



23 July 2013

**Mr. Faustino F. Datu, Jr.**  
Authorized Representative for the Joint Venture  
**Joint Venture of BestForms, Inc. etal**  
No. 20 Main Avenue, Severina Industrial Subdivision  
Km. 16 South Superhighway, Paranaque City

Dear Mr. Datu:

This is to acknowledge receipt of your letter of clarification dated 18 July 2013 duly received by the BAC office last 19 July 2013.

In your letter you formally seek clarification on four points in connection with the Procurement Project "Lease of Rotogravure Machine for Paper Printing and Finishing Equipment with management Information System (MIS), Technical and Operational Support for APO's Security Printing Plant Expansion".

**ISSUES:**

**I. Definition of Similar Contracts**

"The description and definition of similar contracts refer to an **exact parallel**"

The bidder has misconstrued the definition of similar contracts based on the NPM054-2013, that they cited. As discussed, a contract shall be considered "similar" to the contract to be bid if:

*"It involves goods or services of the same nature and complexity as the subject matter of the project being procured. Similarity of contract should be interpreted liberally in the sense that it should not refer to an exact parallel but only to an analogous one of similar category."*

We can deduce from the foregoing that "similar" means of the same nature, complexity or category. The nature or complexity of rotogravure process necessarily differs from lithograph and other printing process (as mentioned during the pre-bid conference) as the method of image transfer and general type of image carrier, including the machines employed are not the same.

In this regard, it is quite obvious that APO in identifying the contracts to be considered "similar" actually needed the expertise in **rotogravure printing** and as such may be considered different, special, particular and/or exclusive that its components do not ordinarily fall within the method of image transfer and general



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type of image carrier, including the machines employed compared to lithograph or other printing process.

We are of the view, therefore, that APO is looking for a partner that is both an expert in the field of operating rotogravure machines in paper printing and technically capable of meeting the Technical & Operations Support Requirements of the Project.

## II. **Single Largest Completed Contract (SLCC) Requirement**

The project is intended for APO's Security Plant at LIMA Technology Center (Malvar, Batangas) in order to expand its capability in the security printing industry. The end goal is to become a system integrator or an end-to-end solution provider to its client-government agencies. The purpose of which is to prevent forgery, tampering, or counterfeiting. As such, security printing industry by its nature is limited to a few suppliers which have the capability and experience to achieve such goals.

The Government is losing a lot of money in counterfeiting of accountable and highly sensitive documents, thus, it is extremely vital for APO to be ahead of counterfeiters by using the proper and latest security printing technology. It can start with simple techniques such as printing on special (security) paper or including watermarks. The key is controlling the security of the substrate and not the content printed on it. In addition to securing the substrate, ink and security printing applications, print-related technique such as **rotogravure printing** is recommended as this is frequently used in security printing and traditionally provides the main visual security on the document.

APO Production Unit, Inc. has more than forty (40) years of Offset Printing Experience but carries no experience in the actual Rotogravure Printing. We need the Winning Bidder to have actual experience in operating a rotogravure machine on a large volume and to provide the necessary technological transfer and training to ensure continuity, smooth and quality productive operations in Rotogravure Printing with MIS, Technical & Operational Support.

## III. **Machines & Equipment; Brand New, Refurbished or Reconditioned**

As discussed in the Pre-Bid Conference last 16 July 2013, APO's BAC confirmed that the requirements on the Major Components of the Machines & Equipment may be brand new, refurbished or reconditioned as long as the bidder



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has complied with the technical specifications stated under the bidding documents, particularly the Performance Criteria.

Our Market Study reveals that requiring quality BRAND NEW Rotogravure machine would need a longer time for delivery, assembly and commissioning or at least ninety to one hundred twenty (90 to 120) days. On the other hand, refurbished or reconditioned machines can meet our needs as to delivery schedule of forty five to seventy five (45 to 75) days, assembly and commissioning requirements.

**IV. Increase of ABC from Php 180,000,000 to Php 198,000,000.00**

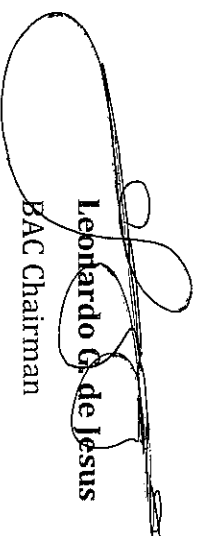
Under Section 35.2 of the IRR of RA 9184, "in order to determine the reason for the failed bidding, the BAC shall conduct a mandatory review and evaluation of the terms, conditions, and specifications in the bidding documents, including its cost estimates".

Upon the conduct of mandatory review, APO BAC, determines the need to increase the ABC from Php 180,000,000 to Php 198,000,000 since the revised term and conditions required the provision of brand new machines including performance criteria for other machines "Rotogravure & Guillotine". Further, we have specifically require all the other supporting machines and equipment to be BRAND NEW since we need these machines to be able to ensure that they can cope up with the fast and high volume requirement (rated capacity) of the rotogravure machine.

Thus, leasing of refurbished or reconditioned machines may not be practical since it cannot cope up with the daily volume requirements of APO. Furthermore, we have highlighted and improved the MIS, Technical and Operational Support requirements which were not clearly established during the first failed bidding.

We hope that we have provided light on the aforementioned issues raised for clarifications. Thank you very much.

Very Truly Yours,

  
**Leonardo G. de Jesus**  
BAC Chairman