

## CONTRACT FOR THE TELECOMMUNICATIONS SERVICE

THIS CONTRACT made and entered into by and between the following:

**DEPARTMENT OF BUDGET AND MANAGEMENT**, a government agency created by virtue of the laws of the Republic of the Philippines, with principal office address at Boncodin Hall, Gen. Solano St., San Miguel, Manila, represented herein by its Secretary, **FLORENCIO B. ABAD**, hereinafter called the "**DBM**";

- and -

**INNOVE COMMUNICATIONS, INC.**, a corporation duly organized and existing under the laws of the Philippines, with office address at Valero Telepark 111 Valero St., Salcedo Village, Makati City, represented by its Sales Head, Enterprise Group, **GRACE JARIN CASTILLO**, hereinafter referred to as the "**SUPPLIER**".

### WITNESSETH:

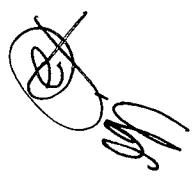
**WHEREAS**, the DBM conducted a public bidding for the Project, "Telecommunications Service" (hereinafter, the "Goods and Services") and the bid of the Supplier in the total amount Thirteen Million Four Hundred Twenty Thousand (P13,420,000.00) (hereinafter called the "Contract Price");

**WHEREAS**, the Notice of Award was issued on May 21, 2013 and the Supplier posted its performance security on May 31, 2013;

**NOW, THEREFORE**, for and in consideration of the foregoing premises, the parties hereby mutually stipulate and agree as follows:

1. In this Contract, words and expressions shall have the same meanings as are respectively assigned to them in the General and Special Conditions of Contract referred to in Annex D and E, respectively.
2. The following documents shall form and be read and construed as part of this Contract:

Annex A	-	Bid Form and Price Schedule;
B	-	Schedule of Requirements;
C	-	Technical Specifications;
D	-	Service Level Agreement;
E	-	General Conditions of Contract;
F	-	Special Conditions of Contract;
G	-	Notice of Award; and
H	-	Performance Security.
3. In consideration of the payments to be made by the DBM to the Supplier, the Supplier hereby covenants with the DBM to provide the Goods and Services and to remedy defects therein in conformity with the provisions of the Contract.




4. The DBM hereby covenants to pay the Supplier, 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.

**IN WITNESS WHEREOF**, the parties hereto have signed this Contract on this \_\_\_\_ day of \_\_\_\_\_, 2013 at DBM, Malacanang, Manila, Philippines.

DEPARTMENT OF BUDGET  
AND MANAGEMENT

By:



**FLORENCIO B. ABAD**

*Secretary*

INNOVE COMMUNICATIONS, INC.

By:



**GRACE JARIN CASTILLO**

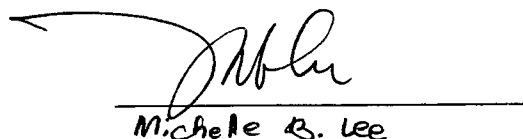
*Sales Head, Enterprise Group*

SIGNED IN THE PRESENCE OF

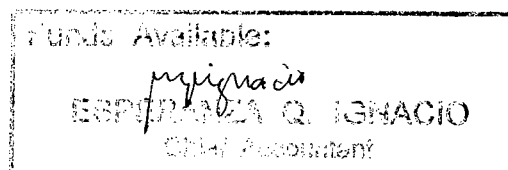


**VINZON R. MANANSALA**

*Officer-in-Charge, ICTSS*



*Michelle B. Lee*



*Oban# 2013-6-1097*  
*6/28/13*

## ACKNOWLEDGMENT

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

**BEFORE ME**, a Notary Public for and in the City of CITY OF MAKATI, Philippines on this  
\_\_\_\_\_ day of AUG 01 2013, 2013 personally appeared the following:

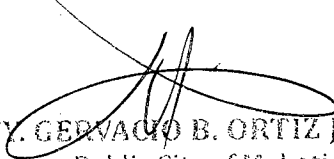
NAME	VALID ID	VALID UNTIL
<b>FLORENCIO B. ABAD</b>	DBM ID NO. 3706 CTC No. 300043/18 issued on Jan. 23, 2013 at Basco, Batanes	2014
<b>GRACE JARIN CASTILLO</b>	Passport No. xx4632180 CTC No. 36851393 issued on Jan. 22, 2013 at Imus, Cavite	Sept. 22, 2014

known to me to be the same persons who executed the foregoing Contract and who acknowledged to me that the same is their free and voluntary act and deed and of the entities they respectively represent.

This CONTRACT for the Project "Telecommunications Service" was signed by the parties and their material witnesses on each and every page thereof.

WITNESS MY HAND AND SEAL this AUG 01 2013 day of \_\_\_\_\_, 2013.

Doc No 180;  
Page No 37;  
Book No XLVII  
Series of 2013.

  
ATTY. GERVACIO B. ORTIZ JR.  
Notary Public City of Makati  
Until December 31, 2014  
IBP No. 656155-Lifetime Member  
MCLE Compliance No. III-0014282  
Appointment No. M-199-(2013-2014)  
PTR No. 3664330 Jan. 2, 2013  
Makati City Roll No. 40091  
101 Urban Ave., Brgy. Pio del Pilar,  
Makati City

## Bid Form

Date: May 8, 2013

### The Chairperson

DBM-Bids and Awards Committee  
Department of Budget and Management  
Malacanang, Manila

Gentlemen and/or Ladies:

Having examined the Bidding Documents including Bid Bulletin Number 1, the receipt of which is hereby duly acknowledged, we, the undersigned, offer to **Telecommunications Service** in conformity with the said Bidding Documents for the sum of **Thirteen Million Four Hundred Twenty Thousand Pesos (PHP 13,420,000.00)**.

PARTICULARS	PRICE
1.The IPVPN (MPLS) Domestic Data Service for the DBM Regional Offices (ROs)	PHP 4,153,020.09
2. Two Internet Data Services	PHP 3,804,487.53
3. 60 SIP trunk channels of IP-PBX Physical Layer Link and Hosted PBX Service	PHP 5,462,492.38

We undertake, if our Bid is accepted, to deliver the goods in accordance with the delivery schedule specified in the Schedule of Requirements.

If our Bid is accepted, we undertake to provide a performance security in the form, amounts, and within the times specified in the Bidding Documents.

We agree to abide by this Bid for the Bid Validity Period specified in BDS provision for ITB Clause 18.2 and it shall remain binding upon us and may be accepted at any time before the expiration of that period.

Until a formal Contract is prepared and executed, this Bid, together with your written acceptance thereof and your Notice of Award, shall be binding upon us.

We understand that you are not bound to accept the lowest or any Bid you may receive.

We certify/confirm that we comply with the eligibility requirements as per ITB Clause 5 of the Bidding Documents.

Dated this 8<sup>th</sup> day of May 2013.



Kathleen Anne C. Mamaradlo  
(signature)

Senior Account Manager  
(in the capacity of)

Duly authorized to sign Bid for and on behalf of Innove Telecommunications, Inc.

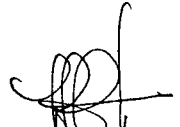


## For Goods Offered From Within the Philippines

Name of Bidder: Innovate Communications, Inc.

Invitation to Bid No. n/a

1	2	3	4	5	6	7	8	9	10
Item	Description	Country of Origin	Quantity	Unit price EXW per item	Cost of local labor, raw material, and component	Total price EXW per item (cols. 4 x 5)	Unit prices per item final destination and unit price of incidental services	Sales and other taxes payable per item if Contract is awarded	Total Price delivered Final Destination (col 8 + 9) X 4
Telecommunications Service	The IPVPN (MPLS) Domestic Data Service for the DBM Regional Offices (ROs)	Phils.	1 lot	PhP 346,085.01	0	PhP 4,153,020.09	PhP 3,708,053.65	PhP 444,966.44	PhP 4,153,020.09
	Two Internet Data Services	Phils.	1 lot	PhP 317,040.63	0	PhP 3,804,487.53	PhP 3,396,863.87	PhP 407,623.66	PhP 3,804,487.53
	60 SIP Trunk Channels of IP-PBX Physical Layer Link and Hosted PBX Service	Phils.	1 lot	PhP 455,207.70	0	PhP 5,462,492.38	PhP 4,877,225.34	PhP 585,267.04	PhP 5,462,492.38

  
Kathleen Anne C. Mamaradlo  
 Senior Account Manager  
 Innovate Communications, Inc.  
 May 8, 2013

## *Section VI. Schedule of Requirements*

The delivery schedule expressed as weeks/months stipulates hereafter a delivery date which is the date of delivery to the project site.

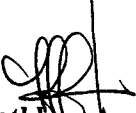
Item Number	Description	Quantity	Delivery Date
1	Coordinate with existing Telco for a seamless transition and ensure connectivity of services for the entire DBM Bureaus/ Offices/ Services/Units		upon receipt of the Notice to Proceed
2	Settle-up all recurring cost of the existing TELCO's link, facilities, equipment rental and maintenance until the switch-over to the new TELCO		during transition period
3	<p>Installation/Commissioning of the IPVPN Multiprotocol Label Switching (MPLS) Domestic Data Service for the DBM Regional Offices (ROs)</p> <p>(a) All DBM Regional Offices links shall be upgraded to a minimum of 2084Kbps</p> <p>(b) Increase in bandwidth to a maximum of 4MBPS in addition to the initial 2MBPS requirement for the MPLS service</p>		<p>30 calendar days upon receipt of the Notice to Proceed</p> <p>on-demand as necessary</p>
4	<p>Installation/Commissioning of the Internet Data Service</p> <p>(a) Internet Access Services at 20MBPS per link</p> <p>(b) Upgradeable to 30MBPS</p> <p>(c) Internet Access Service must be two (2) different TELCO/Internet Service Provider (ISP)</p> <p>(d) Connected to the Philippine Internet Exchange for an efficient Internet infrastructure</p>	<p>2</p> <p>2</p>	<p>30 calendar days upon receipt of the Notice to Proceed</p> <p>on-demand as necessary</p> <p>30 calendar days upon receipt of the Notice to Proceed</p>

*JB*

5	Installation/Commissioning of the IP-PBX Physical Layer Link and Hosted PBX Service (for the Regional Offices and Central Office) as indicated in Annex A (Schedule of Bandwidth)		30 calendar days upon receipt of the Notice to Proceed
	(a) Session Initiation Protocol (SIP) trunking service	2	
	(b) SIP trunk channels	60	
	(c) Two (2) SIP channels inclusive of AVAYA 1608-I IP Phones per regional offices	32	
	(d) Analog lines in Building II (Central Office) which should be converted to IP Phone Lines	43	
6	Acceptance Testing of the Circuit		15 working days after completion of installation/ commissioning

I hereby certify to comply and deliver all the above requirements.

Innovate Communications, Inc.  
Name of Company/Bidder

  
Kathleen Anne C. Mamaradlo  
Signature over Printed Name  
of Representative

May 8, 2013  
Date



# SCHEDULE OF BANDWIDTH

Annex A

Region	Current BW	Upgraded BW
<b>DBM Cordillera Administrative Region</b>	1024x2048kbps	2048kbps
# 8 General F. Segundo st, Burnham-Legarda Brgy. Baguio City 2600		
<b>DBM Regional Office I</b>	1024kbps	2048kbps
Government Center, Sevilla st. San Fernando City 2500, La Union		
<b>DBM Regional Office II</b>	1024kbps	2048kbps
Carig, Tuguegarao City 3500, Cagayan		
<b>DBM Regional Office III</b>	1024kbps	2048kbps
Regional Government Center, Maimpis, San Fernando City 2000, Pampanga		
<b>DBM Regional Office IV - A &amp; NCR (Shared)</b>	1024kbps	2048kbps
2/F PLJ Building, 755 General Solano st. San Miguel 1005, Manila		
<b>DBM Regional Office IV - B</b>	1024kbps	2048kbps
6/F Asia Trust Building, 1424 Quezon Ave., Q. C.		
<b>DBM Regional Office V</b>	512x512kbps	2048kbps
Regional Center Site, Rawis, Legaspi City		
<b>DBM Regional Office VI</b>	512x512kbps	2048kbps
General Hughes Street, Iloilo City 5000		
<b>DBM Regional Office VII</b>	1024kbps	2048kbps
Sudlon (near Eco-Tech Center), Lahug, Cebu City 6000		
<b>DBM Regional Office VIII</b>	1024kbps	2048kbps
Villa Ruiz Subdivision, Marasbaras, Tacloban City		
<b>DBM Regional Office IX</b>	256x256kbps	2048kbps
Petit Barracks, Zamboanga City 7000		
<b>DBM Regional Office X</b>	1024kbps	2048kbps
Zone 1, National Highway Bulua, Cagayan De Oro City 9000		
<b>DBM Regional Office XI</b>	1024kbps	2048kbps
Km 3, McArthur Highway, Matina Davao City 8000		
<b>DBM Regional Office XII</b>	256x256kbps	2048kbps
Purok Sentro II, Gensan Drive, Brgy. Morales, Koronadal City 9506		



<b>DBM Regional Office XIII (Caraga)</b>	1024x2048kbps	2048kbps
<i>Rudy Tui Bldg. J.C. Aquino Ave. Butuan City</i>		
<b>Malacañing-Mabini Hall, JP Laurel Street, Mla.</b>	2048kbps	2048kbps
<b>Primary Internet Access Service</b>	5Mbps	20Mbps
<b>Secondary Internet Access Service</b>	5Mbps	20Mbps
<b>IPVPN Backhaul 1</b>	512kpbs	22Mbps
<b>IP-PBX Physical Layer Link</b>	2 x E1R2	2 SIP Trunk Service with 60 SIP trunk channels
<b>DBM Backhaul 2</b>	4Mbps	12Mbps
<i>Bldg 2 DBM Compound, Gen Solano St. Manila (Head Office)</i>		

## Section VII. Technical Specifications

Item	Specification	Bidder's Statement of Compliance
I.	<b>General Requirements:</b> <ul style="list-style-type: none"> <li>- Must have an extensive fiber optic network, excellent customer support, 24 x 7 data network operations center and experienced technical support engineers</li> <li>- Must be required to observe and execute a 99.96% core network availability service level agreement or the availability of the core components of the data network.</li> <li>- Local loop provider must be required to a service level agreement of 99.5% on the local loop connection of DBM to the edge of TELCO's network access node</li> <li>- May engage a maximum of two (2) sub-contractors to address efficiently the local loop availability</li> <li>- To assure the DBM continuity of services delivered by the TELCO after a certain period of time, even during disasters and calamities, the TELCO must have a certification of its business continuity management system to either BS 25999 or ISO 22301.</li> </ul>	<p>COMPLY</p> <p>COMPLY</p> <p>COMPLY</p> <p>COMPLY</p> <p>COMPLY</p>
II.	<b>IPVPN (MPLS) Domestic Data Service for the DBM Regional Offices (ROs)</b> <ul style="list-style-type: none"> <li>- A communication network that uses secured IP technology to provide point-to-point and multipoint connectivity which offers cost-effective deployment strategy for the DBM existing and planned wide area network infrastructure requirements.</li> <li>- MPLS service must have domestic fiber optic backbone network that is used to carry business data traffic using own network.</li> <li>- Must have edge router points of presence in the country</li> <li>- Must have Metro Ethernet Forum certified engineers</li> <li>- Capable of providing up to three (3) types of quality of service (QoS) in its MPLS service to support different types of traffic line voice, video and mission-critical data</li> <li>- Access to MPLS service can be via wired and mobile/wireless access.</li> <li>- The MPLS service should be provisioned with a minimum of two (2) classes of service.</li> </ul>	<p>COMPLY</p> <p>COMPLY</p> <p>COMPLY</p> <p>COMPLY</p> <p>COMPLY</p> <p>COMPLY</p> <p>COMPLY</p>

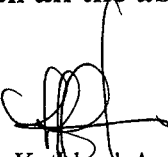
III	<p>Internet Data Service</p> <ul style="list-style-type: none"> <li>- Must be dedicated and fixed internet bandwidth link the Internet backbones in the US, Japan, Hongkong and Singapore</li> <li>- Network must be connected to multiple, direct peering with major and local ISPs to address the volume of domestic internet traffic</li> </ul>	<p>COMPLY</p> <p>COMPLY</p>
VI	<p>IP-PBX Physical Layer Link and Hosted PBX Service</p> <ul style="list-style-type: none"> <li>- Providing Session Initiation Protocol (SIP) trunking service to cater the Department's IP-PBX system.</li> <li>- All the sixty (60) SIP trunk channels of the digital trunk service being subscribed must be connected to the PBX, enabling lines to make outgoing calls and receive incoming calls without passing through an operator or Interactive Voice Response System (IVRS)</li> <li>- SIP trunks should support the following features               <ol style="list-style-type: none"> <li>1. Allows DBM's IP PBX to use the IP network in lieu of the conventional telephone trunk to communication with fixed and mobile telephone subscribers.</li> <li>2. Highly scalable.</li> <li>3. Faster to deploy while maintaining business quality voice service.</li> <li>4. Capable of both DID (Direct Inward Dialing) and DOD (Direct Outward Dialing).                   <ol style="list-style-type: none"> <li>a. DID functionality allows external callers to directly call an extension without passing thru an operator or IVRS. An extension is assigned its own DID number/MSN (Multiple Subscriber Number) which can be dialled directly from outside.</li> <li>b. DOD functionality allows an extension to make an outside call without passing thru an operator or IVRS by dialing "9" + outside telephone number.</li> </ol> </li> <li>5. No need to program DID and DOD channels for it adjust automatically.</li> </ol> </li> <li>- Thirty Two (32) SIP channels inclusive of AVAYA 1608-I-IP Phones for the regional offices (16 ROs @ 2 per region) to allow more calls across the regional the head offices. At no additional required equipment/s from the DBM, this should be provided as a Hosted Voice Service of the TELCO along with the 43 analog lines in Building II which should be converted to IP Phone Lines as part of the TELCO Hosted Voice Service. These additional channels should have but not limited to the following properties:</li> </ul>	<p>COMPLY</p> <p>COMPLY</p> <p>COMPLY</p> <p>COMPLY</p> <p>COMPLY</p> <p>COMPLY</p> <p>COMPLY</p> <p>COMPLY</p>

	<ol style="list-style-type: none"> <li>1. Be voice over IP (VoIP) based</li> <li>2. Calling among regional offices and between a regional office and the head office using the phone extensions should be free.</li> <li>3. Offered on a per line basis.</li> <li>4. Critical components are hosted by the provider and all communication is routed through the provider's hosted PBX infrastructure to and from the subscribing company's site/s.</li> </ol> <p>- TELCO's Hosted PBX Solution should have a roadmap for the following features (i) Unified Communications, (ii) Mobile Phone Integration and (iii) Bridge Conferencing</p>	<p>COMPLY</p> <p>COMPLY</p> <p>COMPLY</p> <p>COMPLY</p>
VI	<p>Project Management</p> <p>A. TELCO, in recognition of the mission critical nature of telco services to the DBM, shall ensure that, as much as reasonably be expected, the transition from the outgoing service provider shall not result in any service interruption to the DBM. This shall be the case, even pending installation and deployment upon the effectivity of the contract. TELCO shall be responsible for making arrangements with the outgoing service provider.</p> <p>In the event wherein link(s) and/or facility/(ies) as the case maybe, would need to be replaced in order to meet and satisfy the technical specification and/or contract provision, the winning TELCO/ISP must bear all the recurring costs of the existing TELCO link(s) until the switch-over to the new TELCO's provided link(s) facility(ies).</p> <p>DBM shall incur no additional cost between TELCO's transition for the TELCO service and charges on the existing links, facilities, equipment rental and maintenance.</p> <p>B. Upon completion of installation/commissioning, the circuit will be turned over for acceptance testing. Within fifteen (15) working days, DBM shall accept or require the TELCO to conduct further testing</p> <p>C. The term of the Contract shall be two (2) years subject to a year-end assessment of the ICTSS of the Service Provider's performance during the first year of the contract period at the same terms and conditions unless terminated by either party at least 30 days before the expiration of the Contract.</p> <p>D. All network service modem, SIP understanding enterprise edge device and other related devices, as maybe required, shall be the responsibility of the TELCO.</p>	<p>COMPLY</p> <p>COMPLY</p> <p>COMPLY</p> <p>COMPLY</p> <p>COMPLY</p>

VII	<p>Additional Requirements per Bid Bulletin Addendum No. 2</p> <p>The TELCO shall maintain copper links for the IPVPN Multiprotocol Label Switching (MPLS) Domestic Data Service for the DBM Regional Offices. DBM Regional Offices currently having radio last mile connection should be migrated to copper facility.</p> <p>The option for maintaining an IP Radio/Microwave last mile is considered only for a distance of 5012 kilometer radius if remote site(s) is/are not serviceable by copper facility subject to the declaration of the last mile location of the IP Radio/Microwave facility. The DBM has the authority to verify with the National telecommunications Commission for the site's last mile declaration and non-availability of the copper facility.</p> <p>TELCO to provide eight (8) 1/10 Base-T card or other compatible Port Serial WAN Interface Card capable of up to 10Mbps for CISCO Router 1760 to allow the bandwidth on demand of 4Mbps max for the eight (8) Regional Offices.</p> <p>Provision for additional IPVPN (6Mb) Network bandwidth for the connection of the Central Office Avaya to the Hosted TELCO PBX. This provision is required to be able for the additional 32 IP Phones to communicate with the SIP Trunk that would be installed in the Central Office Avaya Facility.</p>	<p>COMPLY</p> <p>COMPLY</p> <p>COMPLY</p> <p>COMPLY</p>
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**I hereby certify to comply with all the above Technical Specifications.**

Innovate Communications, Inc.  
Name of Company/Bidder

  
Kathleen Anne C. Mamaradlo  
Signature over Printed Name  
Date of Representative

May 8, 2013



**Innové Communications, Inc.**

Tel.: +632 7977777  
Fax: +632 7978903  
Web: [www.innové.com.ph](http://www.innové.com.ph)

Manila Office:  
Valero Telepark  
111 Valero Street, Salcedo Village,  
1200 Makati City, Philippines

Cebu Office:  
18/F Innové IT Plaza  
Samar Loop corner Panay Road,  
Cebu Business Park,  
6000 Cebu City, Philippines

## CERTIFICATION

This certifies that

**Innové Communications, Inc.**

is a member of

**the GlobeQUEST Internet Exchange, or GIX**

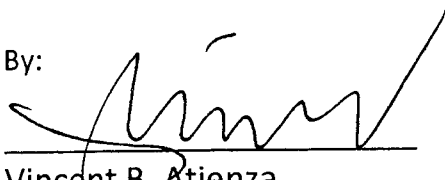
GIX is a local peering public IP network that transits traffic between the Internet Service Providers that peer in it.

It is supplanted by combined links with Philippine Internet Exchanges and Major Internet Service Providers for Philippine-based traffic.

These Philippine Internet Exchanges include:

- The GlobeQUEST Internet Exchange (GIX) of Globe Telecom
- The Manila Internet Exchange (MIX) of Easter Telecommunications, Inc.
- The National Internet and Gaming Exchange (NGIX) of Bayan Telecommunications, Inc.
- The Philippine Internet Exchange of the Philippine Long Distance Tel. Co., Inc.

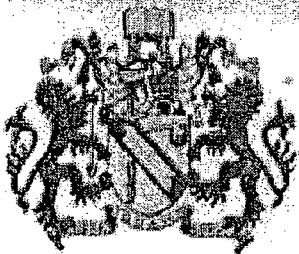
By:

  
\_\_\_\_\_  
Vincent B. Atienza  
Sr. Product Manager  
Internet Core Data Services





**Globe™**



# Certificate of Registration

**BUSINESS CONTINUITY MANAGEMENT SYSTEM - BS 25999-2:2007**

This is to certify that:

Globe Telecom, Inc.  
Globe Telecom Plaza  
Pioneer corner Madison Street  
1552 Mandaluyong City  
Philippines

Holds Certificate No: **BCMS 580506**

and operates a Business Continuity Management System in compliance with BS 25999-2:2007 for the following scope:

The delivery of Voice, SMS, Data products, Internet and Data Centre related services, through its mobile and fixed line networks to its domestic and international customers by its functional units from its facilities at Metro Manila, Cebu, Tarlac, Nasugbu, and Iligan.

For and on behalf of BSI:

Managing Director (ASEAN), Alwi Hafiz

Originally registered: 02/02/2012

Latest Issue: 02/02/2012

Expiry Date: 01/02/2015



Page: 1 of 3

This certificate was issued electronically and remains the property of BSI and is bound by the conditions of contract.  
An electronic certificate can be authenticated [online](http://www.bsi-global.com/ClientDirectory).  
Printed copies can be validated at [www.bsi-global.com/ClientDirectory](http://www.bsi-global.com/ClientDirectory) or telephone +65 62700777.  
Further clarification regarding the scope of this certificate and the applicability of BS 25999-2:2007 requirements may be obtained by consulting the organization. This certificate is valid only if provided original copies are in complete set.

Singapore Headquarters: 1 Lim Teck Kim Road, #18-42 Genting Centre, Singapore 088934

**CERTIFIED TRUE COPY**



## SERVICE LEVEL AGREEMENT (SLA)

### 1. OBJECTIVE

This Service Level Agreement ("SLA") spells out the minimum performance criteria and terms of delivery of data services by **INNOVE** to **CLIENT**.

### 2. SCOPE

This SLA covers the provision by **INNOVE** of the following data services to its **CLIENT**, namely

- i. Internet Data Service
- ii. Domestic Data Service
- iii. International Data Service
- iv. Bundled Data Service (2 or more services)

### 3. TERM AND EFFECT OF THIS SLA

This SLA takes effect on the latter date ("Effective Date") when either **Innové** or **CLIENT** signs the Service Agreement. This SLA shall remain valid and binding for the same period as the Data Service Agreement.

### 4. OBLIGATIONS OF THE PARTIES

- 4.1 **INNOVE** and **CLIENT** shall jointly manage and maintain the **CLIENT** circuit installed with the Service.
- 4.2 **Responsibilities of INNOVE**
  - 4.2.1 **INNOVE** shall provide and support local and/or international access (as applicable to **CLIENT**'s subscription) for the **CLIENT** in accordance with this SLA.
  - 4.2.2 **INNOVE**'s network operations shall be manned 24 hours a day, 7 days a week.
  - 4.2.3 **INNOVE** shall maintain and publish an escalation list for the reporting of faults and outages.
  - 4.2.4 **INNOVE** shall arrange for Quality of Service meetings to assess performance as required.
  - 4.2.5 **INNOVE** shall maintain all the equipment it provides **CLIENT** in proper working order. **CLIENT** shall not attempt to repair or make any alterations or otherwise open, alter, reprogram or tamper with the equipment supplied by or facilities of **INNOVE**.





### 4.3 Responsibilities of CLIENT

Unless otherwise stated in the Agreements, **CLIENT** shall be responsible for the following:

- 4.3.1 Proper operation of all equipment and facilities within its premises;
- 4.3.2 Strict compliance with all instructions and notices given by Company regarding the use and installation of equipment. **CLIENT** shall also promptly disconnect any wiring or equipment, if requested by Company in order to preserve or enhance the quality of the Services;
- 4.3.3 Ensuring that no other Equipment is introduced into the Installation Site or the premises which would interfere with or degrade the quality of the Services;
- 4.3.4 Effecting repair and maintenance of all CPEs and all facilities and equipment provided by **CLIENT**;
- 4.3.5 Effecting repairs on damaged internal wiring and sockets without notice and without the Company's prior approval, or on any damage to the internal wiring and sockets that may be caused by repair or attempts at repair by persons unauthorized by the Company.
- 4.3.6 Performing maintenance of cleanliness of all ancillary equipment provided by Company;
- 4.3.7 Exercising due diligence in maintaining the internal wiring and sockets, including cleanliness and protection of the same, and procurement of appropriate pest control at the Installation Site to protect CPEs, facilities and equipment, as well as all equipment provided by Company, from rodents, pests and insects;
- 4.3.8 Protecting the equipment provided by Company from fire, theft, vandalism, accident, fault or other negligence while within the **CLIENT**'s premises;
- 4.3.9 Promptly reporting outages, service failures or degradation, equipment malfunction, changes in the physical condition of the Installation Site, proposed renovations to the **CLIENT** premises which may affect the Services;
- 4.3.10 Granting access to Company's personnel for maintenance purposes.
- 4.3.11 Unless explicitly included in the Agreements and stated in the Application Form, **CLIENT** shall provide for a security system for its own network, equipment/s, and/or operating system and other similar appurtenances.

### 5. SERVICE LEVEL COMMITMENTS

Company hereby guarantees compliance with the following performance parameters:

#### 5.1 Agreed Circuit Availability

If Last Mile is:	Metrics
Copper or Fiber	99.8%
Radio	99.6% (applicable only to circuits in CBD areas)
VSAT	99.35%
IPL and Freeway	99.5%

*Circuit availability* refers to the available period of the subscribed circuit in a given month.

*Unavailability* consists of the number of hours that Service was not available to the **CLIENT**. This will not include Scheduled Maintenance, or any unavailability resulting from (a) **CLIENT**'s applications, equipment, or facilities, (b) acts or omissions of **CLIENT**, or any use or user of the service authorized by **CLIENT** or (c) reasons of Force Majeure.

Availability is calculated as follows:

$$\left[ \frac{(\text{Hours in a Day} \times \text{Days in a mo.}) - \text{Network Outage Time}}{\text{Hours in a Day} \times \text{Days in a Month}} \right] \times 100$$

## 5.2 Latency

*Latency* refers to the round trip time between issuing a request for data and receiving a response from the remote system.

Guaranteed latency while there is no traffic (based on 56 byte ping)

Scenario	Latency (in milliseconds)
INNOVE Core to LAX C2C	200 ms
INNOVE Core to SF C2C	200 ms
INNOVE Core to Asia	70 ms
Makati to Davao	60 ms
INNOVE Cebu to LAX	200 ms

## 5.3 Mean Time to Respond

Phone Support	Within thirty (30) mins
<b>For Field Dispatch (After Phone Support)</b>	
Within CBD, within Business Hours	Thirty (30) mins
Outside CBD, within Business Hours	Two (2) hours
After business hours	On-call (Field Operation Engineers)

## 5.4 Trouble Ticket Status Update

Company shall provide a status update within thirty (30) minutes from receipt of **CLIENT**'s complaint and thirty (30) minutes thereafter if necessary.

## 5.5 Monthly Outage Report

Company will provide an outage report for all applicable circuits on a monthly basis upon the request of **CLIENT**. Only those reported to the Fault Management Control Center (FMCC) of Company shall be included in the report.

## 6. QUALITY OF SERVICE

- 6.1 Company and the **CLIENT** shall conduct series of checks on measurable parameters to determine that the Service is working in accordance with the committed service levels.
- 6.2 The Agreements, however, may be renegotiated or terminated due to unsatisfactory circuit performance.

There is *unsatisfactory circuit performance* when circuit availability is at 85% or below for three (3) consecutive months, based on the trouble reported to FMCC by the **CLIENT**.

## 7. REBATE

- 7.1 Company shall exert reasonable efforts to ensure that the Company network as defined herein is operating and available to the **CLIENT**. In the event the Company network is not available as set forth, or in the event the **CLIENT** experiences any interruption of the service performance stated below due to Company's failure to provide the Service, the **CLIENT** shall be eligible to receive a rebate in accordance with the following schedule:

### 7.2 Interruptions of 24 Hours or less

Credit for Interruptions to service will be allowed as follows:

<u>Length of Interruption</u>	<u>Rebate Factor</u>
Less than 30 minutes	None
30 - 179 minutes	1 / 10 day
180 - 359 minutes	1 / 5 day
360 - 539 minutes	2 / 5 day
540 - 719 minutes	3 / 5 day
720 - 899 minutes	4 / 5 day
900 - 1440 minutes	One day

Two or more interruptions of 30 minutes or more during any period but not up to three (3) hours shall be considered as one interruption.

Rebate is calculated as follows:

$$\left[ \frac{\text{Monthly Recurring Charge}}{30 \text{ days}} \times \text{Rebate Factor} \right]$$

### 7.3 Interruptions Over 24 Hours

Rebate will be allowed in 1/5 day multiples for each 3-hour period of interruption or fraction thereof.

- 8.1.4 The **CLIENT** agrees that **INNOVE** may schedule upgrades and preventive maintenance (Scheduled Maintenance) on its network that might affect **CLIENT**'s service. The schedule of such upgrades and maintenance shall be subject to **CLIENT**'s approval, which approval shall not be unreasonably withheld. **INNOVE** shall give the **CLIENT** at least three (3) days prior notice of the scheduled network upgrade or maintenance work.

If the **CLIENT** refuses to allow **INNOVE** to perform upgrade or maintenance work at **INNOVE**'s requested schedule despite notice then the **CLIENT** shall solely be responsible for any consequences as a result of such refusal.

## 8.2 **CLIENT**'s Responsibilities

- 8.2.1 The **CLIENT** shall provide information necessary for trouble isolation such as router configuration, error messages, visual alarm indicators, etc.
- 8.2.2 The **CLIENT** shall allow **INNOVE** engineers access to **CLIENT**'s equipment room or to any place at **CLIENT** premises where **INNOVE**-provided wiring and/or equipment is installed in order to restore the service. Any delay in service restoration due to access problems at **CLIENT** premises shall be considered as **CLIENT** caused outage, which shall not be subject to rebate.
- 8.2.3 **INNOVE** may charge the **CLIENT** for the cost of responding to a maintenance request at **CLIENT**'s premises if it is subsequently ascertained that the cause of the fault is attributable to **CLIENT**'s equipment, internal wiring or whether **CLIENT** acts or omissions.
- 8.2.4 **INNOVE** and the **CLIENT** shall agree on the requirements for Scheduled Maintenance that could potentially disrupt the service. The **CLIENT** will, upon receipt of request from **INNOVE** immediately respond in writing and state if it can satisfy **INNOVE** requirements related to such disruption. If, however, **CLIENT** fails or refuses to send a response within a reasonable amount of time from receipt of advice from the **INNOVE**, **CLIENT** shall be considered to have conclusively confirmed that it can satisfy the requirements for Scheduled Maintenance.



## ESCALATION LIST FOR CORE DATA SERVICES

### TSC Initial Trouble Report (Core Data Services)

TSC Hotline (24 x 7)	:	+6327978375 or +6327599375
Domestic Toll-Free No.	:	+180087599375
Email address	:	<a href="mailto:gthfmcc@globetel.com.ph">gthfmcc@globetel.com.ph</a>

### TSC Escalation Table (Core Data Services)

Level	Name	Role / Function	Email Address	Phone Number
Level 1 (1-2 Hours)	Janice Tendilla Joy Espinosa	Shift Supervisor (Core Data Services)	<a href="mailto:gthfmcc@globetel.com.ph">gthfmcc@globetel.com.ph</a>	Mobile: +639177974000
Level 2 (3-5 Hours)	Resty V. Tumulad	Head , Technical Service Desk (Core Data Services)	<a href="mailto:rvtumulad@globetel.com.ph">rvtumulad@globetel.com.ph</a>	Direct line (Mon-Fri 8am-5pm): +6327978351; +6322174958 Mobile: +639177978351
Level 3 (6-8 Hours)	Meo Z. Perez	OIC , Technical Support Center	<a href="mailto:mzperez@globetel.com.ph">mzperez@globetel.com.ph</a>	Direct line (Mon-Fri 8am-5pm): +6327977606 Mobile: +639178186013
	Dax G. Dacillo	Service Manager,	<a href="mailto:dgdacillo@globetel.com.ph">dgdacillo@globetel.com.ph</a>	Direct line (Mon-Fri 8am-5pm): +6327510009 Mobile: +639177978309
Level 4 (> 8 Hours)	Meo Z. Perez	Head , Technical Services Support Management	<a href="mailto:mzperez@globetel.com.ph">mzperez@globetel.com.ph</a>	Direct line (Mon-Fri 8am-5pm): +6327977606 Mobile: +639178186013
Level 5 (>12 Hours)	Jesus C. Romero	Head, Globe Business	<a href="mailto:jcromero@globetel.com.ph">jcromero@globetel.com.ph</a>	Direct line (Mon-Fri 8am-5pm): +6327978790 Mobile: +639177978790

For Sales related concerns, your account team remains to be your single point of contact in Globe with the following contact details:

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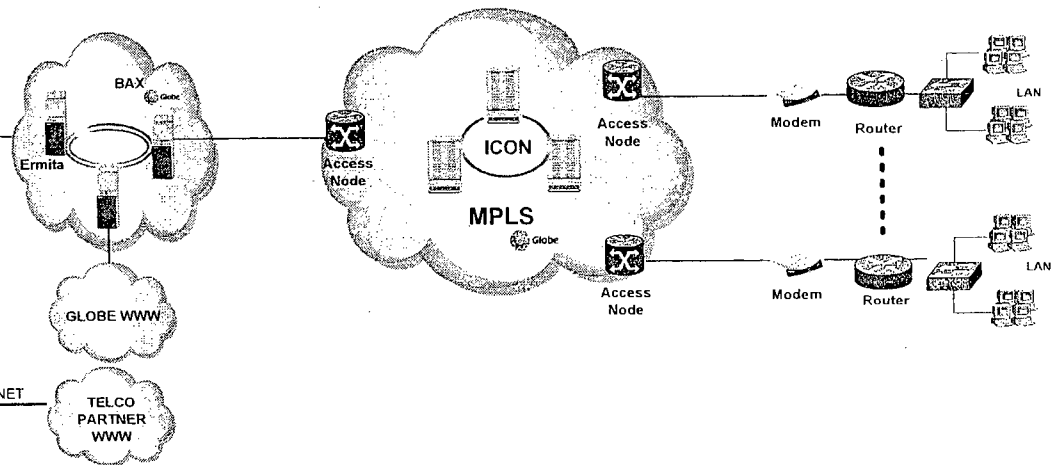
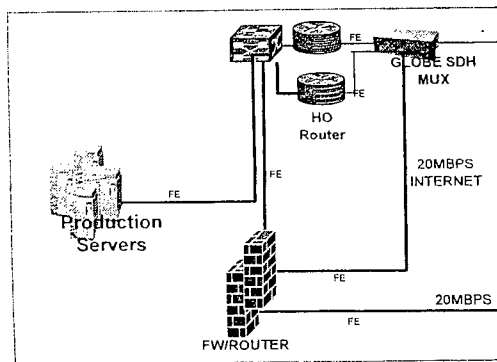


## Proposed Hosted MPLS and INTERNET (16 Branches Nationwide )



### Head Office

(DBM Boncodin Hall, General Solano Street,  
San Miguel, Manila)



Branches  
(16 Branches)



### Notes:

1. Globe to provide MPLS and internet.
2. Routers to be provided by DBM.
3. Client to provide 2 FE ports on their existing switch or routers @ Head office for the MPLS backhaul.
4. Client to provide 2 FE ports on their existing switch or routers @ Head office for the internet connections.



Business Products and Services – IT Consulting

PROJECT TITLE:

DBM – MPLS and internet (Bid)

SHEET CONTENT:

Network Configuration

Revision No.:

1

Drawn By:

Edmund L. Dulay

Checked By:

VB M Fernandez

Requested By:

Kath Mamardadlo

Customer Sign-off:

Date: 05-07-13

Drawing Name:

DBM MPLS

Page No.:

1

## List of MEF CECPs

Name	Designation	Dept	Batch
Ricardo Carpio	Senior Network Engineer / Senior Technical Product Engineer	DNPE/SPTPD	Pilot
Gilbert Virtucio	Head, Tier 2 Technical Solutions	Tier 2 Technical Solutions	Pilot
Mary Grace Derro	Senior IT Consultant	IT Consulting	Batch 1
Rhoda Marquez	Senior Engineer	Service Fulfillment/ Service Provisioning	Batch 1
Engelberto Quinto	Senior Engineer	Technical Support Group- Tier2	Batch 1
Donamark Mirabel	Senior Engineer	Technical Support Group- eCPR	Batch 1
Miguel Cedilla	Senior Engineer	Service Fulfillment	Batch 1
Joel De Guzman	Head, Customer Systems	CRFS/GMA	Batch 1
Marlon Malvar	Senior Engineer	PMC/Network Core Ops	Pilot
Noli Poqiuta	IT Consultant	IT Consulting	Batch 2



## *Section IV. General Conditions of Contract*

### TABLE OF CONTENTS

1. DEFINITIONS .....	39
2. CORRUPT, FRAUDULENT, COLLUSIVE, AND COERCIVE PRACTICES .....	40
3. INSPECTION AND AUDIT BY THE FUNDING SOURCE .....	41
4. GOVERNING LAW AND LANGUAGE .....	41
5. NOTICES .....	41
6. SCOPE OF CONTRACT .....	42
7. SUBCONTRACTING .....	42
8. PROCURING ENTITY'S RESPONSIBILITIES .....	42
9. PRICES .....	42
10. PAYMENT .....	43
11. ADVANCE PAYMENT AND TERMS OF PAYMENT .....	43
12. TAXES AND DUTIES .....	44
13. PERFORMANCE SECURITY .....	44
14. USE OF CONTRACT DOCUMENTS AND INFORMATION .....	44
15. STANDARDS .....	45
16. INSPECTION AND TESTS .....	45
17. WARRANTY .....	46
18. DELAYS IN THE SUPPLIER'S PERFORMANCE .....	46
19. LIQUIDATED DAMAGES .....	47
20. SETTLEMENT OF DISPUTES .....	47
21. LIABILITY OF THE SUPPLIER .....	48
22. FORCE MAJEURE .....	48
23. TERMINATION FOR DEFAULT .....	48
24. TERMINATION FOR INSOLVENCY .....	49
25. TERMINATION FOR CONVENIENCE .....	49
26. TERMINATION FOR UNLAWFUL ACTS .....	50
27. PROCEDURES FOR TERMINATION OF CONTRACTS .....	50



28.	ASSIGNMENT OF RIGHTS .....	51
29.	CONTRACT AMENDMENT .....	51
30.	APPLICATION .....	51

## 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

- 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 specified 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 ITB 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 a 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.
- 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 every progress 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 its 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) afore-mentioned, 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 anytime 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 the Department of Budget and Management (DBM).
1.1 (i)	The Supplier is
1.1 (j)	<p>The Funding Source is:</p> <p>The Government of the Philippines (GOP) through the authorized appropriations under the FY 2013 General Appropriations Act in the amount of <b>Thirteen Million Five Hundred Seventy Six Thousand Pesos (P13,576,000.00).</b></p>
1.1 (k)	<p>The Project Site is:</p> <p>DBM Boncodin Hall, General Solano Street, San Miguel, Manila</p>
5.1	<p><u>The Procuring Entity's address for Notices is:</u></p> <p style="padding-left: 40px;">Department of Budget and Management Boncodin Hall, General Solano Street, San Miguel Malacanang, Manila Tel Nos. (02)735-1650</p> <p style="padding-left: 40px;">Contact Person: OIC-Dir. Vinzon R. Manansala ICTSS</p> <p><u>The Supplier's address for Notices is:</u></p>
6.1	The term of the contract shall be two (2) years subject to a year-end assessment of ICTSS of the Service Provider's performance during the first year of the contract period and recommend to the DBM Secretary the continuance of the contract for the second year on the basis of the said assessment.
6.2	<p>Delivery of all services shall be made by the Service Provider in accordance with the terms specified in Section VI. Schedule of Requirements.</p> <p>Moreover, the delivery schedule as indicated in Section VI. Schedule of Requirements may be modified by the DBM during the term of the Contract with prior due notice, written or verbal, to the Service Provider.</p>
10.4	No further instructions.
13.4 (c)	No further instructions.
16.1	The Goods delivered are accepted by the Procuring Entity as to quantity only. However, inspection as to the Goods' compliance with the technical specifications, and

	<p>its order and condition, will be done in the presence of the representatives of both Supplier and Procuring Entity upon prior due notice, written or verbal, to the authorized representative of the Supplier. The inspection will push through as scheduled even in the absence of the Supplier's representative, if the latter was duly notified. In which case, the results of the inspection conducted by the Procuring Entity shall be final and binding upon the Supplier.</p> <p>The inspection and tests that will be conducted shall be in accordance with Section VII. Technical Specifications.</p>
17.3	Not applicable
17.4	Not applicable
21.1	If applicable, all partners to the joint venture shall be jointly and severally liable to the procuring entity.



REPUBLIC OF THE PHILIPPINES  
**Department of Budget and Management**  
Malacañang, Manila

**NOTICE OF AWARD**

**MS. KATHLEEN ANNE MAMARADLO**

Innove Communications, Inc.  
Valero Telepark 111 Valero St.  
Salcedo Village, Makati City 1227 Philippines

Dear **Ms. Mamaradlo**:

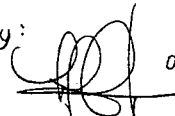
Based on Department of Budget and Management Bids and Awards Committee Resolution No. 2013-30, we are pleased to inform you that the contract for the Project "Telecommunications Service" is hereby awarded to your company in the amount of Thirteen Million Four Hundred Twenty Thousand Pesos (P13,420,000.00).

In this regard, you are hereby required to post a performance security in the amount and form stated in Section 39 of the Implementing Rules and Regulations of Republic Act No. 9184 within ten (10) calendar days upon receipt of this notice.

Very truly yours,

  
**FLORENCIO B. ABAD**  
*Secretary*

Received by:

 05/21/13

KATHLEEN MAMARADLO  
Sr. Account Manager  
Innove Communications







REPUBLIC OF THE PHILIPPINES  
**Department of Budget and Management**  
Malacañang, Manila

**NOTICE OF AWARD**

**MS. KATHLEEN ANNE MAMARADLO**

Innovate Communications, Inc.  
Valero Telepark 111 Valero St.  
Salcedo Village, Makati City 1227 Philippines

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Very truly yours,

  
**FLORENCIO B. ABAD**

*Secretary*

Received by:



05/21/13

KATHLEEN MAMARADLO  
Sr. Account Manager  
Innovate Communications



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF BUDGET AND MANAGEMENT  
MALACANANG, MANILA

**NOTICE TO PROCEED**

JUL 31 2013

**MS. GRACE JARIN CASTILLO**

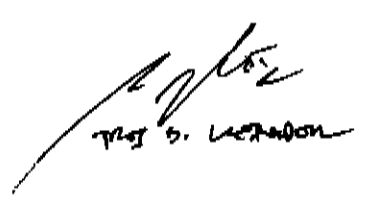
*Sales Head, Enterprise Group*  
Innovate Communications, Inc.  
Valero Telepark 111 Valero St.  
Salcedo Village, Makati City 1227 Philippines

Dear **Ms. Garin:**

This is to inform your company that performance of the obligations specified in the attached Contract for the Project, "Telecommunications Service" shall commence upon receipt of this Notice to Proceed.

Very truly yours,

  
**FLORENCIO B. ABAD**  
*Secretary*

  
Mr. S. L. L. L.