E-Bonding

March 31, 2016
Agenda

- Introductions
- How we got here....
  - SAC
  - DCC
- What is a digital or e-bond? What does that even mean?
- What’s the process? How does it work?
  - E-bond request
  - E-bond submission
  - E-bond Verification
- MERX & E-tendering
- Questions?
Presenters

- Defence Construction Canada - Richard Allie
- MERX - Paul Bodnoff
- Mobile Bonds - Steve Muxlow
- Surety Association of Canada - Steve Ness
- Xenex Enterprises Inc. - Lorice Haig
SAC & E-bonding

- Who is SAC?
- www.suretycanada.com
- How it all started
- Reasons for e-bonding
- Criteria
  - Integrity of Content
  - Secure Access
  - Verifiability / Enforceability
- Where we are now
DCC specifics

- DCC bond forms
  - Agreement to bond is embedded in the bid bond
  - Bid bond to be submitted through MERX
  - Verifiable - i.e. the results of the verification process shall provide a clear and immediate indication that the document received is the true document executed and that the content has not been changed or altered
  - Performance and Labour & Material bonds can also be done electronically but NOT submitted through MERX

- Signatures
  - Space for witness still on the form
  - No witness signature will be treated as an administrative anomaly

- Seals
  - No change from paper bonds. Depending on your jurisdiction, the bidder may or may not need to apply an electronic seal e.g. Quebec
What is an E-Bond?

- An E-bond is an electronic file with embedded digital certificate creating a secure electronic document with a uniquely identifiable fingerprint.

- It must be verifiable by the owner and substantiate the following:
  - The integrity of the content
  - Digital Signatures
  - Digital Seals (if applicable)
  - Acknowledgement of Intent

- The bond must be able to be viewed, printed, saved and stored in a standard electronic file format (typically PDF).

- Verification may be completed by the owner at any time during the life of the bond.

- Verification of the results must provide a clear indication of a pass or fail.
A Digital Bond

Digital Signatures
There is a distinction to be made between "digital" and "electronic".

A true E-Bond must be digital in nature, that is a document which meets the previously described criteria.

An electronic bond can be confused for as a scanned, signed & sealed paper bond document and/or signature or seal image. In this case, the application of signatures and seals are unverifiable and therefore does not meet the test of a digital E-bond.

In summary an E-bond does not include:

- A scanned pdf of a bond
- A single bid bond used as a deposit for a specified period of tenders
- Any special encrypted numbering system attached to a bond.
Is This A Digital Bond?

[Image of a document with red highlights and shaded seals]

Note: Affix Corporate seal if applicable.

[Image of a corporate seal with the word 'invalid' stamped on it]

SHADED SEALES
Scanned Bond = Picture of Bond

Picture of Money
This is a Digital Bond

DIGITAL SIGNATURES & SEALS
e-Bond Request

- Defence Construction Canada Publishes the Bid electronically including the e-Bond requirements.
- MERX enables the Contractor to get the Bid Documents which include the e-Bond requirements.
- Contractor/Principal requests the e-Bond from their Broker as usual.
- Broker processes the e-bond request under the guidelines of the Surety and prepares the e-bond documents.
e-Bond submission

- Broker prepares the e-bond for electronic signing and sealing as requested by the Defence Construction Canada’s and uploads it to the e-Bonding system.
- Both Broker, as the Surety’s attorney-in-fact (or Surety), and Contractor/Principal electronically signs and seals the e-bond PDF(s).
- Contractor/Principal downloads the e-signed and e-sealed digital e-bond documents.
- Contractor/Principal uploads e-Bond documents to the MERX e-Bidding system with the other bid documents.
- Defence Construction Canada downloads bid documents and e-Bond on Closing
e-Bond Verification

After the bid closes, the Defence Construction Canada’s Tender review team verifies the validity of the delivered e-bond.

Any person that has access to the e-bond documents and an internet browser, can verify the validity of the e-bond document electronic.
Example of Verification Process

Click Verification link in Bond to compare it to our file.

Verification Message

We have compared your digital document with our records and have VERIFIED it to be the same document.
Digital Content Verification Results

Valid e-Bond

Compromised e-Bond

Content integrity of scanned paper bond cannot be digitally verified, therefore document integrity cannot be guaranteed.
Set up for Digital Bonds

- Vendor, broker and bonding company select an e-bond system as Mobile Bonds or Xenex Enterprises

**Vendor / Contractors**
- Setup your organization
- Obtain a digital corporate seal
- Give yourself time to complete the setup

**Broker / Bonding Co.**
- Set up your organization
- Access bonding company’s digital corporate seal
- Create relationships between vendor and broker/surety in the system
Frequently Asked Questions:

How long does it take to setup an account?

- Less than 30 minutes
- We recommend not waiting until the day before a bid; give yourself time to get familiar with the system; consider doing a test bond

What if my broker is not ready to provide e-bonds?

- Please have your broker contact Mobile Bonds or Xenex Enterprises and we’ll get them setup quickly.
The Electronic Bid Submission process on MERX, whether a bond is required or not is:
- Highly secure
- Fully audited
- Information can be revised right up until the time closing.

Other benefits to DCC’s contractor and supplier community
- There are additional MERX fees required to submit to DCC
- No geographical or weather related disadvantages for one supplier versus another
- Submissions are less prone to error
- Exactly as with paper submissions, bid access is restricted until the opportunity has closed
Download the bidding documents and read them thoroughly
  ▶ Pay special attention to the bonding requirements

Acquire the Digital Bond as early in the process as possible

Make sure that your organization’s EBS Submission PIN for MERX is available when submitting

Contact MERX Customer Support at 1-800-964-6379 at least 3 business days prior to closing to request a PIN. One PIN is all your organization needs for all electronic submissions on MERX
The person requesting the PIN must have the “Authority to Bind” your organization to all the terms and conditions stipulated in the bidding documents.

Allow enough time prior to close for your documents to be uploaded into the system.

- The larger the document, the time required also grows.

Use the resources of the Surety Association.

- Their website contains lots of valuable reference information on the use of Digital Bonds.
  - www.suretycanada.com
Once you have acquired your ebond and are ready to submit, select the Place Bid option.
Indicator of which file you need to supply
Click Add File to upload your e-bond.
System will confirm the successful upload and display the file.
Press Next to enter pricing and finalize your submission.
Enter your PIN and click the submit button.
A confirmation screen will be presented.
Questions? Contact Us!

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