



Government
of Canada

Gouvernement
du Canada

Remote Minehunting and Disposal System (RMDS) Project

Innovation, Science and Economic Development Canada (ISED)
Industry Engagement and Consultation

June 2018

OUTLINE



1. Intent of Industry Engagement
2. Key Industrial Capabilities (KICs)
3. Market Analysis and Questions for Considerations
4. Next Steps
5. Key Contact Information
6. Annex – ITB Policy including Value Proposition Overview and Key Resources

OBJECTIVE OF ENGAGEMENT



- The Government of Canada is **consulting with industry** to solicit feedback on related opportunities for areas for economic leveraging as it relates to the RMDS project.
- Feedback provided will be considered in the development of an economic leveraging approach on the RMDS procurement.
- All questions are intended to solicit feedback relating to both the **Acquisition** and **In-Service Support (ISS)** of the RMDS project.

KEY INDUSTRIAL CAPABILITIES (KICs)



KICs represent areas of emerging technology with the potential for rapid growth and significant opportunities, established capabilities where Canada is globally competitive, and areas where domestic capacity is essential to national security.

Initial analysis has identified that the RMDS requirement falls within the following KIC areas:

- Emerging Technologies: **Remotely-piloted Systems and Autonomous Technologies**
- Leading Competencies & Critical Industrial Services: **In-Service Support; and Sonar and Acoustic Systems**

QUESTIONS FOR CONSIDERATIONS DIRECT WORK



Objective: To maximize work directly related to RMDS in Canada by Canadians.

Market Consideration: Canadian revenues related to Unmanned Marine Vehicles* (UMV) grew by 23% between 2014 and 2016. Going forward, Western Addressable international market activity related to RMDS is expected to double from 2013-17 to 2023-27.

1. What opportunities you foresee for Canadian companies in relation to Direct work on RMDS? Please explain.
2. Are there any elements related to DND's scope of work that should be done in Canada? Please explain.
3. Are there any specific defence sectors, other than RMDS related, that interest you within the Canadian market? Please explain.

* Unmanned marine vehicles includes unmanned marine vehicles, manned sub-surface vehicles and marine robotics and components

QUESTIONS FOR CONSIDERATIONS SUPPLIER DEVELOPMENT



Objective: To improve the competitiveness of the Canadian marine and defence sector by promoting increased productivity and long-term growth.

Market Consideration: Canadian marine industry is SMB oriented as firms with under 250 employees account for more than 30% of sales and employment in Canada. Additionally, Supplier Logistics Support (SLS) is a significant component of RMDS related activities globally.

1. What opportunities do you foresee for Canadian suppliers, including SMBs, in relation to the three KIC areas: Remotely-piloted Systems and Autonomous Technologies, Sonar and Acoustic Systems, and In-Service Support?
2. Should Canada consider SMB participation as part of a potential economic leveraging strategy? How should this be captured? Please explain.

QUESTIONS FOR CONSIDERATIONS R&D



Objective: To encourage collaboration that leads to strong and productive R&D partnerships with industry, academia and research centres in Canada.

Market Consideration: R&D is expected to make up a quarter of global RMDS market activity for the next five years. SMBs within the Canadian marine industry accounted for more than 30% of R&D activity in Canada in 2016.

1. What type of R&D are you currently undertaking in Canada, as well as could undertake in the future, both in the Marine sector and other business sectors? Please explain.
2. How would you foresee potential future R&D activities be achieved (e.g.: in-house, partnership with post-secondary institutions, etc.)? Please explain.
3. In the context of R&D work, should Canada consider recognizing work in relation to Remotely-pilot Systems and Autonomous Technologies, more heavily than other R&D activity? Please explain.

QUESTIONS FOR CONSIDERATIONS EXPORTS



Objective: To promote the ability of Canadian companies to successfully pursue international market opportunities, thus supporting competitiveness and long-term sustainability.

Market Consideration: More than 70% of Canadian marine exports are from firms with less than 500 employees. UMV* was the most export intensive Canadian marine industry activity in 2016 with over 80% of exports.

1. Do you currently export from Canada? If so, please indicate whether this relates to RMDS product(s).
2. Are there other potential export target markets for RMDS outside of Canada that could provide you with export opportunities? Please explain.
3. Please describe any barriers that would affect export opportunities from Canada and explain any strategies that you would implement to mitigate these risks.

* Unmanned marine vehicles includes unmanned marine vehicles, manned sub-surface vehicles and marine robotics and components

QUESTIONS FOR CONSIDERATIONS SKILLS DEVELOPMENT AND TRAINING



Objective: To develop and sustain a diverse, talented and innovative Canadian workforce through in-house training, scholarship programs, internships and technology transfers.

1. What particular skills and trades do you consider most important for the future of marine in Canada? Please explain.
2. Based on your understanding of RMDS, what opportunities could exist for skills development that will support the project? Please explain.
3. What initiatives and investments in skills and training would you intend to implement under this project? Please explain.

QUESTIONS FOR CONSIDERATIONS

OTHER



1. Recognizing the significance of this requirement to the long-term competitiveness and sustainability of the Canadian defence and marine industries, if the ITB Policy was to be applied, what overall Value Proposition weighting (as a percentage) would you recommend in relation to price and technical merit?
2. If the ITB Policy was to be applied, how could Canada increase SMB participation through this project? Please explain.
3. Within the Value Proposition framework, specifically which pillars would you recommend that Canada seek to motivate, to preserve and grow the existing Canadian capabilities and foster innovation? Please explain.
 - Defence
 - R&D
 - Supplier Development (including SMB)
 - Exports
 - Skills Development and Training



NEXT STEPS

- All feedback will be considered in the development of a **comprehensive strategy** for leveraging economic benefits from the RMDS procurement.
- Please provide your **written responses** to the questions on slide 5-10 to the PSPC Contracting Authority before July 20, 2018
- For all questions and feedback, please contact:
michael.rancourt@tpsgc-pwgsc.gc.ca
- For additional information on Key Industrial Capabilities (KICs), please visit:
https://www.ic.gc.ca/eic/site/086.nsf/eng/h_00175.html



KEY CONTACT INFORMATION



For more information on the RMDS Value Proposition, please contact:

michael.rancourt@tpsgc-pwgsc.gc.ca

For more information on the Regional Development Agencies, visit:

Atlantic Canada Opportunities Agency (ACOA) - <http://www.acoa-apec.gc.ca>

Kyle Tucker - kyle.tucker@acoa-apec.gc.ca

Canada Economic Development for the Quebec Region (CED-Q) - <http://www.dec-ced.gc.ca>

Vincent Marmion - vincent.marmion3@canada.ca

Federal Economic Development Agency for Southern Ontario (FedDev) -

<http://www.feddevontario.gc.ca>

Christine McKnight - christine.mcknight@canada.ca

Federal Economic Development Agency for Northern Ontario (FedNor) - <http://fednor.gc.ca>

Natalie Brabant - natalie.brabant@canada.ca

Western Economic Diversification Canada (WD)- <http://www.wd-deo.gc.ca>

Jennifer Leng- jennifer.leng@canada.ca

Canada 

ANNEX

OVERVIEW OF THE INDUSTRIAL AND TECHNOLOGICAL BENEFITS POLICY



Requires companies awarded defence procurement contracts to undertake business activity in Canada equal to the value of the contracts

General Aspects of the Policy

- **Market driven**; Work in **target industrial areas** identified through analysis and industry engagement
- Includes plans for regional distribution of **work across Canada**
- Investments in **small and medium-sized businesses** from across Canada
- Recognizes **incremental** business activity

When Does it Apply?

- All eligible defence and Canadian Coast Guard procurements **over \$100 million** and for which the National Security Exception applies
- All eligible defence procurements with contract values between **\$20–100 million** will be reviewed for the application of the ITB Policy



THE VALUE PROPOSITION

WHAT IS THE VP?

A bidder's **economic proposal to Canada**

The **rated and weighted element** of contractor selection along with technical and cost elements

Designed through **market analysis, industry engagement and third party consultation**

OBJECTIVES OF THE VP

1. Support the **long-term sustainability and growth** of **Canada's aerospace and defence sectors**
2. Support the **growth of prime contractors and suppliers in Canada**, including small and medium-sized enterprises in all regions of the country
3. Enhance **innovation** through R&D in Canada
4. Increase **the export potential** of Canadian-based firms
5. Promote **skills development and training** to advance employment opportunities for Canadians.

HOW DOES THE ITB POLICY BENEFIT CANADA?

Leverages High Value Investments

- Criteria tailored to each project
- Weighted factor in evaluation
- Streamlined policy features and processes
- Supports leading Canadian industrial capabilities, and emerging technology areas

Reinforces Government Policies

- Reinforces government policies such as *Canada's Innovation and Skills Plan*, and *Strong, Secure, Engaged: Canada's Defence Policy*

Results have included **aerospace** and **defence sector growth** and **major spill-over benefits** to the broader economy

ITB PORTFOLIO
at a glance
1986 – 2016

137
Contracts

\$41 B
in Obligations

\$9.3 B
Activities in
Progress

\$3.8 B
Future work
opportunities

KEY INDUSTRIAL CAPABILITIES (KICs)



EMERGING TECHNOLOGIES

- **Remotely-piloted Systems and Autonomous Technologies:** These are platforms and systems which make use of autonomous machine operations, including whole unmanned aerial, marine, or ground vehicle systems, and employ AI technologies to enable increasingly autonomous operations in both the military and commercial domains. These technologies rely on various forms of artificial intelligence, including (but not limited to) machine learning, self-learning, and neural networks, in order to increase operational speed or duration, reduce operator exposure to dangerous environments, and enhance overall mission effectiveness.

LEADING COMPETENCIES & CRITICAL INDUSTRIAL SERVICES

- **In-Service Support:** This represents a set of capabilities needed to operate and sustain a range of military platforms and systems operating in all domains across their lifespans. In this context, the phrase "operate and sustain" includes a wide array of activities, including maintenance, repair and overhaul; diagnostic, prognostic and health management; spares and supply chain management; configuration management; system and software modification and upgrade for both capability enhancement and life extension; and overall product support integration (PSI).
- **Sonar & Acoustic Systems:** This includes the design, manufacture and integration of sonar and/or acoustic systems used for navigation, surveillance, fire control, survey, scientific and other purposes, both military and civil. This spans both the "dry side" signal processing and system management capabilities, and the "wet side" sensor arrays.

KEY RESOURCES



1

Understand the ITB Policy and Value Proposition

More information on the ITB Policy is available on Innovation, Science and Economic Development Canada's website

→ www.canada.ca/itb

2

Connect with the Regional Development Agencies (RDAs)

RDAs have key knowledge of their respective regions, and can assist in making connections between Canadian industry and suppliers

3

Connect with Potential Suppliers & Research Organizations

Gather additional intelligence and make contacts through industry associations, industry days, conferences and trade shows, including through CADSI

→ <https://www.defenceandsecurity.ca/>