

*Halifax-Class Combat Systems In-Service-
Support Project*

Industrial and Technological Benefits (ITB)

**Value Proposition
Bidder Instructions**

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1 INTRODUCTION

- 1.1 On February 5, 2014, the Government of Canada announced the Defence Procurement Strategy (DPS). One of the objectives of the DPS is to leverage purchases of defence equipment to create jobs and economic growth in Canada. The Industrial and Technological Benefits (ITB) policy has objectives that will be achieved through a weighted and rated Value Proposition (VP) that will form part of the evaluation plan to award the Contract.
- 1.2 The strategic VP objective for the Halifax-Class Combat Systems In-Service Support Project is the leveraging of Canadian capabilities to meet Canada's project requirement and, when not possible, the leveraging of capabilities to provide indirect opportunities for the defence sector. This objective has been informed by extensive industry engagement and consultation, as well as by in-depth analyses of capabilities related to the procurement.
- 1.3 The Bidder must submit a responsive VP Proposal (Proposal) at bid closing. The Proposal will be deemed responsive by the ITB Authority if it meets i) the Mandatory Requirements outlined in Section 4; and ii) the Minimum Assessment Values outlined in Section 3 of the VP Evaluation Plan (Evaluation Plan). Should the Proposal be deemed responsive, it will then be evaluated related to the rated criteria outlined in Section 6 and receive points as outlined in Section 4 of the Evaluation Plan.
- 1.4 VP evaluation results will be conveyed to the Contracting Authority, who will then integrate them into the overall bid evaluation results, as outlined in Section xx of the procurement's evaluation plan.
- 1.5 It is the responsibility of the ITB Authority, in cooperation with the regional development agencies and subject matter experts, to ensure that Proposals are evaluated as outlined in the Evaluation Plan.

2 GENERAL INSTRUCTIONS

- 2.1 In preparing its Proposal, the Bidder should be guided by these Bidder Instructions, as well as by the Evaluation Plan and the ITB Terms and Conditions. All three documents provide important guidance, definitions and/or contractual provisions related to the ITB policy. Defined terms not otherwise defined in this document have the meaning given to them in the ITB Terms and Conditions and the Request for Proposal, including appendices, to which these Bidder Instructions are attached.

- 2.2 The Proposal must be submitted in a separate, self-contained volume. Only the Proposal is reviewed during the evaluation. In order to facilitate the evaluation process, any material contained in another section of the Bid but relevant to the Proposal should be repeated in the Proposal.
- 2.3 Seven (7) hard copies and one (1) electronic copy of the Proposal are required.
- 2.4 The Proposal, and its receipt, storage and protection by the ITB Authority, is governed by applicable federal laws and processes.

3 CANADA'S ITB OBJECTIVES

- 3.1 Canada wishes to ensure that its investments in defence-related goods and services generate economic benefit to Canada and have long-term and high-value impacts on Canadian industry, in advanced technology areas. The Proposal should clearly indicate how proposed business activities support Canada's ITB objectives set out below, and how they will be achieved if the Bidder wins the ensuing Contract.
- 3.2 Defence Sector: A core objective of the ITB policy is to ensure that defence procurement supports the economic development and long-term sustainment of Canada's Defence Sector. The Bidder is encouraged to propose a maximum amount of business activities in Canada involving work directly on the procurement, and work in the Defence Sector more broadly.
- 3.3 Skills Development and Training: The development of a highly skilled Canadian workforce is one of the industrial objectives related to the project. The Value Proposition evaluation methodology will encourage the growth of an efficient source of supply for the Royal Canadian Navy to maintain its naval fleet as well as other defence platforms.
- 3.4 Supplier Development: The development of supplier productivity and competitiveness among Canadian-based suppliers is a key objective of the ITB policy. The Bidder is encouraged to propose meaningful opportunities for growth and supply chain integration to suppliers across Canada.
- 3.5 Research and Development (R&D): An important objective of the ITB policy is to encourage innovation, as R&D can position Canadian Companies to move up the value chain and capture market opportunities. The Bidder is encouraged to propose R&D investments in Canada and locate high value research and engineering work in Canada, positioning Canadian companies to benefit from its

subsequent commercialization.

- 3.6 Regional Development: The regional development objectives of the ITB policy are to encourage long-term quality improvements to the capability, capacity, international competitiveness and growth potential of Canadian Companies in those regions where Canada has established specific initiatives to promote economic growth and diversification through procurement. Canadian Companies in all the Designated Regions of Canada should have the opportunity to participate in the Project.
- 3.7 Small and Medium Businesses (SMB): It is an objective of Canada to encourage the participation of SMB as suppliers on major federal procurements and to increase their competitiveness and export market access. Canadian SMB should have the opportunity to participate in the Project.
- 3.8 In addition, Canadian industry must have the opportunity to participate in high-quality, Indirect Transactions involving business activities not related to the delivery of the Work on this project.

4 MANDATORY REQUIREMENTS

- 4.1 There are six (6) mandatory requirements that the Bidder must meet in its Proposal. The omission of any part of the following six (6) requirements will result in the Proposal being deemed not responsive:
 - 4.1.1 Requirement One: The Proposal must commit to achieving Transactions, measured in Canadian Content Value (CCV), valued at not less than 100 percent of the Contract Value (including options), to be achieved within the Achievement Period. For the winning Bidder, its commitment to not less than 100 percent will become an Obligation that must be achieved under the Contract.
 - 4.1.2 Requirement Two: The Bidder must commit to achieving Transactions, measured in Canadian Content Value (CCV), on all Value Proposition Commitments subject to the rated criteria within seventy-two (72) months of the Effective Date of the Contract. The Bidder accepts that after this seventy-two (72) month period, any future Work, including options and associated Contract Value increases, will no longer be VP Commitments and will instead be captured under general ITB Obligations to be achieved as Transactions, measured in CCV.

- 4.1.3 Requirement Three: The Bidder must commit to achieving not less than 15 percent of the Contract Value (including options) in SMB Transactions, measured in CCV.
- 4.1.4 Requirement Four: In its Proposal, the Bidder must:
 - 4.1.4.1. At twelve (12) months after the Effective Date of the Contract, submit additional Transactions that are detailed, fully described and bring the cumulative total of identified Transactions to not less than 30 percent of the Contract Value, measured in CCV; and,
 - 4.1.4.2. At thirty-six (36) months after the Effective Date of the Contract, submit additional Transactions that are detailed, fully described and bring the cumulative total of identified Transactions to 60 percent of the Contract Value, measured in CCV.
 - 4.1.4.3 At fifty-four (54) months after the Effective Date of the Contract, submit additional Transactions that are detailed, fully described and bring the cumulative total of identified Transactions to 100 percent of the Contract Value, measured in CCV.
- 4.1.5 Requirement Five: The Bidder must accept and comply with all of the ITB Terms and Conditions.
- 4.1.6 Requirement Six: The Proposal must contain the following components, each of which is more particularly described in Section 5:
 - 4.1.6.1 Company Business Plan;
 - 4.1.6.2 ITB Management Plan;
 - 4.1.6.3 Regional Development Plan;
 - 4.1.6.4 Small and Medium Business Development Plan;
 - 4.1.6.5 Mandatory requirements certificate, as set out in Appendix A, signed by a duly authorized company official.

5 ASSESSMENT OF MANDATORY REQUIREMENTS

- 5.1 The following section details the content that is expected to be in each of the components of the mandatory requirements referred to above in Section 4.1.5. The Plans will be assessed during the evaluation, based on quality and risk, as outlined in Section 3.1 of the Evaluation Plan.
- 5.2 Each Plan and the Overview should respond to all of the requested items outlined below. Responses should be detailed and, wherever appropriate, provide an indication of how items will contribute to the Bidder meeting Canada's ITB objectives.
- 5.3 Each Plan should address, wherever appropriate, the Bidder's approach to the following risk areas:
 - 5.3.1 Experience (i.e. practise elsewhere);
 - 5.3.2 Capability (i.e. know-how and tools in place);
 - 5.3.3 Planning (i.e. organized, proactive);
 - 5.3.4 Resources (i.e. team, facilities, information); and
 - 5.3.5 Engagement (i.e. interaction with stakeholders)
- 5.4 Company Business Plan
 - 5.4.1 The purpose of the company business Plan is to demonstrate the ability of the Bidder to assemble, plan and describe its proposed team to complete the work on the Project. The Plan should also demonstrate the ability of the Bidder and its team to meet the ITB objectives. The anticipated length of the Plan is approximately *7-10 pages*, depending on the size of the Bidder's team.
 - 5.4.2 The Bidder's company business Plan should contain the following information:
 - 5.4.2.1 An outline of the structure, conduct and performance of the business operations of the Bidder and each of its proposed Eligible Donors that are performing work on the Project;
 - 5.4.2.2 A detailed overview of the proposed role of each company in delivering the work on the Project, the proposed location of that work, and the key personnel in each company who would be responsible for delivering that work;

- 5.4.2.3 An organizational chart for each company outlining its worldwide corporate operations, that clearly states the corporate family structure, parent and subsidiary relationships, and the location of key responsibility centres (i.e. headquarters, manufacturing, service centres, R&D, marketing);
- 5.4.2.4 A list of each company's existing Canadian facilities, including the location, date of establishment, nature of operations, number of employees, and place within the worldwide corporate structure; and
- 5.4.2.5 A description of the broad and long-term impacts of the Work on the Canadian economy and how these respond to the ITB objectives in Section 3.

5.5 ITB Management Plan

- 5.5.1 The purpose of the ITB Management Plan is to demonstrate the Bidder's ability to develop, implement, manage and report on the Obligations for the full duration of the Achievement Period. It is also the place for Bidder to formally list its proposed Eligible Donors. The anticipated length of the Plan is approximately *6-8 pages*.
- 5.5.2 The ITB Management Plan should include the following information:
 - 5.5.2.1 A description of the ITB management functions and associated organization that the Bidder envisions necessary to successfully meet the Obligations. It should include a summary of the methods, processes and procedures that the Bidder will use to identify, submit, track, record keep and report on ITB activities. The summary should be presented in a level of detail sufficient to demonstrate that the Bidder fully understands its obligations;
 - 5.5.2.2 The name, contact details and biographical information of the Bidder's ITB official(s) assigned to the Project and/or job descriptions for the proposed positions;
 - 5.5.2.3 An explanation of the Bidder's internal processes for ITB organization, advocacy and awareness, both specific to the Project and in general. The Bidder should include a description of how ITB considerations will be factored into the company's broader decision-making processes, along with how these decisions will be documented and tracked;

- 5.5.2.4 A description of any previous ITB/IRB/offset obligations that have been undertaken by the Bidder over the past ten (10) years, in Canada and elsewhere, along with a brief overview of the achievement status of each project; and
- 5.5.2.5 A list of the Bidder's proposed Eligible Donors and contact details for each, along with details and documentation justifying how each company meets the Eligible Donor criteria outlined in the ITB Terms and Conditions.
- All proposed Eligible Donors are subject to review and approval by the ITB Authority during evaluation. Only those proposed Eligible Donors that are found to meet the criteria will be included on the list of Eligible Donors in the ensuing Contract. Any proposed Transaction with a company not meeting the Eligible Donor criteria will be rejected.

5.6 Regional Development Plan

- 5.6.1 The purpose of the Regional Development Plan is to demonstrate the Bidder's commitment to providing opportunities and assistance for businesses in the Designated Regions of Canada. The anticipated length of the Plan is approximately 5-7 pages.
- 5.6.2 The Regional Development Plan should include the following information:
- 5.6.2.1 A description of the Bidder's business rationale for its regional approach;
- 5.6.2.2 A description of the activities and approaches undertaken to date by the Bidder and its proposed Eligible Donors that have resulted in the distribution of proposed Transactions to the Designated Regions of Canada;
- 5.6.2.3 A description of the activities and approaches that will be undertaken after Contract award until the end of the Achievement Period to improve the opportunities available to the Designated Regions of Canada; and
- 5.6.2.4 A description of how regional considerations are factored into the Bidder's ITB decision-making processes.

5.7 Small and Medium Business (SMB) Development Plan

5.7.1 The purpose of the SMB Development Plan is to demonstrate the Bidder's commitment to providing opportunities, assistance and encouragement to SMB in Canada. The anticipated length of the Plan is approximately 5-7 pages.

5.7.2 The SMB Development Plan should include the following information:

- 5.7.2.1 A description of the activities and approaches undertaken to date by the Bidder and its proposed Eligible Donors that have resulted in the proposed distribution of SMB Transactions;
- 5.7.2.2 A description of the activities and approaches that will be undertaken after Contract award until the end of the Achievement Period to improve the opportunities available to SMB;
- 5.7.2.3 A description of how SMB considerations are factored into the Bidder's ITB decision-making processes; and
- 5.7.2.4 A description of any initiatives and/or assistance (at a broad corporate level or specific to the Project) that would be provided to SMB to help stimulate and promote them, both as potential suppliers to the Project and for their capability to pursue and undertake new business activities. Examples could include financing or special payment provisions.

5.8 Detailed transaction sheets

5.8.1 The Bidder should include a forecast plan for the Transactions due twelve (12), thirty-six (36) and fifty-four (54) months following the Effective Date of the Contract, respectively. The forecast plan should include such information as, but not limited to: a list of any Canadian Companies being considered; and/or, the specific capabilities being sought from Canadian suppliers.

5.8.2 In the event that the Bidder identifies Transactions in its Proposal valued at more than any minimum requirement stated in the Bidder Instructions:

- 5.8.2.1 no additional points will be scored in the rated evaluation, above those outlined in the Evaluation Plan; and

5.8.2.2 the Obligation values in Article 3 of the Terms and Conditions will be increased to match the total value of those Transactions.

5.9 Mandatory requirements certificate

5.9.1 The Bidder must submit with its Proposal the mandatory requirements certificate (Appendix A), completed with their company name and signed and dated by a company official duly authorized to bind the company.

6 RATED CRITERIA

6.1 Value Proposition: The Bidder should provide information and details on its VP Commitments, which will be rated as described in Section 4 of the Evaluation Plan, as well as proposed Transactions. The Bidder should complete and submit the rated criteria certificate (Appendix B), signed and dated by a company official duly authorized to bind the company.

6.1.1 The Proposal should include the Bidder's commitment to achieve Direct Transactions. The Commitment should be expressed as a percentage of the Contract Value for the initial seventy-two (72) month Contract period, measured in CCV, and will become an Obligation to be completed within the initial seventy-two (72) month Contract period following the Effective Date of the Contract.

6.1.2 The Proposal should include the Bidder's commitment to achieve Indirect Transactions within the Defence Sector. The Commitment should be expressed as a percentage of the Contract Value, measured in CCV, and will become an Obligation to be completed within seventy-two (72) months of the Effective Date of the Contract.

6.1.3 The Proposal should include the Bidder's Commitment to achieve Transactions involving Skills Development and Training. The Commitment should be expressed as a percentage of the Contract Value, measured in CCV, and will become an Obligation to be completed within seventy-two (72) months of the Effective Date of the Contract.

6.1.4 The Proposal should include the Bidder's Commitment to achieve Transactions involving Supplier Development. The Commitment should be expressed as a percentage of the Contract Value, measured in CCV, and will become an Obligation to be completed within seventy-two (72) months of the Effective Date of the Contract.

- 6.1.5 The Proposal should include the Bidder's Commitment to achieve Transactions involving Research and Development Activities with Canadian Post-Secondary institutions. The Commitment should be expressed as a dollar (\$) value, measured in CCV, and will become an Obligation to be completed within seventy-two (72) months of the Effective Date of the Contract.
- 6.1.6 The Proposal should include the Bidder's commitment to achieve Transactions involving Research and Development Activities. The Commitment should be expressed as a dollar (\$) value, measured in CCV, and will become an Obligation to be completed within seventy-two (72) months of the Effective Date of the Contract.
- 6.2 Commitments identified at bid time must be achieved by not later than seventy-two (72) months following the Effective Date of the Contract. After this seventy-two (72) month period, any future Work, including options and associated Contract Value increases, will no longer be VP Commitments and will instead be captured under general ITB Obligations to be achieved as Transactions, measured in CCV.

Appendix A - Mandatory requirements certificate

The Bidder, _____, declares and certifies that through this Proposal for the Project, the Bidder satisfies the following requirements:

Mandatory Requirement	Specific Terms and Conditions Commitment
1. Commits to achieving Transactions valued at not less than 100 percent of the Contract Value, (including options) measured in Canadian content value (CCV), to be achieved within the Achievement Period.	Article 3.1.1
2. The Bidder commits to achieving Transactions, measured in CCV, on all Value Proposition Commitments subject to the rated criteria within seventy-two (72) months following the Effective Date of the Contract. The Bidder further accepts that after this seventy-two (72) month period, any future Work (including options) and associated Contract Value increases will no longer be included as VP Commitments and will instead be captured under general ITB Obligations, measured in CCV.	Article 3.1.2
3. Commits to achieving not less than 15 percent, of the Contract Value (including options) in Small and Medium Business Transactions, measured in CCV.	Article 3.1.4
4(a). Commits to identifying, twelve (12) months after the Effective Date of the Contract, additional Transactions that bring the cumulative total of identified Transactions to at least 30 percent of the Contract Value, measured in CCV;	Article 3.1.6
4(b) Commits to identifying, thirty-six (36) months after the Effective Date of the Contract, additional Transactions that bring the cumulative total of identified Transactions to at least 60 percent of the Contract Value, measured in CCV;	Article 3.1.6
4(c) Commits to identifying, fifty-four (54) months after the Effective Date of the Contract, additional Transactions that bring the cumulative total of identified Transactions to 100 percent of the Contract Value, measured in CCV.	Article 3.1.6
5. Accepts all of the ITB Terms and Conditions.	All articles and appendices.
6. Has submitted all the following required components of a Proposal: <ul style="list-style-type: none"> • Company business plan; • ITB management plan; • Regional development plan; • Small and medium business development plan; • This mandatory requirements certificate, duly completed, signed 	Appendix A

and dated.	
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IN WITNESS THEREOF THIS MANDATORY REQUIREMENTS CERTIFICATE HAS BEEN SIGNED THIS _____ DAY OF _____ BY A SENIOR COMPANY OFFICIAL WHO IS DULY AUTHORIZED TO BIND THE COMPANY.

SIGNATURE

NAME AND TITLE OF SENIOR COMPANY OFFICIAL

Appendix B - Rated criteria certificate

The Bidder, _____, declares and certifies that, through this Proposal for the Halifax-Class Combat Systems In-Service Support Project, the Bidder makes the following Commitments, in response to the rated criteria outlined in section 6:

Rated Criteria <i>(adjust as required)</i>	Bidder Commitment Above Minimum Requirement	Maximum Points Available for Commitment Above Minimum Requirement	Terms and Conditions Commitment
Defence Sector			
Commitment to Direct ITB Transactions	%	45	Article 3.1.2.1
Commitment to Indirect ITB Transactions in the Defence Sector	%		Article 3.1.2.2
Skills Development and Training			
Commitment to ITB Transactions in Skills Development and Training	%	25	Article 3.1.2.3
Supplier Development			
Commitment to ITB Transactions in Supplier Development	%	15	Article 3.1.2.4
Research and Development			
Commitment to ITB Transactions in Research and Development with Canadian Post-Secondary Institutions	\$	15	Article 3.1.2.5
Commitment to ITB Transactions in Research and Development	\$		Article 3.1.2.6

IN WITNESS THEREOF THIS RATED CRITERIA CERTIFICATE HAS BEEN SIGNED
THIS _____ DAY OF _____ BY A SENIOR COMPANY
OFFICIAL WHO IS DULY AUTHORIZED TO BIND THE COMPANY.

SIGNATURE

NAME AND TITLE OF SENIOR COMPANY OFFICIAL