with them.

- Computer services: computer services which are limited to the development of computer systems, the development of computer software and system integration services, and other computer services or computer products which are integrally developed with them.
 - Telecommunications services: telecommunications services which are limited to system integration concerned with telecommunication products or the development of custom software, and other telecommunication services or products which are integrally developed with them.
 - Medical technology services: medical technology services which are limited to design of software used solely for medical technology products, and other medical technology services or products which are integrally developed with them.
- (1) where methods of implementation and contents of business to be systemized are complicated and vary widely
 - (2) which are linked with multiple information systems with different technical structures
 - (3) which are accompanied by frequent upgrades of functions by reviews of systems and businesses etc.
 - (4) which are large scale projects requiring high control over a lot of needed personnel
 - (5) where there are many information systems and related ministries and agencies to be linked, combined etc.

(Note) The description above will apply only to products and services covered by Revised Procedures to Introduce Supercomputers (Decision made on 19 April 1990 by the 13th Meeting of the Action Program Promotion Committee), Measures Related to Japanese Public Sector Procurements of Computer Products and Services (Decision made on 20 January 1992 by the 17th Meeting of the Action Program Promotion Committee), Measures on Japanese Public Sector Procurement of Telecommunications Products and Services (Decision made on 28 March 1994 by the 21th Meeting of the Action Program Promotion Committee) or Measures Related to Japanese Public Sector Procurement of Medical Technology Products and Services (Decision made on 28 March 1994 by the 21th Meeting of the Action Program Promotion Committee)

2 Scope of Application

- (1) The rules will be applied to procurements of the information systems as described in 1

above, of which the theoretical peak ratings are equal to or higher than 1.5 tera floating point operations per second (TFLOPS) (if “supercomputers” are procured), or of which the projected price exceeds 800,000 SDR (if “computer products and services” are procured), or exceeds 385,000 SDR or is equal to or higher than 100,000 SDR depending on the kind of procurement (if “medical technology products and services” or “telecommunications products and services” are procured).

- (2) In addition to (1), when procurement entities decided to make a bid application where the overall-greatest-value evaluation is suitable, a report is made to the Minister of Finance no less than thirty days prior to the date of the Notice of Procurement.

(Note) 1. In cases where this bidding method is applied, the exchange of SDR into Japanese currency is calculated based on the following method, which is based on the exchange amount publicly notified by the Minister of Finance, which in turn is based on Paragraph 1, Article 2 of the regulation on "Cabinet Order Stipulating Special Procedures for Government Procurement of Products or Specified Services" (Government Ordinance No. 300 of 18 November 1980)

Conversion of SDR into Japanese currency =

100,000 SDR in Japanese currency multiplied by OO/10

(Note) OO indicates the SDR in units of 10,000, which are the object of conversion.

2. With regard to adjustment of the amount converted to Japanese currency, 385,000 SDR are rounded up to 1,000,000 yen and 800,000 SDR are rounded up to 10,000,000.

II. Bidding Method

- 1 Upon application bidders must supply information on price, performance, function and technology and of the bidders that meet the following requirements, and through the overall-greatest-value method detailed in III below, the bidder which receives the highest value will be the successful bidder.

(1) The bid price is within the scope of the limits of the projected price.

(2) The performance, function and technology concerning the bid (hereafter referred to as performance etc.) fulfill the required minimum stipulations of articles that are viewed indispensable in the performance etc., required stipulations (referred to below as technical specifications), which are enumerated in the Notice of Procurement (including relevant tender documentation, detailed below).

- 2 If there is more than one bidder who marked the highest value in 1, the successful bid will

be decided by the drawing of lots.

III. The Overall Greatest Value Evaluation Method

- 1 Distribution of points of bid price is not less than a quarter of the total.
- 2 The bid price will be evaluated in the way as follows: the points of bid price will be obtained by dividing the bid price by the projected price, subtracting the calculated value from one, and multiplying the calculated value by distribution of points of bid price.
- 3 The evaluation method of performance etc., is as detailed hereunder.
 - (1) The technical specifications, which are the object of evaluation, have been designed as evaluation articles from the viewpoint of administrative and business needs to respond to the pertinent procurement aims and contents. They are divided into those articles viewed as essential and other articles.
 - (2) With regard to essential articles, the minimum requirements should be shown article by article and the bids will fail if they are not met. If they are met, basic points will be designated and additional points will be given to specifications that surpass the minimum requirements.
 - (3) Articles other than those considered essential will be designated additional points by article upon evaluation.
 - (4) The points in each of the evaluation articles are decided by their necessity and importance.
- 4 The overall evaluation relating to price and performance etc., results in a value which is attained by adding the tendered bid price concerned to the total points for the performance etc., of the evaluation categories in the bidders' applications.

IV. Others

In cases where this bidding method is applied, it should be made clear in the notice of invitation to tender that the determination of the successful bidder will be made through the greatest overall greatest value method and the characteristics of this method.

Section 2 Guidelines Concerning Overall Greatest Value Evaluation

I. General Matters

- 1 The compilation of criteria for overall greatest value evaluation, while referring to the data and comments gained through such methods as the submission of comments, is designed to ensure transparency and fairness.

- 2 With regard to technical requirements and criteria for the award of contracts, tender documentation should be clear and specific, and to this end should be specified in a notice of invitation to tender.
- 3 In cases where technical requirements and criteria pertaining to bidding evaluation are stipulated in documents relating to specifications (hereafter specification documents) and documents relating to overall evaluation (hereafter overall evaluation standards), these are delivered immediately as part of the tender documentation, in response to requests from suppliers.

II. Technical Requirements

- 1 Technical requirements are divided into those that are essential and other stipulations, and are clearly specified in the tender documentation (including specification documentation).
- 2 Technical requirements and criteria for the award of contracts should be specified in the tender documentation, and that notion should be made in the notice of invitation .
- 3 Essential requirements are limited to those necessary minimum contents needed in practice by the procuring entities.
- 4 Requirements other than those considered essential are limited to those articles for evaluation as laid down in the overall evaluation criteria and those articles not subject to evaluation are not listed.
- 5 In the case when, as the results of the data and comments gained from the procedure of the submission of comments, etc., there are performance-related proposals through different methods from suppliers, and when any of the proposals could be adopted, the technical requirements are established not to exclude any specific supplier and consideration is duly given so that it is possible each suppliers performance can be evaluated.
- 6 Technical requirements which can be quantified (performance which can be quantified), are in principle specified as figures, and when it is inevitable that they be specified qualitatively , they are recorded to the most specific and detailed extent possible.

III. Evaluation Criteria

- 1 Concerning criteria pertaining to bidding, evaluation articles, distribution of points

(points of bid price and performance etc.) and other articles necessary to evaluation are made clear in the tender documentation (including the overall evaluation criteria).

- 2 Evaluation articles and distribution of points of performance etc. are based upon their necessity and importance upon procurement and are established in a suitable fashion while referring to the performance etc., of information system that will be practically possible to introduce and have been supplied through the procedure of the submission of comments, etc.
- 3 In light of importance and necessity for procurement, items for which it is pointless to surpass the scope of necessary evaluation are excluded from evaluation.
- 4 Evaluation articles of performance etc. should be made as detailed and as specific as possible for the contents of evaluation. In this case, with regard to those items which can be shown in a scope (maximum figure) which is evaluated quantitatively, this should be notified in each evaluation article.
- 5 In cases where evaluation articles of performance etc. are established, the articles are placed in the contract pertaining to procurement and the contents limited to those that can be secured, with those articles that cannot be secured not being subject to evaluation articles.

IV. Evaluation

- 1 Bidding evaluation shall be based on the tender documentation (including specifications and overall evaluation criteria) and performance etc., which is not specified in the tender documentation will not be evaluated.
- 2 The evaluation of performance etc., will be undertaken appropriately in a just and fair examination by the procurement entities. Furthermore, the investigation undertaken will be of a common criteria for all bidders and there will be no specific methods adopted for evaluating specific bidders.
- 3 Where necessary, hearings on documentations can be conducted before a bid opening. In this case, the effect will be explained in the tender documentations.
- 4 With regard to essential articles of evaluation, it will be judged whether or not the minimum requirements as specified in the essential stipulations in the tender documentation (including specifications) are fulfilled and then passed or failed. With regard to those tenders that pass, points will be given, based on the tender documentation

(including the overall evaluation standards).

- 5 With regard to articles of evaluation other than those considered essential, it will be judged whether or not the non-essential requirements in the tender documentation (including specification documents) are fulfilled. If the requirements are met points will be awarded based on the tender documentation (including the overall evaluation standards).
- 6 Evaluations pertaining to qualitative evaluation articles shall be undertaken with due rationality.
- 7 Concerning evaluation of performance etc., in the case where tests are enforced for tendered information system, in order to ensure that the process is undertaken in a fair and non-discriminatory manner, contents and methods of the tests concerned are clarified in the tender documentation.

V. Others

1 Recording of a Successful Bid etc., and Information Provision

- (1) With regard to a result where performance etc., evaluation relate to the bid application in the overall evaluation or in the case of a successful bid, recording shall be made immediately. In particular, with regard to the results of inspection of technical requirements, each evaluation article and their outcome and the reasons for outcomes shall be recorded and appropriate responses to complaints, etc., from suppliers shall be made.
- (2) Trade name or corporate name of bidders and a successful bidder, points of bid price and performance etc. and projected price will be promptly published after the conclusion of the contract. However, projected price will be published only when there is no risk that projected price will be analogized in the subsequent contracts.

2 Ensuring Evaluation Contents

- (1) With regard to performance etc., evaluated in the overall evaluation, all details of these shall be described in contracts to ensure they are carried out.
- (2) For the inspection on the supply time for products etc., it shall be ensured that the evaluated contents are met.