

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

Industrial and Technological Benefits (ITB)

**Value Proposition
Evaluation Plan**

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1. INTRODUCTION

- 1.1. The purpose of the Value Proposition (VP) Evaluation Plan (Evaluation Plan) is to describe the methodology that will be used to evaluate the VP Proposal (Proposal) submitted by the Bidder.
- 1.2. The Proposal will be evaluated as either responsive or not responsive. The Proposal will be deemed responsive if it: i) meets all of the mandatory requirements outlined in Section 2; and, ii) meets the minimum assessment values outlined in Section 3.
- 1.3. All responsive bids will then be evaluated based on rated criteria, as outlined in Section 4.
- 1.4. The results of the evaluation will be conveyed to the Contracting Authority. The results will then be integrated into the overall bid evaluation results, as outlined in the Halifax-Class Combat Systems In-Service Support Project's (the Project) evaluation plan.
- 1.5. The Bidder is strongly encouraged to closely review the entire Bidder Instructions document.
- 1.6. 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 this Evaluation Plan is attached.

2. MANDATORY REQUIREMENTS

- 2.1. The chart below details each mandatory requirement and how the ITB Authority will assess whether it has been met. The Proposal will be assessed as responsive or not responsive. To be considered responsive, all mandatory requirements must be met.

Mandatory Requirement	Method to Confirm
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.	Mandatory requirements certificate is duly signed and submitted.
2. The Bidder commits 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	Mandatory requirements certificate is duly signed and submitted.

Date of the Contract, and 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 CCV.	
3. Commits to achieving not less than 15 percent, of the Contract Value (including options) in Small and Medium Business Transactions, measured in CCV.	Mandatory requirements certificate is duly signed and submitted.
4a. Bidder commits to identifying twelve (12) months after Contract award, Transactions that are detailed, fully described and bring the cumulative total of identified Transactions to not less than 60 percent of the Contract Value, measured in CCV.	Mandatory requirements certificate is duly signed and submitted.
4b. Bidder commits to identifying thirty-six (36) months after Contract award, Transactions that are detailed, fully described and bring the cumulative total of identified Transactions to not less than 60 percent of the Contract Value, measured in CCV.	Mandatory requirements certificate is duly signed and submitted.
4c. Bidder commits to identifying fifty-four (54) months after Contract award, Transactions that are detailed, fully described and bring the cumulative total of identified Transactions to 100 percent of the Contract Value, measured in CCV.	Mandatory requirements certificate is duly signed and submitted.
5. Bidder accepts all of the ITB Terms & Conditions.	Mandatory requirements certificate is duly signed and submitted.
6. Bidder submits all the required components in its Proposal: <ul style="list-style-type: none"> • Company Business Plan • ITB Management Plan • Regional Development Plan • Small and Medium Business Development Plan • Signed Mandatory requirements certificate 	Presence of each required component in the Proposal and the Mandatory requirements certificate is duly signed and submitted.
Table 2-1, Mandatory Requirements Evaluation Chart	

3. MINIMUM ASSESSMENT VALUES

3.1. The Plans will be evaluated to determine if they meet the minimum assessment values below.

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- 3.1.1. The Bidder's four Plans will be evaluated to confirm that they are present in the Proposal. The Plans are then assessed for quality and for risk, using the assessments in Tables 3-1 and 3-2.
- 3.1.2. Quality will be assessed as to whether the Plans respond to the requested components outlined in Section 5 of the Bidder Instructions, the level of detail in the component, and how well the content of the Plan meets the ITB Objectives outlined in Section 3 of the Bidder Instructions.
- 3.1.3. Quality will be assessed on a scale of one (1) to four (4), using the values below in Table 3-1.

VALUE	PLAN – QUALITY ASSESSMENTS
4	SUPERIOR Plan contains detailed responses to four or more of the requested items in Section 5.4 to 5.7, both inclusive, as applicable, of the Bidder Instructions. The Plan demonstrates that many of Canada's ITB Objectives will be met.
3	GOOD Plan contains detailed responses to three of the requested items in Section 5.4 to 5.7, both inclusive, as applicable, of the Bidder Instructions. The Plan demonstrates that several of Canada's ITB Objectives will be met.
2	POOR Plan contains detailed responses to two of the requested items in Section 5.4 to 5.7, both inclusive, as applicable, of the Bidder Instructions. The Plan demonstrates that some of Canada's ITB Objectives will be met.
1	VERY WEAK Plan contains detailed response to one or less of the requested items in the Section 5.4 to 5.7, both inclusive, as applicable, of the Bidder Instructions. The Plan does not demonstrate that Canada's ITB Objectives will be met.

Table 3- 1, Plan Quality Assessments

- 3.1.4. Risk will be assessed as to whether the Plans respond to the risk areas outlined in Section 5 of the Bidder Instructions and the level of detail provided.
- 3.1.5. Risk will be assessed on a scale of one (1) to four (4), using the values below in Table 3-2.

VALUE	PLAN - RISK ASSESSMENTS
4	SUPERIOR Plan contains a detailed response to four or more of the risk areas in Section 5.3 of the Bidder Instructions, such that the probability of failure to achieve is extremely low.
3	GOOD Plan contains a detailed response to three of the risk areas in Section 5.3 of the Bidder Instructions, such that the probability of failure to achieve is low.
2	POOR Plan contains a detailed response to two of the risk areas in Section 5.3 of the Bidder Instructions, such that the probability of failure to achieve is moderate.
1	VERY WEAK Plan contains a detailed response to one or less of the risk areas in Section 5.3 of the Bidder Instructions, such that the probability of failure to achieve is significant.

Table 3- 2, Plan Risk Assessments

3.1.6. The Quality and Risk assessments agreed to by evaluators will be multiplied together and the sums added together to determine the final Plans assessment value for the Proposal.

3.1.7. The Bidder must achieve or exceed a final Plans assessment value of thirty-two (32) (out of a possible sixty-four (64)).

EXAMPLE:

Plan	Quality (A)	Risk (B)	Assessment Value (C) (C) = (A) x (B)
Company Business Plan	4	3	12
ITB Management Plan	2	3	6
Regional Development Plan	4	4	16
SMB Development Plan	4	2	8
Final plans assessment value			42

Table 3.3 - Example

3.2. Evaluation of proposed Transactions

- 3.2.1. The Bidder's proposed Transactions will be evaluated to determine whether they comply with the Bidder Instructions and with the ITB Terms and Conditions, with respect to eligibility criteria, valuation, banking and transaction types.
- 3.2.2. If a proposed Transaction does not meet the criteria outlined in 3.3.1, it will be rejected and will receive no further consideration during the mandatory or rated evaluation, or in the Contract.
- 3.2.3. If a proposed Transaction meets the criteria outlined in 3.3.1, it will then be evaluated using the rated evaluation criteria outlined in Section 4.

4. RATED EVALUATION

- 4.1. The Bidder's proposed VP Commitments will be evaluated against the rated criteria as described below. Commitments will become Obligations to be completed within seventy-two (72) months of the Effective Date of the Contract.
 - 4.1.1. Defence Sector: The extent to which the Bidder provides Commitments for activities in the Defence Sector, measured in CCV. For the Project, the Defence Sector is classified as:
 - 4.1.1.1. Direct activities related to the Halifax-Class Combat Systems In-Service Support requirement;
 - 4.1.1.2. Indirect activities related to the Defence Sector, excluding those activities outlined under Article 4.1.1.1.
 - 4.1.2. Skills Development and Training: The extent to which the Bidder provides Commitments for activities in Skills Development and Training, measured in CCV. For the Project, the Skills Development and Training is classified as:
 - 4.1.2.1. Activities related to engineering; IP management; life cycle material management; performance based logistics; skilled apprenticeship; program and sub contract management; configuration and data/document management; training, controlled goods management; program planning; business

continuity and data management, relationship management/relational contracting; risk management; operational capability assessment; surge management; performance management; continuous improvement programming; materiel regulatory requirements, security program management, mission-critical functions and components, quality and assurance management, design intent management; configuration management; technical problem management support; obsolescence management; technical data management; facilities and government property management engineering support; maintenance; material management; obsolescence management; disposal management; security management; supply chain management; asset inventory control/management; maintenance management; and maintenance, repair and overhaul.

4.1.3. Supplier Development: The extent to which the Bidder provides Commitments for activities in Supplier Development, measured in CCV. For the Project, the Supplier Development is classified as:

4.1.3.1. Undertaking of activities involving Canadian-based suppliers within defence and non-defence sectors excluding work undertaken within the Canadian facilities of the Bidder and Eligible Parties.

4.1.4. Research and Development: The extent to which the Bidder provides Commitments for activities in Research and Development, measured in CCV. For the Project, Research and Development is classified as:

4.1.4.1. Undertaking of Research and Development activity with Canadian Post-Secondary Institutions;

4.1.4.2. Undertaking of Research and Development activity in Canada excluding those activities outlined under Article 4.1.4.1.

4.2 Table 4.3 below summarizes the rated evaluation scoring:

Criteria	Available Points	Basis of Evaluation
Defence	45	
Commitment to achieve Direct Transactions	45	Commitment on signed rated criteria certificate The Bidder will be awarded points based on their level of commitment in CCV Formula: VPP for Direct Transactions + VPP for Indirect Transactions
Commitment to achieve Indirect Transactions in the Defence Sector		
Skills Development and Training	25	
Commitment to achieve Transactions involving Skills Development and Training	25	Commitment on signed rated criteria certificate The Bidder will be awarded points based on their level of commitment in CCV Formula: VPP for Transactions
Supplier Development	15	
Commitment to achieve Transactions involving Supplier Development	15	Commitment on signed rated criteria certificate The Bidder with the highest total VP points will receive 15 points. All other Bidders will be prorated down. Formula: (Bidder's total VP points / Highest Bidder's VP points) * 15

Research and Development	15	
Commitment to achieve Transactions involving Research and Development with Canadian Post-Secondary Institutions	15	Commitment on signed rated criteria certificate
Commitment to achieve Transactions involving Research and Development		<p>The Bidder with the highest total VP points will receive 15 points. All other Bidders will be prorated down</p> <p>Formula:</p> <p>(Bidder's total VP points / Highest Bidder's VP points) * 15</p>
Total Points	100	

Table 4.3 – Transaction Scoring

4.4. The Bidder is eligible to receive Value Proposition Points (VPP) based on the criteria above, which will be weighted using the following formulae:

4.4.1. Defence Sector

4.4.1.1. 0.45 VPP for every 1% of Contract Value, measured in CCV, for Commitments to achieve Direct Transactions;

4.4.1.2. 0.225 VPP for every 1% of Contract Value, measured in CCV, for Commitments to achieve Indirect Transactions in the Defence Sector;

4.4.2. Skills Development and Training

4.4.2.1. 0.25 VPP for every 1% of Contract Value, measured in CCV, for Commitments to achieve Transactions involving Skills Development and Training;

4.4.3. Supplier Development

4.4.3.1. 0.15 VPP for every 1% of Contract Value, measured in CCV, for Commitments to achieve Transactions involving Supplier Development;

4.4.4. Research and Development

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- 4.4.4.1. 1.5 VPP for every \$500,000, measured in CCV, for Commitments to achieve Transactions involving Research and Development with Canadian Post-Secondary Institutions;
 - 4.4.4.2. 0.75 VPP for every \$500,000, measured in CCV, for Commitments to achieve Transactions involving Research and Development.
 - 4.5. Total VP Score: The Bidder's scores for commitments will be totaled to reach a Total VP Score, which will then be weighted at 15% percent of the total available score for the Project's overall bid evaluation.
 - 4.6. Please note that any commitments made by the Bidder in excess of the rated requirements will not be evaluated for additional points.
 - 4.7. Commitments provided by the Bidder within the Appendix B - Rated criteria certificate as part of the Bidder's Instructions will be made against the Contract Price, whereas Transactions will be assessed against the Bid Price indicated within the Appendix A –Mandatory requirements certificate.
 - 4.8. In the event that the Bidder identifies commitments or Transactions in its Proposal valued at more than 100 percent of the Contract Price, no additional points will be earned in the rated evaluation, above those outlined in the Evaluation Plan.
 - 4.9. In the event that the sum of the Value Proposition activities, measured in CCV, contained within the identified transactions is greater than the commitments identified within the Appendix B - Rated criteria certificate as part of the Bidder's Instructions, the ITB Authority will accept the greater sum as the Bidder's final commitment. The Bidder will then be evaluated on this sum in accordance with Article 4 or the Evaluation Plan.

4.10. Table 4.4 below summarizes the rated evaluation scoring:

	Bidder 1	Bidder 2	Bidder 3
Value Proposition Criteria	VP Commitment	VP Commitment	VP Commitment
Defence Sector - Direct	25	35	60
Score (a)	11.25	15.75	27.0
Defence Sector – Indirect Defence	30	0	40
Score (b)	6.75	0	9.0
Skills Development and Training	10	20	30
Score (c)	2.5	5.0	7.5
Supplier Development	5	20	30
Score	0.75	3.0	4.5
Prorated Score (d)	2.5	10.0	15.0
Research and Development – Post Secondary	\$1,500,000	\$20,000,000	\$5,000,000
Research and Development	\$3,000,000	\$500,000	\$6,000,000
Score	9.0	60.75	24.0
Prorated Score (e)	2.22	15.0	5.93
Total Points for Bidder (Score a + b + c + d + e)	25.22	45.75	64.43
Value Proposition Weighted Score out of 15% (Total Points for Bidder x 0.15)	3.78%	6.86%	9.67%

Table 4.4 - Halifax-class Combat Systems In-Service Support Bidder Evaluation Scenarios

5. PROCESS

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- 5.1. The evaluation is led by the ITB Authority, with participation from representatives of the regional development agencies, and, if required, other subject matter experts.
 - 5.2. Evaluation assessments and scoring will be carried out by consensus, wherein the Bidder's Proposal will be read, discussed and each evaluator will agree to a score for each rated element. Consensus on broader issues will be sought, such that evaluators agree on the need for and nature of any clarifying questions or advice sought from outside experts. Where consensus on scoring, issues or other questions cannot be reached following discussion, the ISED Evaluation Lead will make the final decision.
 - 5.3. The ITB Authority will hold overall responsibility for ensuring that the members of the evaluation team carry out their responsibilities. The ITB Authority will act as the liaison between the evaluation team and outside officials.