

28 April 2006

Electronic Tender (eTendering) Providers

To all interested parties

Invitation for Expressions of Interest (EOI) for implementing an electronic tendering (eTendering) system for PHARMAC's annual multi-product tender (Invitation)

PHARMAC is seeking expressions of interest from eTendering service providers who wish to be engaged to provide an eTendering system and associated support to PHARMAC.

PHARMAC is a Crown Entity with responsibilities outlined in the New Zealand Public Health and Disability Act.

Following the closing date for EOI, PHARMAC may send out a Request for Proposals (RFP) to parties who PHARMAC considers meet the evaluation criteria specified in this Invitation or seek a contract with a preferred supplier. The closing date for EOI is **5pm (New Zealand time) on Friday 9 June 2006**.

Details about the current tendering process can be obtained at www.pharmac.govt.nz/tender_documents.asp

The services detailed in this Invitation are designed to support PHARMAC's annual multi-product tender. PHARMAC also seeks suggestions from external parties regarding other possible options that may be appropriate. If you have any questions about the Invitation, please contact Mike Bignall, Tender Analyst, PHARMAC, (tel) +64 4 916 7562 (fax) + 64 4 460 4995, (email) mike.bignall@pharmac.govt.nz.

Yours sincerely



Wayne McNee
Chief Executive

Invitation for EOI for implementing an electronic tendering (eTendering) system for PHARMAC's annual multi-product tender

PHARMAC is a Crown Entity established under the New Zealand Public Health and Disability Act (2000) and Crown Entities Act (2004). PHARMAC is responsible for establishing a list of medicines called the Pharmaceutical Schedule that are subsidised for eligible patients. PHARMAC also has responsibility for promoting the responsible use of medicines and procurement of a limited range of medicines used in District Health Board hospitals.

Closed tendering has become a core part of PHARMAC's management of pharmaceutical expenditure since 1996. Tendering harnesses competition among pharmaceutical suppliers to set subsidy levels for off-patent medicines. Pharmaceutical companies that make successful bids become the sole subsidised supplier for up to three years.

The 2005-06 tender called for bids for 592 medicines used both in the community and hospitals, covering 973 line items on the Pharmaceutical Schedule. Currently the invitation to tender is printed and distributed to all interested pharmaceutical suppliers. Bidding suppliers are required to submit hard-copy of tender bids to PHARMAC before the close of the tender.

We anticipate that a suitable eTendering system would:

- be accessible via the Internet with appropriate security;
- send all pharmaceutical suppliers and interested parties an email with the invitation to tender following PHARMAC Board approval;
- automatically alert pharmaceutical suppliers via email of any amendments to the invitation to tender;
- hold all the tender bids securely before being released for review by PHARMAC staff following the close of the invitation to tender;
- collate all tender bids for the purposes of decision-making by PHARMAC staff;
- provide verification that the tender bids received by PHARMAC are the tender bids submitted by pharmaceutical suppliers;
- produce a receipt for a pharmaceutical supplier of all tender bids that it has submitted to PHARMAC; and
- allow pharmaceutical suppliers the opportunity to review all tender bids from any international office before submitting the final tender bids.

Following the closing date for EOI, PHARMAC may send out an RFP to parties PHARMAC considers meet the evaluation criteria specified in this Invitation (note: the criteria for evaluating responses to the Invitation for EOI for implementing an electronic tendering (eTendering) system for PHARMAC's annual multi-product tender are outlined in this Invitation, below). Should PHARMAC consider a provider meets its requirements, it may contract with that eTendering service provider, directly following the closing date for EOI.

Any agreement reached would be subject to consultation and PHARMAC Board approval (or CEO approval under Delegated Authority).

PHARMAC may communicate with external parties at any stage in relation to their EOI. PHARMAC reserves its right to make adjustments to its proposed process at any stage.

Responses to the Invitation for EOI for implementing an electronic tendering (eTendering) system for PHARMAC's annual multi-product tender must be received by PHARMAC by 5pm on Friday 9 June 2006.

An indicative timeline for the process following the closing date for EOI is as follows:

- The PHARMAC evaluation committee will review all responses received by 30 June 2006.
- PHARMAC may issue an RFP to parties who PHARMAC considers meet the evaluation criteria specified in this Invitation or it may simply negotiate with the preferred provider or providers, directly following the closing date for EOI.
- The PHARMAC Board would consider the implementation of an eTendering system at its meeting in August 2006 and if required a provisional contract can be developed contingent on Board approval or CEO approval under Delegated Authority.
- Any agreement reached would be subject to consultation and Board approval.

All respondents must specify:

- the name and contact details of the eTendering service provider;
- a contact person;
- the types of service the eTendering service provider currently provides;
- statement of the eTendering service provider's business philosophy and a description of its business culture;
- proof of business viability and whether or not it is New Zealand owned or part of a group company. If part of a group company in what capacity e.g. franchise, regional office etc;
- current or anticipated staffing levels and expertise;
- previous experience and relevant expertise;
- disclosure of any work undertaken for pharmaceutical companies (either current or past experience);
- previous or current experience with same/similar types of services as described in the Invitation with other health entities or government departments;
- details of services proposed and key features of the proposal;
- costings (Goods and Services Tax exclusive) including any related conditions or proposed terms affecting the cost for PHARMAC;
- any work the eTendering service provider would need to subcontract out to other external suppliers; and
- any suggestions about added services that could be provided (including training and on-going technical support).

Criteria for evaluating responses to the Invitation for EOI for implementing an electronic tendering (eTendering) system for PHARMAC's annual multi-product tender

The following criteria have been developed to evaluate the EOI responses received from external parties. To assist in evaluating the responses, PHARMAC would appreciate evidence or examples of previous work undertaken which meet the criteria, or where such work has not been undertaken previously, examples of how you would envisage undertaking such work.

- prior experience in eTendering and similar IT procurement projects;
- cost and value for money;
- the proposed eTendering system for PHARMAC and your ability to deliver the specified services detailed in the EOI;
- the capability of the proposed eTendering system to provide additional technologies/services to PHARMAC's business;
- the ability to work as a team with us; and
- any potential conflicts of interests and proposals of how to deal with these.

All responses must be received by 5pm (New Zealand time), Friday 9 June 2006. Please direct any correspondence or questions to Mike Bignall, Tender Analyst, PHARMAC, (tel) +64 4 9167562, (fax) +64 4 4604995 (email) mike.bignall@pharmac.govt.nz.

Please note that:

- an EOI is not an offer capable of being converted into a contract by PHARMAC's apparent acceptance; and
- this Invitation does not constitute a decision by, or commitment from, PHARMAC to proceed with an eTendering system.

Yours sincerely



Wayne McNee
Chief Executive