

## **Medium Range Radar Acquisition Value Proposition Bidder's Instructions**

### **1.0 Purpose**

- 1.1 The Value Proposition (VP) Plan must describe how the Bidder intends to meet the VP objectives of the Medium Range Radar (MRR) program. The VP Plan must describe the Bidder's approach to management for meeting the VP requirements.
- 1.2 The Bidder's VP Plan must clearly indicate how the proposed VP activities will be implemented if awarded this Contract. The optimum VP Plan will result in long-term creation and exploitation of capabilities, knowledge, advanced technologies and markets of lasting impact on Canadian industry.
- 1.3 The Bidder should highlight the Industrial and Technological Benefits (ITB) transactions proposed by the Bidder that will be used to satisfy the Bidder's VP requirement that will form the basis of the Bidder's contractual commitments as it relates to its VP Obligation. The Bidder should also highlight potential opportunities that may be available to Canadian industry should the Bidder be the successful Bidder.

### **2.0 Preparation Instructions**

- 2.1 In preparing its VP Plan, the Bidder must follow these VP Bidder Instructions, as well as the VP Evaluation Plan, the VP Terms and Conditions and the ITB Terms and Conditions. All documents provide important guidance, definitions and/or contractual provisions related to the implementation of the VP for the MRR program.
- 2.2 The VP Plan must be submitted in a separate, self-contained volume. Only the VP Plan will be reviewed during the VP evaluation. In order to facilitate the VP evaluation process, any material contained in another section of the bid but relevant to the VP Plan must be repeated in the VP Plan. In particular, any information pertaining to the Bidder's VP Plan such as relevant ITB transactions that will be used to fulfill the Bidder's VP Obligation, must be referenced in the VP Plan.
- 2.3 The VP Plan must contain, at a minimum, the following sections:
  - 2.3.1 Executive Summary of the VP Obligation
  - 2.3.2 VP Management Plan
  - 2.3.3 Current Activities
  - 2.3.4 Future Potential Activities

### 2.3.5 Summary Chart of VP Activities

2.4 Eight (8) hard copies and one electronic copy of the VP Plan must be provided.

## 3.0 VP Objectives

3.1 On February 5, 2014, the Government of Canada announced the Defence Procurement Strategy (DPS). One of the DPS' objectives is to leverage purchases of defence equipment to create jobs and economic growth in Canada.

3.2 On the MRR project, the government requires bidders to include a Value Proposition (VP) which will be weighted and rated. The application of VP incorporates consideration of Key Industrial Capabilities (KIC) to inform potential economic benefits.

3.3 The government has done analysis related to the MRR project and identified the following KIC Market Segments that are relevant to this procurement:

### **Electro-Optical, Radar and Sonar Systems and Components; and Fire Control, Warning and**

**Countermeasures Systems and Components:** This category includes electro-optical systems (e.g. image intensification night-vision systems, thermal imaging systems, lasers), radars, sonar systems, fire-control systems used to aid weapons in target acquisition, tracking and engagement; warning systems (e.g. technologies that detect enemy radars, enemy laser targeting systems, and approaching threats such as missiles); and countermeasures (e.g. electronic jamming equipment, smoke screens, flares to counter heat-seeking missiles).

### **Electronics, Information Technology (including Software), Communications and Navigation Systems and Components:**

This category includes military communications systems, secure cyber/information systems and other military Information Technologies (including software), avionics, navigation and guidance systems (e.g. Global Positioning System [GPS] based systems, gyroscopes, accelerometers) and other geomatics related systems and services (e.g. geographic information system (GIS) products and services for military applications, remote sensing services for military applications), display technologies, digital control systems; other technologies for the receipt, exchange, analysis and integration of multiple types of data; and other defence electronics not elsewhere specified.

3.4 The analysis demonstrates that Canadian capability exists within these Intelligence, Surveillance and Reconnaissance (ISR) market segments. Bidders are encouraged to engage with Canadian companies in these market segments. This engagement could be directly on the MRR procurement, or on global value chains of other similar ISR products and services and can take the form of design/development, production, and In-Service Support (ISS).

- 3.5 It is intended that the implementation of the Bidder's VP Plan result in the enhancement of Canadian capability to undertake other work of a similar nature and make a positive contribution to the continuing viability, growth, innovation, export growth and overall development of the Canadian companies that will work with the Bidder after contract award.
- 3.6 It is intended that Bidders provide significant opportunities for Canadian companies in support of the acquisition program of the resulting contract within the defined market segments in this RFP.
- 3.7 It is the Bidder's responsibility to ensure that its Canadian sub-contractors are able to perform all assigned work activities that will result from this VP Plan. This includes, but is not limited to, ensuring that the companies possess the accreditations required to perform the work and that, at a minimum, Bidders provide access to or transfer any technical data and Intellectual Property (IP) necessary for the Canadian company to perform the work proposed in each ITB Transaction that will be used to fulfill the Bidder's VP Obligation.
- 3.8 It is intended that VP activities be performed in Canada as soon as practicable after contract award, in order to maximize the benefit to Canadian industry.

#### **4.0 VP Mandatory Requirements**

- 4.1 Bidders must meet the following minimum mandatory VP requirements:
  - 4.1.1 Commit to a minimum of thirty (50) percent in VP Activity on the MRR acquisition contract value, as defined in the VP Terms and Conditions in Annex M-ISS.
  - 4.1.2 Commit to identify through the submission of ITB Transactions at least fifty (50) percent of the Bidder's proposed VP Obligation within twenty-four (24) months after contract award (MACA).
  - 4.1.3 Commit to identify through the submission of ITB Transactions at least one-hundred (100) percent of the Bidder's proposed VP Obligation within forty-eight (48) MACA.

#### **5.0 VP Plan Section Content**

- 5.1 The following details the required content of each of the VP Plan sections. Failure to provide the required content will result in the Plan being found non-compliant.
- 5.2 Executive Summary of Value Proposition Obligation
  - 5.2.1 The Executive Summary should summarize how the Bidder will address Canada's VP Objectives in Section 3 and how each of these Objectives will be achieved through the proposed VP Plan and proposed VP Activity in the VP Plan.
  - 5.2.2 The Executive Summary should constitute an integrated overview of the complete VP Plan. The information in the Executive Summary should only summarize and/or be drawn from content in other sections in the VP Plan.
  - 5.2.3 The Executive Summary must include the following VP Obligation Table:

VP Obligation	Compliant/Non-Compliant
The Bidder Commits to provide a minimum of 50% in VP Activity of the Medium Range Radar ISS contract value, measured in Canadian Content Value (CCV).	_____ Yes                      _____ No
The Bidder Commits to the following VP Activity on the Medium Range Radar as a percentage of the Acquisition contract value, measured in CCV.	(Bidder to identify its total (including the 30%) VP Obligation in percentage terms)
Bidder Commits to identify Committed VP Activities equal to 50% of its VP Obligation within 24 months after contract award (MACA).	_____ Yes                      _____ No
Bidder Commits to identify Committed VP Activities equal to 100% of its VP Obligation within 48 MACA.	_____ Yes                      _____ No

5.3 Value Proposition Management Plan

- 5.3.1 The purpose of the VP Management Plan is to demonstrate the Bidder’s ability to develop, implement, manage and report on the proposed VP Commitment. It is also the place for the Bidder to detail and document its proposed Eligible Parties (as defined in the ITB Terms and Conditions) in support of its VP Plan.
  
- 5.3.2 The VP Management Plan should provide a detailed overview of all of the VP management functions and associated organization required by the Bidder to execute a successful VP program, in a level of detail sufficient to demonstrate that the Bidder understands its VP Commitment and is prepared to respond to requirements. It should also highlight any overlap areas of responsibility between the Bidder’s ITB Management Plan and the VP Management Plan.
  
- 5.3.3 The VP Management Plan should include a list of the Bidder’s proposed Eligible Parties, with details and documentation justifying how each one meets the Eligible Party criteria outlined in the ITB Terms and Conditions.
  - 5.3.3.1 Bidders are strongly encouraged to demonstrate in the Plan that each of its proposed Eligible Parties that are Canadian Companies with less than 500 employees have the capacity to undertake VP Obligation. Capacity is assessed in areas such as company size, product offerings, market conditions, corporate ownership, VP management processes, level of Canadian content, etc.
  - 5.3.3.2 Any proposed Eligible Party which is found not to meet the criteria will be excluded from the List of Eligible Parties in the ensuing Contract. In addition, any ITB Transaction proposed for inclusion into the VP Plan with an excluded Eligible Party as the ITB Donor will be rejected as not meeting the ITB Eligibility Criteria and, therefore, ineligible for crediting towards the VP Commitment.
  
- 5.3.4 The VP Management Plan should include the following information on the Bidder and each of its Eligible Parties:

- 5.3.4.1 the name and contact information of each company's VP official(s) assigned to the Project;
- 5.3.4.2 job descriptions for each company's VP official(s) and biographical information about their work experience and education;
- 5.3.4.3 a description of each company's corporate and project-specific resources assigned to execute the management of the VP Commitment;
- 5.3.4.4 a description and explanation of each company's internal processes for VP organization, advocacy and awareness, both specific to this project and in general. Bidders should include a description of how VP Objectives will be factored into the company's broader decision making processes, along with how these decisions will be documented and tracked; and,
- 5.3.4.5 a description of the methods, processes and procedures that each company will use to identify, submit, track, record keep and report VP activities.

#### 5.4 Current Proposed Activities

- 5.4.1 The purpose for the Current Proposed Activities section is to provide context and a description of the ITB Transactions the Bidder has included in its ITB Proposal that the Bidder intends to use towards its VP Obligation.
- 5.4.2 Bidders should include a high level summary of the activities that have been identified to date through the ITB Transaction Sheets in its VP proposal.
- 5.4.3 The section should include a high level summary of the amount that has already been committed through the ITB Transactions and the types of technologies and how these fit within the defined market segments for this program that the Bidder has proposed to date. This section may also include any technologies that have already been transferred or any Intellectual Property that has been provided to date.
- 5.4.4 The section should also include a summary of how the VP activities proposed within the Bidder's VP proposal will impact the Canadian Recipients.

#### 5.5 Future Potential Activities

- 5.5.1 The purpose of this section is for the Bidder to provide additional context on potential opportunities that it may plan to pursue with Canadian companies that would satisfy its VP Obligation.

5.5.2 Bidders should highlight the types of opportunities that would be available for Canadian industry, should the Bidder be awarded the MRR Acquisition Contract. It should note the breadth and depth of programs that the Bidder currently manages that present strong potential for Canadian participation.

5.5.3 The activities presented in this section should be illustrative of the types of opportunities Canada can expect from the Bidder should it be successful. It should include an overview of what the Bidder will do to ensure Canadian companies can access its supply chain.

#### 5.6 Summary Chart of VP Activities

5.6.1 Bidders should include a summary chart of VP activities (with a link to the associated ITB Transaction Number, if available) that can be updated after contract award as the Bidder identifies VP activities. A template roll-up sheet is provided.