

Halifax-class Combat Systems In-Service Support Contract

Improving Economic Outcomes
through the Value Proposition

March 2017



Objective of this document

Utilizing feedback from stakeholders through the RFI and Industry-one-on-ones to provide a draft VP and scoring methodology for industry comment and consideration.

Current Draft VP Evaluation Framework

VP Pillar	Incentivized Area of Activity	Points Available
Defence	Direct activity on the HCCS ISS Indirect activity in Naval Sector ISS Indirect activity in Defence Sector ISS	50
Skills Development	Activity for the development and enhancement of Canadian-based ISS skills.	25
Supplier Development	Activity for Canadian-based suppliers in any sector of the economy	15
R&D	Activity for R&D in any sector of the economy	10
Total Points Available		100
Proposed VP Weighting		TBD

ITB Evaluation Process - Criteria

Proposed Value Proposition – Defence Pillar

- **Defence Pillar:** The bidder’s defence pillar Value Proposition will support the maximization of ISS business activity undertaken in Canada.

Point Rated Criteria	Objective	Bid Submission	Incentivized Areas of Activity
<ul style="list-style-type: none"> • 50 points 	<ul style="list-style-type: none"> • To motivate bidders to maximize the amount of business activity they undertake in Canada directly related to In-Service Support (ISS) 	<ul style="list-style-type: none"> • Commitment (as percentage of contract value) to direct work • Commitment (as percentage of contract value) to indirect work 	<ul style="list-style-type: none"> • Direct Work: HCCS ISS • Indirect work: Other In-Service Support within the Naval sector. • Indirect work: Other In-Service Support within the Defence sector.

ITB Evaluation Process - Criteria

Proposed Value Proposition – Skills Development Pillar

- **Skills Development:** The bidder's skills development Value Proposition will demonstrate how the contractor contributes to the development of a highly trained and skilled ISS workforce to meet the current and future needs of the Royal Canadian Navy as well as other opportunities.

Point Rated Criteria	Objective	Bid Submission	Incentivized Areas of Activity
<ul style="list-style-type: none"> • 25 points 	<ul style="list-style-type: none"> • Encourage the development as well as the maintenance of a highly trained and skilled ISS workforce that meets current and future needs. 	<ul style="list-style-type: none"> • Commitment (as percentage of contract value) to Skills Development activities 	<ul style="list-style-type: none"> • Engineering; • IP management; • Life cycle material management; • Performance Based Logistics; • Skilled apprenticeship; • Program and sub contract management; • Configuration and data/document management; • Controlled goods management.

ITB Evaluation Process - Criteria

Proposed Value Proposition – Supplier Development Pillar

- **Canadian Supplier Development:** The bidder’s supplier development Value Proposition will motivate economic opportunities for the Canadian industrial supply chain in any sector of the economy.

Point Rated Criteria	Objective	Bid Submission	Incentivized Areas of Activity
<ul style="list-style-type: none"> • 15 points 	<ul style="list-style-type: none"> • Motivating economic opportunities for the Canadian industrial base. 	<ul style="list-style-type: none"> • Commitment (as percentage of contract value) to supplier development activities 	<ul style="list-style-type: none"> • Open to bidder’s preference.

ITB Evaluation Process - Criteria

Value Proposition Proposal – Research and Development Pillar

- **Research and Development:** The bidder's research and development value proposition will motivate R&D activity that are research intensive, supporting the positioning of Canadian companies to capture high-value market opportunities in any sector of the economy.

Point Rated Criteria	Objective	Bid Submission	Incentivized Areas of Activity
<ul style="list-style-type: none"> • 10 Points 	<ul style="list-style-type: none"> • To motivate R&D specific activity in Canada. 	<ul style="list-style-type: none"> • Commitment (as percentage of contract value) to R&D activities 	<ul style="list-style-type: none"> • Open to bidder's preference

VP Questions – Defence Pillar

Questions for Considerations:

1. Canada is considering allowing Indirect Content in the areas of Naval ISS and Defence ISS in addition to Direct content for the Defence Pillar. Are there other suggested Incentivized Areas of Activity which you would recommend for the Defence Pillar? Please provide a supporting rationale with your answer.
2. Canada is considering applying weights to the Direct vs Indirect values in the Defence Pillar. Please provide feedback and your suggested weightings.

VP Questions – Skills Development Pillar

Questions for Considerations:

1. Do you feel there are other critical areas of activity that should be included within the Skills Development Incentivized Areas of Activity? Please provide a supporting rationale.

VP Questions – Supplier Development Pillar

Questions for Considerations:

1. Should Canada limit the scope of industrial areas within the Canadian Supplier Development Pillar? Please provide a supporting rationale.
2. What greater role could Canadian firms play in regards to current and future opportunities?

VP Questions – R&D Pillar

Questions for Considerations:

1. Should Canada limit the scope of the Research and Development Pillar? Please provide a supporting rationale.
2. Would you recommend that a commitment target for R&D be provided as part of the VP, or should the commitment be open? Please provide a supporting rationale.

ITB Evaluation Process - Evaluation

Questions for Considerations:

1. Do you feel the proposed VP pillars, Incentivized Areas of Activity and Points Available as indicated on pg.3 are appropriate? Please indicate if there are any areas for adjustment as well as a supporting rationale.
2. To evaluate the VP, Canada is considering using the following approach:
A Prorated Construct in which the Bidder with the highest commitment in each VP Pillar receives that pillar's maximum points and all other bids are prorated against the highest scoring bidder.

Are there any other evaluation approaches that Canada should consider using? Please provide supporting rationale.

More Information

For more information on Industrial and Technological Benefits as well as the Value Proposition Guide, please visit: <http://www.ic.gc.ca/itb>

To provide time in responding to the Questions for Consideration, please provide your written feedback on the draft Value Proposition approach by no later than April 28, 2017.

Questions regarding clarification must be exclusively sent to the Contracting Authority:

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