



PROCUREMENT MANAGEMENT PLAN

THE BITMARK – GETMARKED.ORG PROJECT

THE BITMARK FOUNDATION

The BITMARK PROJECT TEAM

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Date	Name	Brief Description of Changes
10AUG2014	Revision 1.1	Preliminary Procurement Plan



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PROJECT OVERVIEW

The Bitmark Project Team is to develop and implement GetMarked.org with functional Marking capabilities. Doing so will merge social aspects of the web and cryptographic currency for the purpose of, 1 – Fix a problem that currently exists within cryptography, 2 – Bridge the gap between the Internet and Cryptographic currency. The realization of these goals creates a cryptographic reputation backed currency mounted on the web to form a decentralized and distributed web of trust. During this stage, The Bitmark Project Team shall develop and implement GetMarked.org as the foundation for the implementation of “Marking”.

The Bitmark Project Team shall create a scalable and massively viral reputation backed monetary system, which increases the fluidity of money via off chain micro-transactions, between individuals based on the value of their everyday activities and interactions.

INTRODUCTION

This Procurement Management Plan sets the procurement framework for this project. It will serve as a guide for managing procurement throughout the life of the project and shall be updated as acquisition needs change. This plan identifies and defines the items to be procured, the types of contracts to be used in support of this project, the contract approval process, and decision criteria. The importance of coordinating procurement activities, establishing firm contract deliverables, and metrics in measuring procurement activities is included. Other items included in the procurement management plan include: procurement risks and procurement risk management considerations; how costs will be determined; how standard procurement documentation will be used; and procurement constraints.



PROCUREMENT MANAGEMENT APPROACH

The Project Manager will provide oversight and management for all procurement activities under this project. The Project Manager will work with the project team to identify all procurement items essential for the successful completion of the project. The project Bitmark team will review the procurement items, determine whether it is advantageous to purchase the services or develop it internally, and begin the vendor selection, purchasing and the contracting process.

PROCUREMENT DEFINITION

The following procurement items and/or services have been determined to be essential for project completion and success.

Item/Service	Justification	Needed By
Item A: Web Site – Bitmark.com	Needed for manufacturing widget type 1; we do not make this item	25JULY2014
Item B: Web Site – GetMarked.org	Needed for building tool type 2; we make this item but do not know the cost comparison vs. purchasing it	01AUG 2014
Item C: Project Schedule & Task Tracking Application	Needed for transferring data to new operating system; we do not make this item	27JULY2014

In addition to the above list of procurement items, the following individuals are authorized to approve purchases for the project team:

<u>Name</u>	<u>Role</u>
Mark Pfennig	Technical Lead
Bitmark Foundation	Board Members



TYPE OF CONTRACT TO BE USED

All items and services to be procured for this project shall be solicited on the Bitmark Community thread (<https://bitcointalk.org/index.php?topic=660544.0>) as firm-fixed price purchasing agreements or contracts. Aside from services such as web hosting & cloud servers, The Bitmark Project Team does not anticipate the necessity of long-term contracts with vendors. The project team will work with the sponsor and technical lead to define the item types, quantities, services, to include the required delivery dates, in order to procure all essential items and services within the required time frame and at a reasonable cost.

Regarding remuneration, all work to be done on Project Bitmark will be specified collectively, and a bounty agreed for the work item. Anybody in the world can then step up to do the work, when accepted the bounty is released.

Third party costs will come under foundation review, and when accepted they will be paid in the same manner.

PROCUREMENT RISKS

All procurement activities carry some potential for risk which must be managed to ensure project success. While all risks will be managed in accordance with the project's risk management plan, there are specific risks which pertain specifically to procurement which must be considered:

- Unrealistic schedule and cost expectations for item or services
- Potential schedule delays from voluntary contributions



- Potential uncertainty of product or service contributed to Project Bitmark, and the timeline of completion associated with these voluntary offerings
- Questionable past performance for unknown volunteers or contributors
- Potential that final product does not meet required specifications
- Potential that volunteers or contributors may seek monetary reimbursement for their work

These risks are not all-inclusive and the standard risk management process of identifying, documenting, analyzing, mitigating, and managing risks will be used.

PROCUREMENT RISK MANAGEMENT

As previously stated, project risks will be managed in accordance with the project's risk management plan. However, for risks related specifically to procurement, there must be additional consideration and involvement. Project procurement efforts involve external organizations and potentially affect current and future business relationships as well as internal management operations. Because of the sensitivity of these current and future relations, the project team shall include the project sponsor and technical lead in all project meetings and status reviews.

Additionally, any decisions regarding procurement actions or remuneration must be approved by the project sponsor. Any issues concerning procurement actions or any newly identified risks will immediately be communicated to the project manager as well as the project sponsor, and promptly documented.



COST DETERMINATION

For this project, we shall issue an informal request for work or voluntary contribution in order to solicit proposals, that are both internal and external to the Bitmark community. All proposals must fill the necessary service/support requirements for items A, B, and C, additionally individuals or future businesses looking to fulfill the obligations of these purchase agreements or contracts must first demonstrate their competence in regards the item or service they are providing. They must demonstrate experience in providing these goods, customer testimonials, backgrounds and resumes if deemed necessary by the Bitmark project team, and a line-item breakdown of all costs involved. Additionally, as Project Bitmark grows and proposals become more complex, businesses shall be required to submit work breakdown structures (WBSs) and work schedules to show their understanding of the work to be performed and their ability to meet the project schedule.

All information must be included in each proposal, as they will be used as the foundation of our selection criteria. Proposals which omit solicited information or contain incomplete information will be discarded from consideration.

STANDARDIZED PROCUREMENT DOCUMENTATION

The procurement management process is a dynamic and sensitive environment, as the Bitmark Project Team our goal must be to simplify procurement management by all necessary means in order to facilitate successful completion of our project. To aid in simplifying these tasks, we will use standard documentation, where we deem the procurement management process to be necessary. They provide adequate levels of detail which allows for easier comparison of



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proposals, more accurate pricing, more detailed responses, and more effective management of the project budget.

Both the GitHub Project Bitmark site and Trello Project Bitmark boards shall provide access to a shared repository or respective drive which contains standard project management and procurement documentation that will be used for this project. The following standard documents will be used for project procurement activities:

- Standard requirements for purchasing agreements or contracts
 - Background
 - Items or Services Needed
 - Guidelines or Requirements
 - Timeline
 - Collaboration
 - Statement of Work
 - Terms and Conditions
- Non-disclosure agreement
- Firm fixed price contracts (if considered necessary)
- Lessons learned form

PROCUREMENT CONSTRAINTS

Several constraints must be considered as part of the project's procurement management plan.

These constraints shall be included in future RFPs and communicated to all businesses and service providers in order to determine their ability to operate within these constraints. These constraints may also apply to individuals seeking to fulfill requirements posted on Bitmark



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thread (<https://bitcointalk.org/index.php?topic=660544.new#new>). These constraints apply to

several areas which include schedule, cost, scope, resources, and technology:

- Project schedule is not flexible and the procurement activities, and contract fulfillment must be completed within the established project schedule
- Unless otherwise stated, individuals which have committed to provide services to Project Bitmark, do so with the understanding that their contributions are voluntary and no monetary compensation shall be provided, unless previously agreed-upon and additionally approved by the Bitmark Foundation

Cost:

- Project budget has contingency and management reserves built in; however, these reserves may not be applied to procurement activities. Reserves are only to be used in the event of an approved change in project scope or at management's discretion.

Scope:

- All procurement activities, purchase agreements, and future contract awards must support the approved project scope statement. Any procurement activities or contract awards which specify work which is not in direct support of the project's scope statement will be considered out of scope and disapproved.

Resources:

- All procurement activities must be performed and managed with current personnel. No additional personnel will be hired or re-allocated to support the procurement activities on this project.



Technology:

- Parts specifications have already been determined and will be included in the statement of work as part of the RFP. While proposals may include suggested alternative methods to meet requirements, the specifications must match those provided in the statement of work exactly.

CONTRACT APPROVAL PROCESS

The first step in the contract or purchase agreement approval process is to determine what items or services will require procurement from external individuals, businesses, and service providers. This will be determined by conducting a cost analysis on products or services which can be provided internally and compared with purchase prices from vendors. Once cost analyses are complete and the list of items and services to be procured externally is finalized, the project Bitmark team will seek the approval of both the Project Manager and Project Sponsor. These two approvals shall suffice for smaller purchases, though for larger purchases the additional approval of the Bitmark foundation shall be required. All solicitations shall be publicly posted on the Bitmark thread, or on future websites Bitmark.Co. and GetMarked.org. The project Bitmark team shall afford five days for submitting proposals, at 1700 Zulu time on the fifth day the solicitation phase will close and the approval process period begins. The first step of this process is to conduct a review of all proposals and purchase agreements to determine which meet the criteria established by the project team. Purchases less than \$250.00 or 0.5 BTC only require the approval of the Project Manager and Project Sponsor; whereas, purchases greater than \$250.00 or 0.5 BTC must also be approved by the Bitmark Foundation. For these larger purchases the Bitmark foundation shall require five out of seven key authorizations to release funds for approved work. Foundation Members will collectively hold multi signature keys to the wallet, all foundation funds will require "5 of 7" signatures for payments to be made.



DECISION CRITERIA

The criteria for the selection and award of procurement contracts under this project will be based on the following decision criteria:

- Ability of the vendor to provide all items by the required delivery date
- Quality
- Cost
- Expected delivery date
- Comparison of outsourced cost versus in-sourcing
- Past performance

These criteria will be measured by the Project Manager. The ultimate decision will be made based on these criteria as well as available resources.

VENDOR MANAGEMENT

The Project Manager is ultimately responsible for managing vendors, service providers, and individual contributors. In order to ensure the timely delivery and high quality of services the Project Manager, will meet weekly with the Project Sponsor and individual vendors to discuss current progress for each procured item. The meetings may be via Bitmark IRC chat, Trello or Skype. The purpose of these meetings will be to review all documented specifications for each product as well as to review the quality of the items or services in question. This forum will provide an opportunity to review each item's development or the service provided in order to ensure it complies with the requirements established in the project specifications. It also serves as an opportunity to ask questions or modify contracts or requirements ahead of time in order to



prevent delays in delivery and schedule. The Project Manager will be responsible for scheduling this meeting on a weekly basis until all items are delivered and determined to be acceptable.

PERFORMANCE METRICS FOR PROCUREMENT ACTIVITIES

The following metrics are established for vendor performance for this project's procurement activities. Each metric is rated on a 1-3 scale as indicated below:

Vendor	Product Quality	On Time Delivery	Documentation Quality	Development Costs	Development Time	Cost per Unit	Transactional Efficiency
Vendor #1							
Vendor #2							

- 1 – Unsatisfactory
- 2 – Acceptable
- 3 - Exceptional

In addition to rating each vendor, actual values will be noted in order to build a past-performance data base for selecting vendors for future procurement activities.

Note: The term 'Vendor' may be used to identify businesses, service providers, and individual contributors to Project Bitmark.

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SPONSOR ACCEPTANCE



Approved by the Project Sponsor:

Mark Pfennig
Project Sponsor and Lead Developer

Date: _____