

## **Application of the Industrial and Technological Benefits Policy**

**NOTE: PLEASE PROVIDE YOUR ANSWERS TO EACH ITB QUESTION BELOW ON A SEPARATE SHEET**

The Industrial and Technological Benefit (ITB) Policy may be applied on the Tactical Command and Control Information System (TacC2IS) Modernization project. 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.

### **The ITB Policy including Value Proposition**

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 price 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.

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.

For more information about the ITB Policy, please visit [www.canada.ca/itb](http://www.canada.ca/itb).

### **Key Industrial Capabilities**

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.

Based on initial analysis of the TacC2IS project, this procurement encompasses the KICs of **Cyber Resilience** and **Defence Systems Integration**, 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.

The definitions for the relevant KICs for this project are:

- a. **Cyber Resilience** spans every element of the domestic commercial, civil and national security sectors and addresses the vulnerabilities created by the expansion of information technology and the knowledge economy. Activities in this segment include

design, integration and implementation of solutions that secure information and communications networks. These and other technologies should focus on achieving effective development of the following cyber capabilities:

- Information security: The practice of defending electronic and digital data and information from unauthorized access/intrusion, use, disclosure, disruption, modification, perusal, inspection, recording or destruction;
- Information Technology security: Secure content and threat management (endpoint, messaging, network, web, cloud), security, vulnerability and risk management, identity and access management and other products (e.g. encryption/tokenization toolkits and security product verification testing), and education, training services and situational awareness;
- Operational technology (OT) security: Monitoring, measuring and protecting industrial automation, industrial process control and related systems. Cyber resilience may involve the development of tools and the integration of systems and processes that permit hardening of tactical systems or broader networks, encryption, cyber forensics, incident response, and others. Capabilities developed in this domain may increasingly draw on AI as an enabling technology; for example, networks may autonomously and dynamically defend against intrusions and repair themselves if disrupted.

- b. **Defence Systems Integration:** Design and integration of complex military systems that hinge on the seamless linking together of multiple sub-systems to yield an effective operational capability. These capabilities span various military platforms and enable the operation and management of weapons, defensive systems, command and control systems, sensors, decision support systems, electronic warfare devices and a platform's core sub-systems in a tightly coordinated fashion essential under highly stressing combat conditions. These systems need to present information to their operators stemming from multiple sources in a manner that is understandable, secure, and supports decision-making in a complex environment. This definition does not include the various constituent systems (e.g., missile launching systems, radars, electronic warfare systems) that the work of defence systems integration aims to combine into a cohesive whole. Rather, the definition focuses on the skills and other capabilities needed to perform the integration work, and to create the user interface that is needed in such complex mission systems.

## **Questions**

### **Defence Sector:**

The 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.

1. Based on the updated technical requirements identified by Canada, please describe what Direct Work activities your company would foresee undertaking in Canada for the production and the maintenance of the TacC2IS project?
  - a. What percentage or portion of the Direct Work could be completed in Canada?

**Supplier Development:**

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 (SMB).

2. Based on the updated technical requirements identified by Canada, please indicate what new supply chain opportunities may be available to Canadian suppliers. Please include in your response information on:
  - a. To what extent can you commit to Supplier Development activities in Canada, expressed as a percentage of Contract Price?
3. 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 SMB with less than 250 employees.
  - a. Which opportunities can you foresee that could be specifically targeted at Canadian SMBs?
  - b. Based on the updated technical requirements identified by Canada, to what extent can you commit to a SMB requirement of over 15 percent in order to nurture the development of Canadian SMBs within the defence sector (this includes both direct work on this procurement and indirect work in other business areas)?

**Skills Development and Training:**

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

4. Based on the updated technical requirements identified by Canada, please indicate to what extent you can commit to Skills Development and Training activities, expressed as a percentage of Contract Price.

**Research and Development:**

The ITB Policy promotes scientific investigation that explores the development of new goods and services, new inputs into production, new methods of producing goods and services, or new ways of operating and managing organizations.

5. Based on the updated technical requirements identified by Canada, please indicate to what extent you can commit to Research and Development activities in Canada, expressed as a percentage of Contract Price.
  - a. Please describe your company's priority areas for Research and Development investment and how they relate to the TacC2IS project?
  - b. Recognizing the role that post-secondary institutions and public research institutes play in fostering innovation in Canada, please describe what potential direct or indirect opportunities your company foresees undertaking in Canada with these organizations and what specific research areas you would pursue.

- c. Is there potential to invest in research and development partnerships with Canadian SMBs and start-up companies, including funding for late-stage R&D and commercialization of innovative products or services?

**Export:**

The ITB Policy promotes the ability of Canadian companies, including SMBs, to successfully tap into export markets, thereby increasing their productivity, and competitiveness in the global market.

6. Based on the updated technical requirements identified by Canada, please indicate to what extent you can commit to Export activities from Canada directly related to this procurement, expressed as a percentage of Contract Price.
  - a. As part of your answer, please identify to what extent you can integrate Canadian companies into your international supply chain.
  - b. Please describe any high-value export opportunities from Canada related to the broader defence sector, whether commercial or defence, which could be leveraged as a result of this procurement
7. Based on the updated technical requirements identified by Canada, please indicate if it is feasible to secure sufficient intellectual property rights and an exclusive global product mandate to export from your Canadian-based operations, including subsidiaries and supply chain partners?

**Other Questions:**

8. As part of your answers, please identify to what extent investments in the Value Proposition pillars could be performed in the KICs of Cyber Resilience and Defence Systems Integration. These opportunities can relate directly to the TacC2IS project, or may be in other high-value areas of indirect investment in either the commercial or defence sectors.
  - a. Are there other relevant Key Industrial Capabilities which align with the work to be conducted for the TacC2IS project? If yes, please indicate which Key Industrial Capabilities should be considered and why. As part of your response, please describe how the proposed Key Industrial Capabilities would enhance the opportunities that could be leveraged through the Value Proposition for Canadian industry.
9. With consideration to technical merit and price, the Value Proposition typically has a weight of no less than 10-15 percent of the overall bid evaluation. Based on the updated technical requirements identified by Canada, please submit your views on the weighting of the Value Proposition for the TacC2IS project.