



South African Revenue Service

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## RFP 01-2019 QUESTIONS & ANSWERS

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DATE 21 JUNE 2019

<h3>RFP 01-2019: QUESTIONS &amp; ANSWERS</h3>
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	QUESTIONS	ANSWERS
1.	Are there any constraints for the hosting of IT services (geography...)	Currently, SARS requires on premise solutions.
2.	<p><b>Technical requirements' in table 15 "SOFTWARE DEVELOPMENT TOOLS AND TECHNOLOGIES" (in doc "2. RFP 01-2019 - Main RFP Doc.pdf") and "4.2.14 Software development tools and technologies" (in doc: "6. RFP 01_2019 Track and Trace - Business Requirement Specifications Document.doc"). In these sections it mentions the requirement regarding technical interfaces or solutions to use or comply.</b></p> <p>Q: Can a provider promote other choices regarding its solution with benefits and arguments of compatibility with external</p>	The bidder may illustrate and prove other capabilities they have in addition to the required capabilities specified. During the contracting and scoping phases SARS may enter into discussions if the Service Provider has more advanced technologies that will benefit SARS.

	<p>system? Or if we need to strictly follow the limited technologies presented in RFP?</p>	
3.	<p><b>Related to Document ‘PROVISION OF A PRODUCTION MANAGEMENT AND TRACK AND TRACE SOLUTION FOR CIGARETTE PRODUCTS’: Page 4 states that SARS will regulate the supply of the solution, its components and the fiscal marks to cigarette manufacturers through the current licensing /accreditation process (similar to the process in use through which use of and access to the existing Diamond Stamp is granted)</b></p> <p>Could SARS please provide insights into the mentioned licensing / accreditation process, and how this could be applied for tobacco products and the sake of this tender.</p>	<p>SARS’s processes in terms of licensing, registration and accreditation is available at the following link:</p> <p>For Licensing, Registration and Accreditation - <a href="https://www.sars.gov.za/ClientSegments/Customs-Excise/Registration-and-Licensing/Pages/default.aspx">https://www.sars.gov.za/ClientSegments/Customs-Excise/Registration-and-Licensing/Pages/default.aspx</a></p> <p>and for the Existing Diamond Stamp Procedures - <a href="https://www.sars.gov.za/ClientSegments/Customs-Excise/Excise/Pages/Tobacco-Products.aspx">https://www.sars.gov.za/ClientSegments/Customs-Excise/Excise/Pages/Tobacco-Products.aspx</a></p> <p>There is no impact on this tender at this stage, the requirements will be applicable post tender award. Taking into consideration the proposed solution of the successful bidder.</p>
4.	<p><b>Related to Document ‘PROVISION OF A PRODUCTION MANAGEMENT AND TRACK AND TRACE SOLUTION FOR CIGARETTE PRODUCTS’: Page 16 Point 4 of the Pre technical mandatory requirements describes the secure marking requirements in terms of ability to incorporate security features into fiscal marks and UIDs</b></p> <p>Would SARS be open to consider security features embedded directly on to packs, instead of indirect application by means of attaching a tax stamp to the packs?</p>	<p>The bidder must provide its own solution keeping in mind the requirements of the fiscal marks that must comply according to the pre-technical mandatory requirements.</p>
5.	<p><b>Related to Document ‘PROVISION OF A PRODUCTION MANAGEMENT AND TRACK AND TRACE SOLUTION FOR CIGARETTE PRODUCTS’: Page 17 Point 9 of the Pre technical mandatory requirements states there must be interoperability measures with existing fiscal marking solutions.</b></p> <p>Could SARS please provide more detail of the underlying business requirement and provide a basic description of the existing fiscal marking solutions SARS wishes the system to interoperate with?</p>	<p>The current fiscal marker used is the diamond stamp that is embedded on to the cigarette box at time of manufacturer. This is not fit for purpose, therefore SARS requires bidders to provide a solution that complies with the requirements of the BRS in order to Track and Trace cigarette products that are manufactured. In terms of <b>interoperability, please refer to Annexure D, SARS external technical interface specification</b></p>
6.	<p><b>BUSINESS REQUIREMENTS SPECIFICATION Page 11: Effective and end-to-end track and trace will only be enabled with effective supply chain event management which requires the logging of supply chain events (e.g., dispatch, receipt of</b></p>	<p>SARS expects that tracking and tracing should apply along all traceability events throughout the supply chain.</p> <p>Please refer to the main RFP page 23, under the paragraph 6, “Information technology event management”.</p>

	<p><b>goods, etc.) related to excisable goods through the supply chain.</b></p> <p>Could SARS please confirm the supply chain in scope for the T&amp;T system, i.e. which Economic Operators (Wholesalers, Distributors, Retail Outlets, individual shops,) will require logging SC events in the T&amp;T system? If answer is including Retail Outlets &amp; individual shops, then please refer to question 7.</p>	
7.	<p><b>BUSINESS REQUIREMENTS SPECIFICATION Page 17 Traceability Requirements section and points 7 to 10 speaks about identification of fiscal marking, not traceability</b></p> <p>Could SARS for the sake of clarity confirm if the term Traceability in this tender refers to tracing the tobacco products throughout the supply chain, or how fiscal markers should be treated, as described in this section</p>	Please refer to the definition on the BRS, page 7.
8.	<p><b>BUSINESS REQUIREMENTS SPECIFICATION Page 20 Point 5 states that solution providers are required to provide complete solutions, including handheld scanners / reading devices for distribution chain operators - if required- to record receipt, disaggregation, aggregation and dispatch events and associated unique identifiers;</b></p> <p>Could SARS provide an estimated amount of distribution chain operators and geographic spread? What type of minimal IT and Communications environment may bidders expect/anticipate for distribution chain operators in scope?</p>	Please refer to the BRS on page 11. Geographic locations are Gauteng, Eastern Cape and KwaZulu-Natal
9.	<p><b>Main RFP document Page 6 3. Point 3.2.13 of states that the solution should be implemented in manner agreed with the manufacturer in a non-intrusive manner and should not disrupt established production processes in place.</b></p> <p>Can SARS please confirm that bidders are advised /allowed to engage with Manufacturers to understand the installed base of the production facilities to understand how implementation can be best established?</p>	Bidders are at liberty to make their own arrangements with manufacturers for purposes of site visits.
10.	<p><b>Main RFP document Page 6 3. Point 3.2.13 of states that the solution should be implemented in manner agreed with the manufacturer in a non-intrusive manner and should not disrupt established production processes in place.</b></p>	Once a successful bidder is appointed, the bidder together with SARS and the manufacturer will collaborate in terms of the actual implementation.

	<p>While the bidder remains responsible for the implementation of the solution in line with tender requirements (notably Section 4.2.4 of the Business requirements specification document), can SARS confirm that for actual installation of Hardware / appliances on the production lines, bidders are required to collaborate with manufacturers to achieve requirement 3.2.13?</p>	
11.	<p><b>Main RFP document 3.2 Overview of SARS's Requirements</b></p> <p><b>Service Provide must - bullet point 5: The Service Provider shall offer a solution on the basis of absorbing all capital and ongoing costs. This means that the South African Revenue Service will not make any investment towards the project. The capital and ongoing costs will be recouped as part of the fiscal marks sale</b></p> <p><b>The cigarette manufacturer must: fund the implementation, maintenance and operation of the solution components</b></p> <p><b>Funding confirmation: Looking at these 2 sections, it means that the service provider must fund all SARS components of the solution, and will recoup this investment by means of selling the Fiscal markers to manufacturers</b></p> <p>The manufacturers must fund their own solution that will be installed by the Service provider, during the briefing session; it seems that there was confusion who must fund the Manufacturer solution. Please verify this funding mechanism</p>	<p>The service provider will incur the initial capital outlay of the solution which includes all the equipment, machinery, maintenance, and software and hardware implementation. This includes the installation at the manufacturers' plants and associated maintenance over the agreed contract period (8 years).</p> <p>All these capital and ongoing operational costs will be recouped by the service provider from the manufacturers through the sale of the 'fiscal mark' to the manufacturers, throughout the agreed contract period.</p> <p>The manufacturer will only incur the cost of the 'fiscal mark' and will not pay for any initial capital outlay. The purchasing of the 'fiscal mark' is how they will be 'funding' for the capital outlay of the solution.</p>
12.	<p>In the case of a bidder that intends to subcontract the provision of services to its affiliate company located in South Africa, could you please confirm that it is possible for said affiliate to then invoice in the name and on behalf of the bidder?</p>	<p>Sub-contracting should be to a separate company it should not be an affiliate or subsidiary. SARS will sign the SLA with the main bidder. SARS will engage with the main bidder only. The main (successful) bidder must, at all times, be solely and entirely accountable to SARS for the performance of its contractual obligations in terms of the agreement.</p>
13.	<p>In the Main RFP document on page 37, could SARS confirm if the formula for the price evaluation is correct? Should the formula be divided by PT instead Pmin? If, yes this would mean that PS could eventually be negative.</p>	<p>The formula published on page 37 of the Main RFP is correct, and in line with the Preferential Procurement Policy Framework Act 2000: Preferential Procurement Regulations 2017</p>

<b>14.</b>	Please confirm if the required marker is a Physical Marker or Direct Marking?	Please refer to the definition related to the fiscal mark in the BRS, page 5. However, the bidder must provide its own solution keeping in mind the requirements of the fiscal marks that must comply according to the pre-technical mandatory requirements.
<b>15.</b>	If it is both please confirm how will they be evaluated? Or else, please confirm the categories of excisable goods in which the types of Markers will be affixed. For example, Digital for Local Production and Physical for Imports.	Please refer to the definition related to the fiscal mark in the BRS, page 5. However, the bidder must provide its own solution keeping in mind the requirements of the fiscal marks that must comply according to the pre-technical mandatory requirements.
<b>16.</b>	The RFP document does not mention the Physical Properties (size, shape, material, dry/self-adhesive, etc.) of the Fiscal Marking. Can the bidder propose the Fiscal Marking as per international standards? SARS to kindly confirm.	The bidder must provide its own solution keeping in mind the requirements of the fiscal marks that must comply according to the pre-technical mandatory requirements.
<b>17.</b>	SARS to reconfirm if Fiscal Marking Applicators / Direct Fiscal Marking Printers to be provided by the bidder in case of Local Manufacturer scenario and Unmarked goods for Imports. If yes, will the cost of the Printers be charged separately from the Taxpayers or is it to be included in the Cost of the Stamp?	The solution from the bidder needs to be an all inclusive solution and it would be included in the Cost of the Stamp
<b>18.</b>	SARS to let the bidder know the space (area) available to setup Fiscal Marking Applicators / Direct Fiscal Marking Printers for marking unmarked goods for import	Please refer to the BRS page 11-12. It is also required that the bidder will provide information to SARS on how this will be undertaken throughout the value chain.  Distribution centres will have to be provided by the service provider, The bidder must have the ability to securely store and distribute fiscal marks to authorised entities.
<b>19.</b>	Kindly confirm the quantity of Sample Fiscal Mark required for evaluation	Please refer to the BRS, page 13 paragraph 3.2.
<b>20.</b>	SARS to confirm if the supply of Aggregation Recording Equipment is under the scope of bidder.	Yes it is.
<b>21.</b>	Please provide the make and model of the existing Aggregation Recording Equipment	The bidder must provide its own solution keeping in mind the requirements of the fiscal marks that must comply according to the pre-technical mandatory requirements.
<b>22.</b>	Please confirm if SARS will provide space, electricity, etc. for Data centre, Disaster Recovery site, Command Center, Fiscal Marks Encoding/issuing centre	The fiscal mark encoding/issuing centre will be managed and placed at the successful bidder's preferred site. All costs and expense is for the successful bidder. Please refer to BRS page 24 paragraph 4.2.8
<b>23.</b>	SARS to confirm if the Training and Capacity building for the inspectors, web portal users to be done at a central place inviting the eligible participants or will it have to be done at various places across South Africa	Training will be decentralised across South Africa.
<b>24.</b>	SARS to list all the internal and external system that the bidder needs to integrate with the Fiscal Marker Management System	Please refer to Annexure D, SARS external technical interface specification

25.	SARS to confirm whose scope is to provide connectivity between DC, DR, Encoding/issuing centre, manufacturers plant, etc.	It is the successful bidder's responsibility.
26.	In the pricing sheet, there are Seven Tables, please confirm if the cost of all the mentioned services is to be included in the cost of the Stamp (Table 2) or if the other costs will be added on to the cost of the Stamp?	<ul style="list-style-type: none"> <li>• Table 2 refers to rate of exchange</li> <li>• Table 3 stamp fee per unit cost– refers to all-inclusive service offering as per BRS.</li> <li>• Table 4, 5 ,6 and 7 are detailed breakdowns of elements that should be amortised against the stamp fee per unit cost including other costs that the bidder will be incurring</li> </ul>
27.	The cost of the equipment for manufacturers is it exclusive of the stamp costs or is it included in the costs of the stamps?	It is inclusive
28.	<p>Page 18, of the Business Requirement Specification Document, 4.2.4 Production Control and Inventory Management states under Clause 1 that the Solution Provider may be responsible for sourcing and implementing ..... The word May is ambiguous. Please confirm if the Solution Provider is required or is not required as it has a direct implication on the price.</p>	<p>The service provider will incur the initial capital outlay of the solution which includes all the equipment, machinery, maintenance, and software and hardware implementation. This includes the installation at the manufacturers' plants and associated maintenance over the agreed contract period (8 years).</p> <p>All these capital and ongoing operational costs will be recouped by the service provider from the manufacturers through the sale of the 'fiscal mark' to the manufacturers, throughout the agreed contract period.</p> <p>The manufacturer will only incur the cost of the 'fiscal mark' and will not pay for any initial capital outlay. The purchasing of the 'fiscal mark' is how they will be 'funding' for the capital outlay of the solution.</p> <p>Responsibility for and maintenance of non-solution provider supplied equipment should rest with the manufacturer.</p>
29.	Page 18, of the Business Requirement Specification Document, 4.2.4 Production Control and Inventory Management states under Clause 1 states that the solution Provider is responsible for sourcing and implementing equipment related to Aggregation. Please confirm that this equipment is to build the digital parent-child relationship for the aggregated packages and that bidders can use the existing packing systems already with the excisable goods manufacturers.	The bidder must provide its own solution keeping in mind the requirements of the fiscal marks that must comply according to the pre-technical mandatory requirements.
30.	We have experience of implementing Tax Stamps and Tractability Solutions in over Ten Countries for more than a decade. The Scoring Matrix (1.5 – Table 3, Technical Evaluation, Main RFP Doc) has a criterion for implementation of Tax Stamps with Track and Trace for over 20 Projects. As per our knowledge, only one company will qualify for full marks on this criterion. In the interest of competitiveness, request to relax this condition	SARS cannot change the criteria published.

<p>31</p>	<p><b>Business Requirements Specification. Pg. 12 of 32. Scenario 2: Importation of excisable goods for local consumption and re-export. “It is possible that there may be a portion of low-volume imported goods that cannot or will not be marked prior to arrival into South Africa.”</b></p> <ul style="list-style-type: none"> <li>• How many manufacturers of imported cigarettes are there and what is the expected volume of unmarked imported cigarettes that is expected?</li> </ul> <p>At how many locations is the importing of cigarettes permitted?</p>	<p>There are 91 estimated numbers of importers that imported cigarettes in the last 12 months. SARS however cannot predict the amount of unmarked cigarettes that will be imported in the future. Cigarettes can be imported at any port of entry as prescribed in the Customs and Excise Act, within South Africa. imports of cigarette products over the past year has Predominately taken place through the following ports of entry</p>  <p>RFP 01-2019 -TOTAL NUMBER OF CIGARET</p>
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