

Annex B

Industrial and Technological Benefits / Value Proposition

1 Industrial and Technological Benefits (ITB) Policy

1.1 Application of the Industrial and Technological Benefits (ITB) Policy

1.1.1 The Industrial and Technological Benefits (ITB) Policy may apply to the Laser Range Finder – Hand Held Thermal Imager – Long Range (LRF HHTI-LR) Procurement. Engagement with industry through the Request for Information (RFI) will help determine the application of the ITB Policy and how Canada could leverage opportunities for economic benefit through this procurement.

1.2 The ITB Policy including Value Proposition

1.2.1 The ITB Policy is a powerful investment attraction tool and companies awarded defence procurement contracts are required to undertake business activities in Canada equal to the value of the contract. The ITB Policy encourages companies to establish or grow their presence in Canada, strengthen Canada's supply chains, and develop Canadian industrial capabilities.

1.2.2 The goal of the ITB Policy is to support the long-term sustainability and growth of Canada's defence sector, including small and medium-sized enterprises in all regions of the country, to enhance innovation through R&D in Canada, to support skills development and training, and to increase the export potential of Canadian-based firms. The ITB Policy includes the Value Proposition (VP), which requires bidders to compete on the basis of the economic benefits to Canada associated with its bid. Winning bidders are selected on the basis of price, technical merit and their VP. VP commitments made by the winning bidder become contractual obligations in the ensuing contract.

1.2.3 For more information about the ITB Policy, please visit [Home - Industrial and Technological Benefits Policy](#).

1.3 Key Industrial Capabilities:

1.3.1 To maximize the economic impact that can be leveraged through the VP, Canada will look to use the ITB Policy to motivate defence contractors to invest in Key Industrial Capabilities (KICs). KICs align with Canada's defence policy, Strong, Secure, Engaged, and the Innovation and Skills Plan by supporting the development of skills and fostering innovation in Canada's defence sector. The 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.

1.3.2 Based on initial analysis of the LRF HHTI-LR procurement, this procurement encompasses the KIC of Electro-Optical / Infrared (EO/IR) Systems where Canada has world leading capabilities. Canada will be seeking to motivate high value economic

opportunities and partnerships to support the growth of Canada's defence sector, as well as enhance supply chain participation and skills development opportunities for Canadian industry.

1.3.3 The definition for the relevant KIC for this project is:

a) *Electro-Optical / Infrared (EO/IR) Systems*

- i. Design, manufacture and integration of electro-optical and infrared systems for surveillance, reconnaissance, night vision, and targeting. This category also includes components and assemblies that significantly drive system capability, as well as software that enhances system performance or contributes to superior exploitation of collected sensor information. Applications of these systems are either military or civil, and feature in multiple media, including airborne platforms, satellites, ground vehicles, ships and submarines, or in fixed infrastructure.

Annex C

Questions to Industry

1 Repair and Overhaul of LRF HHTI-LR in Canada

1.1 There are operational, logistical, and economic benefit considerations for conducting LRF HHTI-LR repair and overhaul (R&O) activities in Canada.

1.2 For the purposes of the questions below, repair and overhaul includes:

1.2.1 Higher complexity tasks with access to Special Tools and Test Equipment (STTE) and requiring up to 24 hrs to complete; and

1.2.2 Very complex tasks (such as overhauls and mid-life refits) using highly specialized tools and production equipment, requiring significant time to complete. This could include repair of failed Shop Replaceable Units.

1.3 Question 1. Establishment of a Repair and Overhaul Operation in Canada for LRF HHTI-LR

- 1) Is your company able to conduct R&O activities in Canada, either through a subsidiary, partner, or sub-contractor?
- 2) If so, describe the general scope of R&O activities that could be conducted in Canada. Please include a description of activities that may be conducted outside of Canada.
- 3) Describe the benefits and constraints for conducting R&O activities in Canada.

2 Establishment of a DND Facility for Second Level Maintenance for LRF HHTI-LR

2.1 Canada is investigating the option of establishing a DND facility for the conduct of second level maintenance activities for the LRF HHTI-LR. This facility would be established in an existing electro-optical clean room located at 202 Workshop Depot (202 WD) in Montreal. The electro-optical clean room at 202 WD is equipped to support the Turret Day Sight and Laser Range Finder on the Light Armoured Vehicles (LAVs), including the LAV Reconnaissance Surveillance Systems fleet. It has been designed for 202 WD to provide a greater spectrum of service to the Canadian Armed Forces' electro-optical systems in the future.

2.2 Under this scenario, when a fault is confirmed at a second line field maintenance unit, the LRF HHTI-LR would be sent to 202 WD for further investigation and repair actions. DND electro-optical technicians at 202 WD, trained by your company, would:

- Investigate the failure (including calibration and alignment issues)

- Open the device (break the seal)
- Replace Shop-Replaceable Units as required
- Conduct calibration and re-alignment adjustments as required (where possible)
- Reseal and purge
- Conduct testing
- Return a restored device to operational service, or forward the failed device to OEM facilities for further investigation and repair

2.3 The maintenance tasks that would be undertaken at 202 WD would be those involving higher complexity tasks with access to STTE and requiring up to approximately 24 hours to complete.

2.4 The maintenance tasks that would be undertaken at 202 WD would NOT include very complex tasks (such as overhauls and mid-life refits) using highly specialized tools and production equipment, requiring significant time to complete.

2.5 Question 2. Feasibility of DND Second Level Maintenance Facility

2.5.1 Provide the following information:

- 1) Is the option described above feasible given your corporate policies and processes related to sustainment?
- 2) What affect, if any, does the above proposed maintenance concept have on warranty or IP rights?
- 3) Are there any risks or constraints associated with this option?

2.6 Question 3. Facility Requirements for DND Second Level Maintenance Facility

2.6.1 Assuming a suitable, pre-existing electro-optical clean room repair facility at 202 WD, provide the following information:

- 1) What are the space requirements for this facility for LRF HHTI-LR maintenance actions?
- 2) How much bench space would be required for special tools and test equipment and to conduct testing and repairs?
- 3) Over and above the requirements for a clean room space, are there any unusual HVAC or other infrastructure-related requirements for this facility?

2.7 Question 4. STTE for DND Second Level Maintenance Facility

2.7.1 Provide the following information:

- 1) Describe in general the special tools and test equipment that would be required for this facility. Indicate which items of STTE would be specific to LRF HHTI-LR, and which would be suitable for use with other hand held or weapon-mounted electro-optical equipment.
- 2) Provide a rough order of magnitude total cost for the required STTE. Provide a percentage of STTE cost that would be specific to LRF HHTI-LR, and a percentage of cost for those that would be expected to support other electro-optical equipment.

2.8 Question 5. Training for Second Level Maintenance Technologists

- 1) Provide an estimate for the number of days to train an electro-optical technologist in the second level maintenance tasks. Assume that the electro-optical technicians are experienced in the repair of military electro-optical systems.

2.9 Question 6. Impact on Answers to Question 1

2.9.1 Should Canada decide to pursue the establishment of second line maintenance activities at 202 WD, it is understood that the Answers to Question 1 may no longer apply. Given a decision by Canada to pursue this option:

- 1) Is your company able to conduct those remaining R&O activities (i.e. not undertaken by 202 WD) in Canada, either through a subsidiary, partner or sub-contractor?
- 2) If so, describe the general scope of R&O activities that could be conducted in Canada. Please include a description of activities that may be conducted outside of Canada.
- 3) Describe the benefits and constraints for conducting R&O activities in Canada, given that second level maintenance activities would be undertaken by 202 WD.

3 Draft System Requirement Specification for the LRF HHTI-LRS

3.1 The draft System Requirements Specification (SRS) for the LRF HHTI-LRS is provided for industry review at Attachment # 4.

3.2 The draft SRS is subject to further revisions as Canada develops the requirements and gains a better understanding of the solutions that are available by industry.

3.3 The questions in this section can be answered by completing the comments field of the Excel spreadsheet provided.

3.4 Question 7. Clarity of Mandatory and Rated Requirements

Mandatory requirements in the SRS are indicated by the word "must". Rated requirements in the SRS are indicated by the word "should", with an additional "< rated >" annotation at the end of the requirement.

- 1) Identify any Mandatory and/or Rated requirement in the SRS that require clarification. Describe the nature of the clarifications that are required.

4 Industrial and Technological Benefits Policy

4.1 Question 8. Defence Sector

4.1.1 The Industrial and Technological Benefits (ITB) Policy seeks to promote economic development and long-term sustainment of Canadian businesses engaged in the manufacturing and delivery of products and services used in government defence and security applications.

4.1.1.1 Based on the high-level requirements put forward by the Department of National defence, describe what Direct Work activities your company would foresee undertaking in Canada for the production and sustainment of the LRF HHTI-LR.

- 1) Please identify existing Canadian content of your current solution.
- 2) What opportunities exist to add further Canadian content to your solution?
- 3) What percentage of Direct Work (acquisition and sustainment) could be completed in Canada in the Key Industrial Capability identified in Attachment 2 Section 4.3.

4.2 Question 9. Supplier Development

4.2.1 The ITB Policy seeks to improve the competitiveness of Canadian industry by encouraging Canadian industrial participation and the scaling up of Canadian companies including small and medium-sized businesses (SMBs).

4.2.2 The ITB Policy requires that at least 15 percent of the Contractor's ITB obligation (equal to the value of the contract) be represented by work with Canadian SMBs with less than 250 employees.

- 1) To what extent can you commit to an SMB requirement of over 15% in order to nurture the development of Canadian SMBs within the defence sector (includes both direct work on this procurement and indirect work in other business areas)?
- 2) What new supply chain opportunities could be made available to Canadian suppliers within the KIC identified in Attachment 2 Section 4.3. For the supplier development opportunities identified, please specify the direct and indirect activities that could be performed with Canadian SMBs. Please include in your response information on:
 - a. What activities should be perceived as providing the highest value to Canada.
 - b. Which opportunities could be specifically targeted at Canadian SMBs.
 - c. Supplier development opportunities that could be performed in the KIC identified in Attachment 2 Section 4.3.

4.3 Question 10. Skills Development and Training

4.3.1 The ITB Policy fosters the development and sustainment of a diverse, talented, and innovative Canadian workforce through access to training, education, opportunities and programs.

- 1) What types of Skills Development and Training investments would produce the maximum benefit for Canadians (Defence or commercial sector)? Examples:
 - a. Work integrated learning programs (e.g., co-operative education; work placements);
 - b. Apprenticeship programs;
 - c. A new existing skills development program at or through a post-secondary institution
 - d. Support for security certifications (e.g.: Top Secret, ITAR) or cybersecurity compliance certifications for Canadian companies, especially SMBs.

4.4 Question 11: Indirect Opportunities

4.4.1 The ITB Policy seeks to promote economic development and long-term sustainment of Canadian businesses engaged directly and indirectly on this project. Indirect opportunities refers to any business activities that is not Work under this project.

- 1) In terms of indirect activities that could be leveraged through this procurement, please describe possible opportunities for each category listed below:
 - a. Export opportunities for Canadian suppliers.
 - b. R&D opportunities in Canada.
 - c. Supplier development of Canadian companies, including any current initiatives you have to integrate small and/or medium sized businesses into your supply chain.

4.5 Question 12. Key Industrial Capabilities

- 1) Are there other relevant KICs which align with the work to be conducted for the LRF HHTI-LR? If yes, please indicate which KICs should be considered and why. As part of your response, please describe how the proposed KICs would enhance the opportunities that could be leveraged through the Value Proposition for Canadian Industry.

4.6 Question 13. Value Proposition

- 1) Comparatively to price and technical merit, Value Proposition typically has a weight between 10% to 20% of the overall bid evaluation. What is your view on the weighting of the Value Proposition for the LRF HHTI-LR System requirement?

- 2) Within the Value Proposition, what are your recommended minimum percentages of weighting for each of the Value Proposition pillars (i.e. defence, supplier development, R&D, export, and skills development and training).

5 Question 14. Delivery Lead Time

- 1) What is the estimated lead time for LRF HHTI-LR System products and components given the current global supply chain delays? More specifically, what timelines would be a reasonable expectation for the delivery of the initial 200 units?