

## TERMS OF REFERENCE

### INTEGRATED VIRTUALIZED COMPUTING ENVIRONMENT WITH SECURITY INFRASTRUCTURE AND MOBILE EMERGENCY BASE STATION JOINT VENTURE WITH DBP DATA CENTER, INC.

#### I. BACKGROUND

To keep up with the fast paced, ever changing and ever evolving technology, constant efforts should be exerted in updating and modernizing the current infrastructure and system.

Section 24, Article II of the 1987 constitution provides that the State shall recognize the vital role of communication and information in nation-building. In line with this, various laws have been set in place to groom the Philippines to be globally competitive in terms of IT infrastructure and data center.

RA No. 10844, otherwise known as Department of Information and Communications Technology Act of 2015, provides in Sec. 2. (b) to ensure the provision of strategic, reliable, cost-efficient and citizen-centric information and communications technology (ICT) infrastructure, systems and resources as instruments of good governance and global competitiveness.

Whereas DBP Data Center, Inc. (DCI) is a Government-Owned and Controlled Corporation (GOCC) duly organized and registered with the Securities and Exchange Commission (SEC) and is a wholly-owned subsidiary of the Development Bank of the Philippines (DBP).

Its primary mandate is to provide information and technology facilities management, systems application development, systems integration, IT solutions, contact center operation, business processes outsourcing, IT consulting services and other IT related services to government and non-government institutions.

It is good to note that, the Philippines substantially advanced its ranking in the 2016 E-Government Development Index (eGDI) from 95th spot in 2014 to 71st spot in the 2016 rankings. This was published in the United Nations E-Government Survey 2016: E-Government in Support of Sustainable Development, where a total of 193 countries were ranked according to their potential to promote e-government development.<sup>1</sup>

In order not to lose its momentum, the enhancement and modernization of its I.T. infrastructure & data center must be unceasing. Thus, it is ripe and fitting to engage

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<sup>1</sup> <http://www.dict.gov.ph/philippines-jumps-to-71st-spot-in-the-2016-egdi-rankings/>, 2016

in a Joint Venture to focus on the necessities and complexities of modernization.

The JV with the Private Sector would be very advantageous to the Government since the infrastructure set-up, installation of systems, integration and integration shall bear minimum impact on the financial capabilities of the government, thus, realizing profitable source of added income using a fixed financial budget. With this, DCI, as a government entity, together with the JV partner shall have the infrastructure set up in line with and align with potential projects envisioned within the scope of the target projects.

## **II. OBJECTIVE**

To provide a robustly secured, fully optimized turnkey IT infrastructure integrating remote offices of government agencies and local government units to a highly available fault-tolerant Data Center platform hosting different business enabling applications.

## **III. DURATION OF CONTRACT**

The contract for system integration involving an Integrated Virtualized Computing Environment with Security Infrastructure and Mobile Emergency Base Station, shall be for ten (10) years, with a total Joint Venture estimated project cost ranging from One Hundred Million (PhP 100,000.00) to One Hundred Forty Million and 00/100 Pesos (PhP140,000,000).

This contract is renewable under the same terms and conditions, and upon mutual consent of both parties.

## **IV. QUALIFICATION OF JOINT VENTURE PARTNER**

The joint venture selection process is open to any Filipino individual, partnership, corporation or firm, or consortium. The Joint Venture Partner should be:

1. Operational for at least three (3) years.
2. With contracts that are similar in nature for the last three (3) years.

## **V. SCOPE OF SERVICES**

5.1. The Joint Venture of DCI and Joint Venture Partner (JV) shall setup an Integrated Virtualized Computing Environment with Security Infrastructure and Mobile Emergency Base Station and with the following minimum requirements which will provide fault tolerant and high performance Datacenter infrastructure. All hardware, software, and third party licenses under these enumerated infrastructures to be used for customize system

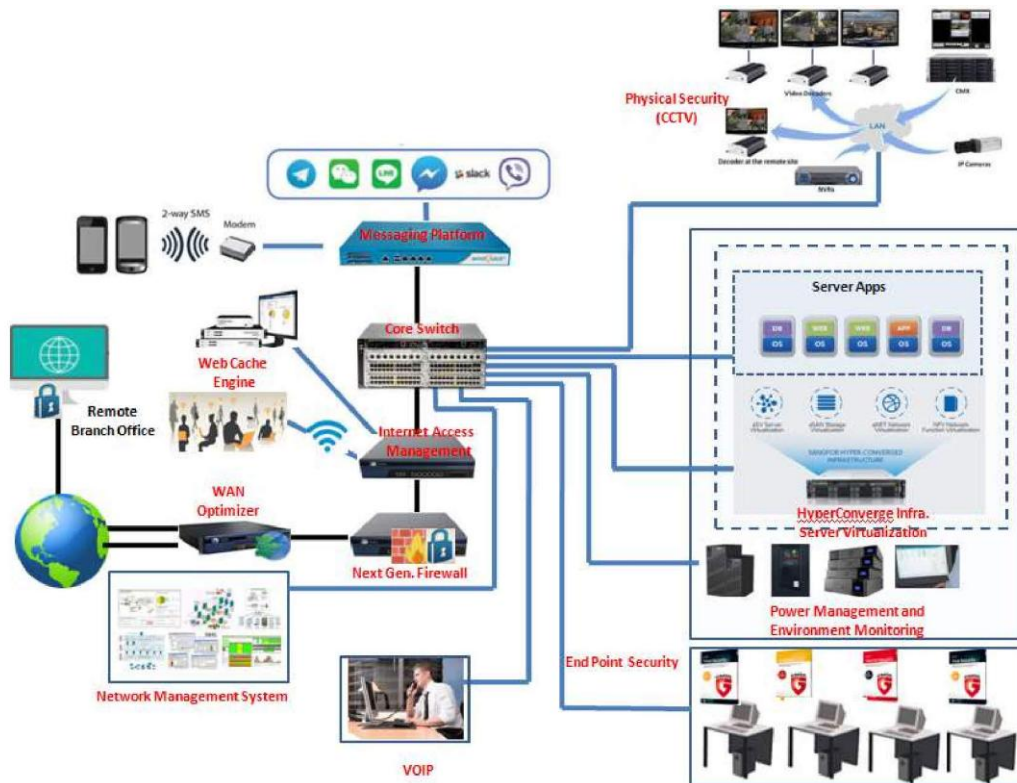
integration involving Virtualized Computing Environment with Security Infrastructure and Emergency Base station and any other IT related products and services are deemed property of the joint Venture.

- 5.1.1. Hyper Converge Infrastructure is an IT framework that combines storage, computing and networking into a single system in an effort to reduce data center complexity and increase scalability. Hyper converged platforms include a hypervisor for virtualized computing, software-defined storage, and virtualized networking. Multiple nodes can be clustered together to create pools of shared compute and storage resources, designed for convenient consumption.
- 5.1.2. Next Generation Firewall is a third generation firewall technology that is implemented in either hardware or software and is capable of detecting and blocking sophisticated and Zero day attacks by enforcing security policies at the application, port and protocol levels.
- 5.1.3. Internet Access Management is a high performance Internet Behavior Management device deployed in the Internet gateway. It has professional bandwidth management, application control, URL filter, traffic control, information control, illegal hotspot/proxy control, behavior analysis, wireless network management, wireless controller. It provides powerful functions of network control and monitoring to effectively prevent the Internet abuses in work time, enhance the working efficiency and productivity within the organization, provides granular bandwidth management and intensive reporting functions.
- 5.1.4. WAN Optimizer is a WAN Optimization appliance/software that can be deployed in the WAN gateway of data centers and branch offices. Performs traffic reduction, stream compression, stream cache, protocol acceleration and other leading technologies, WANO can cut up to 70% of redundant traffic, reduce packet loss rate to below 1%, save 50% of link costs and improve application speed by 3–10 times to achieve huge improvement for application performance & WAN speed.
- 5.1.5. Web Cache is an appliance/software that stores local copies of web pages and objects and serves them to internet users. Web caching saves Internet bandwidth, deliver a better internet experience and able to monitor and control web usage.
- 5.1.6. Intelligent Power Management System provides the tools needed to monitor and manage power devices in your physical or virtual

environment. This ensures system uptime and data integrity by allowing you to remotely monitor, manage and control UPS and other devices on your network. IPMS automatically shutdown servers when the UPS battery already reach its threshold level.

- 5.1.7. Alarm Messaging System is an active 2-Way Monitoring system that helps on ensuring that company's IT Network is available and operational. This will inform the assigned personnel when critical network events have occurred and require attention. This will help attending support personnel to response quickly reduce network downtime.
- 5.1.8. Advance Endpoint Protection protects your network with anti-spam, antivirus, anti spyware to minimize system slowdown. Endpoint blocks malware and infections by identifying and preventing the handful of techniques and behaviors used in almost every exploit. Endpoint doesn't rely on signatures to catch malware, it catches zero-day threats without adversely affecting the performance of your device.
- 5.1.9. Core Switches is a high-capacity switch generally positioned within the backbone or physical core of a network. Core switches serve as the gateway to a wide area network (WAN) or the Internet – they provide the final aggregation point for the network and allow multiple aggregation modules to work together.
- 5.1.10. Closed Circuit Television (CCTV) is self-contained surveillance system comprising security cameras, video recorders, centralized monitoring system including video content analytics.
- 5.1.11. Access Control System provides security to critical physical locations, ensuring only authorize personnel have access particularly inside the Data Center. ACS can be integrated to CCTV system for a faster more accurate response to incidents. Features and functionalities can also be extended to branch offices and can be managed centrally in a command center together with CCTV.
- 5.1.12. Voice Over Internet Protocol (VOIP) is a phone service over the Internet, it transmits voice and multimedia content over Internet Protocol (IP) networks.
- 5.1.13. EMERGENCY BASE STATION is a fully functional GSM network capable of providing a reliable and efficient way to communicate in harsh weather conditions. It is designed to be portable for easier transport and deployment, can be easily operated by non-technical

personnel and can be stored during non-use. It is capable of the following services (1) Rapid deployment in emergency situations (2) Allows any mobile phone to connect to the network (3) Provide call and SMS functions. It is capable of sending broadcast emergency news, announcements and safety messages via SMS to all connected subscribers at any given time or scheduled ahead of time. It has a hotline number for quick coordination and has informative dashboards to log voice calls and messages within the network.



5.2. The Joint Venture shall provide technical and marketing support to client agencies in the form of training and/or orientation to the Joint Venture Partner's ICT products and services, proposal preparation, product presentation, and assistance with Client scoping. Any other additional specialized marketing support outside of those enumerated above shall be charged and billed separately to client agencies.

## VI. RESPONSIBILITIES OF JOINT VENTURE PARTNER

The Joint Venture Partner shall provide equity, as its share to the Joint Venture, equivalent to 90% of the estimated project cost which may be in the forms of monetary, services, hardware and/or software to deliver the following IT solutions:

6.1. The Joint Venture Partner shall provide manpower for the operations and support services.

- 6.2. Project development and operation personnel in the processing of the development and setup of an Integrated Virtualized Computing Environment with Security Infrastructure and Mobile Emergency Base Station, and any other IT related products and services.
- 6.3. Technical Support Staff who will install, maintain, and manage the Joint Venture infrastructure setup and the Joint Venture Data Center throughout the duration of this contract.
- 6.4. The Joint Venture Partner shall ensure that connectivity between data center resources and users, both local and remote, shall meet the minimum requirements.
- 6.5. Maintain electronic copies of all records and documentations required by this Agreement for a period of not less than 10 years.

## **VII. RESPONSIBILITIES OF DCI**

- 7.1 DCI shall provide over-all project management of the Joint Venture's Integrated Virtualized Computing Environment with Security Infrastructure and Mobile Emergency Base Station and monitor clients' compliance with operational procedures, best practices and policies.
- 7.2 DCI shall provide equity, as its share to the Joint Venture, with the value thereof assessed at 10% of the estimated project cost.
  - 7.2.1. Perform with Joint Venture Partner first (1<sup>st</sup>) level support to all project clients, providing technical support, helpdesk, utilities and security for the operation of every project.
  - 7.2.2. Perform with Joint Venture Partner marketing services such as but not limited to project selling, negotiations and binding contract/s offering all ICT product and services of the Joint Venture to other government agencies.
  - 7.2.3. Promote the use of the Integrated Virtualized Computing Environment with Security Infrastructure and Mobile Emergency Base Station, and any other IT related products and services.
  - 7.2.4. Designate or ensure that DBP is depository bank for the Joint Venture.

## **VIII. REVENUE SHARING**

- 8.1. Integrated Virtualized Computing Environment with Security Infrastructure and Mobile Emergency Base Station

8.1.1. Milestone Progress billing – obtained from a portion/percentage of projects that has been completed to date.

8.1.2. The Joint Venture shall provide revenue share based applicable transaction fee/s as follows:

JV Partner	70%	The proposal to be submitted may vary but any proposal for sharing on fees collected should have a percentage of not more than 70% for the JV partner
DCI	30%	The proposal to be submitted may vary but any proposal for sharing on fees collected should have a percentage of not less than 30% for DCI

**IX. WARRANTIES OF THE JOINT VENTURE PARTNER**

- 9.1. The Joint Venture Partner warrants that it shall conform strictly to the terms and conditions of this Terms of Reference.
- 9.2. The Joint Venture Partner warrants, represents and undertakes reliability of these services and that its manpower complements hardworking, qualified, reliable and dedicated to do the service required to the satisfaction of DCI. It shall employ well-behaved and honest employees with ID displayed conspicuously while working within the premises of DCI. It shall not employ DCI employees to work in any category whatsoever.
- 9.3. The Joint Venture Partner shall comply with the laws governing employee's compensation, PhilHealth, Social Security and labor standards, and other laws, rules and regulations application to the personnel employed by Joint Venture Partner on account of the contracted services. The Joint Venture Partner shall pay its personnel not less than the minimum wage plus other benefits mandated by law.
- 9.4. The Joint Venture Partner in the performance of its services shall secure, maintain at its own expense all registration, licenses or permit required by National or Local Laws and shall comply with the rules, regulations and directives of Regulatory Authorities and Commission.
- 9.5. The Joint Venture Partner personnel shall take all necessary precautions for

the safety of all persons and properties near area of work and shall comply with all standard and established safety regulations, rules and practices.

- 9.6. The Joint Venture Partner shall coordinate with the Authorized and/or designated DCI personnel in the performance of their jobs.
- 9.7. The Joint Venture Partner shall be liable for loss, damage or injury due directly or indirectly through the fault of negligence of its personnel. It shall assume full responsibility thereof and the DCI shall be specifically released from any and all liabilities arising there from.

## **X. CONFIDENTIALITY OF DATA**

- 10.1. The Joint Venture Partner shall document detailed procedures/techniques in identifying systems security risks and breaches and how much such shall be handled.
- 10.2. All project staff of both parties is required to sign a Non-Disclosure Agreement (NDA).
- 10.3. The project with Integrated Virtualized Computing Environment with Security Infrastructure and Mobile Emergency Base Station, its components, parts and all products, product samples and specifications, data, ideas, technology and technical and non-technical materials, all or any of which may be derived from any of the foregoing (all of which, individually and collectively, shall hereinafter be referred to as the "Proprietary Information" are confidential and proprietary to the Joint Venture.
- 10.4. The Joint Venture agrees to hold the Proprietary Information in strict confidence. Furthermore, agrees not to reproduce, transcribe or disclose the Proprietary Information to third parties without prior written approval of both parties.

## **XI. CONDITIONS OF CONTRACT**

- 11.1. Activation of the ICT solution requires exclusivity of Joint Venture Partner. Joint Venture Partner is not allowed to conduct business to any government agency related to the line of products and services DCI is offering. Whereas this shall not be misconstruing that DCI is exclusive to the Joint Venture Partner. DCI shall ensure that this term is incorporated or considered in its contracts with its clients. The Term shall take effect upon the installation and deployment of the system and shall remain in force during the term of the Joint Venture.
- 11.2. In the event that DCI's client terminates the use of the Services without



reasonable cause before the end of the Term of its contract or agreement therewith, a pre-termination penalty applies, which shall essentially cover the minimum charges for the unused term of the contract or agreement. DCI shall include a pre-termination clause in any Contract or Service Agreement it signs with its Clients.

- 11.3. The Joint Venture Partner shall reserve the right to review the contract prepared by DCI with its client. Any contract drafted by DCI with its client or third party should be in conformity with the Joint Venture Agreement between DCI and the Joint Venture Partner. Any stipulation contrary to said Joint Venture Agreement shall be void.
- 11.4. Joint Venture Partner will be evaluated every six (6) months. Non-performance in terms of project delivery after three (3) years may be a ground for pre-termination.
- 11.5. After the contract, Data ownership will be given to DCI.
- 11.6. This Terms of Reference defines that DCI shall not incur additional payments other than the agreed share in the Joint Venture Agreement.

## **XII. PRE-TERMINATION OF CONTRACT**

- 12.1. The contract for the project Integrated Virtualized Computing Environment with Security Infrastructure and Mobile Emergency Base Station may be terminated for any violation of the terms of the contract. In case of pre-termination, the Joint Venture Partner shall be informed by DCI sixty (60) calendar days prior to such pre-termination.
- 12.2. The Joint Venture shall continue to be in force unless sooner terminated by either party through a written notice sixty (60) calendar days prior to intended date of termination.
- 12.3. Either party shall have the right to recover all amounts which had already become due from the other party prior to the termination or any other pre-termination penalties as well as all the expenses and cost incurred in recovering such amount.
- 12.4. All Agreements, specifically its Terms and Conditions related to any Project or Activated Service created shall continue to be enforced with DCI's clients even after the Termination of this Agreement, until such time that the terms and conditions set forth in the said Agreements with DCI's clients have been fully served. In which case, Joint Venture Partner shall continue all its support and maintenance series related to the use of systems and solutions covered by this Agreement.

### **XIII. PERFORMANCE SECURITY**

As a condition for the awarding of Contract, Private Entity shall deliver a Performance Security in order to guarantee the performance of its obligations. The Performance Security shall be in the following forms and amounts at the option of Private Entity:

- a. Cash, manager's check, irrevocable letter of credit, bank draft - a minimum of two percent (2%) of Private Entity's contribution to the Joint Venture as valued in the TOR; or
- b. Bank Guarantee - a minimum of five (5%) of Private Entity's contribution to the Joint Venture as valued in the TOR; or
- c. Surety Bond - a minimum of ten (10%) of Private Entity's contribution to the Joint Venture as valued in the TOR.

The Performance Security shall be renewed annually if in the form of Surety Bond no later than thirty (30) days before the expiration date of such Performance Security.

Within twelve (12) months after the end of the term of the Contract, or its extension, unless there is any accrued liability under the Performance Bond, DCI shall undertake with due expedition such action as Private Entity may reasonably request, to assist Private Entity in procuring the release of the Performance Bond.

*\*\*\* Nothing Follows \*\*\**