



Request for Proposal

for the Research and Analysis of
Broadband Strategy Options
for New Zealand

Issued: Monday 30th June 2008

Closes: 4:00 pm Friday 18th July 2008

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2 Introduction

2.1 Background

This Request for Proposal (RFP) is for a consulting engagement to research and analyse the options available that might form the basis of a strategy for the achievement of widespread broadband penetration in New Zealand.

Over recent weeks, providing cost-effective broadband to the majority of New Zealand businesses and homes has received increased media attention and public profile.

- In April 2008, The New Zealand Institute released a discussion document (Delivering on the Broadband Aspiration: A Recommended Pathway to Fibre in New Zealand) containing a considered and costed roadmap as the first part of a proposed project for New Zealand to 'develop a fast path to fibre to capture the economic benefits'.
- National Party leader John Key's Leader's Speech (Achieving a Step Change: Better Broadband for New Zealand) of 22nd April 2008 flagged a political intention to invest 'up to \$1.5 billion of Crown capital over six years to accelerate the roll-out of a fibre-to-the-home network for New Zealand'.
- The Labour-led Government's Broadband Investment Fund has been released as part of the budget, pledging \$325m of operating spending to support rollout of broadband Internet infrastructure on a contestable, technology-neutral basis. The Fund includes \$75m specifically set aside for rural broadband issues.

In view of the fact that this is election year, it is logical to assume that other political parties could announce policies with similar goals.

In expectation of heightened government awareness, commitment and funding towards increased broadband accessibility, InternetNZ, through its Public Policy Committee, has assumed a leadership role to ensure the best outcome for the public and intends to advise the government accordingly through whatever means are available. The first stage in assuming this advisory and lobbying role is to research and analyse current thinking in the area and synthesise the best options and ideas to form a single, coherent strategy.

2.2 InternetNZ's Objective

The objective of InternetNZ is to advance informed public debate and assist Government and industry with achieving a next generation fibre-speed broadband infrastructure for the benefit of all New Zealanders.

2.3 Objective of this RFP

The principal objective of this RFP is to enable InternetNZ to select an individual or organisation that will be contracted to deliver a report (henceforth referred to as 'the report') that will form the basis of the necessary discussions, both internal to InternetNZ and with external stakeholders, to develop a broadband strategy.

3 Deliverables

3.1 Content

To a certain extent, the content of the report will be determined by the depth and/or paucity of information available. The ideal deliverable will be a detailed analysis and synthesis of possible options presented in the form of a 'strawman' model. Should there be insufficient data to confidently propose such a model, the report will, at the very least, detail the various options available and provide informed analysis and comment on each, including ballpark costings, possible investment models and identify any further work required.

3.2 Process

The first item of work under the contract will be the drafting of a Terms of Reference document for the engagement which will be agreed by both parties before work proper commences. The primary deliverable of the engagement, the report, will be delivered through a two-stage process.

Stage One

The purpose of this stage is to perform sufficient preliminary work to assess the amount of information already available and the amount of new research required to confidently propose what the engagement can realistically achieve.

Stage One will include:

1. A discovery process and relevant literature review including:
 - Overseas models developed by national and local governments regarding rollout of high speed broadband infrastructure.
 - Existing proposals and policy statements in New Zealand for example NZ Institute, National, Labour, NZCID/HiGrowth reports.
2. An assessment and recommendation to InternetNZ regarding what is realistically achievable within the scope of the project.
3. The Stage One deliverable will be a report summarising the above findings, including recommendations regarding the scope, structure, content, process and format of the Stage Two report.

Stage Two

Work will only begin on Stage Two, the delivery of the report itself, after InternetNZ has formally agreed the nature of the deliverable with the respondent. InternetNZ reserves the unconditional right not to engage the respondent for this stage of the process.

3.3 Principles

The following overarching principles underpin InternetNZ's approach towards the broadband strategy.

1. The New Zealand Broadband Infrastructure (NZBI) **must** be structured in such a way to ensure service providers can fairly compete to deliver services to end-users.
2. The NZBI **must** be funded in such a manner that providers can offer affordable services to the majority in each end-user category (e.g. families, businesses, schools etc). For the purposes of the strategy, the 'majority' should be considered to be a target figure of 75%.

3. The strategy **must** enable NZBI to be rolled-out to the majority of end-users within a timeframe that enables New Zealand to be a leader rather than a follower within this area of technology.
4. The bandwidth available and affordable to the majority of end-users should be unconstrained for the current and foreseeable future. Current thinking is this would mean 100Mbps for domestic users and 1Gbps for commercial users.
5. The development of the strategy **should not** be constrained by existing or proposed political policies, although pragmatically it is recognised that politics will affect its acceptability to the government of the day.
6. The NZBI **should** avoid excessive duplication to ensure efficient usage of installed infrastructure and to maximise the infrastructure spread achievable from the funding available.

3.4 Scope

This following may be included within the scope of the report.

1. A synopsis of the current state of broadband infrastructure in New Zealand.
2. A 'current-state' assessment of the likely future spread of broadband in New Zealand given the current market and stakeholders, including medium and longer term estimates of the projected uptake among identified end-user groups and the associated cost to them (linked to bandwidth).
3. A summary of the carrier technology available to implement the NZBI (e.g. wireless, fibre, copper etc), the advantages and disadvantages of each, and the scenarios in which each might be preferred, including costings.
4. An assessment of network architecture options that will maximise future flexibility, reliability and capacity, including backhaul capacity and contention ratios.
5. A statement of the bandwidth assumptions, including contention ratios, made in the analysis.
6. The demographic data upon which the report is based, including identification of the types (categories or groups) of end-user, their numbers, their geographic spread, and their proximity to current and possible future NZBI infrastructure.
7. The economic data upon which the report is based, including the basis for determining what 'affordable to the majority of end-users' means in the context of the report.
8. A description of the typical services and purposes for which it is assumed each end-user group will use the NZBI over both the medium and longer term.
9. Identification of the stakeholders in the NZBI and their likely roles.
10. A review of current broadband proposals, which at this time includes the NZI FibreCo proposal and the policies of the two main political parties.
11. A workable business model (or models) under which the NZBI might operate.
12. The effect on current stakeholders of the implementation of the strategy and on their investment plans.
13. A statement regarding the timeframe within which the rollout should be implemented in order for New Zealand to achieve a leadership position within this area of technology.
14. A high-level roadmap or work programme indicating how the strategy might be implemented, including timeframes.
15. Ballpark costings of the proposed infrastructure.
16. Available funding options for the proposed business model(s), including the likely cost of typical services to the end-user.

17. The role of government and local government in both governance and infrastructure provision.
18. The regulatory framework required to underpin the strategy.
19. Review any overseas models that might provide relevant reference points for the proposed strategy or model.

3.5 *Timeframe*

Stage One of the process, involving an interim report to InternetNZ prior to commencement on the report proper, must be completed 29th August 2008 at the latest. InternetNZ undertake to make their decision as to whether or not to proceed with Stage Two no later than two weeks after receipt of the interim report.

InternetNZ require the final version of the report to be delivered, and therefore Stage Two of the engagement completed, by 20th October 2008.

Notwithstanding the above, InternetNZ remain open to suggestions from the respondent regarding the timeframe and accept that the scope and structure of the report, agreed after Stage One, could require a renegotiation of the completion date.

4 Responding to this RFP

4.1 Schedule

Following is the schedule for the RFP process.

| | |
|---------------------------------|--------------------------------|
| Monday 30th June 2008 | Issue RFP |
| Friday 18th July 2008 (4:00 pm) | RFP Closed |
| Friday 1st August 2008 | Proposal evaluation completed |
| Monday 4th August 2008 | Contract negotiations commence |
| Friday 8th August 2008 | Contract(s) agreed and signed |

4.2 Pricing

Respondents must provide separate pricing for each of the two stages of the engagement.

Pricing provided for Stage One of the engagement, the interim report, will be the basis of the contract for that work.

A separate contract will be signed for Stage Two of the engagement. Respondents are required to submit estimated pricing for this stage. Depending on the agreed outcome of Stage One, assuming InternetNZ decides to engage the respondent on Stage Two, the pricing of the Stage Two contract will be negotiated at that time. InternetNZ is under no obligation to enter into a contract with the respondent for Stage Two.

Respondents must indicate their acceptance of the staged approach outlined above or suggest an alternative approach.

Respondents have the option of pricing either on a time and materials basis or by fixed price. If a time and materials basis is proposed, a total estimated price must be provided with a breakdown as to how it was derived.

All travel costs associated with the proposal should be detailed and included in the pricing.

Respondents must provide a total estimated cost for the engagement incorporating all the costs mentioned above.

The response must also include details of:

- any start-up costs to InternetNZ;
- methodology for reviews of prices/charges;
- costs to InternetNZ should the contract end.

All amounts must be in New Zealand dollars. Where GST is applicable, this must be shown separately.

To assist in the evaluation and analysis of the costs and charges associated with the proposal, all charges and costs must be included in the same section of the response.

All costs and charges are to be based on the information contained in the RFP and associated correspondence.

4.3 Approach

Respondents must:

- describe their familiarity, competence, experience, and views within the fields relevant to this RFP;
- outline their approach towards performing the engagement;
- describe any methodologies they might use; and
- describe any quality assurance/review processes they will use.

4.4 Resourcing

Respondents must confirm they have sufficient resources to perform the work required within the outlined timeframe.

Respondents must identify the people including subcontractors they propose to work on the engagement. For each person, they should provide:

- a curriculum vitae;
- information about the person's skills that are relevant to the engagement; and
- references to work the individuals have performed in contexts relevant to this RFP.

InternetNZ reserves the right to conduct reference checks as part of the evaluation process but will liaise with the respondent prior to doing this.

Respondents must confirm that if any of the proposed resources are no longer available at any time before or during the engagement that alternative, equally skilled resources will be immediately available and that the engagement will not suffer, either in time, cost or progress, as a result of the loss.

Respondents must confirm that the individuals they propose are available to travel to Wellington to meet with InternetNZ and other stakeholders on an 'as required' basis, and to travel to other parts of the country if necessary. Estimated travel costs should be included in the pricing of this proposal.

4.5 Contact Point

Respondents must specify in their proposal the name, title, address, phone and fax number and e-mail address of the contact person to be responsible for this RFP. This person must have the authority to receive and send correspondence and to legally bind the respondent. InternetNZ will liaise with, and directly correspond to, that person in respect of this RFP. The respondent may change this person at any time by written notice to InternetNZ.

4.6 Format

This document will be e-mailed to the nominated contact person in your organisation in MS-Word format to assist with completing the submission. As part of the evaluation process, InternetNZ will be assessing the respondent's ability to adequately address the areas listed under the Scope of the report (above). Respondents may respond to this by whatever means they prefer. If it assists in this, InternetNZ will accept an edited version of the original document as part of the response, with the respondent's insertions clearly indicated.

In addition to the RFP requirements already stated, respondents should:

- provide an introduction which addresses the respondent's understanding of the general requirements of the RFP and a summary of what they are proposing;
- ensure that sufficient detail is provided to enable an analysis of the response without having to further contact the respondent; and

- provide a statement of acceptance of the stated conditions and requirements of the RFP.

Where possible, respondents should reference individual responses to the relevant section of this document.

4.7 Submission

Proposals in response to this RFP must be received by InternetNZ no later than 4 pm on Friday 18th July 2008. InternetNZ reserves the right to reject any proposal due to lateness. They must be delivered to:

Jordan Carter
Deputy Executive Director
InternetNZ
PO Box 11-881
Manners St, Wellington
New Zealand, 6142

| | |
|-----------|--|
| Telephone | +64 4 495 2118 |
| Mobile | +64 21 442 649 |
| Facsimile | +64 4 495 2115 |
| E-mail | jordan@internetnz.net.nz |

Proposals must be clearly labeled 'Proposal for the Research and Analysis of Broadband Strategy Options for New Zealand'.

Respondents must provide one signed unbound original and three signed, bound printed copies of their proposal. In addition, an electronic copy must be provided in MS-Word compatible format.

All queries regarding this proposal must to be directed to Jordan Carter at InternetNZ and must be made via e-mail or in writing unless they are of an urgent nature in which case they should be telephoned and confirmed via facsimile. Where questions are raised that have relevance to other responding organisations, InternetNZ reserve the right to advise the other RFP recipients of both the question and the answer provided.

4.8 Evaluation Process

Based on the responses received, evaluations undertaken and reference checking performed, a preferred respondent will be selected.

InternetNZ and the preferred respondent will enter into negotiations to refine the scope of the engagement and define the terms, conditions, and intent of the contract.

4.9 Debriefing

All unsuccessful respondents may request a debriefing after the announcement of the successful respondent. Upon request, InternetNZ may (at its discretion) agree to meet with an unsuccessful respondent to indicate why its submission was unsuccessful, subject to InternetNZ's obligations of confidentiality to the other respondents.

5 Rules for the RFP

5.1 Costs

Recipients wishing to respond to this RFP should note that they do so at their own cost. No commitment is given by InternetNZ in issuing this document.

InternetNZ and its representatives will not be liable for any direct or indirect damage, loss or cost (including legal costs) to any respondent or other person in relation to this RFP process or arising from any resulting contract negotiations.

5.2 Confidentiality

The information in the RFP, or otherwise supplied by InternetNZ during this RFP process, is confidential to InternetNZ. It may not be used in any other context, nor revealed to any other party not directly involved in the submission of the proposal.

This document and any copies produced will remain the property of InternetNZ and must be returned to InternetNZ on request.

Any information that is to be treated as proprietary to the respondent must be marked accordingly as commercially sensitive and confidential. It is not acceptable that the entire proposal be marked as such.

While InternetNZ will use reasonable efforts to maintain the confidentiality of information supplied in proposals, including information marked as commercially sensitive and confidential, it cannot assure the respondent that all information they disclose to InternetNZ will be kept confidential.

5.3 Proposal Evaluation Criteria

Each proposal received will be evaluated on how well it meets or exceeds the requirements stated in this document. Weightings may be applied to certain criteria. In addition, proposals may be evaluated on:

- price;
- the respondent's experience in the type of environment specified and previous track record of similar engagements;
- the respondent's proposed resources;
- the experience of the individuals nominated to perform the work;
- the availability of the proposed resources;
- the ability of the contracted organisation to provide alternative resource(s) should the need arise;
- understanding of the scope of the engagement;
- references;
- cost acceptance;
- the respondent's methodologies; and
- the completeness and quality of the proposal and how well it meets InternetNZ's stated requirements.

These criteria are intended for guidance only so that respondents may assess the suitability of their proposal. They are not in any particular order, are not exhaustive and will not necessarily be equally weighted.

5.4 Evaluation Process

InternetNZ retains control of the RFP process. Any responses to the RFP will be used solely for the purposes of meeting the requirements of InternetNZ.

5.5 InternetNZ Information

InternetNZ has used reasonable efforts in compiling the RFP but it will not be liable to respondents or any third parties for any inaccuracy or omission in the RFP, or any additional information that may be provided by InternetNZ or its representative during the tender process.

Except to the extent required by law, InternetNZ may withhold any information from any person for any reason and will not be responsible (in contract or tort, including negligence) to any person in relation to any information. Each respondent should make its own inquiries.

5.6 Acceptance of RFP Rules

Supply of a proposal by the respondent to InternetNZ will amount to acknowledgement and acceptance of these RFP Rules by the respondent.

5.7 Non-conforming proposals may be excluded or considered

Any non-conforming proposal, including without limit any late proposal, may be excluded from or accepted for consideration by InternetNZ at its discretion.

5.8 Validity Period

Proposals once submitted can not be withdrawn or changed, except with the written consent of InternetNZ. All proposals must include a statement of the period for which they are valid (commencing from the date of submission).

5.9 Authorised Communications

Only those communications that are in writing from InternetNZ may be considered as a duly authorised expression on behalf of InternetNZ. Correspondingly, only those communications from respondents that are duly signed and in writing will be recognised by InternetNZ as duly authorised expressions on behalf of that respondent.

5.10 Deviations from Form of Proposal

Any deviation from the requirements of this RFP (whether in format, content or substance) must be clearly marked and a written explanation given for each deviation (including the effect of such deviation).

5.11 Addenda to Proposal

Information not specifically required for the RFP but deemed by the respondent to be of value to the evaluation should be included as an addendum to the proposal. Addenda must not include advertising brochures or similar material. Where there is reference to published manuals, the relevant extracts from the manuals, and these alone, must be placed in the addenda.

5.12 Changes to the RFP

Where any change to the RFP is made by InternetNZ, each person sent this RFP by InternetNZ will be notified in writing of the change and the RFP will be deemed changed as specified. If a proposal has been submitted prior to the change, that proposal may be withdrawn by the respondent, modified to take account of the change, and resubmitted by the closing time.

5.13 Time

New Zealand time and dates apply.

5.14 Governing Law

New Zealand law governs this proposal process and New Zealand courts have exclusive jurisdiction.

5.15 No Canvassing/Undisclosed Benefits

Respondents and their representatives must not directly or indirectly canvas, or provide any form of inducement or reward to any representative of InternetNZ or its representatives involved in this project.

Any attempt to canvas, induce or reward may be considered ground for rejection of the respondent's proposal for future consideration.

5.16 Notice of Outcome

InternetNZ will use reasonable efforts to notify each respondent who submitted a complying proposal of the success or otherwise of its proposal within a reasonable time of InternetNZ making any final decision.

5.17 Reliance on Information

InternetNZ will rely on information provided by, or on behalf of, a respondent at all stages of the project. It must therefore be complete and accurate

5.18 Privacy

Each respondent authorises InternetNZ to collect and use any information about the respondent. The relevant respondent may require InternetNZ to update or correct that information.

5.19 InternetNZ Security

Each respondent and its representatives must comply with InternetNZ's security and operational requirements when they have access to any of InternetNZ's property or information.

5.20 Most Favourable Proposal

Proposals should be on the basis that they represent the respondent's most favourable deal at this stage for the option or options proposed.

5.21 Disclosure

Respondents and their subcontractors must disclose any recent, current, or planned commercial relationships with parties providing services that may in some way relate to this proposal and/or create a conflict of interest.

Respondents should include in their proposal all relevant information that will assist the evaluation of their proposal(s).

InternetNZ reserves the right to subject a tenderer to due diligence.

5.22 Rights Reserved by InternetNZ

InternetNZ reserves the unrestricted right to, at any time:

- change any date in this RFP process ie. extend or shorten the timeframes;
- apply, or change, and give whatever weight it wishes to any policy or criteria relating to participation in this RFP process or evaluation of any proposal;
- exclude any person from this RFP process for any reason;
- restrict or deny the supply of, or access to any InternetNZ site or other property or any of InternetNZ's personnel, information or property to any person;
- delete or change its requirements for any goods or services covered by this RFP process;
- suspend or cancel this RFP process by notice;
- consider (or not consider), accept or reject any non-compliant proposal;
- not give any reason for any suspension or cancellation of this RFP process;
- liaise or negotiate with any respondent or other person at any time without disclosing this to, or involving or doing the same with, any other respondent or person (whether before during or after this proposal process);
- determine on any basis the number of proposals short-listed;
- change any rule of this RFP process by notice;
- disclose or not disclose any information to any person, except to the extent otherwise required by law;
- convert this RFP process to, or conduct during this RFP stage, a Request for Tender or any other process;
- create any number and type of contracts in respect of any of its requirements covered by this RFP process; and/or
- not progress or accept the lowest or any proposal, or let any contract.

5.23 No Contract until Formal Execution

No formal contract will exist between InternetNZ and any person in respect of any of the subject of this RFP, until completion of execution by all applicable parties of formal written contract documents.

5.24 Proprietary Rights

Every proprietary right in any information in this RFP, or in any information provided by a respondent, InternetNZ or any other person during the course of this RFP process, will belong to InternetNZ.

5.25 Proposal Ownership

Once submitted, your proposal becomes the property of InternetNZ and may not be returned. The proposal will then be covered by the confidentiality statements above.

5.26 Public Statement

No respondent shall at any time make any public statement in relation to this RFP, the evaluation process, or the nature of the proposed engagement without prior written consent from InternetNZ.

5.27 Ownership

InternetNZ will retain all intellectual property rights to the contracted deliverables.

6 Contracts

6.1 Contract Inclusions

Respondents must be prepared to include the RFP, associated correspondence and their proposals in the contract.

6.2 Standard Contracts

The final contract will be negotiated with the successful respondent. At this juncture, respondents must supply drafts of standard contracts that they will expect InternetNZ to agree to.

6.3 Contract Basis

Separate contracts will be negotiated for each stage of the engagement, allowing later stages to be structured to suit the outcomes of prior stages. Each stage will be reviewed upon completion and InternetNZ is under no obligation to enter into contracts for later stages.