CONFIDENTIAL REPORT as of August 1, 2014

ENDOSCOPIC SIMULATORS RFP REVIEW

Prepared by the Vendor Appeal Panel

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Vendor Appeal Panel

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1. BACKGROUND

Background

The need for a new simulator was identified within the gastroenterology department of the UofA. The Provincial Simulation Program within AHS (eSim), as a partner with the UofA, did some market research on simulators currently available on the market and also spoke to other institutions using simulators in Canada. The literature review seemed to indicate that the Successful Vendor's simulator was the better product but also that all of the models on the market had their strengths and weaknesses. The interviews were not as consistent and seemed to indicate that the final determination of which simulator best meets an institution's needs is the degree of alignment between the institution's training curriculum and the simulator's functionality.

As a result of the above research, eSim determined that it would not be appropriate to do a sole source procurement for the new simulator but that a competitive process would ensure that the best product for the program was acquired.

In December 2013, a Request for Proposal (RFP) was issued for Endoscopic Simulators. The RFP was for a simulator with functionality for GI and Bronchoscopy Endoscopic Simulation Functionality.

Two vendors responded to the RFP:

- The Successful Vendor
- The Appellant

In February 2014, the evaluation of the two vendor submissions was completed and a recommendation was made to award the contract to the Successful Vendor. The estimated value of the award was $160,000.

Scope and Terms of RFP

The simulator was being purchased for the primary use of the University of Alberta Faculty of Medicine Gastroenterology Department for the training of residents. However, there was also a desire to acquire a simulator that could be used for a diversity of training for other learner groups (particularly during the academic off season) such as within the Health Sciences Education and Research Centre although such use would probably not occur for a couple of years. This information was not included in the RFP documents.

The RFP was for a simulator that had both GI and Bronchoscopy endoscopic functionality.

The criteria set out in the RFP for the selection of vendors fall into the following categories:

- Technical Specifications
- Service Support and Warranty
- Information Technology

- Pricing

Technical Specifications had the largest weighting at 60% of total evaluation scoring with pricing second at 20%. The remaining categories each had weightings of 10%.

Results of the RFP Evaluation

The final overall scorings for the RFP are as follows:

Endoscopic Simulator - GI Endoscopic Simulator		Successful Vendor	Appellant
Technical Specifications	60.00%		
Service, Support & Warranty	10.00%		
Information Technology	10.00%		
Sub-Total	80.00%		
Pricing	20.00%		
Total	**100.00%**		
Ranking		**1st**	**2nd**

Endoscopic Simulator - Bronchoscopy Simulator		Successful Vendor	Appellant
Technical Specifications	60.00%		
Service, Support & Warranty	10.00%		
Information Technology	10.00%		
Sub-Total	80.00%		
Pricing	20.00%		
Total	**100.00%**		
Ranking		**1st**	**2nd**

Vendor appeal

In April 2014, Appellant appealed the award decision on the basis that the Successful Vendor did not meet some of the technical requirements set out in the RFP.

The basis of Appellant's appeal was that the Successful Vendor did not meet the following three technical requirements:

- Endoscopic Ultrasound Capability
- Endotrachial Bleeding Scenarios
- Employs real endoscopes

While not specifically mentioned in their appeal letter, during Internal Audit's interview with the Appellant, the Appellant also complained that there was no opportunity to do a live demo of their equipment during the RFP process. They believed that the absence of a live demo may have

contributed to an erroneous conclusion on AHS's part that the Successful Vendor's simulator did meet the above technical requirements.

The appeal letter also states that their product was the preference of the eSIM/Provincial Simulation Center prior to the RFP so they did not understand why they were not successful in the RFP.

Objective

The objective of this appeal was to determine whether there is any substance to the concerns raised by the Appellant that the Successful Vendor did not meet the technical criteria set out in the RFP.

In support of the above objective, Internal Audit:

- Interviewed the Appellant to clarify the nature of their appeal and obtain any information they may have that is relevant to the appeal.
- Reviewed all documentation relevant to the subject of the appeal, including documents related to the RFP process, vendor submissions, vendor evaluations, and the final award decision.
- Interviewed individuals who had a key role to play in developing the RFP requirements or in the RFP process including:
    - CPSM personnel to understand the process used for the RFP to ensure it was consistent with AHS policy
    - End Users who were members of the evaluation team to understand the rationale for the criteria relevant to the Appellant's appeal that are included in the RFP
    - Evaluation committee members to understand the process used for the evaluation, what factors and information were considered in the evaluation of the specific criteria for each vendor relevant to the Appellant's appeal and whether the process was equitable and treated all vendors in a consistent manner.

Summary of Findings

An analysis of each of the issues raised by the Appellant including information obtained by Internal Audit in its review of the issue and a conclusion on the issue is located in Section 2 of this report.

From an overall perspective, Internal Audit found that:

- The evaluation team was consistent in the methodology that they used to evaluate both the Successful Vendor and the Appellant.
- The primary use of the simulator was to be within the gastroenterology department of the UofA and, as a result, the GI Simulator functionality was of far more importance to the clinical members of the evaluation team than the Bronchoscopy simulator functionality.
- There were two evaluation teams with some common membership:
    - The evaluation team for the GI Simulator included four clinicians from the gastroenterology department of the University of Alberta supplemented by representatives of AHS's simulation program and clinical engineering departments.

- The evaluation team for the Bronchoscopy Simulator included only representatives of AHS's simulation program and clinical engineering and did not include any clinicians.

- The evaluation team was unanimous in their decision that the Successful Vendor's simulator was the preferred option and in the decision to award the contract to the Successful Vendor.
- As of the date of this report, the new simulator is already in place at the UofA and is in use. In discussion with Dr. Bistritz, one of the end users who was also a member of the evaluation team, the simulator's performance is consistent with what they expected as a result of the RFP.

In addition to the analysis of the issues raised by the Appellant, Internal Audit noted that there were 3 of the 23 technical criteria for the GI Simulator where the Appellant scored poorly while the Successful Vendor scored very well as follows:

Technical Requirement	Appellant Weighted Score (out of 6)	Successful Vendor Weighted Score (out of 6)
Adjustable moderate sedation mode Vital signs display Reactive complications, eg. Breathing suppression, hemodynamic complications, bleeding, etc.		

In discussion with Dr. Bistritz, Internal Audit was informed that these technical requirements were very important from a patient safety perspective and, in her opinion, more important than one of the technical requirements (Endoscopic Ultrasound Capability) referenced in the Appellant's appeal where the Appellant scored better than the Successful Vendor. Dr. Bistritz also commented that an additional technical criterion related to "Mechanism for providing dynamic force feedback inside the mannequin" where the Successful Vendor scored higher than the Appellant was also very important, arguably more important than some of the other criteria.

In discussion with CPSM, Internal Audit determined that there had not been any discussion about the relative weighting of the technical criteria when they were being developed and signed off by the end users who were also members of the evaluation committee as part of developing the RFP.

Internal Audit's Advice to Management

Based on the results of the review of the appeal, Internal Audit offers the following advice to management:

- RFP documents should ensure that they are clear on the relative weightings/importance to be given to criteria in the RFP, including technical requirements, in order to ensure a fair and transparent procurement process and that the relative weightings of the various criteria are aligned with the relative importance of those criteria to the end users.

- As part of the RFP process, steps should be taken to ensure that each evaluation team has the necessary knowledge and skills to evaluate all of the technical criteria.

- Management may want to establish guidelines with respect to how soon after a vendor has had an opportunity to demonstrate its product for AHS an RFP can occur without providing an opportunity for all proponents under the RFP to demonstrate their products to ensure that the vendor who had made the demonstration was not advantaged.

Vendor Appeal Panel Conclusions and Recommendations

The appeal panel found the fact that the RFP documents were not clear on the relative importance of the GI and Bronchoscopy functionality or the relative importance of the individual technical requirements to be a difficult issue. Ideally, the RFP documents should have been transparent on these matters.

However, the appeal panel found that, despite the lack of clarity in the RFP documents about the relative importance of the different functionalities, the RFP process was consistent and all proponents were treated equitably with respect to their proposals, the evaluation did not consider criteria other than those included in the RFP, and there was no evidence of bias. As a result, the panel concluded that, even had this additional clarity been included in the RFP documents, it is not likely that the final decision would have changed.

In addition to the advice provided by Internal Audit, the appeal panel recommends that:

- End users be more actively involved in the development of RFP requirements to ensure that the relative weighting and importance of the requirements is clear in the RFP documents.
- The RFP process should ensure that end users with the necessary knowledge and experience are included in the process of evaluating vendor submissions.
- RFP documents provide greater clarity on the differences between "mandatory requirements" and "technical requirements."

The panel also feels it is important that, as part of communicating the results of the appeal to the Appellant, that the lessons learned as a result of the appeal process and the recommendations arising out of those lessons be communicated to the Appellant in the interests of full transparency.

The panel agrees with Internal Audit's conclusions and recommends that:

- The appeal of Appellant not be upheld,
- Management accepts Internal Audit's advice and the advice of the appeal panel, and
- A redacted copy of the report be provided to the Appellant and be made public.

2. RFP PROCESS CONCERNS

The following is an analysis of the key issue raised by the Appellant related to the RFP process including information obtained by Internal Audit in its review of the issue and a conclusion on the issue.

1. The successful vendor did not meet the technical requirement of using real endoscopes.

The Appellant asserted that the Successful Vendor's simulator did not use real endoscopes while their simulator did.

Information Obtained by Internal Audit

This was one of 19 technical requirements for the Bronchoscopy simulator which were all weighted equally. The Appellant had a weighted score of [redacted] out of a maximum of 6 while the Successful Vendor had a weighted score of [redacted] out of 6 on this criteria.

This was one of 23 technical requirements for the GI simulator which were all weighted equally. The Appellant had a weighted score of [redacted] out of a maximum of 6 while the Successful Vendor had a weighted score of [redacted] out of a maximum of 6.

As a result of a review of the RFP package submitted by the Successful Vendor and an interview with Dr. Lana Bistritz, a member of the RFP evaluation committee, Internal Audit determined that the Successful Vendor's simulator uses modified Olympus Scopes which closely parallels the scopes residents will use in clinical care, which will enhance skills transfer to real tasks. For training purposes, these endoscopes are not distinguishable from real endoscopes.

Dr. Bistritz stated that the Appellant simulator's endoscope has a tripod accessory channel which is unlike any real endoscope and so is less useful as a training tool.

Dr. Bistritz said that the evaluation committee was unanimous in their conclusion that the Successful Vendor's simulator was superior to the Appellant's simulator with respect to this technical requirement and this is reflected in the scoring for both the GI Simulator and Bronchoscopy simulator functionality.

Audit Conclusions:

The evaluation committee was consistent in its methodology of evaluating the technical requirement for the use of real scopes for both the Successful Vendor and the Appellant submissions and both vendors were treated equitably. The evaluation committee was also unanimous that the Successful Vendor's scopes met the requirements of the RFP better than the Appellant's scopes.

Audit Advice:

None.

Vendor Panel Conclusion and Recommendations:

The panel agrees with Internal Audit's conclusion.

2. The winning vendor did not meet the technical requirement of having Endobronchial bleeding scenarios.

The Appellant asserted that the Successful Vendor's simulator did not have functionality for endobronchial bleeding scenarios while their simulator did.

Information Obtained by Internal Audit

This was a technical requirement for the Bronchoscopy simulator only and not the GI simulator. This was one of 19 technical requirements for the Bronchoscopy simulator all of which were weighted equally.

The Successful Vendor and the Appellant simulators both received equal scorings of [redacted] out of a maximum of 6 on this functionality. However it is important to note that the evaluation team scoring the Bronchoscopy functionality did not include any clinicians so the validity of this scoring may be in question. These individuals based their scoring solely on the technical literature submitted by the vendors.

The submission by the Successful Vendor stated that "*For some endobronchial procedures, the administrator can adjust certain parameters such as bleeding.*"

The submission by the Appellant stated:
"*Endobronchial bleeding cases feature bleeding in major airways, as well as peripheral bleeding following a biopsy. Each case features an unrestricted training environment with a selection of methods user can apply at will. Methods include local pressure, topical squirting of different agents, electrocautery and APC. While diagnosing and containing the bleeding, the user is also required to maintain the virtual patient stability and secure airway patency.*"

Dr. Bistritz stated that the Appellant was correct in their assertion that the Successful Vendor's simulator did not have this functionality. However, since the primary use of the simulator was to be in the Gastroenterology department, this functionality was not relevant to the clinical members of the evaluation team for the GI simulator who were all from the gastroenterology department.

Audit Conclusions:

The members of the evaluation team that were interviewed as part of this review were unanimous in their assertion that the primary focus of the RFP and the evaluation was the GI functionality and not the bronchoscopy functionality given that the primary use for the simulator was to be in the

gastroenterology department.

Both the Successful Vendor's and the Appellant's products received the maximum score in this area. However, since the evaluation team scoring this technical requirement did not have any members with a clinical background with an ability to accurately assess this functionality and Dr. Bistritz has confirmed that the Successful Vendor's simulator did not have this functionality, the accuracy of this scoring is in question.

Despite the lack of clarity in the RFP documents about the relative importance of the different functionalities, the RFP process was consistent and all proponents were treated equitably with respect to their proposals, the evaluation did not consider criteria other than those included in the RFP, and there was no evidence of bias.

Audit Advice:

RFP documents should ensure that they are clear on the relative weightings/importance to be given to criteria in the RFP in order to ensure a fair and transparent procurement process and that the relative weightings of the various criteria are aligned with the relative importance of those criteria to the end users.

As part of the RFP process, steps should be taken to ensure that each evaluation team has the necessary knowledge and skills to evaluate all of the technical criteria.

Vendor Panel Conclusion and Recommendations:

The panel agrees with Internal Audit's recommendation.

The panel recommends that management accepts Internal Audit's advice.

3. The winning vendor did not meet the technical requirement of having endoscopic ultrasound capability.

The Appellant asserted that the Successful Vendor's simulator did not have endoscopic ultrasound capability while their simulator did.

Information Obtained by Internal Audit

This was a technical requirement for the GI simulator only and not the Bronchoscopy simulator. This was one of 23 technical requirements all of which were weighted equally.

The Appellant's simulator had a weighted score of out of a maximum of 6 for this functionality

while the Successful Vendor's simulator had a weighted score of [redacted] out of a maximum of 6.

[redacted]

Dr. Bistritz stated that the Appellant was correct in their assertion that the Successful Vendor's simulator did not perform as well in this area as the Appellant did. However, since the primary use of the simulator was to be in the Gastroenterology department, this functionality was considered a "nice to have," not an essential requirement by the clinical members of the evaluation team who were all from the gastroenterology department.

Audit Conclusions:

The evaluation committee was consistent in its methodology of evaluating the technical requirement of having endoscopic ultrasound capability for both the Successful Vendor and the Appellant submissions and all proponents were treated equitably with respect to their proposals.

Audit Advice:

All 23 of the technical requirements of the GI simulator were weighted equally yet it appears that some were more critical than others as at least one, including this one, was referred to as a "nice to have" while others were viewed as critical. In order to ensure a fair and transparent RFP process, relative weightings of technical requirements should accurately reflect their relative importance to end users and to the evaluation process and the final award decision.

Vendor Panel Conclusion and Recommendations:

The panel agrees with Internal Audit's recommendation.

The panel recommends that management accepts Internal Audit's advice.

4. There was no opportunity for a live demonstration of their product.

While not specifically mentioned in their letter, during Internal Audit's interview with the Appellant the Appellant also complained that there was no opportunity to do a live demonstration of their equipment during the RFP process. They believed that the absence of a live demonstration may have contributed to an erroneous conclusion on AHS's part that the Successful Vendor's simulator did meet the above technical requirements.

Information Obtained by Internal Audit

In discussion with Dan Huffman and Dr. Lana Bistritz, members of the evaluation team, Internal Audit confirmed that no live demonstrations were done for the two proponents. The reason stated for this is that there was not enough time in the RFP timeline to allow this. The RFP documents were silent on whether a live demonstration would be part of the RFP process.

Dr. Bistritz agreed that it would have been nice to have a live demonstration of the two machines as part of the RFP process. However, she indicated that the evaluation committee members from the gastroenterology department felt that their department's experience with the older models from both vendors was sufficient that the absence of a live demonstration during the RFP process did not adversely affect their ability to assess both vendors against the criteria set out in the RFP.

Audit Conclusions:

The evaluation committee was consistent in its methodology of evaluating the technical requirements for both the Successful Vendor and the Appellant submissions and had recent experience with similar models from both vendors. As a result, the RFP process was consistent and all proponents

treated equitably with respect to their proposals.

Audit Advice:

None.

Vendor Panel Conclusion and Recommendations:

The panel agrees with Internal Audit's recommendation.

The panel recommends that management accepts Internal Audit's advice.

5. Prior to the RFP, Appellant was informed that theirs was the preferred product by the eSim/Provincial Simulation Center so they did not understand why they were not successful in the RFP.

The Appellant's appeal letter states that their product was the preferred choice of the eSIM/Provincial Simulation Center prior to the RFP so they did not understand why they were not successful in the RFP.

Information Obtained by Internal Audit

In discussion with Dan Huffman, a Director within the AHS Provincial Simulation Program, Internal Audit learned that prior to the RFP in the summer of 2013 (6-8 months prior to the RFP evaluation period), the Appellant had been asked to demonstrate its product for a Medical Researcher at the University of Alberta who was looking for a simulator that could track eye movement. Dan was in attendance at the demonstration as well. The Appellant received positive feedback during the demonstration from the Medical Researcher and Dan but Dan was clear that no commitment was made with respect to any planned or potential purchase of the Appellant's simulator. In the end the researcher did not get the necessary funding so was unable to purchase the simulator.

Dan confirmed that he had spoken to both vendors prior to the RFP and encouraged them to respond to the RFP but that he did not in any way indicate that his area had a preference for any single vendor's product.

Dan speculated that the Appellant might have assumed that the RFP was related to the demonstration that had previously been conducted at the UofA although there was nothing in the RFP that could have contributed to that assumption.

Audit Conclusions:

There is no evidence to indicate that the Appellant was informed that they were a preferred vendor.

[redacted] Also, the functionality being demonstrated was very different from the functionality that was the subject of the RFP so neither the functionality nor any assessment of that functionality would have been transferrable to the RFP.

In any case, Dan Huffman was the only member of the RFP's evaluation committee who was in attendance at the demonstration which further mitigates any risk of inappropriately influencing the RFP decision. Finally, if the demonstration had in some way influenced the RFP decision, it would likely have been in favour of the Appellant and not to the detriment of the Appellant as the Appellant had had an opportunity to demonstrate their product while the Successful Vendor had not.

Audit Advice:

Management may want to establish guidelines with respect to how soon after a vendor has had an opportunity to demonstrate its product for AHS an RFP can occur without providing an opportunity for all proponents under the RFP to demonstrate their products to ensure that the vendor who had made the demonstration was not advantaged.

Vendor Panel Conclusion and Recommendations:

The panel agrees with Internal Audit's recommendation.

The panel recommends that management accepts Internal Audit's advice.