

Virtual Production Studio RFP (No.: IGNITE/VPS/2023-24/0028/Proc)

Queries and Their Response

Space and Dimensions:

On page #24, section 23.1, the RFP identifies a space of 12,000 sq. ft. However, the total area of the hall visited was 20,000 sq. ft., meaning 60% is allocated for the VPS. Could you kindly provide the precise measurements or dimensions of the space (Width x Length x Height)?

The hall on the ground floor (100x100) along with the communal washrooms, as well as the complete first floor is included.

Space Conversion and Renovation:

To convert the identified space (currently used as a banquet hall) into a Virtual Production Studio, significant civil work is required. This includes removing reflective surfaces, installing lighting grids, and replacing flooring. What level of autonomy will the bidder have in carrying out such modifications?

Alterations can be accommodated depending on the plans for alterations to be shared for assessment of construction feasibility

Air Conditioning System:

Is the installed air conditioning system included in the facility? If so, could you provide details about the make, capacity, and whether the system is integrated with a Building Management System (BMS) for zone-specific temperature control?

The building currently has 05 x package type unit of Euro-Air, having a capacity of 30 ton each area installed. BMS is not included. Any further air-conditioning requirements are to be met by the bidder itself and may be added to its bid.

Office Space:

Are the office spaces located upstairs included in the rental area? If included, will the bidder have the flexibility to redesign and repurpose these spaces for operational requirements?

The complete first floor is included in the rented area. Alterations can be accommodated depending on the plans for alterations to be shared for assessment of construction feasibility

Outdoor Space Usage:

Is the open space adjacent to the hall, currently used as a catering area, part of the contract? If yes, can it be repurposed as a cargo or service area for the studio, and will permission be granted to build any necessary structures there?

The space is not included

Permissions and Approvals:

Will Ignite handle the necessary permissions from NASTAP for the renovation and civil work needed for the space conversion?

Plans for the renovation may be shared. Alterations can be accommodated depending on the plans for alterations to be shared for assessment of construction feasibility

Additional Spaces and Utilities:

- The lobby area in front of the main entrance-does it fall within the 12,000 sq. ft. mentioned in the RFP? If not, can it be included for the VPS project?

Only washroom on the ground floor among the common areas are included.

- Are the existing communal washrooms also included in the rental contract? If more restrooms are required, would the bidder be permitted to construct additional facilities?

Already answered above

- It has come to our attention that there are no dedicated utility meters for the identified space, with electricity being shared with neighboring ventures like Winterland. Given the power limitations in the area, will Ignite ensure that dedicated utility meters and infrastructure are provided?

NASTP/ignite will facilitate the bidders to install electricity meter, all expenses related to installation of electricity meter, transformer, wires, etc. should be part of the bidder's proposal.

Electrical and Infrastructure Setup:

For VPS operations, industrial-grade wiring will be required. Will this be the responsibility of the bidder, or will Ignite manage this through NASTAP?

Industrial grade wiring is not available and can be installed. The detail requirement of wiring has to be made part of the bid.

Design and Aesthetics:

- Does Ignite have any specific branding or design guidelines for the studio that should align with the organization's brand persona, or will the bidder have creative freedom in terms of design and aesthetics?

The theme is to be proposed by the bidder and is a part of the evaluation of the bidder.

Does Ignite have any specific references or standards that the bidder should follow for the studio design, including capacity, volume size, and configuration?

The requirements are already part of the RFP. All the deliverables must meet international standards and requirements and for which the references are to be provided by the bidder as part of its proposal.

Will Ignite provide the detailed civil work drawings for the space before the bidding deadline to help bidders estimate the cost of modifications, or will these only be shared with the successful bidder post-award?

Yes, the detailed drawings will be made available.

Portability of Design:

Does Ignite prefer a VPS design that can be easily transferred to another location in the future, or are permanent, fixed installations required for this project?

The RFP does not state any such requirement. This may be made a part of the proposal considering the cost to benefit ratio of any such design.

Financial Questions:

Utility Costs and Reimbursements:

- On Page #24, section 23.3, regarding OPEX, it states that utility costs will be based on actual usage and borne by the bidder. Does this mean that all utility costs (e.g., electricity, water, gas, internet, cantonment charges) will be reimbursed based on actual bills from providers such as K- Electric, W&S Board, SSGC, and Internet companies? Or will only 70% of these utility costs be reimbursed as part of OPEX?

70% of the overall OPEX will be reimbursed to the management partner.

- Will utilities be provided by NASTAP or other government institutions? In some areas, cantonment management sets utility rates. Could you clarify who the provider will be, and if their rates will apply?

Electricity will be provided by the local electric supply company

Electricity Costs:

- Considering the variability in K-Electric's rates (base rate adjustments, fuel cost adjustments, taxes, duties, surcharges, etc.), which have shown a Compound Annual Growth Rate (CAGR) of over 10% in the past five years, how should the bidder calculate these fluctuating rates given the current economic conditions?

Calculation of the OPEX has to be carried out by the bidder. Re-imburement of the 70% of the OPEX will be based on the calculations submitted by the bidder in its proposal

- LED Volumes are integral to Virtual Production Studios, and power consumption fluctuates with the brightness and environment. Since electricity bills will heavily impact OPEX, how should the bidder calculate hourly power consumption, and how will this be reflected in the financial bid?

Calculation of the OPEX has to be carried out by the bidder. Re-imburement of the 70% of the OPEX will be based on the calculations submitted by the bidder in its proposal.

- If utilities are provided by NASTAP, are there any discounts or special rates? Since the space is situated in PAF Museum (under NASTAP), will the VPS project be subject to PAF's utility rates? If so, can you provide details?

VPS will be considered an independent project and not part of the PAF Museum

CAPEX and OPEX Payment Timelines:

- How many days will Ignite take to clear CAPEX invoices?

The successful bidder shall submit invoices to Company as per agreed disbursement plan. The same may be verified by the Company within 30 calendar days. Payment will be made within 30 calendar days after acceptance of deliverables

- In cases where CAPEX payments are spread over several months (e.g., 33%, 33%, 33% with OEMs), how will the exchange rate be calculated? Will the SBP rate on the specific date of each payment apply?

Please refer to clause 6.2 (b) of the published RFP

- On Page 31, regarding OPEX, the payment plan specifies that invoices will be verified within 30 days, and payment will be made within another 30 days. Does this mean that the maximum payment timeline is 60 calendar days, or could payments be made earlier?

The successful bidder shall submit invoices to Company as per agreed disbursement plan. The same may be verified by the Company within 30 calendar days. Payment will be made within 30 calendar days after acceptance of deliverables.

30% OPEX Contribution:

- The RFP specifies that 30% of OPEX will be borne by the successful bidder. Will the bidder's monthly revenue be offset against the OPEX invoices? For instance, can the revenue generated be used to meet the 30% OPEX contribution, with any excess revenue allocated towards the self-sustainability model for years 5 and 6?
- If the 30% OPEX is not offset by revenue, will it be considered the bidder's equity contribution? If so, what benefits or returns will the bidder receive from this equity contribution (as mentioned on Page 30)?

The revenue will not be provided to the bidder to meet its 30% OPEX, but will be used for running the project for the 5th and 6th year of operations. Please refer to 24.5.1 (c).

Revenue Sharing and Outreach Costs:

- Is there a revenue-sharing model with Ignite for the VPS project?
There is no Revenue Sharing model at the moment.
- Will expenses related to the outreach and communication plan (e.g., brand awareness, product launches) be reimbursed to the bidder? Is there a capped budget for these activities, and will they fall under CAPEX or OPEX? Typically, such activities are considered equity building and fall under CAPEX—what is Ignite's position on this?
70% of the OPEX will be re-imbursed by Ignite. The RFP outlines the particulars for CAPEX and OPEX. Both the costs should be made part of the bidder's proposal.
- Page 28, section 24.4.3, mentions performance KPIs for VPS management, including industry awareness sessions (2 per quarter) and industry events (2 per year). Could you clarify the difference between these two?
Industry awareness sessions focus on raising awareness in the industry about the potential benefits of the VPS, international trends that necessitate the use of VPS, developments within the industry etc. It is more focused and educational in nature. Industry events can be any industry event whether it be a networking event, exhibition, products showcase etc.
- Additionally, for student awareness sessions (2 per quarter) and training workshops (1 per quarter), what is the distinction between these? If the costs of workshops, awareness sessions, and other KPIs are included in OPEX, will these expenses be reimbursed in full to the bidder to support industry development?
Students awareness sessions aim to inform and educate students about the potential uses of VPS. The goal is to raise awareness, enhance understanding, and generate interest of students.
Training workshops are focused on skill-building and hands-on learning. The primary aim is to equip participants with practical skills or competencies.
70% of the OPEX will be re-imbursed by Ignite. The RFP outlines the particulars for CAPEX and OPEX. Both the costs should be made part of the bidder's proposal.

Tax Considerations:

- Are there any discounts on taxes or import duties for this project?
There is no such discount available at the moment.

- Under which tax sector or industry will this project fall (e.g., Information Technology sector, Film & Animation Industry)? This is important for understanding applicable tax rates.
The taxation will be applied as per the government policy
- Since this is a government-led project of strategic national importance, does Ignite have any tax exemptions or reduced tax rates? Given the project's location within NASTAP and its connection to the Ministry of IT & Telecom, are there any specific tax benefits available?
There is no Tax Exemption at the moment.

Evaluation Criteria:

- 3(a) Managing & Running VPS: This section mentions that each year of experience in managing and running a Virtual Production Studio carries 2 points, with a total of 20 points available. Could you please provide clarification on how these points are allocated? As per our knowledge, the technology referred to as "Stagecraft," which uses In-Camera VFX (ICVFX) with LED volumes, began in January 2018. The first major project to utilize this technology, "The Mandalorian," gained attention in 2019. As this technology is only in its 6th year globally, does this evaluation apply specifically to ICVFX, or does it also consider traditional CGI? Even the production team behind "The Mandalorian" would only qualify for a maximum of 10 points under this criterion.
The bidder has to provide relevant information accordingly and the evaluation will consider the information in light of the technology availability.
- 3(b), associated with 3(a): This point appears to be tied to the experience in Virtual Production (ICVFX or CGI). Additionally, we observe that 3(c) and 3(d) are related to this as well. Given that the tender document specifies the use of LED Volumes and ICVFX, could you provide further insight into how these points will be evaluated and expanded?

3(a) – The bidder or its partner(s) must have experience of managing or running a VPS

3(b) – The bidder or its partner(s) must have projects delivered utilizing VPS (whether the VPS is managed by them or someone else).

3(c) – The bidder or its partner(s) must show the revenue generated from its VPS based projects.

3(d) – The bidder or its partner(s) must prove that it has the required Human Resource(s) to manage Ignite's VPS.

- 3(e) Cloud Administration: Virtual Production (ICVFX) is a render-free technology and typically does not require cloud administration for rendering purposes. Could you elaborate on how you envision the role of cloud administration in the Virtual Production Studio?
The government of Pakistan discourages the establishment of private data centers. A cloud solution has to be the preferred choice and hence the relevant expertise in cloud administration are required.
- 4(b).vi. Infrastructure Sharing Methodology: This criterion refers to the methodology for sharing infrastructure with other Ignite projects. Could you clarify what specific contributions Ignite envisions a Virtual Production Studio (VPS) making to other projects? Other than offering space for Virtual Productions, gaming introduction films, and MoCap (motion capture) for animation films, are there additional services that Ignite believes a VPS can provide to support other projects?

There are multiple other projects of Ignite that can benefit from Ignite's Virtual Production Studio. One such project is CEGA (Center of Excellence in Gaming and Animation). CEGA will have one center at NED UET Karachi. A close collaboration between the two centers is desired

With respect to Clause 8 (Page 10) of the Request for Proposal (RFP), please clarify whether sales tax invoice is required for the transfer of CAPEX Structure? In that case, sales tax (output tax) will be chargeable on the value of CAPEX, otherwise Sales tax (input tax) shall become part of CAPEX.

The funding agreement (as attached in RFP) is a reimbursement model so the reimbursement will depend on the provision of sales tax invoice & review and approval of Ignite team.

Whether IGNITE will deduct income tax on the reimbursement of CAPEX and OPEX?

The funding agreement (as attached in RFP) is a reimbursement model therefore Ignite will not withhold any expenses incurred by implementing partner. It is the responsibility of Implementing partner to withhold income tax and sales tax on every payment made from the project bank account as per applicable laws/rules/provisions FBR & provincial sales tax rules.

Further, whether IGNITE will deduct sales tax (FBR) and services tax (SRB) on the reimbursement of CAPEX and OPEX?

Ignite will deduct income tax and sales on management fee and any other expense against which services are provided/rendered by the executing agency and not by the third party contractor. Since the sales tax is a provincial matter therefore the tax will be deposited in the province in which services are rendered as per applicable rules.

In case the consortium manages to earn revenue in excess of 30% of OPEX in the first four years, whether there will be any revenue sharing?

There is no Revenue Sharing model at the moment.

Query:

S.No.7. Original affidavit (not older than one month at the time of proposal (submission) on Stamp Paper(s) of worth PKR 100 or more that the Bidder is an active tax payer and has submitted its tax return for the preceding fiscal year. Tax payer list serial number (downloadable from FBR's website) is also to be mentioned.

In the case of a new company established and got its active tax payer status and has not yet submitted its tax return for the preceding fiscal Year. The Affidavit it can produce on Rs. 100 Stamp Paper that the Bidder is an active tax payer. Shares Tax payer list serial number (downloadable from FBR's website) is also mentioned.

Response:

All participating bidders are required to fulfill Mandatory Eligibility Criteria and other requirements published in the said RFP in letter and spirit.