

CONTRACT AGREEMENT FOR DATA STORAGE for Production Databases, Email and Document Files

THIS AGREEMENT made on the ____ day of ____, 2012 between **PHILIPPINE HEALTH INSURANCE CORPORATION**, a government owned and controlled corporation created and existing by virtue of R.A. 7875, otherwise known as the "National Health Insurance Act of 1995", with office address at 17th Floor, City State Center Building, 709 Shaw Blvd corner Oranbo Drive, Pasig City, represented herein by its **President, DR. EDUARDO P. BANZON**, (hereinafter called "**PHILHEALTH**").

-and-

SANDZ SOLUTIONS PHILIPPINES, INC., a stock corporation, organized and registered with the Securities and Exchange Commission under Sec. Reg. No. A200016079, issued on April 16, 2002, and existing under the laws of the Republic of the Philippines, with business address at 6/flr. CYA Bldg. 110 Rada St. Legaspi Vill., Makati City, represented herein by its **Managing Director, ENRIQUE G. VELASCO**, (hereinafter called "**SANDZ**").

WHEREAS, PHILHEALTH invited Bids for the **Procurement of Data Storage for Production Databases, Email and Document Files** and has accepted a Bid by **SANDZ** for the supply of those goods in the sum of **NINE MILLION THREE HUNDRED NINETY EIGHT THOUSAND EIGHT HUNDRED PESOS (PhP9,398,800.00)**, (hereinafter called "**the Contract Price**").

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:

1. In this Agreement words and expressions shall have the same meanings as are respectively assigned to them in the Conditions of Contract referred to.
2. The following documents shall be deemed to form and be read and construed as part of this Agreement, viz.:
 - (a) BAC- ITR Resolution No. 13, S. 2012 (**Annex "A"**);
 - (b) Terms of Reference (**Annex "B"**);
 - (c) Technical Proposal for Data Storage for Production (**Annex "C"**);
 - (d) Bid Bulletin (**Annex "D"**);
 - (e) Notice of Award (**Annex "E"**);
 - (f) Performance Security (**Annex "F"**);
 - (g) General Conditions of the Contract (GCC) (**Annex "G"**);
 - (h) Special Conditions of the Contract (SCC) (**Annex "H"**).
3. In consideration of the payments to be made by **PHILHEALTH** to **SANDZ** as hereinafter mentioned, **SANDZ** hereby covenants with **PHILHEALTH** to provide the goods and services and to remedy defects therein in conformity in all respects with the provisions of the Contract;
4. **PHILHEALTH** hereby covenants to pay **SANDZ** in consideration of the provision of the goods and services and the remedying of defects therein, the Contract Price or such other sum as may become payable under the provisions of the contract at the time and in the manner prescribed by the contract;
5. The contract price covers the costs of all Deliverable Items and Services and includes all applicable taxes and duties in the Philippines, costs of importation, insurance, transportation and delivery at the time and to the locations specified but

excludes any special handling or hosting charges which may be incurred at **PHILHEALTH's** site and which are for the account of **PHILHEALTH**;

6. The contract price covers all taxes, including the 12% Value-Added-Tax, customs duties, license fees, freight, insurance and other charges which may be imposed on the Product by foreign and local authorities;

Within Thirty (30) Calendar Days after complete delivery to and acceptance by **PHILHEALTH, SANDZ** shall submit the Statement or Billing of Account and other documentary requirements as may be required by the former as condition for payment.

As obligation for the warranty, **PHILHEALTH** shall withhold ten percent (10%) of the total contract price stated in the Whereas Clause hereof, amounting to **Nine Hundred Thirty Nine Thousand Eight Hundred Eighty pesos (PhP939,880.00)** as retention money. **The said amount shall only be released after the lapse of the three (3) year warranty period.** Otherwise, **SANDZ** may opt to post a special bank guarantee equivalent to the same amount covering the said warranty period.

7. All other terms, conditions and stipulations accompanying this Contract together with all proposals and all mandatory provisions of the Revised Implementing Rules and Regulations of R.A. 9184, shall form an integral part of the contract between the PARTIES hereto.

The PARTIES hereby certify that they have read or caused to be read to them each and every provision of the foregoing Contract and that they had fully understood the same.

IN WITNESS whereof the parties hereto have caused this Agreement to be executed in accordance with the laws of the Republic of the Philippines on the day and year first above written.

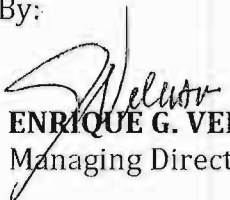
PHILIPPINE HEALTH INSURANCE CORPORATION

SANDZ SOLUTIONS PHILIPPINES, INC.


By:

By:

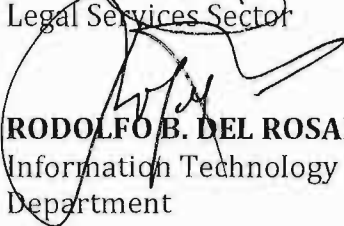

DR. EDUARDO P. BANZON
President and CEO

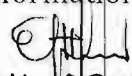

ENRIQUE G. VELASCO
Managing Director

Signed in the presence of:



SVP EDGAR JULIO S. ASUNCION
Legal Services Sector

DR. ALVIN B. MARCELO
Chief Information Officer


RODOLFO B. DEL ROSARIO JR.
Information Technology Management Department


HANNAH MORRAINE DALGAY
BIBIANA T. CRUZ
Division Chief
Accounting and Internal Control Department


MARIA ANGELA SOLAYON
Witness for **SANDZ**


Witness for **SANDZ**

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ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI S.S.

JUL 10 2012.

BEFORE ME, this ____ day of _____ 2012, personally appeared the following persons exhibiting to me their respective Government issued ID's, to wit:

DR. EDUARDO P. BANZON

Philippine Health Insurance Corp.

PHILHEALTH I.D. # _____

ENRIQUE G. VELASCO

Sandz Solutions Philippines, Inc.

Known to me to be the same persons who executed the foregoing Contract Agreement consisting of **forty two (42)** pages including the annexes and this page on which the acknowledgement is written and they acknowledged that the same is their free act and deed and that of the corporations being represented.

WITNESS MY HAND AND SEAL on the date and place first above written.

Doc No. 90
Page No. 19
Book No. 28811
Series of 2012

ATTY. GEORGE B. ORTIZ JR.
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2012
ROLL OF ATTORNEY NO. 40091
MCLE COMPLIANCE NO. III-0014282
IBP NO. 666155-LIFETIME MEMBER
PTR NO. 3173160, JAN. 2, 2012 MAKATI CITY

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**BIDS AND AWARDS COMMITTEE FOR INFORMATION TECHNOLOGY RESOURCES
[BAC-ITR] RESOLUTION NO. 13, S. 2012**

**RESOLUTION RECOMMENDING THE DECLARATION OF SANDZ SOLUTIONS
PHILIPPINES, INC. AS THE BIDDER WITH THE LOWEST CALCULATED RESPONSIVE BID
(LCRB) AND THE AWARD THERETO OF THE CONTRACT FOR THE PROCUREMENT OF
ONE (1) LOT DATA STORAGE FOR PRODUCTION DATABASES,
EMAIL AND DOCUMENT FILES**

WHEREAS, during the opening of bids on February 03, 2012 for said procurement, Micro-D International, Inc. was declared as the bidder with the Lowest Calculated Bid which was subjected to post-qualification by the TWG for BAC-ITR;

WHEREAS, on the basis of the post-qualification report of TWG for BAC-ITR, the BAC-ITR declared the Post-Disqualification of Micro-D International, Inc. (Micro-D) and directed the said TWG to proceed with the Post-Qualification of the bidder with the Second (2nd) Lowest Calculated Bid (LCB) pursuant to BAC-ITR Resolution No. 08, s. 2012;

WHEREAS, the BAC-ITR, through BAC-ITR Resolution No. 10, s. 2012, denied the Motion for Reconsideration dated March 15, 2012 on the post-disqualification of Micro-D;

WHEREAS, on April 03, 2012 the TWG for BAC-ITR proceeded with the Post-Qualification of Sandz Solutions Philippines, Inc., the bidder with the Second (2nd) LCB and submitted its report to the BAC-ITR through the Secretariat for Bids and Awards Committees (SBAC) on April 11, 2012;

WHEREAS, the TWG for BAC-ITR presented its report in the BAC-ITR meeting held on April 24, 2012 and informed the Committee that the bid proposal of Sandz Solutions Philippines, Inc. was found compliant to the eligibility, technical and financial requirements for PhilHealth;


WHEREAS, after deliberation of the said report of TWG for BAC-ITR, the BAC-ITR concurred to declare Sandz Solutions Philippines, Inc. as the bidder with the Lowest Calculated and Responsive Bid (LCRB);


NOW, THEREFORE, premises considered, the BAC-ITR resolves, as it is hereby resolved, to recommend to the President and CEO the award of the contract of **One (1) Lot Data Storage for Production Databases, Email and Document Files** to Sandz Solutions Philippines, Inc.

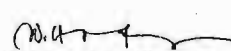
IT IS SO RESOLVED.

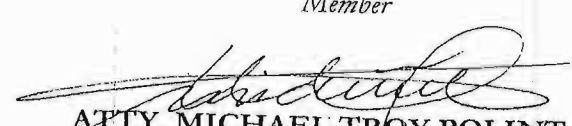
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Signed this 24th day of April 2012 at Pasig City.


SVP ERNESTO V. BELTRAN
Chairperson

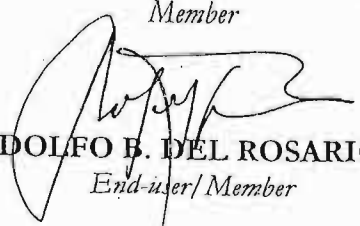

VP NERISSA R. SANTIAGO
Vice-Chairperson

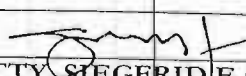

SM WALTER R. BACAREZA
Member


ATTY. MICHAEL TROY POLINTAN
Member

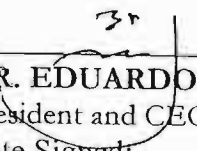

SM EVANGELINE F. RACELIS
Member

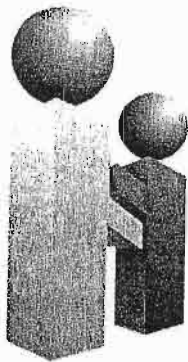
on Official Business
DR. ROBERT LOUIE SO
Member


RODOLFO B. DEL ROSARIO JR.
End-user/Member


ATTY. SIEGFRID E.G. LAPASARAN
Head Executive Assistant

☒ APPROVED
☐ DISAPPROVED


DR. EDUARDO P. BANZON
President and CEO
Date Signed: _____



**Philippine Health
Insurance Corporation**

**TERMS OF REFERENCE
Data Storage for
Production Databases,
Email and Document Files**

Terms Of Reference: Data Storage for Production Databases, Email and Document Files

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I. Introduction

The **Philippine Health Insurance Corporation (PhilHealth)**, a government owned and controlled corporation, formed by virtue of Republic Act No. 7875, also known as the National Health Insurance Act of 1995, an act instituting a National Health Insurance Program, was mandated to:

1. Provide all citizens of the Philippines with the mechanism to gain access to health services;
2. Established the National Health Insurance Program to serve as the means to help the people pay for health care services; and
3. Prioritize and accelerate the provision of health services to all Filipinos, especially that segment of the population who cannot afford such services.

II. Project Description

The **Philippine Health Insurance Corporation (PhilHealth)** seeks an Information Technology (IT) equipment supplier/vendor that can provide Data Storage for production databases, email and document files that will work 100% compatible with the existing infrastructure of the corporation.

By definition, a Storage Area Network (SAN) can be anything from two servers on a network accessing a central pool of storage devices to several thousand servers accessing many millions of megabytes of storage. Conceptually, a SAN can be thought of as a separate network of storage devices physically removed from, but still connected to, the network. SANs evolved from the concept of taking storage devices, and therefore storage traffic, off the local area network (LAN) and creating a separate back-end network designed specifically for accessing data.

SANs represent the evolution of data storage technology to this point. Traditionally, on client server systems, data was stored on devices either inside or directly attached to the server. Next in the evolutionary scale came Network Attached Storage (NAS) which took the storage devices away from the server and connected them directly to the network. SANs take the principle one step

further by allowing storage devices to exist on their own separate network and communicate directly with each other over very fast media. Users can gain access to these storage devices through server systems which are connected to both the LAN and the SAN.

Storage Area Networks primary advantages are done through some virtualization, automation, integration and consolidation. Consolidation involves in unifying or centralizing the storage to improve stability. It reduces the intricacies of infrastructure and increases the efficiency rate of storage area networks. Virtualization, it accelerates the availability and enhances the space in storage area networks but in a lowering cost as well. Integration is more of organizing the system to obtained more needed information and achieved more organized data in the network. Automation can automate regular or habitual task which enable users focus on much more needed task and it also improve responsiveness.

Since 2006, PhilHealth has been taking advantage of the benefits of SAN with the commissioning of its first storage array which is the EMC CX500. During that period, all production databases had been migrated to this storage array and being accessed centrally by all PhilHealth Regional Offices (PhROs) nationwide. An enormous improvement in processing was experienced by all users. Due to this, the IT Management Department decided to fully integrate the usage of the SAN technology as one of the major components of its IT infrastructure. Consequently, all databases of the enterprise electronic mail system (email) running on Microsoft Exchange were migrated from the direct attached storage (DAS) being hosted by separate servers to the centralized SAN environment. Figure 1 below shows the PhilHealth SAN infrastructure:

STORAGE AREA NETWORK (SAN)

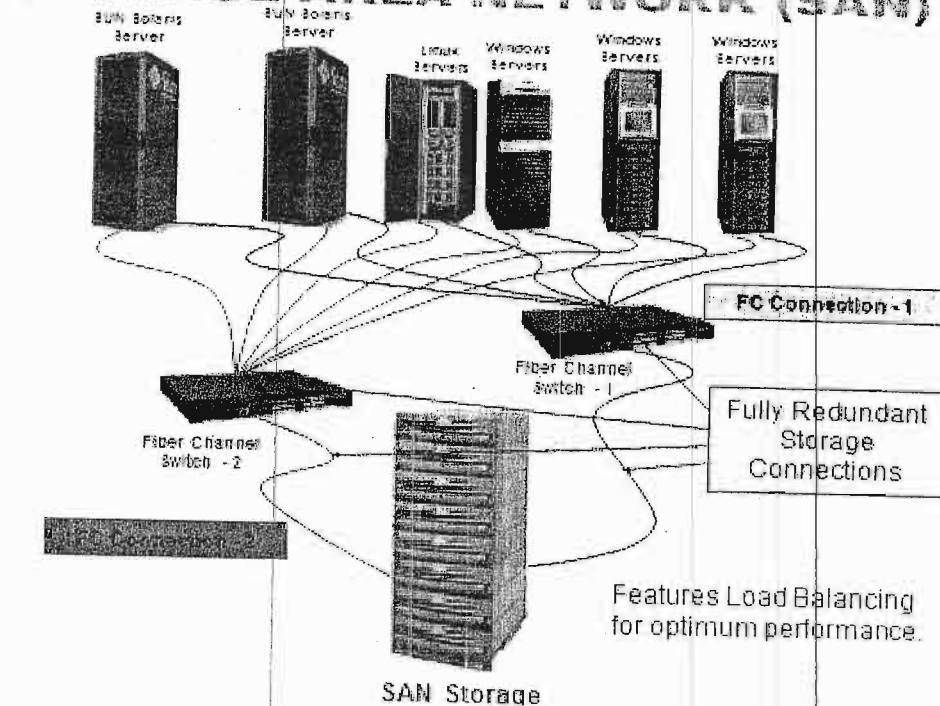


Figure 1: The SAN Infrastructure

In 2009, another storage array was acquired by the Corporation which is the EMC CX4-960. In time for the establishment of the remote data center, the new storage array serves as the main production storage and the old storage array that is located in the Head Office data center is being used as the backup copy of the production database. This setup gave PhilHealth the maximum data protection that may be caused by disasters such as earthquakes, floods, typhoons, terrorist acts or any form of sabotage. Likewise, highest availability of information was achieved because two copies of the production database exist in different locations and both internal and external users are accessing the information in real-time and at the same time. Also, with the establishment of the new storage, server virtualization was implemented by ITMD. Virtualization is a combination of software and hardware engineering that creates Virtual Machines (VMs), a concept of the computer hardware that allows a single machine to act as if it were many machines. Without VMs, a single operating system owns all hardware resources (processors, memory, harddisks, etc.). With VMs, multiple operating systems, share the hardware resources. Hardware virtualization enables multiple operating

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systems to run on the same physical platform. With this server consolidation technology, the Corporation was able to save on physical servers thereby saving space, electricity, cooling, in the data center. Application deployment is also faster with virtualization because templates for different types of Operating Systems can be readily available. And lastly, IT manpower requirement was drastically reduced because of the ease of management of this technology. The new storage array also gave way for ITMD to implement the centralized file storage system of the Corporation. Here, network desktop users are able to save directly their official documents such as Word documents, Powerpoint presentations, Excel spreadsheets, and others. With this technology, PhilHealth was able to reduce duplication of files; efficiently use of equipment, supplies and space; and simplification of maintenance.

The proliferation of use of digitized documents prompted PhilHealth to acquire another storage array to store the bulk of physical documents in different warehouses nationwide. In 2010, the EMC NS-960 storage array was acquired to store the digitized documents that will be produced by the document scanners. The project was initiated by the Physical Resources and Infrastructure Department (PRID) of PhilHealth by establishing a Records Management System (RMS) to start converting the physical documents in digital forms.

As shown in figure 2 below, for the past five years, the Corporation has already acquired a total of three (3) storage arrays which are located in two different sites and kilometers away from each other. Taking advantage of the SAN technology's centralized management features, the location of these storage arrays is insignificant (in terms of data access) because IT administrators can redirect data traffic between the Head Office and Remote data centers without sacrificing latency. This gives the Corporation the maximum flexibility in deploying and provisioning data volumes to different types of users while at the same time giving the highest availability of information because of the physical separation of the storage arrays that would prevent loss of data due to disasters.

Still in figure 2, the oldest storage array is the CX500 and at present is 100% utilized. Further, the NS960 array is 60% utilized. On the other hand, the CX4-960 which is located in the Remote data center and functions as the production storage of the Corporation is at present 90% utilized.

This year, PhilHealth will be upgrading its storage capacity to anticipate the influx of data that will come from different sources such as the Public-Private Partnership (PPP) Registration project, the online Claims submission of PhilHealth accredited hospitals, the implementation of the Unified Multi-Purpose ID (UMID) project, the online posting of employer's remittance using the ePRS system, the integration with different Government agencies, the establishment of the Online payment gateway, and the continuous database buildup of the Corporation, to name a few.

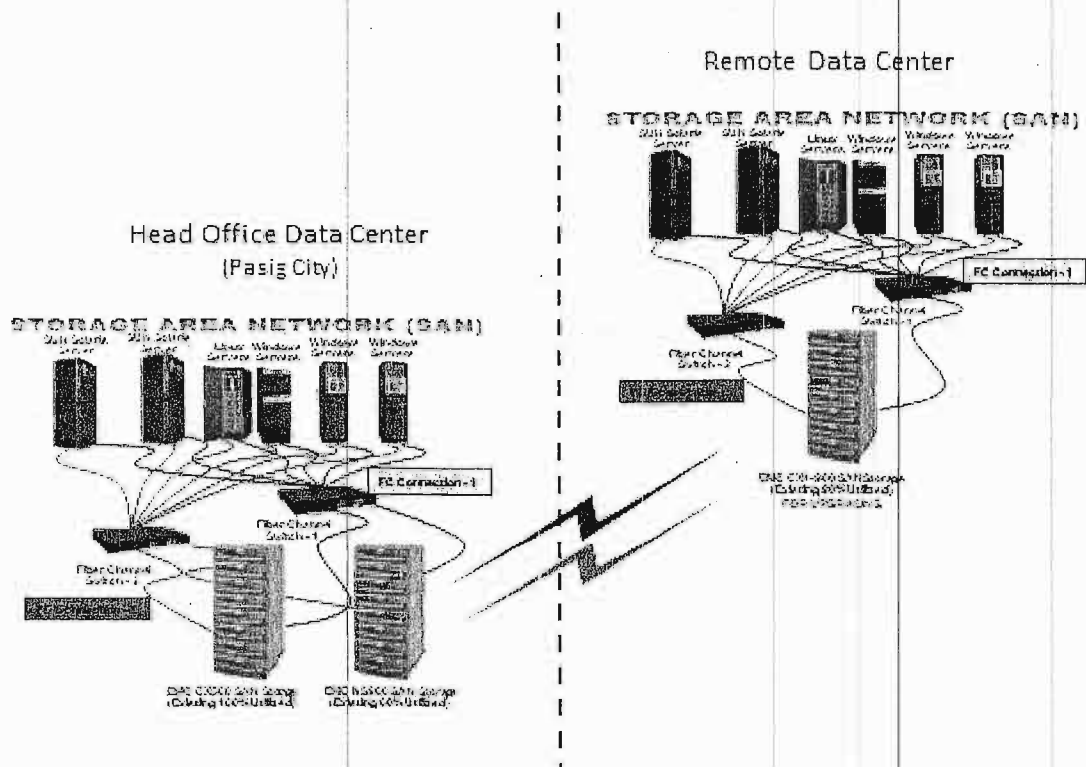


Figure 2: The SAN Infrastructure (Head Office and Remote Data Centers)

Data management has been a big challenge for many companies with the explosion of E-Commerce applications. The Corporation needs a technology that will be 100% compatible with the existing storage infrastructure to allow us to manage virtually our storage needs proactively while at the same time creating the high availability required by the servers. This will reduced capital expenditures; increased IT staff efficiency; higher system and application availability; highly scalable, flexible storage

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architecture; enhanced ability to efficiently exploit the full value of the company's information assets.

III. Approved Budget for the Contract

The approved budget for the contract to be bid is as follows:

| Lot | Description | Amount (Php) |
|-----|---|--------------|
| 1 | Data Storage for Production Storage, Email and Document Files | 9,500,000.00 |

IV. Proponent's Scope of the Project

This project will cover the delivery, project management, installation, testing, maintenance, documentation, and support of the Data Storage for production databases, email and document files. Specifically, the winning bidder shall provide the following deliverables:

1. Delivery of the following:

- **Disks**
 - Must have at least **twenty (20) 200GB** solid state/flash disk drives.
 - Must have at least **five (5) 100GB** solid state/flash disk drives for storage caching.
 - Must be compatible with the existing disk enclosures (EMC DAE3P).
 - Must be compatible with the existing storage system (EMC CLARiiON CX4-960 and Celerra NS960)
- **Disk Enclosures**
 - Must support 4Gbps fiber channel, SATA-II, SATA-II low power disk and Solid State drives.
 - Must have number of disk enclosure(s) to accommodate the number of disks required.
 - Disk enclosure(s) must support 4Gbps fiber channel disk drives and SATA II disk drives with 4Gbps back-end fiber

Terms Of Reference: *Data Storage for Production Databases, Email and Document Files*

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channel arbitrated loop connectivity access to Storage/Control Processors.

- o Disk Enclosures must have redundant and hot-swappable power supplies and cooling fans for high-availability.

- **Software**

- o At least one (1) fully automated storage tiering license for the existing storage system of the corporation (EMC CLARiiON CX4-960) which includes caching, QoS Manager and Analyzer

2. Training

The winning bidder must provide in-depth technical training for systems engineers who will be supporting the storage system. The training must focused on implementation, configuration and management of the components being offered and must include hands-on exercises. To validate the training's effectivity, the winning bidder must provide the training course listed below and must be conducted by an authorized testing center and certified trainer. All expenses that pertain to the said training should be shouldered by the winning bidder.

| Course | Participants |
|---|--------------|
| Fully Automated Storage Tiering, Local Data Protection Workshop | 3 |

3. Installation and Testing

- The winning bidder must ensure that the proposed equipment and all included components should be 100% compatible with the existing storage system of the corporation. (EMC CLARiiON CX4-960 and EMC Celerra NS960)
- Intensive testing should be done by the winning bidder together with PhilHealth I.T. personnel to achieve the functionality and benefits of the equipment and must provide an actual result of the testing upon installation.

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4. Maintenance/Technical Support

- During the warranty period, the vendor shall provide highly technical personnel to service all the equipment including its components/peripherals whenever hardware and/or any related problem should occur.
- On call support shall be available 24 hours a day, 7 days a week. A one (1) hour response from time of the call (through telephone call) shall be provided. Onsite support must have a response time of not more than 4 hours from the time of the call in cases where in the phone support could not solve the problem.
- On hardware repair, testing shall be done on-site to know the extent of the problem. All components beyond repair shall be replaced at no cost during the effectivity and conditions of the warranty. Service units should be available for the system and peripherals a day after testing and diagnosis for replacement of the defective unit(s).
- The winning bidder must provide expert personnel to service the proposed equipment whenever any related problem should occur.
- The winning bidder must shoulder all expenses of the technical person(s) who will be providing the technical services on-site.

5. Warranty

- The equipment should be covered by warranty on all parts, components, software and services for at least three (3) years. The warranty period for the hardware supplied shall commence upon acceptance.
- The winning bidder must ensure that PhilHealth would be given the following:

- o Regular firmware updates, software patches, driver updates and agents for the management software – FREE (via www or CD)
- o Parts replacement – FREE for the duration of the warranty period.
- o Preventive Maintenance – FREE at least twice a year for the duration of the warranty period.
- o Configuration – FREE assistance on equipment reconfiguration (on-site) for the duration of the warranty period.

6. Availability

- The winning bidder must provide pro-active maintenance support that automatically generates report and sends notification to the manufacturers 24 x 7 call support centers in cases of system (hardware and software) abnormality so that components will be replaced and errors will be fixed before failure occurs.
- Hardware components that cannot be repaired must be provided with a service unit. Service unit and/or replacement parts must be available at all times.
- The component(s) that has been replaced must be operational within four (4) hours including response time of two (2) hours.

7. Documentation

The winning bidder must provide user and system manuals and technical materials of the Data Storage including all components. Complete documentation of hardware, software, utility and CDs must be provided including the inventory of components and serial numbers.

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8. Other Requirements

- The winning bidder must provide certification that they are certified reseller or partner of the proposed equipment from the manufacturer.
- The winning bidder must provide certification that they are certified technical service support provider of the proposed equipment from manufacturer.

9. Acceptance

PhilHealth technical personnel must review and conduct a physical testing on of the delivered equipment based on its functions. All deliverables mentioned above should be checked by PhilHealth and complied by the winning bidder before the final acceptance and turn over of the project.

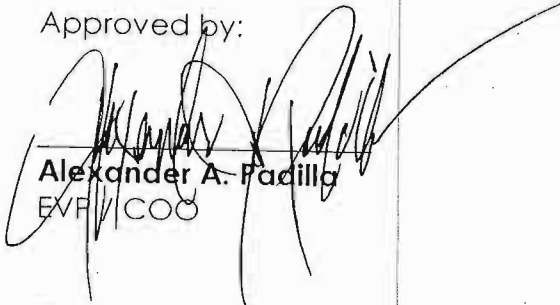
10. Delivery Addresses and Date:

The winning bidder must deliver the IT equipment not more than thirty (30) days after the effective date of the contract or the purchase order. IT equipment must be delivered at CityState Centre Building, 709 Shaw Blvd., Pasig City.

Recommending Approval:


Mario S. Matanguihan
Senior Manager, ITMD

Approved by:


Alexander A. Padilla
EVP/COO

Terms Of Reference: Data Storage for Production Databases, Email and Document Files

Section VII. Technical Specifications

| Specifications | | Statement Compliance |
|--|--|--|
| PROPOSER'S SCOPE OF THE PROJECT | | |
| This project will cover the delivery, project management, installation, testing, maintenance, documentation, and support of the Data Storage for production databases, email and document files. | | COMPLY - Our proposed solution includes delivery of the required equipment, project management, installation, testing, maintenance, documentation, and support of the Data Storage for production databases, email and document files. |
| 1. DELIVERABLES | | |
| The winning bidder shall provide the following deliverables: | | |
| ➤ Disks | | |
| - Must have at least twenty (20) 200GB solid state /flash disk drives. | | COMPLY - Our solution includes 20 x 200GB Flash Drives compatible with EMC CX4-960 and EMC NS-960 Storage Array. |
| - Must have at least five (5) 100GB solid state/flash disk drives for storage caching | | COMPLY - Our solution includes 5 x 100GB Flash Drives compatible with EMC CX4-960 and EMC NS-960 Storage Array for storage caching functionality. |
| - Must be compatible with the existing disk enclosures. | | COMPLY - Proposed disks are compatible with existing enclosures |
| - Must be compatible with the existing storage system. | | COMPLY - Proposed disks are compatible with existing storage system which are EMC CX4-960 and NS960. |
| ➤ Disk Enclosures | | |
| - Must support 4Gbps fiber channel, SATA-II, SATA-II low power disk and Solid State drives. | | COMPLY - Our solution includes 2 x 4G DAE FACTORY OR FIELD INSTALL compatible with FC, SATA II and Solid State drives |
| - Must have number of disk enclosure(s) to accommodate the number of disks required. | | COMPLY - Our solution includes 2 x 4G DAE FACTORY OR FIELD INSTALL compatible with FC, SATA II and Solid State drives |
| - Disk enclosure(s) must support 4Gbps fiber channel disk drives and SATA II disk drives with 4Gbps back-end fiber channel arbitrated loop connectivity access to Storage/Control Processors. | | COMPLY - Our solution includes 2 x 4G DAE FACTORY OR FIELD INSTALL compatible with FC, SATA II and Solid State drives which supports 4Gbps fiber channel disk drives and SATA II disk drives with 4Gbps back-end fiber channel arbitrated loop connectivity access to Storage/Control Processors. |
| - Disk Enclosures must have redundant and hot-swappable power supplies and cooling fans for high-availability. | | COMPLY - DAE's included in our solutions has redundant power supplies and fans |
| ➤ Software | | |
| - At least one (1) fully automated storage tiering license for the existing storage system of the corporation which includes caching, QoS Manager and Analyzer. | | COMPLY - Our solution includes FAST software license, caching, QoS Manager and Analyzer that support existing storage which are EMC CX4-960 and NS960. |
| 2. Training | | |
| - The winning bidder must provide in-depth technical training for systems engineers who will be supporting the storage system. The training must focused on implementation, configuration and management of the components being offered and must include hands-on exercises. To validate the training's effectivity, the winning bidder must provide the training course listed below and must be conducted by an authorized testing center and certified trainer. All expenses that pertain to the said training should be shouldered by the winning bidder. Course Participants | | COMPLY - Our solution includes local in-depth technical training for 3 x PHIC personnel for Fully Automated Storage Tiering, Local Data Protection Workshop |
| Fully Automated Storage Tiering, Local Data Protection Workshop 3 Participants | | |
| 3. INSTALLATION AND TESTING | | |
| - The winning bidder must ensure that the proposed equipment and all included components should be 100% compatible with the existing storage system of the corporation. | | COMPLY - Our Solution includes hardware and Software components that are all compatible with PHIC existing CX4-960 and NS-960 storage. |
| - Intensive testing should be done by the winning bidder together with PhilHeath I.T. personnel to achieve the functionality and benefits of the equipment and must provide an actual result of the testing upon installation. | | COMPLY - Our solution includes implementation, configuration and intensive testing on all components. |

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| 4. MAINTENANCE/TECHNICAL SUPPORT | |
|---|--|
| - During the warranty period, the winning bidder shall provide highly technical personnel to provide services to all the equipment including components/ peripherals and/ or hardware whenever any related problems should occur. | COMPLY - EMC and SANDZ together has highly skilled technical personnel to provide services on all PHIC equipment related to this project. |
| - On call support shall be available 24 hours a day, 7 days a week. one (1) hour response from time of the call (through telephone call) shall be provided. Onsite support must have a response time of not more than 4 hours from the time of the call in cases where in the phone support could not solve the problem. | COMPLY - Our solution includes pro active support monitoring and available support hotline 24 x 7 with 1 hour response time. Onsite support is available with 4 hours response time. |
| - On hardware repair, testing shall be done on- site to know the extent of the problem. All components beyond repair shall be replaced at no cost during the effectivity and conditions of the warranty. Service units should be available for the system and peripherals a day after testing and diagnosis for replacement of the defective unit (s) | COMPLY - Our Solution includes parts and service unit availability for repair, testing and replacement requirement. |
| - The winning bidder must provide expert personnel to service the proposed equipment whenever any related problem should occur. | COMPLY - EMC and SANDZ together has highly skilled technical personnel to provide services on all PHIC equipment related to this project. |
| - The winning bidder must shoulder all expenses of the technical person(s) who will be providing the technical services on-site. | COMPLY - All implementation related expenses for all technical persons that will involved in this project will be provided by SANDZ. |
| 5. WARRANTY | |
| - The equipment should be covered by warranty on all parts, components, software and services for at least three (3) years. The warranty period for the hardware supplied shall commence upon acceptance. | COMPLY - Our solution includes 3 years warranty for all parts including the entire frame. |




| | |
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| <ul style="list-style-type: none"> The winning bidder must ensure that PhilHeath would be given the following. Regular firmware updates, software patches, driver updates and agents for the management software - FREE (via www or CD) Parts replacement - FREE for the duration of the warranty period. Preventive Maintenance – FREE at least twice a year for the duration of the warranty period. Configuration - FREE assistance on equipment reconfiguration (on-site) for the duration of the warranty period. | <p>COMPLY -</p> <p>Our solution includes regular firmware updates, software patches, driver updates and agents for the management software all free of charge during the warranty period.</p> <p>Parts replacement are available free of charge during the warranty period.</p> <p>Preventive Maintenance will be provided at least twice a year for the duration of the warranty period.</p> <p>Our solution includes free assistance on equipment reconfiguration (on-site) for the duration of the warranty period.</p> |
| <p>6. AVAILABILITY</p> | |
| <ul style="list-style-type: none"> The winning bidder must provide pro-active maintenance support that automatically generates report and sends notification to the manufacturers 24 x 7 call support centers in cases of system (hardware and software) abnormality so that components will be replaced and errors will be fixed before failure occurs. | <p>COMPLY - Our solution includes dial home facilities for pro active support monitoring which automatically generates reports and send out notifications to EMC support hotline 24 x 7 with 1 hour response time for both hardware and software. Onsite support is available with 4 hours response time.</p> |
| <p>Hardware components that cannot be repaired must be provided with a service unit. Service unit and /or replacement parts must be available at all times.</p> | <p>COMPLY - Parts and service units are available at all times.</p> |
| <ul style="list-style-type: none"> The component(s) that has been replaced must be operational within four (4) hour including response time of two (2) hours. | <p>COMPLY - Parts and service units are available at all times and will have a resolution time of 4 hours and 2 hours response time.</p> |
| <p>7. Documentation</p> | |
| <ul style="list-style-type: none"> The winning bidder must provide user and systems manuals and technical materials of the Data Storage for Production including all components. Complete documentation of hardware, software, utility and CDs must be provided including teh inventory of components and serial numbers | <p>COMPLY - Our solution includes documentation, CDs and manual for all the components.</p> |
| <p>8. Othe Requirements</p> | |
| <ul style="list-style-type: none"> The winning bidder must provide certification that they are certified reseller or partner of the proposed equipment from the manufacturer. | <p>COMPLY - Certification from manufacturer is included in this documentation.</p> |
| <ul style="list-style-type: none"> The winning bidder must provide certification that they are certified technical service support provider of the proposed equipment from manufacturer. | <p>COMPLY - Certification for technical professionals are included in this documentation.</p> |
| <p>9. Acceptance</p> | |
| <ul style="list-style-type: none"> PHILHEALTH technical personnel must review and conduct a physical testing on the equipment based on its functions. All deliverables mentioned above should be checked by PHILHEALTH and complied by the supplies before the final acceptance and turn over of the project | <p>COMPLY - Part of our deliverables is to do intensive testing on all components together with PHILHEALTH technical personnel.</p> |
| <p>10. Delivery Addresses and Date</p> | |
| <ul style="list-style-type: none"> The winning bidder must deliver the IT equipment not more than thirty (30) days after the effective date of the contract or the purchase order. IT equipment must be delivered at CityState Centre Building, 709 Shaw Boulevard, Pasig City | <p>COMPLY - We will deliver the equipment in PHIC-HO within 30 days upon receive of PO/contract.</p> |
| <p>11. All items in the specifications are generic and not tailor fitted to any brand.</p> | <p>COMPLY</p> |

CH

I hereby certify to comply with all the above Technical Specifications

Sandz Solutions Philippines, Inc.


Maria Angela Splayao

February 3, 2012

Name of Company/Bidder

Signature Over Printed Name of
Representative

Date

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W
M



Republic of the Philippines
PHILIPPINE HEALTH INSURANCE CORPORATION
Citystate Centre, 709 Shaw Blvd., Bgy. Oranbo, Pasig City, Philippines
Trunkline: +63.2.4417444
www.philhealth.gov.ph

Annex "D"



BID BULLETIN

BIDDING FOR THE PROCUREMENT OF ONE (1) LOT DATA STORAGE FOR PRODUCTION DATABASES, EMAIL AND DOCUMENT FILES

In accordance with Republic Act 9184, this bid bulletin is hereby issued amending and/or to clarify the following provisions of the Philippine Bidding Documents on the *Bidding for the Procurement One (1) Lot Data Storage for Production Databases, Email and Document Files (ITB No. DSD 2011-013-IT)*, viz:

| PROVISIONS/QUERIES | AMENDMENT / CLARIFICATION |
|--|---|
| <p>On page 9 : Documents Comprising the Bid: Eligibility and Technical Components</p> <p>(iv) Audited financial statements, stamped "received" by the Bureau of Internal Revenue (BIR) or its duly accredited and authorized institutions, for the preceding calendar year, which should not be earlier than two (2) years from bid submission;</p> | <p>The BAC-ITR and the Technical Working Group (TWG) would like to inform the bidders of the following:</p> <p>The Audited Financial Statement to be submitted should be for CY 2010 only.</p> |
| <p>On page 5 : COMPUTATION OF THE NFCC</p> <p>NFCC = [(Current assets minus current liabilities) (K)] minus the value of all outstanding or uncompleted portions of the projects under ongoing contracts, including awarded contracts yet to be started coinciding with the contract for this Project.</p> <p>Where:</p> <p>K = 10 for a contract duration of one year or less, 15 for a contract duration of more than one year up to two years, and 20 for a contract duration of more than two years.</p> | <p>The BAC-ITR and the Technical Working Group (TWG) would like to inform the bidders of the following:</p> <p>The value of K=20 for a contract duration of more than two (2) years will be the basis for the computation of the NFCC for this project.</p> |

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| <p>On page 40: TECHNICAL SPECIFICATION</p> <ul style="list-style-type: none"> ○ Must be compatible with the existing storage system. ○ Must have number of disk enclosure(s) to accommodate the number of disks required. • Software <ul style="list-style-type: none"> ○ At least one (1) fully automated storage tiering license for the existing storage system of the corporation which includes caching, QoS Manager and Analyzer | <p>The BAC-ITR and the Technical Working Group (TWG) would like to inform the bidders of the following:</p> <ul style="list-style-type: none"> • The existing Storage System is EMC Clarion CX4-960 and NS 960 Celera. • Depends on the number of proposed Disk Drives • The existing Data Storage doesn't have an automated Tiering License and is part of the deliverables |
| <p>On page 42: INSTALLATION AND TESTING</p> <ul style="list-style-type: none"> • The winning bidder must ensure that the proposed equipment and all included components should be 100% compatible with the existing storage system of the corporation. <p>The bidder sought clarification on the location of installation.</p> | <p>The BAC-ITR and the Technical Working Group (TWG) would like to inform the bidders of the following:</p> <p>The on-site location is <u>at the moment</u> in Clark, Pampanga.</p> |
| <p>On page 42: WARRANTY</p> <ul style="list-style-type: none"> • The equipment should be covered by warranty on all parts, components, software and services for at least three (3) years. The warranty period for the hardware supplied shall commence upon acceptance. | <p>The BAC-ITR and the Technical Working Group (TWG) would like to inform the bidders of the following:</p> <p>The Warranty should be Three (3) years including the entire frame.</p> |
| <p>On page 41: TRAINING</p> <p>The winning bidder must provide in-depth technical training for systems engineers who will be supporting the storage system. The training must focused on implementation, configuration and management of the components being offered and must include hands-on exercises. To validate the training's effectivity, the winning bidder must provide the training course listed below and must be</p> | <p>The BAC-ITR and the Technical Working Group (TWG) would like to inform the bidders of the following:</p> <p>The required training will be LOCAL TRAINING only.</p> |

| | |
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| <p>conducted by an authorized testing center and certified trainer. All expenses that pertain to the said training should be shouldered by the winning bidder.</p> | |
| <p>The bidder sought clarification on the existing configuration if a "new box" will be proposed.</p> | <p>The BAC-ITR and the Technical Working Group (TWG) would like to inform the bidders of the following:</p> <p>Storage Model: EMC Clarion CX4-960</p> <ul style="list-style-type: none"> Fully redundant (storage processors, fans, management modules, active power supplies & standby power supplies) Can support up to 960 disk drives <p>Number of Disk Enclosures: Nine (9) Enclosures</p> <p>Number of Disk Drives:</p> <ul style="list-style-type: none"> Seven (7) x 2TB SATA Disk Drives Thirteen (13) x 1TB SATA Disk Drives Six (6) x 600 GB 15K RPM Fiber Channel Disk Drives Seventeen (17) x 400 GB 15K RPM Fiber Channel Disk Drives Seventy-Four (74) x 300 GB 15K RPM Fiber Channel Disk Drives Five (5) x 146 GB 15K RPM Fiber Channel Disk Drives Fiber Channel SAN Switches; Two (2) x 24 ports (Connectrix DS300B) <p>Storage Software Licenses:</p> <ul style="list-style-type: none"> Local Replication (storage based) Remote Replication (storage based) Hardware Replication for RecoverPoint Appliance Storage Performance & Diagnostics Multi-path Licenses for Windows and Solaris |
| <p>The bidder sought clarification on the Number of Hosts, operating Systems, etc.</p> | <p>The BAC-ITR and the Technical Working Group (TWG) would like to inform the bidders of the following:</p> <p>Number of Hosts:</p> <ul style="list-style-type: none"> Ten (10) HP Blade BL460C Servers (VMWare ESXi 4.1) One (1) HP ProLiant DL580G5 (VMWare ESXi 4.1) One (1) SPARC Enterprise M9000 Server (2 Logical Server- Solaris 10) Two (2) RecoverPoint Appliance (Hardware Replication) |



[Handwritten signatures and initials]

Reminders:

The BAC-ITR would like to remind the Bidder/s to double check the eligibility requirements prior to submission of bid proposals.

This BID BULLETIN shall form part of the eligibility and technical bid proposal to be submitted on February 03, 2012.

The deadline for submission of bid proposals will be on February 03, 2012 1:00 p.m. Likewise, Opening of Bids will commence on the said date and time.

Those bidders who obtained the bidding documents for this project and would not submit their respective bid proposals on February 03, 2012 must submit a letter of non-participation stating their reasons at the Office of the Secretariat for the Bids and Awards Committees. The letter of non-participation must be submitted to SBAC on or before 5:00 p.m. of February 03, 2012. Bidders are also hereby reminded to bring the original copy of the Official Receipt issued for the Bid Document.

Issued this 26th day of January 2012.

SVP ERNESTO V. BELTRAN

Chairperson



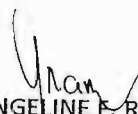
VP NERISSA R. SANTIAGO

Vice-Chairperson

on official business

SM WALTER R. BACAREZA

Member



SM EVANGELINE P. RACELIS

Member



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an official business

DR. ROBERT LOUIE P. SO

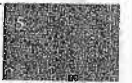
Member

ATTY. MICHAEL TROY A. POLINTAN

Member

RODOLFO B. DEL ROSARIO JR.

Member/End-User



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Republic of the Philippines
PHILIPPINE HEALTH INSURANCE CORPORATION
Citystate Centre Building, 709 Shaw Boulevard, Pasig City
Healthline 441-7444 www.philhealth.gov.ph

Annex "E"



NOTICE OF AWARD

Date Issued: **10 MAY 2012**

Mr. ENRIQUE G. VELASCO
Managing Director
SANDZ SOLUTIONS PHILIPPINES, INC.
6/flr. CYA Bldg. 110 Rada St.
Legaspi Village, Makati City
Telephone: (02) 887-5757
Telefax: (02) 887-1383

Dear Mr. Velasco:

We are pleased to notify you that your bid proposal for the procurement of **One (1) Lot Data Storage for Production Databases, Email and Document Files** for the execution of **Sandz Solutions Philippines, Inc.** at the Contract Price equivalent to **Nine Million Three Hundred Ninety Eight Thousand Eight Hundred pesos (PhP9,398,800.00)** is hereby accepted.

You are hereby required to provide within ten (10) calendar days the **performance security** in the form and amount stipulated in the Bid Documents of the said procurement. Failure to provide the performance security shall constitute sufficient ground for cancellation of the award and forfeiture of the bid security.

Very truly yours,

DR. EDUARDO P. BANZON
President and Chief Executive Officer

Conforme:

Mr. ENRIQUE G. VELASCO
Managing Director
Date: _____

2012



May 17, 2012

MR. ERNESTO V. BELTRAN

Senior Vice-President, Actuarial Services and
Risk Management Sector, and BAC-ITR Chairperson

PHILIPPINE HEALTH INSURANCE CORPORATION

Room 1002, 10th floor CityState Centre
709 Shaw Blvd., Pasig City

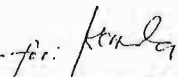
Dear Mr. Beltran:

In accordance to your Notice of Award given to Sandz Solutions (Philippines) Inc. last May 10, 2012, for the Procurement of One (1) Lot Data Storage for Production Databases, Email and Document Files we hereby submit our Performance Security Bond amounting to Four Hundred Sixty-Nine Thousand Nine Hundred Forty (PhP 469,940.00) which is five (5%) percent of the total contract Price.

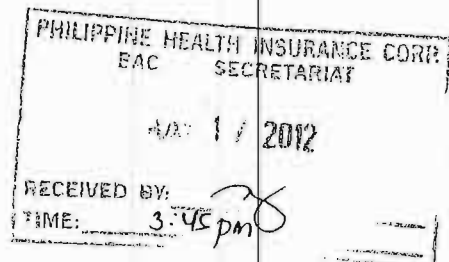
Thank you very much and rest assured of Sandz continuous support in achieving PHIC's undertakings.

Should you have any further questions, please feel free to contact me at 888-5757 / 0918-9246013 or email at angela_solayao@sandz.com.

Sincerely,


Angela O. Solayao
Sales Manager

Sandz Solutions Philippines, Inc.



Sandz Solutions Philippines
6F CYA Land Building, 110 Rada St. Legaspi Village, Makati City
Tel.No.: 8885757 Fax No.: 8871383
philippines@sandz.com www.sandz.com



NO. 36298053

ALVIN EDWARD BELL, JR.

Reference:

Zip Code: _____ Tel. No.: _____

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PAYOR'S COPY

Revised October 2008

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Section IV. General Conditions of Contract

1. Definitions

1.1. In this Contract, the following terms shall be interpreted as indicated:

- (a) "The Contract" means the agreement entered into between the Procuring Entity and the Supplier, as recorded in the Contract Form signed by the parties, including all attachments and appendices thereto and all documents incorporated by reference therein.
- (b) "The Contract Price" means the price payable to the Supplier under the Contract for the full and proper performance of its contractual obligations.
- (c) "The Goods" means all of the supplies, equipment, machinery, spare parts, other materials and/or general support services which the Supplier is required to provide to the Procuring Entity under the Contract.
- (d) "The Services" means those services ancillary to the supply of the Goods, such as transportation and insurance, and any other incidental services, such as installation, commissioning, provision of technical assistance, training, and other such obligations of the Supplier covered under the Contract.
- (e) "GCC" means the General Conditions of Contract contained in this Section.
- (f) "SCC" means the Special Conditions of Contract.
- (g) "The Procuring Entity" means the organization purchasing the Goods, as named in the SCC.
- (h) "The Procuring Entity's country" is the Philippines.
- (i) "The Supplier" means the individual contractor, manufacturer distributor, or firm supplying/manufacturing the Goods and Services under this Contract and named in the SCC.
- (j) The "Funding Source" means the organization named in the SCC.
- (k) "The Project Site," where applicable, means the place or places named in the SCC.
- (l) "Day" means calendar day.
- (m) The "Effective Date" of the contract will be the date of receipt by the Supplier of the Notice to Proceed or the date provided in the Notice to Proceed. Performance of all obligations shall be reckoned from the Effective Date of the Contract.
- (n) "Verified Report" refers to the report submitted by the Implementing Unit to the Head of the Procuring Entity setting forth its findings as to the existence of grounds or causes for termination and explicitly stating its recommendation for the issuance of a Notice to Terminate.

2. **Corrupt, Fraudulent, Collusive, and Coercive Practices**

2.1. Unless otherwise provided in the SCC, the Procuring Entity as well as the bidders, contractors, or suppliers shall observe the highest standard of ethics during the procurement and execution of this Contract. In pursuance of this policy, the Procuring Entity:

- (a) defines, for the purposes of this provision, the terms set forth below as follows:
 - (i) "corrupt practice" means behavior on the part of officials in the public or private sectors by which they improperly and unlawfully enrich themselves, others, or induce others to do so, by misusing the position in which they are placed, and it includes the offering, giving, receiving, or soliciting of anything of value to influence the action of any such official in the procurement process or in contract execution; entering, on behalf of the Government, into any contract or transaction manifestly and grossly disadvantageous to the same, whether or not the public officer profited or will profit thereby, and similar acts as provided in Republic Act 3019.
 - (ii) "fraudulent practice" means a misrepresentation of facts in order to influence a procurement process or the execution of a contract to the detriment of the Procuring Entity, and includes collusive practices among Bidders (prior to or after bid submission) designed to establish bid prices at artificial, non-competitive levels and to deprive the Procuring Entity of the benefits of free and open competition.
 - (iii) "collusive practices" means a scheme or arrangement between two or more Bidders, with or without the knowledge of the Procuring Entity, designed to establish bid prices at artificial, non-competitive levels.
 - (iv) "coercive practices" means harming or threatening to harm, directly or indirectly, persons, or their property to influence their participation in a procurement process, or affect the execution of a contract;
 - (v) "obstructive practice" is
 - (aa) deliberately destroying, falsifying, altering or concealing of evidence material to an administrative proceedings or investigation or making false statements to investigators in order to materially impede an administrative proceedings or investigation of the Procuring Entity or any foreign government/foreign or international financing institution into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the administrative proceedings or investigation or from pursuing such proceedings or investigation; or
 - (bb) acts intended to materially impede the exercise of the inspection and audit rights of the Procuring Entity or any foreign government/foreign or international financing institution herein.

- (b) will reject a proposal for award if it determines that the Bidder recommended for award has engaged in any of the practices mentioned in this Clause for purposes of competing for the contract.

- 2.2. Further the Funding Source, Borrower or Procuring Entity, as appropriate, will seek to impose the maximum civil, administrative and/or criminal penalties available under the applicable law on individuals and organizations deemed to be involved with any of the practices mentioned in GCC Clause 2.1(a).

3. Inspection and Audit by the Funding Source

The Supplier shall permit the Funding Source to inspect the Supplier's accounts and records relating to the performance of the Supplier and to have them audited by auditors appointed by the Funding Source, if so required by the Funding Source.

4. Governing Law and Language

- 4.1. This Contract shall be interpreted in accordance with the laws of the Republic of the Philippines.
- 4.2. This Contract has been executed in the English language, which shall be the binding and controlling language for all matters relating to the meaning or interpretation of this Contract. All correspondence and other documents pertaining to this Contract exchanged by the parties shall be written in English.

5. Notices

- 5.1. Any notice, request, or consent required or permitted to be given or made pursuant to this Contract shall be in writing. Any such notice, request, or consent shall be deemed to have been given or made when received by the concerned party, either in person or through an authorized representative of the Party to whom the communication is addressed, or when sent by registered mail, telex, telegram, or facsimile to such Party at the address specified in the SCC, which shall be effective when delivered and duly received or on the notice's effective date, whichever is later.
- 5.2. A Party may change its address for notice hereunder by giving the other Party notice of such change pursuant to the provisions listed in the SCC for GCC Clause 5.1.

6. Scope of Contract

- 6.1. The GOODS and Related Services to be provided shall be as specified in Section VI. Schedule of Requirements.
- 6.2. This Contract shall include all such items, although not specifically mentioned, that can be reasonably inferred as being required for its completion as if such items were expressly mentioned herein. Any additional requirements for the completion of this Contract shall be provided in the SCC.

7. Subcontracting

- 7.1. Subcontracting of any portion of the Goods, if allowed in the BDS, does not relieve the Supplier of any liability or obligation under this Contract. The Supplier will be responsible for the acts, defaults, and negligence of any subcontractor, its agents, servants or workmen as fully as if these were the Supplier's own acts, defaults, or negligence, or those of its agents, servants or workmen.

- 7.2. Subcontractors disclosed and identified during the bidding may be changed during the implementation of this Contract, subject to compliance with the required qualifications and the approval of the Procuring Entity.

8. **Procuring Entity's Responsibilities**

- 8.1. Whenever the performance of the obligations in this Contract requires that the Supplier obtain permits, approvals, import, and other licenses from local public authorities, the Procuring Entity shall, if so needed by the Supplier, make its best effort to assist the Supplier in complying with such requirements in a timely and expeditious manner.
- 8.2. The Procuring Entity shall pay all costs involved in the performance of its responsibilities in accordance with GCC Clause 6.

9. **Prices**

- 9.1. For the given scope of work in this Contract as awarded, all bid prices are considered fixed prices, and therefore not subject to price escalation during contract implementation, except under extraordinary circumstances and upon prior approval of the GPPB in accordance with Section 61 of R.A. 9184 and its IRR or except as provided in this Clause.
- 9.2. Prices charged by the Supplier for Goods delivered and/or services performed under this Contract shall not vary from the prices quoted by the Supplier in its bid, with the exception of any change in price resulting from a Change Order issued in accordance with GCC Clause 29.

10. **Payment**

- 10.1. Payments shall be made only upon a certification by the Head of the Procuring Entity to the effect that the Goods have been rendered or delivered in accordance with the terms of this Contract and have been duly inspected and accepted. Except with the prior approval of the President no payment shall be made for services not yet rendered or for supplies and materials not yet delivered under this Contract. Ten percent (10%) of the amount of each payment shall be retained by the Procuring Entity to cover the Supplier's warranty obligations under this Contract as described in GCC Clause 17.
- 10.2. The Supplier's request(s) for payment shall be made to the Procuring Entity in writing, accompanied by an invoice describing, as appropriate, the Goods delivered and/or Services performed, and by documents submitted pursuant to the SCC provision for GCC Clause 6.2, and upon fulfillment of other obligations stipulated in this Contract.
- 10.3. Pursuant to GCC Clause 10.2, payments shall be made promptly by the Procuring Entity, but in no case later than sixty (60) days after submission of an invoice or claim by the Supplier.
- 10.4. Unless otherwise provided in the SCC, the currency in which payment is made to the Supplier under this Contract shall be in Philippine Pesos.

11. **Advance Payment and Terms of Payment**

- 11.1. Advance payment shall be made only after prior approval of the President, and shall not exceed fifteen percent (15%) of the Contract amount, unless otherwise directed by the President or in cases allowed under Annex "D" of RA 9184.
- 11.2. For Goods supplied from abroad, the terms of payment shall be as follows:

- (a) On Contract Signature: Ten percent (10%) of the Contract Price shall be paid within sixty (60) days from signing of the Contract and upon submission of a claim and a bank guarantee for the equivalent amount valid until the Goods are delivered and in the form provided in Section VIII. Bidding Forms.
- (b) On Delivery: Seventy percent (70%) of the Contract Price shall be paid to the Supplier within sixty (60) days after the date of receipt of the Goods and upon submission of the documents (i) through (vi) specified in the SCC provision on Delivery and Documents.
- (c) On Acceptance: The remaining twenty percent (20%) of the Contract Price shall be paid to the Supplier within sixty (60) days after the date of submission of the acceptance and inspection certificate for the respective delivery issued by the Procuring Entity's authorized representative. In the event that no inspection or acceptance certificate is issued by the Procuring Entity's authorized representative within forty five (45) days of the date shown on the delivery receipt the Supplier shall have the right to claim payment of the remaining twenty percent (20%) subject to the Procuring Entity's own verification of the reason(s) for the failure to issue documents (vii) and (viii) as described in the SCC provision on Delivery and Documents.

11.3. All progress payments shall first be charged against the advance payment until the latter has been fully exhausted.

12. Taxes and Duties

The Supplier, whether local or foreign, shall be entirely responsible for all the necessary taxes, stamp duties, license fees, and other such levies imposed for the completion of this Contract.

13. Performance Security

- 13.1. Within ten (10) calendar days from receipt of the Notice of Award from the Procuring Entity but in no case later than the signing of the contract by both parties, the successful Bidder shall furnish the performance security in any the forms prescribed in the IIB Clause 33.2.
- 13.2. The performance security posted in favor of the Procuring Entity shall be forfeited in the event it is established that the winning bidder is in default in any of its obligations under the contract.
- 13.3. The performance security shall remain valid until issuance by the Procuring Entity of the Certificate of Final Acceptance.
- 13.4. The performance security may be released by the Procuring Entity and returned to the Supplier after the issuance of the Certificate of Final Acceptance subject to the following conditions:
 - (a) There are no pending claims against the Supplier or the surety company filed by the Procuring Entity;
 - (b) The Supplier has no pending claims for labor and materials filed against it; and
 - (c) Other terms specified in the SCC.
- 13.5. In case of a reduction of the contract value, the Procuring Entity shall allow proportional reduction in the original performance security, provided that any such

reduction is more than ten percent (10%) and that the aggregate of such reductions is not more than fifty percent (50%) of the original performance security.

14. Use of Contract Documents and Information

- 14.1. The Supplier shall not, except for purposes of performing the obligations in this Contract, without the Procuring Entity's prior written consent, disclose this Contract, or any provision thereof, or any specification, plan, drawing, pattern, sample, or information furnished by or on behalf of the Procuring Entity. Any such disclosure shall be made in confidence and shall extend only as far as may be necessary for purposes of such performance.
- 14.2. Any document, other than this Contract itself, enumerated in GCC Clause 14.1 shall remain the property of the Procuring Entity and shall be returned (all copies) to the Procuring Entity on completion of the Supplier's performance under this Contract if so required by the Procuring Entity.

15. Standards

The Goods provided under this Contract shall conform to the standards mentioned in the Section VII. Technical Specifications; and, when no applicable standard is mentioned, to the authoritative standards appropriate to the Goods' country of origin. Such standards shall be the latest issued by the institution concerned.

16. Inspection and Tests

- 16.1. The Procuring Entity or its representative shall have the right to inspect and/or to test the Goods to confirm their conformity to the Contract specifications at no extra cost to the Procuring Entity. The SCC and Section VII. Technical Specifications shall specify what inspections and/or tests the Procuring Entity requires and where they are to be conducted. The Procuring Entity shall notify the Supplier in writing, in a timely manner, of the identity of any representatives retained for these purposes.
- 16.2. If applicable, the inspections and tests may be conducted on the premises of the Supplier or its subcontractor(s), at point of delivery, and/or at the goods' final destination. If conducted on the premises of the Supplier or its subcontractor(s), all reasonable facilities and assistance, including access to drawings and production data, shall be furnished to the inspectors at no charge to the Procuring Entity. The Supplier shall provide the Procuring Entity with results of such inspections and tests.
- 16.3. The Procuring Entity or its designated representative shall be entitled to attend the tests and/or inspections referred to in this Clause provided that the Procuring Entity shall bear all of its own costs and expenses incurred in connection with such attendance including, but not limited to, all traveling and board and lodging expenses.
- 16.4. The Procuring Entity may reject any Goods or any part thereof that fail to pass any test and/or inspection or do not conform to the specifications. The Supplier shall either rectify or replace such rejected Goods or parts thereof or make alterations necessary to meet the specifications at no cost to the Procuring Entity, and shall repeat the test and/or inspection, at no cost to the Procuring Entity, upon giving a notice pursuant to GCC Clause 5.
- 16.5. The Supplier agrees that neither the execution of a test and/or inspection of the Goods or any part thereof, nor the attendance by the Procuring Entity or its representative, shall release the Supplier from any warranties or other obligations under this Contract.

17. Warranty

- 17.1. The Supplier warrants that the Goods supplied under the Contract are new, unused, of the most recent or current models, and that they incorporate all recent improvements in design and materials, except when the technical specifications required by the Procuring Entity provides otherwise.
- 17.2. The Supplier further warrants that all Goods supplied under this Contract shall have no defect, arising from design, materials, or workmanship or from any act or omission of the Supplier that may develop under normal use of the supplied Goods in the conditions prevailing in the country of final destination.
- 17.3. In order to assure that manufacturing defects shall be corrected by the Supplier, a warranty shall be required from the Supplier for a minimum period specified in the SCC. The obligation for the warranty shall be covered by, at the Supplier's option, either retention money in an amount equivalent to at least ten percent (10%) of the final payment, or a special bank guarantee equivalent to at least ten percent (10%) of the Contract Price or other such amount if so specified in the SCC. The said amounts shall only be released after the lapse of the warranty period specified in the SCC; provided, however, that the Supplies delivered are free from patent and latent defects and all the conditions imposed under this Contract have been fully met.
- 17.4. The Procuring Entity shall promptly notify the Supplier in writing of any claims arising under this warranty. Upon receipt of such notice, the Supplier shall, within the period specified in the SCC and with all reasonable speed, repair or replace the defective Goods or parts thereof, without cost to the Procuring Entity.
- 17.5. If the Supplier, having been notified, fails to remedy the defect(s) within the period specified in GCC Clause 17.4, the Procuring Entity may proceed to take such remedial action as may be necessary, at the Supplier's risk and expense and without prejudice to any other rights which the Procuring Entity may have against the Supplier under the Contract and under the applicable law.

18. Delays in the Supplier's Performance

- 18.1. Delivery of the Goods and/or performance of Services shall be made by the Supplier in accordance with the time schedule prescribed by the Procuring Entity in Section VI. Schedule of Requirements.
- 18.2. If at any time during the performance of this Contract, the Supplier or its Subcontractor(s) should encounter conditions impeding timely delivery of the Goods and/or performance of Services, the Supplier shall promptly notify the Procuring Entity in writing of the fact of the delay, its likely duration and its cause(s). As soon as practicable after receipt of the Supplier's notice, and upon causes provided for under GCC Clause 22, the Procuring Entity shall evaluate the situation and may extend the Supplier's time for performance, in which case the extension shall be ratified by the parties by amendment of Contract.
- 18.3. Except as provided under GCC Clause 22, a delay by the Supplier in the performance of its obligations shall render the Supplier liable to the imposition of liquidated damages pursuant to GCC Clause 19, unless an extension of time is agreed upon pursuant to GCC Clause 29 without the application of liquidated damages.

19. Liquidated Damages

Subject to GCC Clauses 18 and 22, if the Supplier fails to satisfactorily deliver any or all of the Goods and/or to perform the Services within the period(s) specified in this Contract inclusive of

duly granted time extensions if any, the Procuring Entity shall, without prejudice to its other remedies under this Contract and under the applicable law, deduct from the Contract Price, as liquidated damages, the applicable rate of one tenth (1/10) of one (1) percent of the cost of the unperformed portion for every day of delay until actual delivery or performance. The maximum deduction shall be ten percent (10%) of the amount of contract. Once the maximum is reached, the Procuring Entity shall rescind the Contract pursuant to GCC Clause 23, without prejudice to other courses of action and remedies open to it.

20. Settlement of Disputes

- 20.1. If any dispute or difference of any kind whatsoever shall arise between the Procuring Entity and the Supplier in connection with or arising out of this Contract, the parties shall make every effort to resolve amicably such dispute or difference by mutual consultation.
- 20.2. If after thirty (30) days, the parties have failed to resolve their dispute or difference by such mutual consultation, then either the Procuring Entity or the Supplier may give notice to the other party of its intention to commence arbitration, as hereinafter provided, as to the matter in dispute, and no arbitration in respect of this matter may be commenced unless such notice is given.
- 20.3. Any dispute or difference in respect of which a notice of intention to commence arbitration has been given in accordance with this Clause shall be settled by arbitration. Arbitration may be commenced prior to or after delivery of the Goods under this Contract.
- 20.4. In the case of a dispute between the Procuring Entity and the Supplier, the dispute shall be resolved in accordance with Republic Act 9285 ("R.A. 9285"), otherwise known as the "Alternative Dispute Resolution Act of 2004."
- 20.5. Notwithstanding any reference to arbitration herein, the parties shall continue to perform their respective obligations under the Contract unless they otherwise agree; and the Procuring Entity shall pay the Supplier any monies due the Supplier.

21. Liability of the Supplier

- 21.1. The Supplier's liability under this Contract shall be as provided by the laws of the Republic of the Philippines, subject to additional provisions, if any, set forth in the SCC.
- 21.2. Except in cases of criminal negligence or willful misconduct, and in the case of infringement of patent rights, if applicable, the aggregate liability of the Supplier to the Procuring Entity shall not exceed the total Contract Price, provided that this limitation shall not apply to the cost of repairing or replacing defective equipment.

22. Force Majeure

- 22.1. The Supplier shall not be liable for forfeiture of its performance security, liquidated damages, or termination for default if and to the extent that the Supplier's delay in performance or other failure to perform its obligations under the Contract is the result of a *force majeure*.
- 22.2. For purposes of this Contract the terms "*force majeure*" and "fortuitous event" may be used interchangeably. In this regard, a fortuitous event or *force majeure* shall be interpreted to mean an event which the Contractor could not have foreseen, or which though foreseen, was inevitable. It shall not include ordinary unfavorable weather conditions; and any other cause the effects of which could have been avoided with the exercise of reasonable diligence by the Contractor. Such events may include, but not

limited to, acts of the Procuring Entity in its sovereign capacity, wars or revolutions, fires, floods, epidemics, quarantine restrictions, and freight embargoes.

- 22.3. If a *force majeure* situation arises, the Supplier shall promptly notify the Procuring Entity in writing of such condition and the cause thereof. Unless otherwise directed by the Procuring Entity in writing, the Supplier shall continue to perform its obligations under the Contract as far as is reasonably practical, and shall seek all reasonable alternative means for performance not prevented by the *force majeure*.

23. Termination for Default

- 23.1. The Procuring Entity shall terminate this Contract for default when any of the following conditions attends its implementation:

- (a) Outside of *force majeure*, the Supplier fails to deliver or perform any or all of the Goods within the period(s) specified in the contract, or within any extension thereof granted by the Procuring Entity pursuant to a request made by the Supplier prior to the delay, and such failure amounts to at least ten percent (10%) of the contract price;
- (b) As a result of *force majeure*, the Supplier is unable to deliver or perform any or all of the Goods, amounting to at least ten percent (10%) of the contract price, for a period of not less than sixty (60) calendar days after receipt of the notice from the Procuring Entity stating that the circumstance of *force majeure* is deemed to have ceased; or
- (c) The Supplier fails to perform any other obligation under the Contract.

- 23.2. In the event the Procuring Entity terminates this Contract in whole or in part, for any of the reasons provided under GCC Clauses 23 to 26, the Procuring Entity may procure, upon such terms and in such manner as it deems appropriate, Goods or Services similar to those undelivered, and the Supplier shall be liable to the Procuring Entity for any excess costs for such similar Goods or Services. However, the Supplier shall continue performance of this Contract to the extent not terminated.

- 23.3. In case the delay in the delivery of the Goods and/or performance of the Services exceeds a time duration equivalent to ten percent (10%) of the specified contract time plus any time extension duly granted to the Supplier, the Procuring Entity may terminate this Contract, forfeit the Supplier's performance security and award the same to a qualified Supplier.

24. Termination for Insolvency

The Procuring Entity shall terminate this Contract if the Supplier is declared bankrupt or insolvent as determined with finality by a court of competent jurisdiction. In this event, termination will be without compensation to the Supplier, provided that such termination will not prejudice or affect any right of action or remedy which has accrued or will accrue thereafter to the Procuring Entity and/or the Supplier.

25. Termination for Convenience

- 25.1. The Procuring Entity may terminate this Contract, in whole or in part, at any time for its convenience. The Head of the Procuring Entity may terminate a contract for the convenience of the Government if he has determined the existence of conditions that make Project Implementation economically, financially or technically impractical and/or unnecessary, such as, but not limited to, fortuitous event(s) or changes in law and national government policies.

25.2. The Goods that have been delivered and/or performed or are ready for delivery or performance within thirty (30) calendar days after the Supplier's receipt of Notice to Terminate shall be accepted by the Procuring Entity at the contract terms and prices. For Goods not yet performed and/or ready for delivery, the Procuring Entity may elect:

- (a) to have any portion delivered and/or performed and paid at the contract terms and prices; and/or
- (b) to cancel the remainder and pay to the Supplier an agreed amount for partially completed and/or performed goods and for materials and parts previously procured by the Supplier.

25.3. If the Supplier suffers loss in its initial performance of the terminated contract, such as purchase of raw materials for goods specially manufactured for the Procuring Entity which cannot be sold in open market, it shall be allowed to recover partially from this Contract, on a *quantum meruit* basis. Before recovery may be made, the fact of loss must be established under oath by the Supplier to the satisfaction of the Procuring Entity before recovery may be made.

26. Termination for Unlawful Acts

26.1. The Procuring Entity may terminate this Contract in case it is determined *prima facie* that the Supplier has engaged, before or during the implementation of this Contract, in unlawful deeds and behaviors relative to contract acquisition and implementation. Unlawful acts include, but are not limited to, the following:

- (a) Corrupt, fraudulent, and coercive practices as defined in ITB Clause 3.1(a);
- (b) Drawing up or using forged documents;
- (c) Using adulterated materials, means or methods, or engaging in production contrary to rules of science or the trade; and
- (d) Any other act analogous to the foregoing.

27. Procedures for Termination of Contracts

27.1. The following provisions shall govern the procedures for termination of this Contract:

- (a) Upon receipt of a written report of acts or causes which may constitute ground(s) for termination as aforementioned, or upon its own initiative, the Implementing Unit shall, within a period of seven (7) calendar days, verify the existence of such ground(s) and cause the execution of a Verified Report, with all relevant evidence attached;
- (b) Upon recommendation by the Implementing Unit, the Head of the Procuring Entity shall terminate this Contract only by a written notice to the Supplier conveying the termination of this Contract. The notice shall state:
 - (i) that this Contract is being terminated for any of the ground(s) aforementioned, and a statement of the acts that constitute the ground(s) constituting the same;
 - (ii) the extent of termination, whether in whole or in part;
 - (iii) an instruction to the Supplier to show cause as to why this Contract should not be terminated; and

- (iv) special instructions of the Procuring Entity, if any.
- (c) The Notice to Terminate shall be accompanied by a copy of the Verified Report;
- (d) Within a period of seven (7) calendar days from receipt of the Notice of Termination, the Supplier shall submit to the Head of the Procuring Entity a verified position paper stating why this Contract should not be terminated. If the Supplier fails to show cause after the lapse of the seven (7) day period, either by inaction or by default, the Head of the Procuring Entity shall issue an order terminating this Contract;
- (e) The Procuring Entity may, at any time before receipt of the Supplier's verified position paper described in item (d) above withdraw the Notice to Terminate if it is determined that certain items or works subject of the notice had been completed, delivered, or performed before the Supplier's receipt of the notice;
- (f) Within a non-extendible period of ten (10) calendar days from receipt of the verified position paper, the Head of the Procuring Entity shall decide whether or not to terminate this Contract. It shall serve a written notice to the Supplier of its decision and, unless otherwise provided, this Contract is deemed terminated from receipt of the Supplier of the notice of decision. The termination shall only be based on the ground(s) stated in the Notice to Terminate;
- (g) The Head of the Procuring Entity may create a Contract Termination Review Committee (CTRC) to assist him in the discharge of this function. All decisions recommended by the CTRC shall be subject to the approval of the Head of the Procuring Entity; and
- (h) The Supplier must serve a written notice to the Procuring Entity of its intention to terminate the contract at least thirty (30) calendar days before its intended termination. The Contract is deemed terminated if it is not resumed in thirty (30) calendar days after the receipt of such notice by the Procuring Entity.

28. **Assignment of Rights**

The Supplier shall not assign his rights or obligations under this Contract, in whole or in part, except with the Procuring Entity's prior written consent.

29. **Contract Amendment**

Subject to applicable laws, no variation in or modification of the terms of this Contract shall be made except by written amendment signed by the parties.

30. **Application**

These General Conditions shall apply to the extent that they are not superseded by provisions of other parts of this Contract.

Section V. Special Conditions of Contract

| GCC Clause | |
|------------|---|
| 1.1(g) | The Procuring Entity is <i>Philippine Health Insurance Corporation</i> . |
| 1.1(i) | The Supplier is <i>[to be inserted at the time of contract award]</i> . |
| 1.1(j) | The Funding Source is: |
| | Philippine Health Insurance Corporation Corporate Operating Budget for |
| | CY 2011 in the amount of <i>Nine Million Four Hundred Eighty Five Thousand</i> |
| | <i>Six Hundred Eighty Eight Pesos (PhP 9,485,688.00)</i> |
| 1.1(k) | The Project Site is <i>at PhilHealth Head Office, Room 1503, 15th Floor Citystate Centre</i> |
| | <i>Bldg., 709 Shaw Blvd., Bgy. Oranbo, Pasig City</i> |
| 5.1 | The Procuring Entity's address for Notices is: ERNESTO V. BELTRAN , Senior |
| | <i>Vice-President, Actuarial Services and Risk Management Sector, and BAC-JTR Chairperson,</i> |
| | <i>Room 1002, 10th Floor CityState Centre, 709 Shaw Boulevard, Pasig City</i> |
| 6.2 | Delivery of the Goods and Services shall be made by the Supplier in |
| | accordance with the terms specified in Section VI. |
| | Delivery and Documents – |
| | The Delivery terms of this Contract shall be as follows: |
| | One (1) Lot Data Storage for Production Databases, Email and Document |
| | Files shall be delivered to Room 1503, 15 th Floor Citystate Centre Bldg., 709 Shaw |
| | Blvd., Bgy. Oranbo, Pasig City. Risk and title will pass from the Supplier to |
| | PhilHealth upon receipt and final acceptance of the Goods at their final |
| | destination.” |
| | Delivery of the Goods and Services shall be made by the Supplier in accordance |
| | with the terms specified in Section VI. Schedule of Requirements. The details of |
| | shipping and/or other documents to be furnished by the Supplier are as follows: |
| | Upon delivery of the Goods and Services to the Project Site, the Supplier shall |
| | notify PhilHealth and present the following documents to PhilHealth: |
| | (i) Original and four copies of the Supplier's invoice showing Goods' description, |
| | quantity, unit price, and total amount; |
| | (ii) Original and four copies delivery receipt/note, railway receipt, or truck receipt; |
| | (iii) Original Supplier's factory inspection report; |
| | (iv) Original and four copies of the Manufacturer's and/or Supplier's warranty |
| | certificate; |
| | (v) Original and four copies of the certificate of origin (for imported Goods); |
| | (vi) Delivery receipt detailing number and description of items received signed by |
| | the authorized receiving personnel; |
| | (vii) Certificate of Acceptance/Inspection Report signed by the Procuring Entity's |
| | representative at the Project Site; and |
| | (viii) Four copies of the Invoice Receipt for Property signed by the Procuring |
| | Entity's representative at the Project Site. |
| | Incidental Services – |
| | The Supplier is required to provide all of the following services, including |
| | additional services, if any, specified in Section VI. Schedule of Requirements: |
| | (a) performance or supervision of on-site assembly and/or start-up of the supplied |
| | Goods; |
| | (b) furnishing of tools required for assembly and/or maintenance of the supplied |
| | Goods; |
| | (c) furnishing of a detailed operations and maintenance manual for each appropriate |
| | unit of the supplied Goods; |
| | (d) performance or supervision or maintenance and/or repair of the supplied Goods. |

for a period of time agreed by the parties, provided that this service shall not relieve the Supplier of any warranty obligations under this Contract; and
(e) training of PhilHealth's personnel, at the Supplier's plant and/or on-site, in assembly, start-up, operation, maintenance, and/or repair of the supplied Goods.

The Contract price for the Goods shall include the prices charged by the Supplier for incidental services and shall not exceed the prevailing rates charged to other parties by the Supplier for similar services.

Spare Parts -

The Supplier is required to provide all of the following materials, notifications, and information pertaining to spare parts manufactured or distributed by the Supplier:

The Supplier shall carry sufficient inventories to assure ex-stock supply of consumable spares for the Goods for a period of *three (3) years*.

Packaging -

The Supplier shall provide such packaging of the Goods as is required to prevent their damage or deterioration during transit to their final destination, as indicated in this Contract. The packaging shall be sufficient to withstand, without limitation, rough handling during transit and exposure to extreme temperatures, salt and precipitation during transit, and open storage. Packaging case size and weights shall take into consideration, where appropriate, the remoteness of the GOODS' final destination and the absence of heavy handling facilities at all points in transit.

The packaging, marking, and documentation within and outside the packages shall comply strictly with such special requirements as shall be expressly provided for in the Contract, including additional requirements, if any, specified below, and in any subsequent instructions ordered by the Procuring Entity.

The outer packaging must be clearly marked on at least four (4) sides as follows:

PHILIPPINE HEALTH INSURANCE CORPORATION

Name of the Supplier

Contract Description

Final Destination

Gross weight

Any special lifting instructions

Any special handling instructions

Any relevant HAZCHEM classifications

A packaging list identifying the contents and quantities of the package is to be placed on an accessible point of the outer packaging if practical. If not practical the packaging list is to be placed inside the outer packaging but outside the secondary packaging.

Insurance -

The Goods supplied under this Contract shall be fully insured by the Supplier in a freely convertible currency against loss or damage incidental to manufacture or acquisition, transportation, storage, and delivery. The Goods remain at the risk and title of the Supplier until their final acceptance by the Procuring Entity.

Transportation -

PhilHealth accepts no liability for the damage of Goods during transit. In the case of Goods supplied from within the Philippines or supplied by domestic Suppliers risk and title will not be deemed to have passed to PhilHealth until their receipt and final acceptance at the final destination.

Patent Rights -

The Supplier shall indemnify the Procuring Entity against all third-party claims of infringement of patent, trademark, or industrial design rights arising from use of

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| | the Goods or any part thereof. | |
| 10.2 | NO FURTHER INSTRUCTIONS | |
| 10.3 | NO FURTHER INSTRUCTIONS | |
| 10.4 | NO FURTHER INSTRUCTIONS | |
| 13.4(c) | NO FURTHER INSTRUCTIONS | |
| 16.1 | <p>The bidders should be able to comply with the following:</p> <ul style="list-style-type: none"> • The winning bidder should work in parallel with PHILHEALTH Information technology Management Department (ITMD) during the installation, testing, and commissioning of the Project. • The bidders must ensure that the proposed One (1) Lot Data Storage for Production Databases, Email and Document Files for is compatible with the existing equipment of PHILHEALTH. • Intensive testing should be done by the winning bidder to achieve the functionality and benefits of the One (1) Lot Data Storage for Production Databases, Email and Document Files. | |
| 17.3 | <ul style="list-style-type: none"> • The maintenance period will be for a period of three (3) years. • All software/hardware should be covered by warranty on services, upgrades and updates on the One (1) Lot Data Storage for Production Databases, Email and Document Files within the maintenance period which shall commence upon acceptance of the delivered goods. | |
| 17.4 and 17.5 | <p>The period for correction of defects within the warranty period are:</p> <ul style="list-style-type: none"> • The bidders should be able to provide expert personnel to service the One (1) Lot Data Storage for Production Databases, Email and Document Files whenever problems should occur. • The winning bidder should provide an 24x7 phone and technical support to PhilHealth within the three (3) years contract. • Expenses for the technical personnel who will provide the technical service on-site to PHILHEALTH shall be at the expense of the winning bidder. | |
| 21.1 | NO ADDITIONAL PROVISION. | |

[Handwritten signatures and initials]

