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**SOLICITATION AMENDMENT
MODIFICATION DE L'INVITATION**

The referenced document is hereby revised; unless otherwise indicated, all other terms and conditions of the Solicitation remain the same.

Ce document est par la présente révisé; sauf indication contraire, les modalités de l'invitation demeurent les mêmes.

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Title - Sujet ADIS - Area Detect. and Ident. Syst	
Solicitation No. - N° de l'invitation W8476-14ASAA/A	Amendment No. - N° modif. 008
Client Reference No. - N° de référence du client W8476-14ASAA	Date 2016-06-08
GETS Reference No. - N° de référence de SEAG PW-\$\$\$V-065-26698	
File No. - N° de dossier 003sl.W8476-14ASAA	CCC No./N° CCC - FMS No./N° VME
Solicitation Closes - L'invitation prend fin at - à 02:00 PM on - le 2017-04-21	
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W8476-14ASAA

Amd. No. - N° de la modif.
008
File No. - N° du dossier
003slW8476-14ASAA

Buyer ID - Id de l'acheteur
003sl
CCC No./N° CCC - FMS No/ N° VME

LOI AMENDMENT 008

This amendment to the LOI is raised to:

1- issue the Summary of Feedback and Outcomes from the Industry Engagement Process on Industrial and Technological Benefits (ITB) Policy Including Value Proposition (VP). This Industry Engagement Process on ITB/VP was held on February 2-9, 2015.

The closing date of this LOI was extended to April 21, 2017 for the purpose of posting further communications, if necessary. January 15, 2014 was the requested submission date for response to the LOI.



Public Works and
Government Services
Canada

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**Summary of Feedback and Outcomes from the Industry Engagement Process
On Industrial and Technological Benefits (ITB) Policy Including Value
Proposition (VP) for the Area Detection and Identification System (ADIS)
W8476-145109/A**



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1. Background

The Department of National Defence (DND) has a requirement for the supply of a chemical Area Detection and Identification System (ADIS) systems. Public Works and Government Services Canada (PWGSC), on behalf of DND, released a letter of Interest (LOI) on December 13, 2013 as a first step to seek information from industry on its interest, capacity and ability to mature the Compact Atmospheric Sounding Interferometer Engineering Development Model (CATSI EDM) into the ADIS solution, so as to produce and deliver the systems that meet the ADIS requirements.

Shortly after the release of the LOI, follow-on one-on-one meetings with industry were conducted. During the one-on-one meetings, participants were encouraged to ask questions and submit comments, recommendations and suggestions on the technical aspects regarding the ADIS procurement with the objective of improving the procurement in a fair and transparent manner.

The information gathered through this process will be considered when finalizing the procurement strategy and the technical associated documents.

A Fairness Monitor is engaged to provide an unbiased and impartial opinion relating to the procurement of the ADIS. He has been involved in the procurement of the ADIS since the beginning of the industry consultation process. To this end, he reviewed the LOI before its issuance, participated in one-on-one meetings with industry, reviewed the responses to the questions raised during the one-on-one meetings, before their issuance on Buy&Sell; he will provide its services through the solicitation process and be involved by providing oversight on the bid evaluation process as well as the debriefing process.

In February 2014, when the ADIS industry consultation process was going through, Canada's Defence Procurement Strategy (DPS) was launched by the Ministers of PWGSC, DND and Industry Canada (IC), overhauling the government's defence procurement system. The three key objectives of the DPS are to:

- Deliver the right equipment to the Canadian Armed Forces and Canadian Coast Guard in a timely and cost effective manner;
- Streamline procurement processes, including early engagement with industry; and
- Leverage purchases of equipment to create jobs in Canada and maximize export opportunities.

Under the DPS, the Industrial and Regional Benefits Policy has been transformed into the Industrial and Technological Benefits (ITB) Policy including Value Proposition (VP).

Later on December 19, 2014, IC released the new VP Guide. The guide ensures that the following objectives are met:

- To support the long-term sustainability and growth of Canada's defence sector;
- To support the growth of prime contractors and suppliers in Canada, including small and medium-sized enterprises in all regions of the country;
- To enhance innovation through R&D in Canada; and
- To increase the export potential of Canadian-based firms.

The closing date of the LOI has been extended to April 21, 2017 for the purpose of posting further communications, if necessary.

2. Introduction

ADIS project was presented and approved at the DPS ADM Committee on May 8, 2014 for application of VP.

As a result, IC assisted by PWGSC and DND consulted with potential bidders, through LOI and one-on-one meetings, to ensure the recommended approach for ITB/VP aligns with the objectives of the DPS and is fully implementable. This was an opportunity for interested parties to provide feedback on the proposed approach and to help ensure that VP meets its mandate of strengthening the competitiveness of the defence sector, incenting significant research and technology development investments in Canada, and contributing to export-led growth in Canada.

3. Purpose

This summary of feedback and outcomes is focused on the IC Industry Consultative Process on VP and thus it summarizes the feedback received from the industry on questions related to VP only.

4. Industry Engagement Process on VP

Industry Engagement Activities	<ul style="list-style-type: none"> • Posting of the Letter of Interest (LOI) to inform industry that the ADIS procurement will be subject to ITB/VP process: August 12, 2014; • Posting of the VP industry engagement presentation as an amendment to the Letter of Interest (LOI), including questions to industry on VP: January 23, 2015; • Responses requested: February 18, 2015; • One-on-one meetings: February 2-9, 2015; and • Release of the Summary of Feedback and Outcomes from the Industry Engagement Process on ITB Policy Including VP: June 2016.
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Information disclosed under the LOI	<ul style="list-style-type: none"> • Rules of Engagement Participation Agreement; and • VP industry engagement presentation including questions to industry on VP.
Participants at the One-on-one Meetings	Seven companies participated in one-on-one meetings (see Annex A for a complete list). An independent Fairness Monitor was an integral part of the process. No Industry day was conducted.
LOI Responses submitted	The LOI requested that written responses be submitted by February 18, 2015. Three companies submitted responses to the LOI (see Annex B for a complete list).

5. General Overview of the Industry Engagement Process Feedback

The Consultative Process provided any interested party in Industry an opportunity to participate in the further development of the proposed VP approach by responding to questions and submitting comments, questions, recommendations and suggestions for improvement of its evaluation criteria. The level of response from participants indicated that the majority of potential bidders were unprepared to discuss VP in a meaningful way. The majority of questions from participants focused on technical requirements specifically Canada's decision to mature the CATSI EDM to the ADIS solution and not to procure an off-the-shelf solution.

Given the Consultative process was focused exclusively on VP; all participants were advised that the released of draft RFP and follow-on consultative process will provide participants another opportunity for engagement on all aspects of the project.

Canada has determined that to date, the way forward to meet its requirement is the maturation of the CATSI EDM to the ADIS solution. Nonetheless, since 2003, Canada has consulted with the industry in several ways to determine the best solution which meets its requirement.

During the one-on-one Meetings, several participants were also interested in gaining access to the market research that was referenced in the VP industry engagement presentation posted on Buy&Sell as an amendment to the LOI. Canada confirmed that the internal market analysis cannot be shared externally, as it contains commercially sensitive and copyright material.

6. Summary of Feedback and Outcomes

6.1 Defence Sector Criteria

Canada wishes to incentivize direct work on the ADIS procurement to promote business activities and growth of Canada's defence sector.

Question 1	What portion of work directly related to ADIS, do you plan to undertake in Canada?
Feedback	Participants who responded, indicated that the majority of the work, estimated in the range of 75% to 80%, related to ADIS will be undertaken in Canada.
Question 2	What portion of your commitment for direct work at bid time, are you able to identify in terms of business transactions?
Feedback	Few answers received indicated that approximately 90% of commitments will be identified at time of bid proposal.

6.2 Canadian Supplier Development Criteria

Canada wishes to take full advantage of existing industrial capabilities by integrating Canadian companies into global supply chains, especially small and medium-sized enterprises (SMEs) in direct work on ADIS.

Question 3	How strong is your ability to integrate Canadian companies into your supply chains, particularly SMEs? Do you have internal programs or initiatives that promote supplier development?
Feedback	Generally, respondents have the necessary capacity to integrate Canadian companies into global supply chains. There are initiatives put in place that promote supplier development.
Question 4	What opportunities for Canadian suppliers do you foresee in relation to work on ADIS?
Feedback	Respondents identified some opportunities for Canadian suppliers in relation to work on ADIS.

Question 5	What portion of overall work will your company commit to doing with SMEs?
Feedback	Respondents indicated that approximately half of the overall work will be committed to SMEs.
Question 6	Recognizing that ITB Policy has a minimum 15% SME requirement, how should the SME commitment in excess of that threshold be scored?
Feedback	Few answers received indicated that the SME commitment in excess of that threshold be scored up to 20 to 25%.

6.3 Research and Technology Development Criteria

Given that R&D makes up about a quarter of the overall work, Canada wishes to maximize investment in R&D activities in relation to ADIS with Canadian companies, SMEs and universities.

In addition, Canada may wish to motivate commitment in R&D in other areas of the economy more broadly.

Question 7	How much R&D specifically related to ADIS does your company plan to undertake in Canada?
Feedback	Respondents indicated that 100% of R&D ADIS activities will be undertaken in Canada.
Question 8	Should non-defence R&D investment be considered as part of this requirement?
Feedback	Respondents indicated that non-defence R&D should be considered as it favours the “roadmap”.
Question 9	How would you suggest Canada measure and score this requirement? For example, R&D investment in absolute monetary value or proportional to contract value, etc.?

Feedback	Respondents indicated that investments contributed to R&D should be noted by Canada.
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6.4 Exports Criteria

Given that ADIS will be considered “cutting-edge” technology that will attract interest from other nations, Canada wishes to capitalize on future export opportunities resulting from this procurement

Question 10	How much Canadian export activity related to ADIS does your company forecast in the future?
Feedback	Respondents indicated that approximately 80% of ADIS sales would be in export activities.
Question 11	What should the contractual commitment be in relation to your proposed export strategy?
Feedback	Respondents indicated that the bidders should demonstrate an ability to manufacture, install and maintain ADIS technology. There is importance to keep the development and manufacturing of the product in Canada.
Question 12	What evaluation elements should be considered for the export strategy, such as: decision-making authority to export from Canada, global product mandate for Canadian operations, and human and financial resources?
Feedback	<p>Respondents indicated that bidders should submit an export plan demonstrating:</p> <ul style="list-style-type: none"> - A knowledge of the CBRN market; - A capacity to manufacture the ADIS in Canada; - A capacity to distribute and sell the ADIS internationally; and - A capacity to perform onsite maintenance, technical support and training. <p>It has been also recommended that Canada evaluates bidders' commercialization plans.</p>

6.5 Other VP Criteria and Overall Score

Question 13	Are there other high-value industrial activities which you might consider making that could strengthen the Canadian economy? How would you suggest we measure this for scoring purposes?
Feedback	<p>Respondents indicated that ADIS sensor technology advances could benefit other industry sectors such as:</p> <ul style="list-style-type: none"> - Pipelines and gas refineries; - Airports, ports, border crossings; - Gas sensing; - Area for economic trade with traffic; - Public buildings and installations; and - Marginalized and abandoned wells.
Question 14	Relative to price and technical merit, typically 10 percent is the weighting of the Value Proposition within the overall bid score. Do you believe this weighting is appropriate or what do you believe it should be for this procurement? Please explain.
Feedback	Respondents indicated that the weighting for VP should be in the range of 20% to 25%.
Question 15	<p>Based on the Value Proposition objective to leverage defence spending to achieve economic benefit for Canada, what proportional weighting would you assign to each of the evaluation criteria?</p> <ul style="list-style-type: none"> • Defence Sector • Canadian Supplier Development • Research and Technology Development • Exports
Feedback	<p>Respondents indicated that the following proportional weighting could be assigned to each of the evaluation criteria:</p> <ul style="list-style-type: none"> • Defence Sector: in the range of 15% to 30% • Canadian Supplier Development: in the range of 15% to 25% • Research and Technology Development: in the range of 15% to 30% • Exports: in the range of 30% to 40%

7. Outcomes / Actions / Next Steps

The outcomes will effectively help Canada to better understand the market and prospective bidders' Canadian industrial footprint. All the information gathered will support Canada as it moves the project forward.

Information provided to Industry Canada will be considered in the development of a VP approach. The information gathered through this process will be considered when finalizing the VP evaluation criteria. The release of draft RFP on Buy&Sell and a follow-on industry engagement are expected to take place in Summer 2016 to gather input on the draft RFP. And this industry engagement will afford another opportunity for industry to provide feedback and comment on the draft VP evaluation methodology.

The Government of Canada ADIS team members thank all Participants for taking part in the Industry Engagement Process.

Annex A – List of companies that attended a one-on-one meeting

- Chemring Detection Systems
- Bruhn Newtech-Salisbury-UK
- CGI
- ABB Inc. and Telops
- Bertin Corp. and Visiontec Systems
- DEW Engineering & Development ULC
- P Devices

Annex B – List of companies that responded to the Request for Information

- CGI
- ABB Inc. and Telops
- P Devices

Annex C – Request for Information (RFI)

The appended document named *Letter of Interest - ADIS* is to be inserted at this point.

Annex D – Value Proposition industry engagement presentation

The appended document named *VP Industry Engagement Presentation - ADIS* is to be inserted at this point.



A collage of various scientific and technological icons. At the top left is a green radar screen with a yellow crosshair and a small yellow star. Below it is a blue computer monitor and a blue keyboard. To the right is a large blue microscope. In the center is a blue fan with three blades. Below the fan is a blue light bulb with a yellow glow. To the right of the fan is a blue and white robot. At the bottom is a blue and white stylized city skyline. The entire collage is set against a white background.

Canada

Outline



- **Objective**
- **Defence Procurement Strategy**
- **Industrial and Technological Benefits Policy**
- **Value Proposition**
- **Market Analysis**
- **Proposed Value Proposition**
- **Next Steps**



Objective



- Consult with industry in order to develop a comprehensive Value Proposition (VP) for the Area Detection and Identification System (ADIS) procurement
 - Validate the Government's market analysis and procurement strategy
 - Seek input on the structure of VP evaluation criteria through responses to targeted questions
- The development of VP approach will be informed through industry engagement coupled with internal market research and analysis
 - Industry will have an opportunity to provide input on leveraging this procurement to achieve maximum economic outcomes for Canada
- Feedback from industry provided during the industry engagement process will be considered by Industry Canada in developing a draft VP approach
 - In spring 2015, feedback from industry will be sought prior to finalizing the VP evaluation methodology
 - Final RFP is targeted for July 2015



Defence Procurement Strategy (DPS)



- Canada's DPS was announced in February 2014 by the Ministers of PWGSC, DND and IC, overhauling the government's defence procurement system
- The DPS aims to:
 - Deliver the right equipment to the Canadian Armed Forces and Canadian Coast Guard in a timely and cost effective manner
 - Streamline procurement processes, including early engagement with industry
 - Leverage purchases of equipment to create jobs in Canada and maximize export opportunities
- Under the DPS, the Industrial and Regional Benefits Policy has been transformed into the Industrial and Technological Benefits (ITB) Policy including Value Proposition





- Minister of Industry announced the new VP Guide on December 19, 2014
- **Four objectives:**
 - *Support the long-term sustainability and growth of Canada's defence sector*
 - *Support the growth of prime contractors and suppliers in Canada, including small and medium-sized enterprises in all regions of the country*
 - *Enhance innovation through R&D in Canada*
 - *Increase the export potential of Canadian-based firms*
- **Backed by an aggressive 40 percent growth target over ten years against which progress will be measured, starting in 2015-16**



The Value Proposition (VP)



- Winning bidders are now selected on the basis of price, technical merit and their *Value Proposition*
- The VP includes bidder's commitments to undertake work and invest in Canada and will generally account for 10 percent of the overall score
- Companies awarded procurement contracts must undertake business activity in Canada equal to the value of the contract

Value Proposition

- Commitments/activities proposed at bid time
- Rated and weighted during bid evaluation

Outstanding Obligation

- Activities identified after contract award
- Brings identified activities up to 100 percent of contract value



Value Proposition Framework: Evaluation Criteria



Defence Sector

- Work in Canada specific to the procurement
- May include work in Canada's defence sector

Canadian Supplier Development

- Work undertaken by suppliers in Canada
- Work undertaken by SME suppliers in Canada

R&D

- R&D undertaken in Canada
- R&D in Canadian post-secondary institutions

Exports

- Strategy to export the procured product from Canada
- May include incremental exports in any sector

Value Proposition Framework



On a procurement-by-procurement basis, there is flexibility to:

- increase/decrease the weight of the VP
- weigh criteria differently
- apply all or some of the criteria
- add additional criteria
- apply mandatory requirements
- develop different rating grids



Informed by:

industry

engagement

*research and
analysis*

3rd party experts



Market Research and Analysis



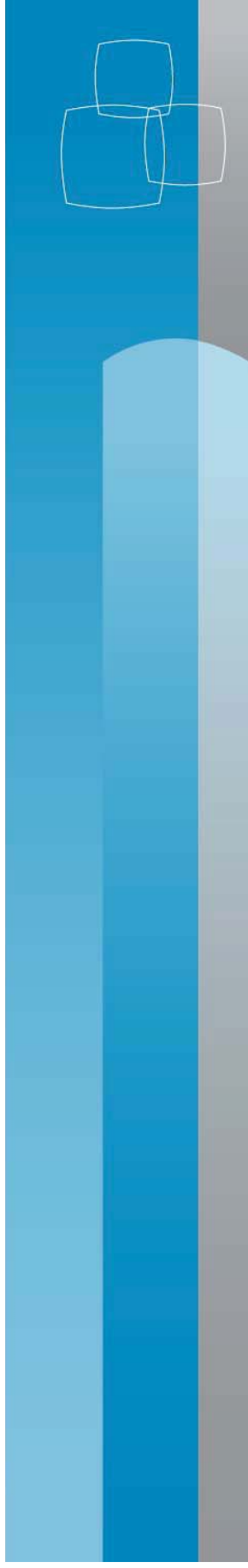
- Market research and analysis was conducted in order to better understand domestic industrial capabilities and global market in relation to ADIS
- Findings identified leveraging opportunities and provided a foundation for establishing a VP framework
- Key sources of information:
 - Avascent, Jane's, SDI, Visiongain market reports and forecast databases
 - Statistics Canada, *Canadian Commercial Aerospace, Defence, Commercial and Civil Marine and Industrial Security Sector Survey (2011)*
 - Regional Development Agencies and Other Government Departments' industry capability analysis
 - Government and company materials, and others sources of company level information





Industry
Canada

Industrie
Canada

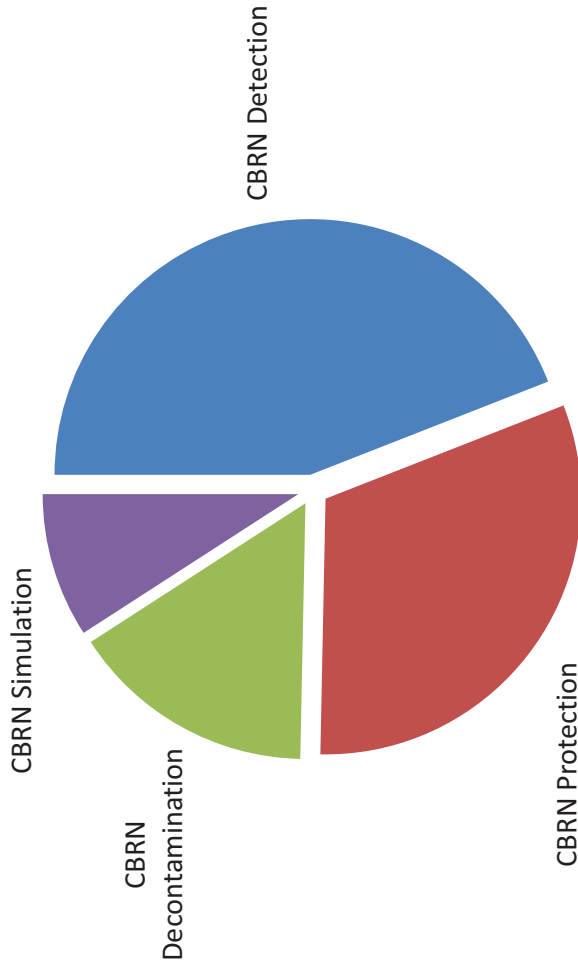


Canada

Market Analysis



CBRN Market Segments: 2015-19



- Detection technologies represent more than 40% of the global CBRN market
- Moderate growth is anticipated over the next five years in this market segment



Sources: Chart based on more comparable data from reports by, Strategic Defence Intelligence—SDI “The Global CBRN Defense Market 2013–2023” © SDI; and, Visiongain “CBRN Defence Market Forecast 2014–2024: Leading Companies for Chemical, Biological, Radiological and Nuclear Detection Equipment”, Visiongain, UK.

Proposed Value Proposition Drivers



- Market analysis indicates that Canada has capacity to perform ADIS related work
 - Canadian defence sector has considerable presence of firms that possess the necessary technical capabilities, including: electro-optical laboratories, sensor technologies and highly-skilled personnel
- Canada owns Intellectual Property (IP) on current engineering model that will be provided to successful bidder for improvement and optimization for production of ADIS
- Canada will retain ownership of future improved design/IP for ADIS
 - Contractor will have a license to use IP for own commercial exploitation
- Research and development (R&D) represents a significant component of overall scope of work
- This emerging technology has potential to position Canadian industry for future growth and export opportunities



Proposed Value Proposition Criteria



Defence Sector

- Canada wishes to incentivize direct work on the ADIS procurement to promote business activities and growth of Canada's defence sector

Questions for Consideration

1. What portion of work directly related to ADIS, do you plan to undertake in Canada?
2. What portion of your commitment for direct work at bid time, are you able to identify in terms of business transactions?



Proposed Value Proposition Criteria (cont'd)



Supplier Development

- Canada wishes to take full advantage of existing industrial capabilities by integrating Canadian companies into global supply chains, especially small and medium-sized enterprises (SMEs) in direct work on ADIS

Questions for Consideration

1. How strong is your ability to integrate Canadian companies into your supply chains, particularly SMEs? Do you have internal programs or initiatives that promote supplier development?
2. What opportunities for Canadian suppliers do you foresee in relation to work on ADIS?
3. What portion of overall work will your company commit to doing with SMEs?
4. Recognizing that ITB Policy has a minimum 15% SME requirement, how should the SME commitment in excess of that threshold be scored?



Proposed Value Proposition Criteria (cont'd)



Research and Technology Development

- Given that R&D makes up about a quarter of the overall work, Canada wishes to maximize investment in R&D activities in relation to ADIS with Canadian companies, SMEs and universities
- In addition, Canada may wish to motivate commitment in R&D in other areas of the economy more broadly

Questions for Consideration

1. How much R&D specifically related to ADIS does your company plan to undertake in Canada?
2. Should non-defence R&D investment be considered as part of this requirement?
Please explain.
3. How would you suggest Canada measure and score this requirement? For example, R&D investment in absolute monetary value or proportional to contract value, etc.?



Proposed Value Proposition Criteria (cont'd)



Exports

- Given that ADIS will be considered “cutting-edge” technology that will attract interest from other nations, Canada wishes to capitalize on future export opportunities resulting from this procurement

Questions for Consideration

1. How much Canadian export activity related to ADIS does your company forecast in the future?
2. What should the contractual commitment be in relation to your proposed export strategy?
3. What evaluation elements should be considered for the export strategy, such as: decision-making authority to export from Canada, global product mandate for Canadian operations, and human and financial resources?



Proposed Value Proposition Criteria (cont'd)



Other VP Criteria & Overall Score

Questions for Consideration

1. Are there other high-value industrial activities which you might consider making that could strengthen the Canadian economy? How would you suggest we measure this for scoring purposes?
2. Relative to price and technical merit, typically 10 percent is the weighting of the Value Proposition within the overall bid score. Do you believe this weighting is appropriate or what do you believe it should be for this procurement? Please explain.
3. Based on the Value Proposition objective to leverage defence spending to achieve economic benefit for Canada, what proportional weighting would you assign to each of the evaluation criteria?
 - Defence Sector
 - Canadian Supplier Development
 - Research and Technology Development
 - Exports



Next Steps



- Information provided to Industry Canada will be considered in the development of a VP approach
- Draft RFP planned for spring 2015 will afford another opportunity for industry to provide feedback and comment on the draft VP evaluation methodology
- Final RFP is scheduled for release in July 2015



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065svW8476-14ASAA

CCC No./N° CCC - FMS No./N° VME

LETTER OF INTEREST (LOI)

Title: AREA DETECTION AND IDENTIFICATION SYSTEM (ADIS)

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Attachments:

Attachment 1 – Rules of Engagement Participation Agreement

Attachment 2 – Industry Engagement Questions

1. PURPOSE

This Letter of Interest (LOI) seeks information from industry on its interest, capacity and ability to mature the Compact Atmospheric Sounding Interferometer Engineering Development Model (CATSI EDM) into the ADIS solution, so as to produce and deliver the systems that meet the ADIS requirements; and to provide industry the opportunities to provide feedback on the procurement strategy.

2. BACKGROUND

Chemical Agent Sensors (CAS) Project is acquiring a system of complementary chemical agent sensors capable of detecting and identifying a wide range of chemical warfare agents and toxic industrial chemicals, and automatically reporting alarms locally as well as to existing and future command-and-control systems.

The ADIS constitutes Phase 3 of the Chem Project. The aim of Phase 3 is to procure a system that can provide an early warning so that soldiers can survive and operate under the chemical threat by adopting protective measures.

In 2004, Defence Research and Development Canada (DRDC) Valcartier awarded a competitive contract to Telops Inc to perform the engineering development for the Compact Atmospheric Sounding Interferometer (CATSI) Engineering Development Model (EDM). In 2010 Telops Inc delivered the CATSI EDM, which is based on a patented concept developed by DRDC Valcartier of differential detection provided by a double-beam Fourier transform infrared interferometer with adjacent fields of view.

Canada owns all intellectual property rights (IPR) for the CATSI EDM and has determined that the CATSI EDM is the best available solution to meet the Canadian Armed Forces (CAF) requirements for detection capabilities at this time. However, the CATSI EDM lacks some design elements needed for military use and should be adapted for efficient production.

3. REQUIREMENTS

The ADIS will provide the capability to detect, identify and monitor airborne Chemical Warfare Agents (CWAs) and Toxic Industrial Chemicals (TICs) from a 5 kilometer minimum distance, depending on weather conditions. This requirement is achieved through the use of the CATSI detection system. It is estimated that 32 ADIS may be procured.

It is proposed to perform the work through the following two phases:

- a. The Maturation Phase: limited design, build and test of the proposed ADIS solution; and
- b. The Production Phase: production of the required equipment deliverables. This

phase would commence if and only if the prototype meets the ADIS specifications.

In order to mature the CATSI for general use by the CAF, it will require improvements in the following areas:

- a. Ruggedization and adherence to MIL STD 810G;
- b. EMC compliance to MIL STD 461F;
- c. Transferral of software from a custom computer to a standard CF 31 laptop;
- d. Instituting a wireless network between multiple ADISs, the local consoles and remote consoles at a range of minimum 1000 m;
- e. User input to and management of the spectral libraries.

Canada's proposed maturation and production process is included in Figure 1 below. It is merely a suggestion and alternatives may be proposed. No time frame is implied but refers to section 6 proposed schedule. The intent is for the company to suggest time and schedule detail.

Canada intends for the production of a single completely functioning prototype:

- a. Prototype 1 is hardware centric and will, through the test program, demonstrate that all hardware meets the specifications;
- b. Prototype 1+ is software centric and will, through the test program, demonstrate that all software meets the specifications; and
- c. There are likely hardware elements supporting Prototype 1+ that would need to be built into Prototype 1, as any changes in the hardware would necessitate a second run of the Prototype 1 test program.

The final ADIS prototype will undergo a System Acceptance Test (SAT) wherein the system will run through selected detection tests. The system must have the same or better detection performance compared to the CATSI. The intention is to ensure that the performance is maintained.

In addition, there will be desirable requirements, both hardware and software, which will be detailed in the Request for Proposal (RFP).

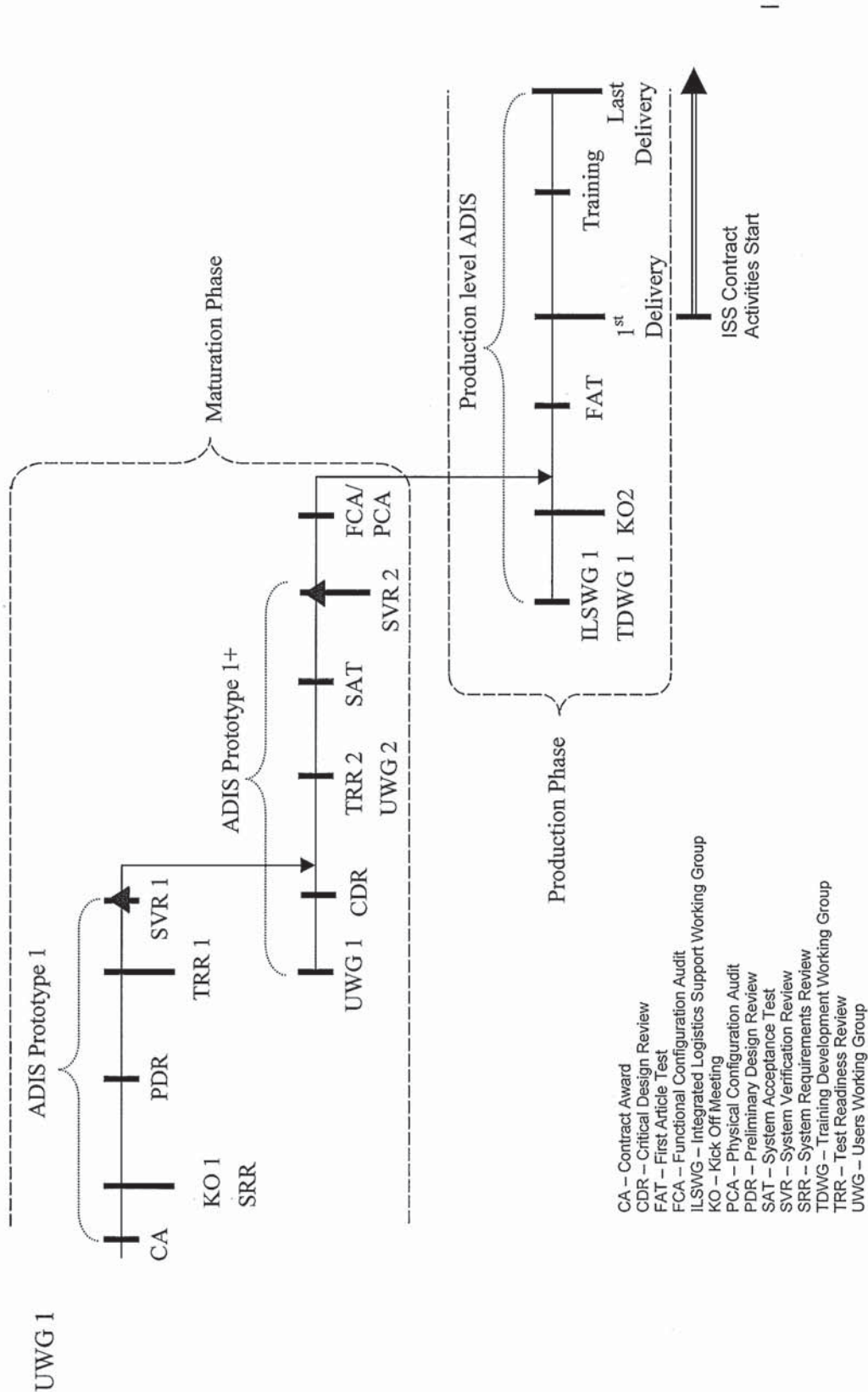


Figure 1: The ADIS Production Process Concept

4. ACQUISITION STRATEGY

There is currently sufficient capability in the marketplace. Canada may release a competitive Request For Proposal (RFP) specifying the work required to align the CATSI EDM with the CAF operational requirements.

The CATSI EDM Technical Data Package (TDP) will be made available to the bidders to allow them to adequately respond to the potential RFP.

The successful bidder will be provided with the CATSI EDM TDP, and will mature the CATSI EDM to a ruggedized, user friendly, mass production capable version, under an ADIS contract.

Following the RFP process, it is intended to award one acquisition contract, which would consist of the Maturation Phase of the existing CATSI EDM into the ADIS and the Production and Delivery Phase; and will include a limited In-Service Support (ISS) portion, which will provide on-going support for the equipment delivered as part of the acquisition contract.

It is expected that the contract will run until 2018. The duration of the Maturation Phase is estimated at one year and the duration of the Production Phase at eight months. The ISS will be provided during the deliveries of the ADIS and for two years following the final delivery.

5. MAINTENANCE CONCEPT

Any potential requirement would include ISS to ADIS during the deliveries and for two years following the final delivery as a part of the acquisition contract. Long term ISS will be contracted separately following acquisition of the ADIS product.

6. PROPOSED SCHEDULE

The release of a potential RFP will not occur prior to summer 2014.

Durations for the main external contract activities are included below in Table 1. Note that the times are subject to change.

Activity	Duration
LOI solicitation	1 month
RFP bid solicitation period	4 months
Maturation Phase	1 year
Production Phase	8 months
ISS Contract	2 years

Table 1: Anticipated Project Schedule

As per Attachment 2, respondents to the LOI wishing to participate in the potential RFP are requested to provide a confirmation that they can meet the durations of the Maturation and Production Phases or to provide an estimate of the anticipated duration.

7. CATSI TECHNICAL DATA PACKAGE (TDP)

Due to the controlled contents of the CATSI TDP, Canada is researching options for distribution of the TDP to potential bidders. There is a possibility that the CATSI TDP will be displayed at several central government locations, and can be viewed at the request of the bidder and will be available for consultation during an Industry Day (see paragraph 8).

As per Attachment 2, respondents to the LOI wishing to participate in the potential RFP are requested to provide an impact statement on their ability to bid and potential limitations.

8. INDUSTRY DAY

Canada intends to host an Industry Day information session and one-on-one sessions shortly after the close of the LOI. One-on-one meetings, with the ADIS Project team, will be held following the Industry Day information session. Both events will be held in the greater Ottawa area at a time and place to be confirmed. The terms and conditions applicable to this engagement process are stated in the Attachment 1 – Rules of Engagement Participation Agreement.

This Industry Day information session and corresponding one-on-one sessions will be an opportunity to pose and address questions with regards to this LOI and to allow industry's feedback in regards to relevant technical input for the upcoming potential RFP.

These meetings may also provide an opportunity for vendors to consult the CATSI TDP. The information gathered will be used by Canada to assist in the development of the potential RFP including the Statement of Work (SOW) for maturation and production Phases and to provide more accurate phases durations.

As per Attachment 2, it is requested that the responses to the LOI indicate potential interest in attending the Industry Day and corresponding one-on-one sessions. Once all LOI responses are received by DND, the Contracting Authority will contact any interested parties with an official invite including details for the events.

It is further anticipated that a first stage potential RFP will be released on the Buy and Sell web site in order to gather industry comment prior to release of an official potential RFP.

Attendance at the Industry Day is not required in order to submit a response to any follow-on RFP.

9. SECURITY

The CATSI EDM system contains SECRET data in the form of software algorithms and spectral libraries.

A bidder would be required to handle classified material within the RFP package up to the SECRET level. Appropriate security clearances should be pursued through the Point of Contact listed in Para 17 below, as this process may require 6 months or more.

As per Attachment 2, respondents to the LOI wishing to participate in the potential RFP are requested to indicate their ability, and that of any subcontractors, to accommodate personnel and facility security requirements, together with controlled goods restrictions (e.g. International Traffic in Arms Regulations (ITAR)), export licenses and 3rd party release requirements).

Respondents are to clearly identify any implications that may affect delivery of the proposed project in accordance with the requirements of the PWGSC Industrial Security Program.

10. NON DISCLOSURE AGREEMENT

Each potential applicant bidder and all potential subcontractors, firms, and agencies must sign a Non-Disclosure Agreement, which would be provided with any resulting RFP. Some documentation and material provided by Canada will be subject to the non-disclosure agreement, and will be identified as such when provided to bidders.

11. INTELLECTUAL PROPERTY

Canada will own all intellectual property rights to any resulting work should a contract be established.

12. GOVERNMENT OF CANADA POLICY ISSUES

Industrial and Regional Benefits (IRB)

Canada's IRB Policy ensures that Canadian industry benefit from Government defence and security procurement. The policy requires companies that win defence and security contracts with the Government of Canada place business activities in Canada at the same value of the contract. Canada's Industrial and Regional Benefits (IRB) policy may apply to this procurement.

Canadian Content Policy

The Policy encourages industrial development in Canada by limiting, in specific

circumstances, competition for government procurement opportunities to suppliers of Canadian goods and services.

Following the industry consultation process, it will be determined whether the requirement will be solely or conditionally limited to Canadian goods and or services.

13. RECOMMENDATIONS FROM INDUSTRY

Industry recommendations that do not restrict the level of competition nor favour a particular solution or company will be given consideration. However, Canada will have the right to accept or reject any or all recommendations.

14. REVIEW OF THE LOI

Canada reserves the right to request additional information for clarification during the review of the responses to this LOI, and/or to consider a subsequent modification of the response put forward by a respondent.

No payment will be made for costs incurred in the preparation and submission of a response to the LOI. Costs associated with preparing and submitting a response, as well as any costs incurred by the respondent associated with the evaluation of the LOI, are the sole responsibility of the respondent.

15. NO OBLIGATION

The issuance of this LOI does not create an obligation for Canada to issue a subsequent bid solicitation and does not bind Canada legally or otherwise, to enter into any agreement or to accept any suggestions from industry.

This industry consultation process is not a bid solicitation and a contract will not result from this request.

Potential respondents are advised that any information submitted to Canada in response to this industry consultation process may be used by Canada in the development of a subsequent competitive RFP. However, the Government is not bound to accept any expression of interest or to consider it further in any associated documents such as a RFP.

The issuance of this industry consultation process does not create an obligation for Canada to issue a subsequent RFP, and does not bind Canada legally or otherwise, to enter into any agreement or to accept any suggestions from organizations. Canada reserves the right to accept or reject any or all comments received.

There will be no short listing of firms for purposes of undertaking any future work, as a result of this industry consultation process. Similarly, participation in this industry consultation process is not a condition or prerequisite for participation in any RFP.

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065sv

Client Ref. No. - N° de réf. du client
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Companies participating in this industry consultation process should identify any submitted information that is to be considered as either company confidential or proprietary.

All enquiries and other communications related to this industry consultation process shall be directed exclusively to the Contracting Authority.

16. CLOSING DATE

Responses to this LOI shall be submitted directly to the Contracting Authority on or before the closing date specified on page 1 of the LOI.

17. CONTRACTING AUTHORITY

All enquiries and other communications related to this RFI shall be directed to the Contracting Authority as follows:

Public Works and Government Services Canada
Acquisitions Branch
Specialized Services and Acquisitions Management Sector
Science Procurement Directorate
Defense Sciences Division (SV)
11 Laurier Street
Gatineau, Quebec
K1A 0S5
ATTN: Marlène Bitsene
TEL: 819-956-1347
FAX: 819-997-2229
E-mail: marlene.bitsene@tpsgc-pwgsc.gc.ca

AREA DETECTION AND IDENTIFICATION SYSTEM (ADIS) PROJECT INDUSTRY CONSULTATIVE PROCESS

ATTACHMENT 1 RULES OF ENGAGEMENT PARTICIPATION AGREEMENT

An overriding principle of the industry consultation is that it be conducted with the utmost of fairness and equity between all parties. No one person or organization shall receive nor be perceived to have received any unusual or unfair advantage over the others.

All Crown documentation provided throughout the industry consultative process, which begins with the Information Session and concludes when an official Request for Proposal (RFP) is published on the Government Electronic Tendering Service Buy and Sell, will be provided to all participants who have agreed to and signed the Rules of Engagement ("Participant").

The Consultative Process will consist of an Information Session and Industry Meetings to clarify information provided within the RFI responses.

Canada will not disclose proprietary or commercially sensitive information concerning a Participant to other Participants or third parties, except and only to the extent required by law.

TERMS AND CONDITIONS:

The following terms and conditions apply to the Consultative Process. In order to encourage open dialogue, Participants agree to:

- a. Discuss their views concerning the ADIS requirement and to provide positive resolutions to the issues in question. Everyone shall have equal opportunity to share their ideas and suggestions;
- b. NOT reveal or discuss any information to the MEDIA/NEWSPAPER regarding the ADIS requirement during this consultative process. Any Media questions will be directed to the PWGSC Media Relations Office at 819-956-2313;
- c. Direct inquiries and comments only to authorized representatives of Canada, as directed in notices given by the Contracting Authority from time to time. Any communication to unauthorized representatives of Canada may be subject to full disclosure by Canada to all Participants that have requested the RFI documentation;
- d. Media cannot participate in Industry Day or the one on one meetings;
- e. Canada is not obligated to issue any RFP, or to negotiate any contract for any phases of the ADIS requirement;

-
- f. Throughout the entire Industry Engagement Process, all questions from industry, exchanges of information and all the industry feedback shall be provided in writing to the Contracting Authority. In accordance with and subject to the Access to information Act, R.S., 1985, c. A-1, and any other legislative or legal requirement, all information which is provided by a Participant and which is clearly marked as "Proprietary" will not be released or disclosed;
- g. Proceedings from the Industry Day will be recorded. The information gathered will be summarized and provided to all Participants;
- h. If Canada does release a RFP, the terms and conditions of the RFP shall be subject to Canada's absolute discretion;
- i. Canada will not reimburse any person or entity for any cost incurred in participating in this industry consultative process;
- j. All inquiries with regards to the procurement of ADIS requirement are to be directed to the Contracting Authority;
- k. Participation in this Industry Engagement Process will not be a mandatory requirement for any subsequent RFP. An entity will not be precluded from submitting a proposal under any subsequent RFP on account of they not being a Participant;
- l. A Draft RFP may be posted to the Government Electronic Tendering Service Buy and Sell for industry comment;
- m. At any point within this process, a Participant may provide notice to the Contracting Authority that they no longer wish to participate in the Industry Engagement Process. Upon the Contracting Authority's receipt of such notice, the Participant will not be scheduled for participation in any future one on one engagement meetings;
- n. Failure to agree to and sign the Rules of Engagement will result in the exclusion from participation in the one-on-one meetings and review of the Final Draft RFP. This Industry Engagement Agreement shall be signed by a duly authorized officer of the Participant in this respect; and
- o. A dispute resolution process to manage impasses throughout this consultative process shall be adhered to as follows:

Dispute Resolution Process

- 1- By informal discussion and good faith negotiation, each of the parties shall make all reasonable efforts to resolve any dispute, controversy or claim arising out of or in any way connected with this Industry Engagement.

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2- Any dispute between the Parties of any nature arising out of or in connection with this Industry Engagement shall be resolved by the following process:

- a. Any such dispute shall first be referred to the Participant's Representative and the PWGSC Manager managing the Industry Engagement. The parties will have 3 Business Days in which to resolve the dispute.
- b. In the event the representatives of the Parties specified Article 2.a. above are unable to resolve the dispute, it shall be referred to the Participant's Project Director and the PWGSC Senior Director of the Division responsible to manage the Industry Engagement. The parties will have 3 Business Days to resolve the dispute.
- c. In the event the representatives of the Parties specified in Article 2.b. Above are unable to resolve the dispute, it shall be referred to the Participant's President and the PWGSC Director General, who will have 3 Business Days to resolve the dispute.
- d. In the event the representatives of the Parties specified in Article 2.c. above are unable to resolve the dispute, it shall be referred to the Participant's CEO and the PWGSC Assistant Deputy Minister, Acquisitions Branch who will have 5 Business Days to resolve the dispute.
- e. In the event the representatives of the Parties specified in Article 2.d. above are unable to resolve the dispute, the Contracting Authority shall within 5 Business Days render a written decision which decision shall include a detailed description of the dispute and the reasons supporting the Contracting Authority's decision. The Contracting Authority shall deliver a signed copy thereof to the Participant.

By signing this document, the individual represents that he/she has full authority to bind the company listed below and that the individual and the company agree to be bound by all the terms and conditions contained herein.

Name of Company (Print): _____

Name of individual (Print): _____

Title or Position (Print): _____

Telephone: _____

E-mail: _____

Signature: _____

(I have the authority to bind the Company)

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Date: _____

AREA DETECTION AND IDENTIFICATION SYSTEM (ADIS) PROJECT**INDUSTRY CONSULTATIVE PROCESS****ATTACHMENT 2****INDUSTRY ENGAGEMENT QUESTIONS**

The questions contained in the Sections below are intended to elicit feedback of interest to Canada and provide guidance to industry in preparing for the Industry Day. It is not expected that all questions will elicit a response, neither should submissions be constrained by the questions.

Respondents are encouraged to submit a response to the Industry Engagement Questions in electronic format (MS Word or Adobe PDF preferable as long as copy/paste or printing of text functions are not restricted in any way) by the LOI closing date or with their Industry Day Registration or shortly thereafter, as it will be requested by Canada.

Response Format

All submissions should be clearly marked "Area Detection and Identification System LOI". The name and address of the Respondent shall be identified in the e-mail with a primary point of contact. One electronic copy, compatible with MS Word 2003, or a PDF file of the response is to be submitted by e-mail to the Contracting Authority at the following address: marlene.bitsene@tpsgc-pwgsc.gc.ca.

The inclusion of general marketing material is discouraged unless used to provide specific information relevant to a response. In this instance, it is requested that supporting text cross-reference the marketing material to the appropriate area of the LOI.

Companies may wish to consider whether to include proprietary information in the response. All submissions will be held by Canada on a confidentiality basis and remain the property of Canada once they have been received.

Oral presentations will not be entertained.

Responses will not be returned.

The number of pages of your response is not limited. However, the expected length should not exceed 15 pages double sided standard letter business format.

Language of Response

Responses may be in English or French, at the preference of the Respondent.

Response Parameters

Respondents are reminded that this is an LOI and not an RFP and, in that regard, Respondents should feel free to provide their comments and concerns with their responses.

Canada reserves the right to seek clarifications from a Respondent for any information provided in response to this LOI, either by telephone, in writing or in person.

Confidentiality

Respondents are requested to clearly identify those portions of their response that are company confidential or proprietary in nature. The confidentiality of each Respondent's response will be maintained. Items that are identified as proprietary will be treated as such except where Canada determines that the enquiry is not of a proprietary nature. Canada may edit the questions or may request that the respondent do so, so that the proprietary nature of the question is eliminated, and the enquiry can be answered with copies to all interested parties.

SECTION 1: ADMINISTRATIVE REQUIREMENT SUMMARY

1. As per paragraph 8, please indicate your interest in attending the Industry Day and corresponding one-on-one sessions.
2. As per Attachment 1, please provide a signed copy of the Rules of Engagement Participation Agreement.
3. As per paragraph 7, in regards to your future compliance with the CATSI TDP distribution process, please provide an impact statement on your ability to bid. If the current process is not feasible, please provide reasoning and suggest alternatives.
4. As per paragraph 9, please indicate your company's ability, and that of any subcontractors, to accommodate personnel and facility security requirements, together with controlled goods restrictions (e.g. International Traffic in Arms Regulations (ITAR)), export licenses and 3rd party release requirements):
 - Please clearly identify any implications that may affect delivery of the proposed project in accordance with the requirements of the PWGSC Industrial Security Program.
 - If some or all security measures are in progress, please indicate an estimate of when compliance will be achieved.
 - If it is not possible to meet some or all security requirements, please substantiate.

SECTION 2: REQUIREMENT

1. Please provide a statement of interest, capacity and ability to mature the CATSI EDM into the ADIS solution, so as to produce and deliver the systems that meet the ADIS requirements.
2. As per paragraph 6, can your company meet the estimated durations for the Maturation and Production Phases? If not, please provide an estimate of the anticipated durations and rationales.

SECTION 3: EVALUATION and BASIS OF SELECTION

1. How would you propose Canada evaluate the offers?
2. Provide any suggestions that, in your opinion could assist Canada in the development of the evaluation procedures including evaluation criteria and the basis of selection of the Offerors.

SECTION 4: BASIS of PAYMENT

1. Please provide a general estimate of the costs for the Maturation Phase, the Production Phase and a cost per unit for the ADIS system. Please provide assumptions that affect these costs.
2. Describe and provide an example if possible of your pricing model for the services you provide.

SECTION 5: OTHER

1. Please identify any other issues, concerns, recommendations not addressed above.