

**MINISTRY OF CITIZENS' SERVICES AND OPEN GOVERNMENT  
BRIEFING NOTE**

Ref: 95443

Date: January 9, 2012

I      **PREPARED FOR:**                      Kim Henderson, Deputy Minister

**FOR DECISION**

**TOPIC:**                                      Posting a Notice of Intent to direct award a contract with SecureKey Technologies.

II      **ISSUE:**

Posting a Notice of Intent (NOI) to direct award a contract to SecureKey Technologies for credential and authentication services for the BC Services Card.

III     **BACKGROUND:**

The Province and Insurance Corporation of British Columbia (ICBC) are jointly issuing this Notice of Intent due to inter-dependence of the services required from SecureKey. ICBC currently produces driver's licenses for use by BC citizens. Under an agreement between the Province and ICBC, ICBC will be responsible for implementing the SecureKey technology into the new BC services card ("Services Card") and producing them on behalf of the Province.

The term of the contracts will be for 6 years. The total value of the SecureKey services is to be 20 million dollars over the term of the contracts, based on the estimated volume of Services Cards to be produced and used.

The Government of Canada has recently awarded a contract to SecureKey for their credential broker services. The Services Card must work on, support, and be interoperable with Canada's credential broker service. SecureKey is a Canadian company with extensive experience in this field.

IV      **DISCUSSION:**

In May 2011, the Province announced a project to replace the existing BC Health cards with a new identity proof Services Card that will contain a security smart-chip and authentication technology. The new card is expected to be available by the end of 2012. SecureKey technology will be used in the development of the new BC Services Card, replacing the existing BC health care cards.

The Federal Government issued an RFP in 2010 for same and similar credential services, and SecureKey was the only proponent to respond. The contract with the federal government is valued at \$41 million over a three year contract (with three, one year optional extensions).

The Province and ICBC would like to direct award a similar contract to SecureKey for the following reasons:

- The Government of Canada has already acquired credential broker services from SecureKey through a competitive process. As the Province and ICBC are procuring the same, plus additional highly integrated services, it is expected that only SecureKey will be in a position to provide the required services.
- The Province requires that the Services Card issued by the Province be compatible with Canada's credential broker service.

- The technology used by SecureKey is proprietary in nature. As such, it is expected that no other firms are able to provide the level of integration (smart-chip and authentication technology) required to meet the Province's needs.
- SecureKey has a broad base of users who can use their existing credentials in order to access B.C. government services.
- SecureKey provides a contactless card reader that is easily deployed and used. In addition, user data is not stored on SecureKey's card reader. Due to these features, issuers of the card readers may access a variety of services using a shared card reader.

V **CONCLUSION:**

Approval to post a Notice of Intent (NOI) to BC Bid to direct award a contract to SecureKey Technologies for credential and authentication service.

**Appendix:**  
Notice of Intent #: SATP-290

**PREPARED BY:**

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Chief Information Officer  
Ministry of Citizens' Services  
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**REVIEWED BY:**

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Executive Director  
Ministry of Citizens' Services  
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## Notice of Intent

# CONFIDENTIAL

*Notice of Intent #: SATP-290*

Notice is hereby given by Her Majesty the Queen in Right of the Province of British Columbia, as represented by the Minister of Labour, Citizens' Services and Open Government (the "Province"), and the Insurance Corporation of British Columbia ("ICBC") of their intent to direct award contracts for related credential and authentication services to SecureKey Technologies Inc ("SecureKey").

The Province and ICBC are jointly issuing this Notice of Intent due to inter-dependence of the services required from SecureKey. ICBC currently produces driver's licences for use by BC citizens. Under an agreement between the Province and ICBC, ICBC will be responsible for implementing the SecureKey technology into the new BC services card ("Services Card") and producing them on behalf of the Province.

The term of the contracts will be for 6 years. The total value of the SecureKey services is to be 20 million dollars over the term of the contracts, based on the estimated volume of Services Cards to be produced and used.

### 1.0 Background

Governments provide their citizens with access to services in person, through over-the-counter interaction, by phone or through online web-based access. While in-person interaction and phone contact to provide access to services utilizes in-person security (e.g. identity cards for in-person exchanges, pre-set questions for phone services) online access is typically based on a single level (user name and password or card number) or sometime dual level access (e.g. security questions or requirement to enter a code shown on the page or on a card). As citizen demand for online access to personal and confidential information held by financial institutions and government increases, advanced identity identification (e.g. chipped cards) and secure data transmission technology is critical to ensure privacy of the individual accessing their information or transacting government provided services. In addition, crucial components for successful deployment of a secured card system are familiarity, ease of use and low costs for the card holder.

### 1.1 BC Government Health Care Card

Eligible B.C. citizens are issued a Ministry of Health care card that identifies the individual and is used to access medical services in the province. These cards have the individual's personal health number on the front and a magnetic stripe on the back with the personal health number and identify information encoded. As with other similar chip-less cards the current care card is susceptible to fraud and theft and does not provide proof of identity of the individual possessing the card without additional picture ID.

In May of 2011, the Province announced a project to replace existing BC health care cards with a new identify proof Services Card that contains a security smart-chip and related authentication technology to protect the identity and information of the BC citizen card holder accessing medical services. This will allow BC citizens to easily and securely access their

personal health information online, from their home computer, and facilitate access of medical services wherever proof of identity is required (e.g. medical tests, hospitals, doctor's office).

## **1.2 Future use of the Services Card**

The security smart-chip in the Services Card is a key component of the Province's strategy to evolve online service delivery. Critical to privacy of the BC citizen using the Services Card is integration of security smart-chips similar to those used by banks globally and an authentication process that provides rigorous identify-proofing and secure transmission of information between the services accessed and the BC citizen who is accessing their own confidential and personal information.

In addition to the technology embedded in the new Services Card, there needs to be a contactless smart-chip card reader that is used to establish the online secure transmission tunnel between the card holder and the government services being accessed. Together they provide the online mechanism to authenticate the user as the legitimate card holder. From a usage perspective citizens should be able to mix and match cards and readers and not have to have a multitude of readers and smart-chip cards that they have to switch in and out of place, depending on what government transactions they are trying to perform.

In addition to accessing health services, BC citizens may have the option of securely accessing personal health care information, other government services in BC (e.g. tax transactions, school registration, social services), as well as services of the Government of Canada ("Canada").

## **1.3 BC Province linkage with Federal Government of Canada Authentication Solution**

In 2010, Canada issued a request for proposals ("RFP") to select a contractor to provide credential broker services with access to three credential service providers with significant numbers of user credentials already in place. The credential broker service assists in the process of brokering the authentication of user credential while the credential service providers provide credentialing services to authenticate users seeking online access to individualized Canada services. Users would be able to use the existing credentials they already hold with the credential service providers through the broker services provided by the contractor.

As a result of the RFP, only one proponent, SecureKey, responded to the competition and was awarded a 41 million dollar contract over a 3 year period (plus 3 one year optional extensions). The service will be launching in early 2012. The Canada credential broker service allows consumers easier access to Canada services while assuring authentication levels used by existing bank credentials. By offering this choice, Canadians with banking relationships with selected large banks in the country will be able to use cards, user-ids and passwords to access online services by Canada. Included with the service is broad-based consumer and business terminalisation to provide support for contactless cards like debit and credit cards for a broad range of transactions. A core value proposition of the service is choice, control and convenience for Canadians, together with the industry-leading best practices for privacy protection.

The Province is aware of the dynamic and evolving nature of technologies for digital authentication and because of this the Province's architecture for authentication services accommodates and anticipates utilizing multiple methods for authentication technologies. As one of the multiple methods that may ultimately be required, the Province has chosen to issue contactless smart-chips to be used as authentication credentials.

The Services Card must work on, support, and be interoperable with Canada's credential broker service and its associated contactless readers. Consequently, the Province needs a credential authentication service for contactless smart-chips that works in combination with the contactless smart-chips and readers used through Canada's credential broker service.

From a business perspective, the Province needs to meet citizen expectations for secure and seamless access to services and information, while avoiding the cost and complexity associated with issuing its own card readers. SecureKey meets this need, as its service utilizes contactless readers that can be issued to Canadian clients of the banks who are already authenticated and made available to the Province through SecureKey's credential broker service. Therefore, the reader used with the new Services Card may be issued to the BC citizen by their financial institution. In this way, leveraging Canada's credential broker service represents an important cost avoidance opportunity.

## **2.0 Scope of the SecureKey Technology Inc Direct Award**

The scope of the services to be direct awarded to SecureKey includes the following:

### **2.1 Credential Broker Services (Province and SecureKey agreement)**

- a. SecureKey to provide credential broker service. This service includes:
  - Allowing the Province to enrol as a 'relying party' to the credential brokering services; and
  - Enrolling the Province as a credential service provider to the credential brokering services.
- b. SecureKey to provide credential provider services to the Province. This service includes:
  - Updating the card authentication services using the daily card activation/deactivation file; and
  - Card authentication services for the Province where an active card has been tapped on a qualified terminal.
- c. SecureKey to provide access to network terminals which;
  - Enables the Province to use deployed SecureKey terminals for authentication services. The credential service broker service has a broad range of consumer terminals as well as access to commercial partner networks; and
  - Supports the Province in providing a custom terminal compliant with credential broker service network specifications and support for legacy applications, existing magstripe cards, and the new contactless Service Card.

### **2.2 Card Licensing Rights, Card Technologies and Card Personalisation Services (ICBC and SecureKey license).**

- a. SecureKey to license card application for authentication services in payment networks.
  - This license provides ICBC and its qualified suppliers the required rights and authorizations to use a major network certified EMV contactless compatible

- b. SecureKey to define and maintain a network configuration profile. SecureKey will:
- Define and maintain a standard configuration for the contactless EMV application in compliance with the payment network and ICBC issuance program. SecureKey will also provide the configuration to ICBC's qualified card supplier for personalization;
  - Provide ICBC's qualified smart-chip personalisation facility all key-material required to support the card personalization process;
  - Provide ICBC with smart-chip personalization files on a quarterly basis;
  - Provide PAN to persistent anonymous identifier ("PAI") mapping files to ICBC's distribution facility on a quarterly basis;
  - Provide the EMV compatible smart-chips configuration profile to ICBC's qualified smart-chip personalisation facility;
  - Update the card authentication service using batch card personalisation files generated by ICBC's smart-chip personalisation; and
  - Perform regular audit to ensure compliance of the smart-chip personalisation bureau, card personalization facility and the distribution facility, to ensure the smart-chip issuance program objectives are being met or exceeded.

*EMV refers to technical specifications developed jointly by Europay International, MasterCard International and Visa International outlining the interaction between chip cards and terminals/CADs to ensure global interoperability.*

### **3.0 Justification for the Direct Award**

The Province and ICBC have decided to direct award the aforementioned services to SecureKey for the following reasons:

- a) The Government of Canada has already acquired credential broker services from SecureKey through a competitive solicitation. SecureKey was the only company to have responded to Canada's solicitation. As the Province and ICBC are procuring the same, plus additional highly integrated services, it is expected that only SecureKey will be in a position to provide the required services.
- b) The Province requires that the Services Card issued by the Province work with, interoperate with, and is compatible with Canada's credential broker service.
- c) SecureKey, through its credential service providers, currently has a broad base of users who can use their existing credentials in order to access BC Government services.
- d) SecureKey provides a contactless card reader that is easily deployed, card-agnostic, and easy to use. In addition, user data is not stored on SecureKey's card reader. Due to these features, issuers of the card readers are spared the complexity of managing another unique credential, and users may access a variety of services using a shared card reader.

- e) The technology used by SecureKey is proprietary in nature and, as such it is the Province's opinion that no other firms are able to provide the level of integration and seamless interoperability (smart-chip and authentication technology) required to meet the Province's needs.

Vendors who wish to object to this decision should forward their objections to [purchasing@gov.bc.ca](mailto:purchasing@gov.bc.ca), attention: Audra Gordon, Strategic Acquisitions and Technology Procurement, on or before @Date [Note to file – posting day plus 8-14 days].

Vendors should provide an outline of specific reasons for their objection so that the objection may be considered. A vendor's ability to offer the same comprehensive scope of services at a lower cost in the same time frame will be a key criterion with respect to the consideration of vendor objections. If justified, the Province will convene a meeting with individual vendors to receive vendor representations concerning this Notice of Intent.

Vendors should note that the Province intends on concluding reviews and any meetings with vendors by @Date. For this reason vendors are encouraged to submit reasons for objections as soon as possible so that reviews may begin immediately upon receipt by the Province of vendor representations.

**End.**

## ADVICE TO MINISTER

### CONFIDENTIAL ISSUES NOTE

**Ministry: Citizens' Services and Open  
Government**

**Date: Jan 20, 2012**

**Minister Responsible: Ben Stewart**

**(Updated: September 12, 2012)**

**Created by Government Communications and  
Public Engagement**

## Direct Award Process - SecureKey

### ADVICE AND RECOMMENDED RESPONSE:

- **As previously announced (May 19, 2011), we are developing a more secure BC Services Card which will replace the current Care Card.**
- **SecureKey is a Canadian company with extensive experience in this field.**
- **Notice of Intents are only used when government believes there is no other vendor that has the capacity to meet the business requirements by providing similar or better services.**
- **The Notice of Intent will give vendors an opportunity to object if they feel they also meet the criteria set out for the contract.**
- **The Government of Canada recently awarded a contract to SecureKey to provide online authentication for government services, and B.C.'s Services Card must be compatible.**
- **Securekey was the only proponent to respond to the federal process.**

### BACKGROUND:

On Jan. 20, 2012, a Notice of Intent (NOI) to direct award a six year, \$20 million contract to SecureKey Technologies for credential and authentication services will be posted to BC Bid.

SecureKey technology will be used in the development of the new BC Services Card, replacing the existing BC health care cards. In May 2011, the Province announced a project to replace the existing BC Health Care Cards with a new identity proof BC Services Card that will contain a security smart-chip and authentication technology. The new card is expected to be available by the end of 2012.

The federal government recently announced a contract with SecureKey to provide Credential Broker Service (CBS) that will allow Canadians to use their bank authentication credentials to obtain access to online government services. The federal request for proposal was posted in 2010 and SecureKey was the only proponent to respond to the competition. The contract with the federal government is valued at \$41 million over a three year contract. The federal government will launch the service in early 2012.



## DISCUSSION/ADVICE:

A Notice of Intent (NOI) informs vendors that negotiations with a specified contractor will take place without a competitive process, and provides vendors with the opportunity to object the decision. Government may choose to direct award a contract if there is only one vendor able to provide the good, service, or construction.

The Province and ICBC would like to direct award the contract to SecureKey for the following reasons:

- The Government of Canada has already acquired credential broker services from SecureKey through a competitive process. As the Province and ICBC are procuring the same, plus additional highly integrated services, it is expected that only SecureKey will be in a position to provide the required services.
- The Province requires that the Services Card issued by the Province work with and be compatible with Canada's credential broker service.
- The technology used by SecureKey is proprietary in nature. As such, it is expected that no other firms are able to provide the level of integration (smart-chip and authentication technology) required to meet the Province's needs.
- SecureKey has a broad base of users who can use their existing credentials in order to access B.C. government services.
- SecureKey provides a contactless card reader that is easily deployed and used. In addition, user data is not stored on SecureKey's card reader. Due to these features, issuers of the card readers may access a variety of services using a shared card reader.

SecureKey is based in Toronto and develops innovative hardware and software solutions that extend the power of chip-based identity and payment credentials to online and mobile transactions.

Communications Contact:	Melody Wey	250 508-5030		
Program Area Contact:	Kevena Bamford			
Created:	Jan 6, 2011			
Filename and path: N:\zz_Citizens' Services Communications Office\Operations\Issue Notes\2012\Finals\SSBC - Technology Solutions				
Program Area	ADM	DM	Comm. Dir	MO
KB	SG/DN	KH	DG	JM

Pages 10 through 14 redacted for the following reasons:

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S14

## Childress, Anna CITZ:EX

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**From:** Nikolejsin, Dave EAO:EX  
**Sent:** Thursday, February 2, 2012 10:08 AM  
**To:** Henderson, Kim N CITZ:EX; Kislock, Lindsay M HLTH:EX; Bethel, John HLTH:EX  
**Cc:** Bailey, Ian D CITZ:EX; Bamford, Kevena CITZ:EX; MacKenzie, Kelly L CITZ:EX  
**Subject:** FW: NOI\_SATP\_290\_FINAL(2) DOCX (3).docx

**Importance:** High

Fyi – no challenges to NOI for SecureKey. Also, no inquiries or questions were raised during the process. We will now proceed to negotiate final contracts.

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**From:** Fast Gordon, Audra SSBC:EX  
**Sent:** Thursday, February 2, 2012 9:19 AM  
**To:** Bailey, Ian D CITZ:EX  
**Cc:** Bamford, Kevena LCTZ:EX  
**Subject:** Re: NOI\_SATP\_290\_FINAL(2) DOCX (3).docx

Hi Ian,

There weren't any challenges.

Cheers,

Audra