SOFTWARE PROCUREMENT
Training

Software Procurement Directorate

May 2021

Serving
GOVERNMENT,
serving
CANADIANS.

SOFTWARE LICENSE?

➢ A software license or software subscription is a means by which we (Canada) obtain the right to use a software product

➢ A perpetual license is owned in perpetuity, whereas a subscription is for a defined period

➢ Software solutions can be installed on a **client's infrastructure**, **Shared Service Canada's infrastructure** or hosted on the **cloud**

➢ Software maintenance generally entitles the licensee to receive updates, enhancements, patches, fixes, etc.

➢ An upgrade license grants the licensee the right to upgrade or update from a previous version of a software product to a later version of the software product

www.pspc-spac.gc.ca

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Basic key questions to ask:

- Is this a first time buy?
- What solution was used in the past to meet the requirement?
- What is the technical reason for buying the software?
- When were the licenses first purchased?
- How was the original base of the licenses acquired?
- Would Client accept a Statement of Capabilities from another Vendor?
- Will the software be installed on GC infrastructure or in the cloud?
- What is the classification of the data?

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TYPES OF SOFTWARE REQUIREMENTS

1.   Maintenance and Support Services

2.   Additional quantities of Software Licenses / Subscriptions

3.   Brand new Software Licenses / Subscriptions

4.   New version of Software Licenses / Subscriptions to replace existing solution

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TRADE AGREEMENTS

➢ NAFTA is no longer in force

➢ Canada-United States-Mexico Agreement (CUSMA) replaces NAFTA

➢ Lowest international trade agreement goods threshold now at $108K

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What is acceptable support for sole sourcing?

1. Installed Base of Perpetual Licenses
2. Transition Costs
3. The Marketplace
4. Unique Technical Functionality
5. Proprietary Rights

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Advance Payments for Software

❑ Exceptional circumstances

❑ Entrenched in Software industry

❑ No other reasonable alternative exists

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Software Publisher's Standard Commercial Terms

➢ Click-through Terms and Conditions

➢ Software Publisher unwilling to modify its standard commercial terms

➢ Limitation of the Contractor's Liability

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SOFTWARE AS A SERVICE

- **SaaS** is a delivery model in which the client or end user does not own a license, but rather **subscribes to a service** in order to access a particular solution.

- Other types of cloud solutions include (but are not limited to) Infrastructure as a Service, Platform as a Service, and Bring Your Own License models

- GC consumers do **not manage or control the underlying cloud infrastructure** such as network, servers, operating systems, storage etc.

- **There are many unique considerations for cloud,** such as classification of data, security and privacy obligations, and cloud security controls – for storing, processing and protecting Canada's data (such as ISO certifications, ITSG-33, SOC2 Type II, etc.

- Cloud software contracts require a unique set of terms and conditions not yet included in the SACC manual

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Benefits of SaaS to the Government of Canada

➢ **Accelerated deployments** SaaS eliminates delays caused by infrastructure projects, as it leverages the Cloud Service Provider's (CSP) data centers.

➢ **Improved performance and scalability** SaaS solves infrastructure related system capacity issues, leveraging the cloud resources to meet demand (aka hyperscale).

➢ **Access to new software faster** The cloud instance is updated regularly, without GC having to manage complex upgrades.

➢ **Low GC maintenance activities** Vendors are accountable for such activities

➢ **Improved reliability and security** If clients respect security rules.

➢ **Potential for cost reduction** Save on overall infrastructure, product and operational costs depending on situation and given proper resource management.

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Considerations for SaaS Procurement

➢ We are storing Canada's data in the cloud and need to make sure it is secure.

➢ Clients are responsible for securing data (little oversight) and are not well equipped to do so

➢ Service Level Agreements define availability, service levels, credits, and delivery of maintenance and support.

➢ Many SaaS Subscriptions will auto renew and will have fees or penalties for exceeding usage (consumption or otherwise).

➢ Low entry prices often result in significant renewal price increases.

➢ It is harder than anticipated to move away from a SaaS Solutions - clients are responsible for migrating out– backing up and moving their data in a reasonable time.

➢ Acceptance for SaaS is unique – by consuming we are confirming acceptance.

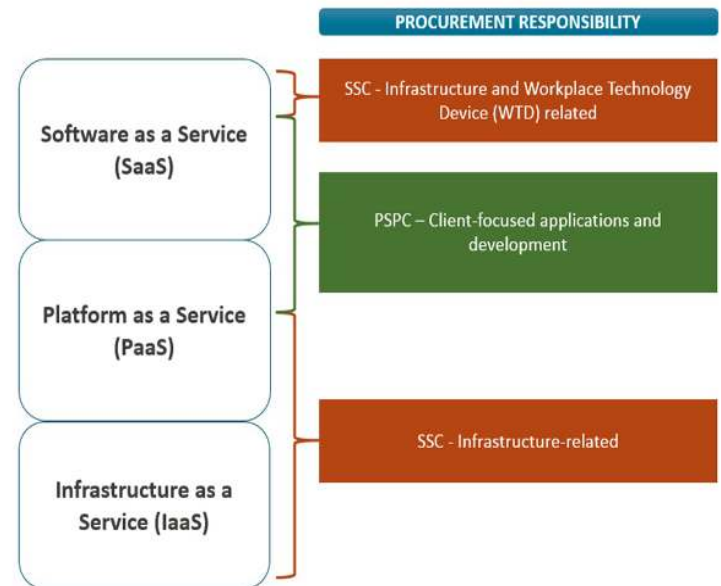➢ Clients are responsible for managing consumption and billing.

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Tiered Assurance Model
for Cloud Security

> ➤ Security Policy Implementation Notice – mandatory for cloud procurements (SPIN 2017-01).

> ➤ *"Departments do not have direct control over all the security controls in a cloud-based service. Neither do they have sufficient visibility into the design, development and installation of those security controls. Consequently, alternative security assessment approaches need to be applied."*

> ➤ Available on GCPedia https://www.gcpedia.gc.ca/wiki/SPIN_2017-01_Third-Party_Assurance.

> ➤ This is in addition to Security & Privacy Obligations, CISD DOS and Personnel Requirements, and Supply Chain Integrity.

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GC Cloud Delivery Structure

- **Treasury Board GC Digital Operations Strategic Plan identified:**
  - o Importance of workload migration and cloud adoption
  - o Benefits of acquiring software as a service
  - o PSPC and SSC mandates for the procurement of subscription Cloud products

- **PSPC mandated to create a source of supply for a client-focused software as a service (SaaS) products through the SaaS Protected B Cloud RFSA – available now**
  - o Primarily in software application and development space
  - o Supporting clients in their service delivery and back-office functions
  - o For solutions up to the Protected B level

- **SSC's mandate is for infrastructure, networks & cyber security – GC Cloud Framework Agreements available NOW**
  - o Primarily platform as a service (PaaS) and infrastructure as a service (IaaS) solutions
  - o Also includes SaaS related to workplace technology devices
  - o For solutions up to the Protected B level

PROCUREMENT RESPONSIBILITY	
Software as a Service (SaaS)	SSC - Infrastructure and Workplace Technology Device (WTD) related
	PSPC – Client-focused applications and development
Platform as a Service (PaaS)	
Infrastructure as a Service (IaaS)	SSC - Infrastructure-related

13

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Key Milestones Protected B SaaS RFSA

- **RFSA Published by ASPD: May 10, 2019**

- **Industry Information Day 1: January 21, 2020**
  - 114 registrants from 67 organizations

- **CCCS Onboarding Wave 1: February 10, 2020 – March 6, 2020**
  - 27 Suppliers on-boarded

- **Industry Information Day 2: January 11, 2021**
  - 214 registrants from 73 organizations

- **CCCS Onboarding Wave 2: January 18, 2021 – February 12, 2021**
  - 27 additional suppliers on-boarded

- **As of May 2021:**
  - 54 Suppliers have onboarded to the CCCS IT Security Assessment Program
  - 10 suppliers have completed evaluations by CCCS, 9 suppliers have obtained industrial clearances
  - 2 Supply Arrangements awarded, 3 pending award
  - 57 client users have completed mandatory training and signed a User Agreement to leverage the vehicle

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Software Licensing Supply Arrangement (SLSA)

- SLSA is one of the methods to purchase Commercial Off-the-shelf On Premise Software (COTS) for low and medium complexity

- SLSA is a mandatory method of supply for on premise solutions

- Pre-negotiated supplier's software terms and conditions as well as product and ceiling price are listed on SLSA Catalogue for Client department usage

- Supply Arrangements (SA) may be awarded directly to a software publisher or to a software reseller. Either may list other sources of supply in the form of Class 1 or Class 2 resellers.

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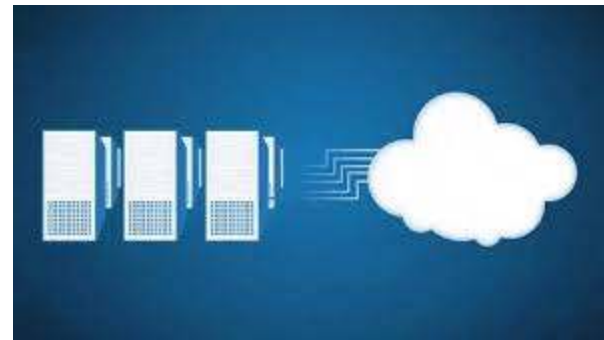Services publics et Approvisionnement Canada

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Software Licensing Supply Arrangement (SLSA)

- Departments must sign a user agreement with PSPC in order to allow their employees to use the SLSA method of supply.

- Only employees that have successfully completed SLSA training may sign SLSA contracts. A contract is not considered to be valid if it is signed by a non-approved employee.

- Software is procured by different entities (SSC, PSPC or Department/Agency) depending on the software sub-category

- Product price competition is permitted in SLSA but not product technical competition

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ARTIFICIAL INTELLIGENCE RFP PROCESS

1. Contact the AI Procurement Team
2. Define maximum value for the entire scope
3. Posted to Source List Vendors for that Band
4. Up to 10 Suppliers invited to bid
5. Engagement sessions
6. Proposals submitted
7. Bids Evaluated
8. Contract (s) awarded

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