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Value-Based Evaluation Criteria Guide



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The Innovation Procurement Toolkit (IPT) was created by the Healthcare Supply Chain Network (HSCN) and is now provided by OCE.

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VALUE-BASED EVALUATION CRITERIA GUIDE

1. BACKGROUND

The proposal evaluation process provides a mechanism that determines which response(s) to requests for proposal (“RFP”) best meet a Health Service Provider’s (“HSP”) stated needs. The proposal evaluation assesses a proponent’s ability to successfully deliver against those needs. Since the sourcing award is based on the proposal evaluation, it is important the evaluation criteria clearly communicate what is of value to the HSP and facilitate the preparation of proposals that can deliver the stated specifications and maximize that value to the HSP.

“Innovation procurement is defined as the purchase of solutions that do not exist in the market or need to be adapted or improved to meet specified needs and create value for users and the procuring organization”¹. Under such circumstances, when an HSP chooses to use an innovation procurement model applying outcome-based specifications (“OBS”), the criteria must allow accurate and objective evaluation of dissimilar proposals against the OBS. Although the same principles apply as for a traditional approach, when procuring innovation or innovative solutions, traditional approaches to evaluation require some adjustments.

Proposal evaluation criteria and processes must provide a fair, transparent, and accountable method for evaluating proponents’ offers, clearly stating how functional and/or technical requirements, other value-based factors and cost or pricing will be assessed. This is best applied and demonstrated through appropriately developed proposal evaluation criteria and by aligning with the Broader Public Sector (BPS) Procurement Directive principles, which are:

- **Accountability:** Organizations must be accountable for the results of their procurement decisions and the relevance of the processes.
- **Transparency:** Organizations must be transparent to all stakeholders. Wherever possible, stakeholders must have equal access to information on procurement opportunities, processes and results.
- **Value for Money:** Organizations must maximize the value they receive from public funds. A value-for-money approach aims to deliver equipment, goods, and services at the optimum total cost of ownership. Value-for-money also includes consideration of clinical and economic value of the technology and services.
- **Quality Service Delivery:** Front-line services provided by organizations, such as patient care, must receive the correct solution, at the right time and place.
- **Process Standardization:** Standardized processes remove inefficiencies and create a level playing field.

¹Ministry of Government and Consumer Services, BPS Primer on Innovation Procurement (Interim)

2. EVALUATION CRITERIA

2.1 EVALUATION OF AN INNOVATION PROPOSAL

The procurement of innovative solutions that do not currently exist or require significant changes necessitates a whole new suite of tools and methodologies. These include procedures that invite dialogue and/or partnership, and the awarding of contracts that achieve value for money by balancing outcomes with total cost of ownership (“TCO”). Using such approaches can deliver exceptional results for the HSP, and the development of evaluation criteria and processes that enable HSPs to assess these proposals are critical to success.

The evaluation criteria used to assess innovation proposals consist of the factors and sub-factors that reflect the areas of value to the HSP and may not include the assessment of more traditional functional or technical specifications. In particular, OBS state requirements in performance terms, focusing on the end not the means. This requires establishing the balance between qualitative and quantitative benefits and determining the value proposition for the given set of circumstances. An HSP should be able to assess the similarities and differences, strengths and weaknesses, of competing proposals to ultimately make a sound sourcing award.

2.2 KEY ELEMENTS IN THE DEVELOPMENT OF EVALUATION CRITERIA

The criteria used to evaluate innovation proposals will depend on the specific HSP’s stated problem, defined OBS, and the market’s maturity and capacity. The evaluation criteria selected should enable the HSP to objectively determine which proposal offers the most suitable solution by assessing:

- Conformity with conditions for participation (mandatory requirements);
- An appropriate level of conformity with rated elements;
- The degree to which a proposal meets desirable non-cost criteria (e.g., patient value; HSP strategies and priorities; resource capabilities; development and implementation plans; scalability, feasibility and sustainability of the solution);
- Total cost of ownership/value for money, including a range of costs such as: one-time, operating, training, system or software conversion, power consumption, life cycle, transportation; and
- The level of risk associated with selecting a particular proposal, including risk associated with total cost of ownership and risk sharing agreements.

It is important to evaluate the innovation capacity of the supplier organization, as well as the technological readiness of the solution (see Appendix A). However, the notion of innovation is inherent in developing a solution that will address the stated need and comparing the “degree of innovation” could be challenging for evaluators.

As discussed in the **Outcome Based Specifications Guide-18**, OBS should focus on outcomes that are important for the HSP and reflect organizational or program priorities. Examples of these include:

- Clinical outcomes
- Patient values
- Value for money
- Technological outcomes
- Operational efficiencies
- Organizational outcomes
- Privacy and security

Value-based evaluation criteria then need to be developed to enable the assessment of whether a proposed solution will be able to achieve the stated outcomes. The table below includes examples of themes that guide the development of those criteria. See the RFPQ and RFS for specific examples of evaluation criteria.

Figure 1 – Themes in developing OBS aligned criteria (with sample questions)

Evaluation Criteria	Description
Task comprehension	<ul style="list-style-type: none"> • How effectively do proponents document their understanding of the HSP’s needs and specifications?
Ability to deliver	<ul style="list-style-type: none"> • The traditional criterion of evaluating a proponent’s experience against published specifications may not be applicable when evaluating innovative solutions • What is the likelihood of the proponent to deliver what is stated in the proposal (e.g. financial stability, experience, partnerships, leadership, resource capabilities)?
Proposed solution	<ul style="list-style-type: none"> • Does the proposed solution address the problem/challenges the HSP faces? • Does the proponent suggest new solutions that are appropriate for the HSP’s needs or is the solution a rework of existing offerings?
Functionality	<ul style="list-style-type: none"> • To what extent do the functional characteristics of a solution (e.g., usability, security, human factors, interfaces) meet the stated need? • Is the solution scalable and sustainable?
Better quality, better performance, better synergy	<ul style="list-style-type: none"> • Does the proposed solution address the stated performance metrics that a specific procurement must achieve? • Are there minimum requirements that must be met? In such cases, the HSP must define how and within which areas these effects are

Evaluation Criteria	Description
	desired beyond the stipulated requirements and should tie these minimum requirements back to the evaluation process.
Patient value	<ul style="list-style-type: none"> Does the proposed innovation provide value to the patient (e.g., improving patient experience, improving quality of life, providing better diagnosis, resulting in fewer complications, and delivering better short-term and long-term outcomes)?
Partnership/shared vision	<ul style="list-style-type: none"> Does the proponent articulate the stated vision? To what extent does the proposed solution align with that vision? Is the proponent equally committed to solving the stated problem?
Risk Sharing	<ul style="list-style-type: none"> To what extent does the proposed risk sharing model demonstrate the proponent's commitment to the HSP and to the solution? Does the model shift risk to the HSP? To what degree? Does the model align with stated performance objectives? How does the model correlate with stated performance metrics?
Total cost of ownership (TCO)	<ul style="list-style-type: none"> When/where is the impact of the benefit experienced? What are the conversion costs? Who is paying for them? If a procurement involves research and development activities, how has the proponent proposed to mitigate the risk associated with unknown pricing factors?
Outcomes	<ul style="list-style-type: none"> To what extent does the solution deliver value for money? Is the technology faster and easier to use? Does the solution reduce procedure time? Does the solution result in faster and better diagnosis, better targeting of therapy, fewer complications, faster recovery and/or better short-term and long-term outcomes?

2.3 PRINCIPLES OF EVALUATION

The innovation procurement evaluation process must adhere to BPS Procurement Directive requirement and principles common to all competitive processes.

Figure 2 – Principles of Evaluation

Principle	Description
Defensibility	<ul style="list-style-type: none"> • A clear and logical process has been rigorously applied
Transparency	<ul style="list-style-type: none"> • Evaluators must conduct assessments individually and independent of other team members • Each Evaluator must clearly document all comments/findings to ensure the integrity of the procurement process
Integrity	<ul style="list-style-type: none"> • Confidentiality must be ensured. • Only the material formally obtained through the process is to be evaluated • No communication with proponents will be allowed, except through the RFP coordinator • All compliant bids are to be treated in the same manner and to be given equal consideration

For reporting and auditing purposes, all procurement documentation, as well as any other pertinent information must be retained in a recoverable form per your organizational policy. This is also important in the event of a freedom of information request under the Freedom of Information and Protection of Privacy Act.

3. EVALUATION PROCESS

3.1 PROCESS OVERVIEW

The evaluation of proposals will be dependent on the type of innovation procurement model used by the HSP. The evaluation process will typically be the same or similar to that of a traditional evaluation process, occurring in stages with published criteria. See the RFSQ and RFS templates for a detailed breakdown of the process. All stages of the evaluation process may apply to any innovation procurement model.

3.2 EVALUATION OF RATED ELEMENTS

The Evaluation/Project Team’s responsibility is to review the proponents’ written responses against the rated elements identified in the competitive document and score them on an individual basis. These scores will be submitted to the procurement lead for compilation and an average score will be generated. A meeting may then be conducted to discuss the consolidated scoring results for each proposal and review the average scores. This provides an opportunity to address any potential oversights in the scoring process (e.g., if one or more evaluators missed a significant element), and any such changes must be properly documented. A master document will be developed by the procurement lead based on the findings from the evaluations and will contain a summary of the evaluators’ comments for all of the rated criteria of the RFP.

Assessing the value of a solution against outcome-based specifications is very different than rating a proposal against technical specifications, where it is more obvious whether the specifications have been met or not. The following table provides three examples of how to structure the evaluation of rated criteria to provide a broader range of options:

Figure 3 – Evaluation Methodology

Features and Benefits
<p>The proponent should describe the features and benefits of the proposed solution and how it meets the stated needs of the HSP including any relevant qualitative or quantitative data and measurable benefits.</p> <ul style="list-style-type: none"> • 0 Points: The proposed solution has no features or benefits that address the HSP’s needs and desired outcomes.
<ul style="list-style-type: none"> • 5 Points: The proposed solution has minimal features and benefits that address the HSP’s needs and desired outcomes.
<ul style="list-style-type: none"> • 10 Points: The proposed solution has moderate features and benefits that address the HSP’s needs and desired outcomes.
<ul style="list-style-type: none"> • 15 Points: The proposed solution has exceptional features and benefits that address the HSP’s needs and desired outcomes.
Technology Readiness Level (TRL)
<p>The proponent should indicate the appropriate TRL (see Appendix A for a high level explanation of each level) for the proposed solution, including challenges that have been addressed or remain to be addressed and required certifications, licences, and approvals.</p> <ul style="list-style-type: none"> • 0 Points: The proponent has not demonstrated that the solution has reached the appropriate level of development, testing and validation to a minimum of TRL as required under the RFP. In addition, the proponent has not demonstrated that they have obtained the certifications, licenses, and approvals required to test their solution in an operational setting, and provided details on those left to obtain.
<ul style="list-style-type: none"> • 5 Points: The proponent has partially demonstrated that the solution has reached the appropriate level of development, testing and validation to a minimum of TRL as required under the RFP. In addition, the proponent has partially demonstrated that they have obtained the certifications, licenses, and approvals required to test their solution in an operational setting, and provided details on those left to obtain.
<ul style="list-style-type: none"> • 10 Points: The proponent has demonstrated that the solution has reached the appropriate level of development, testing and validation to a minimum of TRL as required under the RFP. In addition, the proponent has demonstrated that they have obtained the certifications, licenses, and approvals required to test their solution in an operational setting, and provided details on those left to obtain.
<ul style="list-style-type: none"> • 15 Points: The proponent has fully demonstrated that the solution has reached the appropriate level of development, testing and validation to a minimum of TRL as required under the RFP. In addition, the proponent has fully demonstrated that they have obtained the certifications, licenses, and approvals required to test their solution in an operational setting, and provided details on those left to obtain.

Value for Money
<p>In addition to determining the Total Cost of Ownership (TCO), the proponent should demonstrate the clinical value and economic value of the solution which are determining factors in assessing value for money.</p> <ul style="list-style-type: none"> • 0 Points: The proponent has not established that the solution creates value for money in the factors outlined.
<ul style="list-style-type: none"> • 5 points: The proponent recognizes and refers to value for money and has partially demonstrated that the solution meets the requirements.
<ul style="list-style-type: none"> • 10 points: The proponent demonstrates that the solution meets the requirements of value for money.
<ul style="list-style-type: none"> • 15 points: The proponent fully demonstrates that the solution meets the requirements of value for money.

3.3 IMPORTANT NOTES

This guide is intended as a resource tool to assist HSPs in developing competitive procurement processes for innovative solutions. It is intended as a general reference, with commentary on issues and options with various innovation procurement models and features. This guide (and the accompanying templates) do not replace your organization’s own procurement policies and processes. The IPT has been designed to be compliant with the BPS Procurement Directive. Organizations should seek legal advice on the application or modification of any template to meet their individual circumstances.

Please read the terms upon which this guide is provided at www.oce-ontario.org This guide is intended to be a dynamic document and will be updated over time.

Sources used for developing the documents in the OCE Innovation Procurement Toolkit can be found in the [Compendium of Resources-19](#) posted on the OCE website. These include examples of how organizations in various jurisdictions have executed early market engagement strategies and innovation procurement initiatives, with their lessons learned and supporting documents.

APPENDIX A TECHNOLOGY READINESS LEVELS

Technology readiness level (“TRLs”) are a set of management metrics that enable the assessment of the maturity of a particular innovation and the consistent comparison of maturity between different types of innovations – all in the context of a specific system, application and operational environment.

