

NetWork BC Notice to Vendors
October 14, 2004

Re: NetWork BC Potential for Contract Extensions/Deferral of JSP Process

Earlier this year the government of BC announced its plan to enter into a Joint Solutions Procurement process (JSP) for data, voice and mobility services for the public sector. (see: Notice To Vendors, April 20 at; http://www.network.gov.bc.ca/whats_new.htm) Through the JSP process, the province intended to enter into new contracts with one or more vendors for those services. It was also expected that successful vendors would be responsible for providing broadband services to all unserved and underserved areas of British Columbia to bridge BC's "digital divide". The term contemplated for these contracts was up to 10 years with an estimated annual commercial value of \$100 million.

As part of this process, the Province retained PricewaterhouseCoopers LLP to provide business advice related to the JSP. Based on an assessment of the NetWork BC project objectives and the desired business outcomes PricewaterhouseCoopers LLP advised that:

- current market conditions might not be optimal for the province to achieve the desired outcomes;
- the Province and the broader public sector may be able to increase the effectiveness of the competitive process at a later time;
- there are proceedings currently under review with the Canadian Radio-television and Telecommunications Commission (CRTC) in several areas, which might have an impact on how the competitive process should be structured (e.g. Voice over Internet Protocol and deferral account);
- the risk to vendors associated with the capital cost of infrastructure investment might be reduced or avoided with an alternative approach; and,
- there is a high risk to vendors in estimating and pricing the total aggregated demand, scoping the next generation network and the required network services before all communities are connected and the broader public sector network demand has been integrated.

Accordingly, PricewaterhouseCoopers LLP suggested that temporarily delaying the JSP could lead to a more successful competition in the future.

On considering this advice, and to avoid costs to vendors, government and the broader public sector involved in conducting a JSP at this time, the Province has revised its intended approach to include:

- extending the existing NetWork BC tactical plan currently ending December 31, 2006 by up to an additional two years in order to separate the task of building infrastructure into remote communities from a long term contractual commitment for the Province's voice, data and mobility services;
- ascertaining how the CRTC directs use of the deferral accounts for the connection of unserved and underserved communities while leveraging existing contracts with existing vendors during the two year extension;
- exploring alternatives in conjunction with contract extensions, primarily with Telus, that would result in the completion of the infrastructure required for broadband services in unserved and underserved areas of the province before the end of 2006, while at the same time enhancing the environment for future competitions for public sector data, voice and mobility services;
- competing some services as soon as possible where there is an opportunity to do so (e.g. cellular);
- using the intervening time period to assess the impact of current regulatory proceedings and technological developments on services as they relate to the business requirements of the Province of BC and the broader public sector; and,
- planning to proceed to competitive procurement for its voice, data and mobility services prior to the end date of any potential extension period.

The Province expects to confirm this revised approach on the foregoing matters within 20 days, at which time it will either enter into negotiations with existing vendors or alternatively, issue the JSP as previously announced.

Should the Province be unable to secure appropriate agreements with existing suppliers, the Province reserves the right to cancel negotiations and proceed immediately to JSP without further notice.

While acquiring voice, data and mobility services at competitive prices is important, bridging the digital divide is also of critical importance to this project. The government of BC is interested in hearing the views of organizations who currently supply telecommunications services to the BC public sector or who believe they have a role in helping bridge the digital divide on a regional basis. If readers of this notice have objections to the plan described above, please respond in writing detailing your concerns to Dave Nikolejsin, Assistant Deputy Minister, NetWork BC at Dave.Nikolejsin@gems1.gov.bc.ca with copy to Rick McCandless, Government of BC CIO at Rick.McCandless@gems1.gov.bc.ca no later than 11:59 PM PDT October 24th, 2004.