

**VOLUME 1**  
**ANNEX E**

**NAVAL REMOTE WEAPON STATION**

**Industrial and Technological Benefits (ITB)**

**Value Proposition Evaluation 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 DPS' objectives is to leverage purchases of defence equipment to create jobs and economic growth in Canada. The principal tool for achieving this objective is the Industrial and Technological Benefits (ITB) Policy including Value Proposition (VP).
- 1.2 The Value Proposition (i.e. Bidder proposal) should describe how the Bidder intends to meet Canada's ITB Objectives for the Naval Remote Weapon Station (NRWS) requirement and clearly indicate how the proposed Value Proposition Criteria, as defined in Volume 2, Annex C, Article 1.1.51 of the ITB Terms and Conditions, will be performed if awarded this Contract.
- 1.3 The Bidder's Value Proposition Criteria are work packages that will become contractual obligations of the Contractor in any ensuing Contract.
- 1.4 The Bidder's Value Proposition should support the long-term sustainability and growth of Canadian industry by enhancing the capability of Canadian Companies to undertake Direct Work on the NRWS, other Indirect Work on Remote Weapon Station platforms for land and naval application, and the defence sector.
- 1.5 The Bidder's Value Proposition should enhance innovation through Research and Development Activities that enable Canadian Companies to capture high-value market opportunities.
- 1.6 The Bidder's Value Proposition should position Canadian Companies to take advantage of export potential by tapping into traditional and non-traditional markets, resulting in long-term economic growth.
- 1.7 For the NRWS Contract, the Bidder must submit a responsive Value Proposition package.
- 1.8 A core element of the ITB Policy is a weighted and rated Value Proposition that will be a factor in the awarding of the Contract. The Value Proposition is what the Bidder proposes to Canada at time of bid.
- 1.9 The Value Proposition will be deemed as responsive by the ITB Authority if it meets:

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- 1.9.1 Meets the Mandatory Requirements outlined in Section 4 of this Annex, and,
  - 1.9.2 Meets the Minimum Assessment Values of 32 points out of a possible 64 points outlined in Section 3 of the Value Proposition Evaluation Plan at Volume 1, Annex F.
- 1.10 Should the Bidder's Value Proposition be deemed responsive, it will then be evaluated in accordance with the Rated Evaluation criteria outlined in Section 6 of this Annex and awarded points as outlined in Section 4 of the Evaluation Plan at Volume 1, Annex F.
- 1.11 Evaluation results will be conveyed to the Contracting Authority, who will then integrate them into the overall bid evaluation results, as outlined in Volume 1, Annex A, Evaluation Procedures and Basis of Selection.
- 1.12 For ITB Contract definitions, the Bidder should refer to the definitions as contained within Volume 2, Annex C, of the ITB Terms and Conditions.

## **2 GENERAL INSTRUCTIONS**

- 2.1 In preparing its Value Proposition, the Bidder should be guided by these Bidder Instructions, as well as by the Evaluation Plan and the ITB Terms and Conditions as found in Volume 1, Annex E, Volume 1, Annex F and Volume 2, Annex C. All three documents provide important guidance, definitions and/or contractual provisions related to the Value Proposition and the ITB Policy.
- 2.2 The Value Proposition must be submitted in a separate, self-contained volume. Only the Value Proposition 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 Value Proposition must be repeated in the Value Proposition to receive consideration by the evaluators.

## **3 CANADA'S ITB OBJECTIVES**

- 3.1 The Bidder's Value Proposition should clearly indicate how the proposed business activities will be achieved if it is awarded the Naval Remote Weapon Station Acquisition and Repair and Overhaul Contracts. The optimum Value Proposition will result in the long-term creation and exploitation of capabilities, knowledge, advanced technologies and markets of lasting impact on Canadian industry.

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- 3.2 Proposed Value Proposition Criteria with a Canadian Company should result in the enhancement of Canadian capability to undertake other work of a similar nature. They should make a positive contribution to the continuing viability, growth, innovation, export growth and overall development of the Canadian Recipient, the Canadian defence sector, and wider Canadian economy.
- 3.3 Proposed Value Proposition activities with a Canadian Company must involve work within the Value Proposition Criteria as identified in Section 6.
- 3.4 The regional development objectives of Canada 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. These Designated Regions of Canada, as defined in the ITB Terms and Conditions, include: Atlantic, Quebec, Northern Ontario, Southern Ontario, West and North. Canadian industry in all the Designated Regions should have the opportunity to participate in the NRWS requirement.
- 3.5 It is an objective of Canada to encourage the participation of Canadian Small and Medium Business (SMB) on major federal procurements and to increase their competitiveness and export market access. Canadian SMB should have the opportunity to participate in the NRWS requirement.
- 3.6 Canadian industry should have the opportunity to participate in high-quality Direct Transactions associated with the delivery of the Work on this NRWS requirement.
- 3.7 In addition, Canadian industry should have the opportunity to participate in high-quality Indirect Transactions, involving business activities, not related to the delivery of the Work on this requirement. Indirect work should involve activities that are generally at the same level of technology or higher as the Work on this requirement and must have a Canadian Content Value (CCV) of no less than thirty percent (30%).
- 3.8 In its Value Proposition, the Bidder must submit proposed Direct and Indirect business activities captured in the form of Unidentified Value Proposition Commitments and Transactions.
- 3.9 Business activities proposed as Transactions should support Canada's ITB Objectives and must meet the Eligibility Criteria for Transactions as outlined in Volume 2, Annex C, Article 7 of the ITB Terms and Conditions.

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## 4 MANDATORY REQUIREMENTS

- 4.1 There are six (6) mandatory requirements that the Bidder Must meet in its Value Proposition. Failure to meet one or more of the mandatory criteria will deem the bid non responsive.
- 4.1.1 Requirement One: The Bidder must commit to achieving Transactions, measured in Canadian Content Value (CCV), valued at 100% of the Contract value (excluding Applicable Taxes and including any Contract options), to be achieved within the Achievement Period. Following the Effective Date of the Contract, this will become the Contractors' ITB Obligation.
- 4.1.2 Requirement Two: Bidder commits to business activities submitted in the Value Proposition under the Value Proposition Criteria becoming contractual obligations managed under the Industrial and Regional Benefits Requirements of the ensuing contract.
- 4.1.3 Requirement Three: In its Value Proposition, the Bidder must:
- 4.1.3.1 Specify its bid price, excluding Applicable Taxes and rounded to the nearest dollar;
- 4.1.3.2 Identify Transactions that meet the Eligibility Criteria as defined in Article 1.1.16 of the ITB Terms and Conditions, and which are detailed, fully described and equal in total to not less than 30% of the bid price (excluding taxes and without including any Contract options), measured in CCV;
- 4.1.3.3 Commit to identifying one (1) year after Contract award, eligible Transactions that are detailed, fully described and bring the cumulative total of identified Transactions to not less than 60% of the Contract value, measured in CCV; and
- 4.1.3.4 Commits to identifying two (2) years after Contract award, eligible Transactions that are detailed, fully described and bring the cumulative total of identified Transactions to 100% of the Contract value, measured in CCV.
- 4.1.4 Requirement Four: The Bidder must commit to achieving Small and Medium Business Transactions, measured in CCV, valued at no less than 15% of the Contract value (excluding Applicable Taxes and including any Contract options), to be achieved within the Achievement Period.

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- 4.1.5 Requirement Five: Bidder must accept all of the ITB Terms and Conditions, including the terms respecting Performance Guarantees at Volume 2 – NRWS Acquisition Resulting Contract, Annex C – Industrial and Technological Benefits Requirements.
  - 4.1.6 Requirement Six: The Bidder’s Value Proposition must contain the following components:
    - 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 Detailed Transaction Sheets for any Proposed Transactions being submitted by the Bidder, accompanied by a summary chart of them; and,
    - 4.1.6.6 The Bidder must submit with its Value Proposition, a Mandatory Requirements Compliancy Certificate, signed by a duly authorized company official in the form as attached at Appendix 1.

## **5 MANDATORY ASSESSMENT**

- 5.1 The following section details the requested content of each of the Value Proposition mandatory components referred to in Section 4.1.6. Bidders are encouraged to thoroughly review the instructions below and provide the requested information within their Value Proposition. Failure to adequately respond to the instructions may result in the Plan or specific Transactions being rejected as ineligible/non-responsive or receiving a lower score in the rated evaluation.

### **5.2 Company Business Plan**

- 5.2.1 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 ITB Obligations on the NRWS requirement. The Plan should also demonstrate the Bidder’s ability to meet the ITB Objectives.
- 5.2.2 The Bidder’s Company Business Plan should outline the structure, conduct and performance of the business operations of the Bidder and each of its Eligible Parties that will perform Work on the NRWS requirement.

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- 5.2.3 The Plan should describe, both in detailed text and in graphical format, the proposed role of each company (Bidder and its Eligible Parties) in delivering all elements of the NRWS requirement and the proposed location of that Work. It should also include an organizational chart identifying the key personnel in each company who would be responsible for managing and delivering the requirement.
- 5.2.4 The Plan should include a description of the long-term impact of the Work on each company's business operations, in Canada and abroad.
- 5.2.5 The Plan should include the following information, for the Bidder and each of its Eligible Parties:
- 5.2.5.1 A description of the decision-making process for establishing product and services responsibilities and market mandates within the company;
  - 5.2.5.2 A description of the management and oversight of company functions, including but not limited to future planning, research and development and marketing, including the identification and location of these responsibility centres;
  - 5.2.5.3 An outline of worldwide corporate operations, including a narrative description and hierarchically ordered chart that describes the present corporate family structure, including parent and subsidiary relationships;
  - 5.2.5.4 A detailed description of any existing Canadian facilities, which includes: the location, date of establishment, nature of operations, number of employees, identification of key personnel, corporate structure and functional interrelationship with the worldwide corporate structure.

### **5.3 ITB Management Plan**

- 5.3.1 The purpose of the ITB Management Plan is to demonstrate the Bidder's ability to develop, implement, manage and report on the proposed ITB Obligation. It is also the place for Bidder to detail and document its proposed Eligible Parties.
- 5.3.2 The ITB Management Plan should provide a detailed overview of all of the ITB management functions and associated organization required by the Bidder to execute a successful ITB Obligation, in a level of detail sufficient to demonstrate that the Bidder understands its ITB Commitment and is prepared to respond to requirements associated with it for the full duration of the Achievement Period.



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- 5.3.3 The ITB Management Plan should include a list of the Bidder's proposed Eligible Parties, with details and documentation justifying how each one meets the Eligible Party criteria outlined in Volume 2, Annex C, Article 1.1.17 of the ITB Terms and Conditions.
- 5.3.3.1 Eligible Parties are defined in Volume 2, Annex C, Article 7 of ITB Terms and Conditions.
- 5.3.3.2 The Bidder is asked to demonstrate in the Plan that each of its proposed Eligible Parties that are Canadian Companies with less than 500 employees has the capacity to undertake ITB Obligations. Capacity is assessed in areas such as company size, product offerings, market conditions, corporate ownership, ITB management processes, level of Canadian content, etc.
- 5.3.3.3 Any proposed Eligible Party that is found to not meet the criteria will be excluded from the list of Eligible Parties in the ensuing Contract. In addition, any Transaction, with an excluded Eligible Party as the Donor will be deemed as non-responsive in meeting the Eligibility Criteria and will receive no consideration during the Evaluation.
- 5.3.4 The ITB Management Plan should include the following information on the Bidder and each of its Eligible Parties:
- 5.3.4.1 The name and contact information of each company's ITB official(s) assigned to the NRWS requirement;
- 5.3.4.2 Job descriptions for each company's ITB official(s) and biographical information about their work experience and education;
- 5.3.4.3 A description of each company's corporate and requirement-specific resources assigned to execute the management of the ITB Obligation;
- 5.3.4.4 A description and explanation of each company's internal processes for ITB organization, advocacy and awareness, both specific to the NRWS requirement 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;
- 5.3.4.5 A description of the methods, processes and procedures that each company will use to identify, submit, track, record keep and report Transactions;

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- 5.3.4.6 A description of any previous ITB/offset obligations that have been undertaken over the past ten (10) years, in Canada and elsewhere, along with a brief overview of the achievement status of each project.

#### **5.4 Regional Development Plan**

- 5.4.1 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.
- 5.4.2 The Regional Development Plan should identify and describe the Bidder's Proposed Unidentified Value Proposition Commitments and Transactions in the Designated Regions, which will become ITB obligations to be achieved under Article 2 of the ensuing ITB Terms and Conditions. The Plan should also identify any regional commitment targets to which the Bidder is prepared to commit contractually.
- 5.4.3 The Regional Development Plan should provide, in as much detail as possible, the following information on the Bidder and each of its Eligible Parties:
- 5.4.3.1 A description of the activities undertaken and the approaches to date of each company, along with the business rationale, that have resulted in the proposed distribution of Unidentified Commitments and Transactions to the Designated Regions of Canada;
- 5.4.3.2 A description of the activities that will be undertaken and the approaches of each company that will be followed after the Effective Date of the Contract until the end of the Achievement Period, along with the business rationale, to improve the economic opportunities available to the Designated Regions of Canada;
- 5.4.3.3 A description of whether and how regional considerations are factored into each company's procurement/ITB decision making processes;
- 5.4.3.4 A description of the potential economic impact of the Unidentified Value Proposition Commitments and Transactions on the regional Recipients' current operations and areas of business, as well as on their capability to pursue and undertake new business activities.

#### **5.5 Small and Medium Business (SMB) Development Plan**

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- 5.5.1 The SMB Development Plan allows the Bidder to demonstrate their commitment to provide opportunities, assistance and encouragement to SMBs.
  - 5.5.2 The SMB Development Plan should identify and describe the Bidder's Proposed Unidentified Value Proposition Commitments and Transactions involving SMB, which will become, if they meet the Eligibility Criteria, an obligation to be achieved under the ensuing Contract.
  - 5.5.3 The SMB Development Plan should provide, in as much detail as possible, the following information on the Bidder and each of its Eligible Parties:
    - 5.5.3.1 A description of the activities undertaken and the approaches followed to date by each company, along with the business rationale, that have resulted in the proposed distribution of Unidentified Value Proposition Commitments and Transactions to SMB;
    - 5.5.3.2 A description of the activities undertaken and the approaches that will be followed by each company, after the Effective Date of the Contract until the end of the Achievement Period, to improve the opportunities available to SMB;
    - 5.5.3.3 A description of whether and how SMB considerations are factored into each company's ITB decision-making processes;
    - 5.5.3.4 A description of the potential economic impact of the proposed Unidentified Value Proposition Commitments and Transactions on the SMBs' current operations and areas of business, as well as on their capability to pursue and undertake new business activities; and,
    - 5.5.3.5 A description of any initiatives, assistance and/or encouragement (at a broad corporate level or specific to this ITB Obligation) that would be provided to SMB to help stimulate and promote them, both as potential suppliers to the NRWS requirement and for their general development. Examples could include financing, special payment provisions, mentoring programs, etc.

## **5.6 Unidentified Value Proposition Commitments**

- 5.6.1 If applicable for the Bidder, the Bidder's Value Proposition may provide Unidentified Value Proposition Commitments; whereby the Bidder proposes to provide business activity into Canada, with an aggregate identified value and within specified Value Proposition Criteria. Recipient or activity specifics do not

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need to be fully defined, however the Bidder will commit contractually to this activity through the submission of eligible ITB Transactions after Contract award. A template of the sheet is attached as Volume 2, Annex E, Appendix 2 to the ITB Terms and Conditions. The Bidder is encouraged to use this template, to promote administrative consistency and ease.

5.6.2 Unidentified Value Proposition Commitments must be submitted as eligible Transactions at a later date.

5.6.3 Unidentified Value Proposition Commitment details

- Identification of Value Proposition Activity (select all criteria that apply) –
  - Defence Sector (Please indicate whether activity is Direct, Indirect RWS or Indirect Defence)
  - Canadian Supplier Development
  - R&D Activity
- Expressed as a percentage of the bid price or, if indicated otherwise, as dollars expended

## **5.7 Detailed Transaction Sheets**

5.7.1 The Bidder's Value Proposition should provide detailed information on each identified Transaction that the Bidder proposes to provide to Canada and for which it is prepared to commit contractually. A separate Transaction sheet is to be completed for each Proposed Transaction. A template of the Transaction sheet is attached as Volume 2, Annex C, Appendix 4 of the ITB Terms and Conditions. The Bidder is encouraged to use this template to promote administrative consistency and ease of evaluation.

5.7.2 In addition to the individual Transaction sheets, the Bidder should include a summary chart of all of its Proposed Transactions in a tabular/chart format. The tabular/chart summary should clearly identify each Transaction and provide a breakdown (with appropriate sub-totals and percentages) by: Direct work, Indirect Work, Regional (the Designated Region of Canada and SMB. The chart should also indicate what Value Proposition Criteria it addresses in accordance with the Value Proposition rated requirements as outlined in Volume 1, Annex F, Section 4 of the Value Proposition Evaluation Plan. The Bidder may use a format of its choice for the summary chart.

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- 5.7.3 The Bidder should include a forecast plan for the Transactions due one (1) year and two (2) years following the Effective Date of the Contract, respectively. The forecast plan should include such information as, but not limited to: an overview of the processes and plans in place to identify and submit Transactions; any planned supplier development activities; a list of Canadian Companies being considered and/or, the specific capabilities being sought from Canadian Companies.
- 5.7.4 The Bidder is strongly encouraged to fully complete each section of the Transaction sheet, as outlined below, so that the Transaction can be properly evaluated. The Bidder is also asked to provide details and documentation in support of Transaction eligibility within its Value Proposition. Failure to adequately describe and/or provide documentation for the Proposed Transaction may result in it being deemed as non-responsive.
- 5.7.4.1 Obligor Contact Information (information regarding the proposed Contractor on the NRWS requirement)
- 5.7.4.2 Transaction Details
- Transaction Title (provide a brief title identifying the activity);
  - Transaction Number (assign a unique number, in simple, sequential order, for reference purposes)
  - Date Transaction Submitted
  - Tranche (the Proposal is Tranche 1)
  - Transaction Type (direct or indirect)
  - Value Proposition Activity (yes or no) – (Note: For the Value Proposition, only activities within the specified Value Proposition criteria for the NRWS requirement will be subject to evaluation)
    - Identification of Value Proposition Activity (select all Value Proposition areas that apply) –
      - Defence Sector (If Value Proposition related, please indicate whether activity is Direct, Indirect Remote Weapon Station or Indirect Defence)
      - Canadian Supplier Development
      - R&D Activity

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- SMB Activity (yes or no)
  - Activity Type (purchase, investment, etc.)
  - Business Activity Type (electronics, manufacturing, etc.);
  - Federal Supply Class (FSC) Code (website reference provided on template)
  - Description of each Transaction (provide a detailed description of the proposed activity, so that it is clear: the nature of the work; the location of the work in Canada, the estimated quantities and timelines; any end-use market, platform or program; that it is different from other similar Transactions; and, other relevant information);
  - Canadian Government Assistance (describe the date and details of any assistance provided -- either to the specific activity, the Donor, or the Recipient -- from any level of government in Canada);
- 5.7.4.3 Donor information (Note that the Donor must be an Eligible Party);
- 5.7.4.4 Recipient information [Notes: i) the company description should include locations, business history and core capabilities; ii) each Transaction sheet should contain only one Recipient, unless it is a Grouped Transaction; and iii) a government organization cannot be a Recipient, unless it is a Public Research Institution];
- 5.7.4.5 Consortium Member (if applicable);
- 5.7.4.6 Eligibility Criteria (be as specific and detailed as possible in addressing how the Proposed Transaction meets each Eligibility Criteria, which are outlined in the ITB Terms and Conditions. Include all details and supporting documentation in the Value Proposition);
- 5.7.4.7 Quality of Transaction (detail the quality of the Proposed Transaction and how it meets the ITB Objectives, including factors such as: competitiveness of the defence sector, research and development, scope of innovation, increases in supplier capability or employment, global export potential, long-term relationship, etc.)
- 5.7.4.8 List of Supporting Documentation
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- 5.7.4.9 Valuation and Time Phasing (specify the overall values as applicable, plus the detailed commitment schedule broken out by 12 month periods, which mirror the Reporting Periods detailed in the ITB Terms and Conditions)

## **5.8. Mandatory Requirements Compliancy Certificate**

- 5.8.1. The Bidder must submit with its Value Proposition the Mandatory Requirements Compliancy Certificate in the form as provided in Volume 1, Annex E, Appendix 1, completed with its company name and bid price, signed and dated by a company official duly authorized to bind the company. Beyond adding its name, bid price, signature and date, the Bidder must not make any other changes to the template provided in Annex E, Appendix 1.

## **6. RATED REQUIREMENTS**

- 6.1 The Bidder should provide information and details on its Unidentified Value Proposition Commitments, Transactions, and International Export Strategy, which will be rated as described in Volume 1, Annex F, Section 4 of the Evaluation Plan.
- 6.2 The Bidder should note that although Unidentified VP Commitments and identified Transactions are rated distinctly from one another and are to be expressed as a percentage of the bid price (excluding Applicable Taxes and including any Contract options), it will be the sum total of both the identified Transactions and Unidentified VP Commitments provided by the Bidder that will form the Bidder's Commitment for the specified Value Proposition Criteria which will be captured under Volume 2, Annex C, Article 2 of the ITB Terms and Conditions.
- 6.3 The Bidder should note that even though a Transaction may be counted towards meeting a Value Proposition Commitment, this does not negate the need for the identified Transaction to meet all of the Eligibility Criteria, including those related to Causality and Incrementality.

### **Defence Sector**

- 6.3.1 The Bidder's Value Proposition should include the Bidder's Commitment to achieve eligible Transactions within the Naval Remote Weapon Station, Remote Weapon Stations for land or naval application, and the Defence Sector, as defined in Volume 2, Annex C, Articles 1.1.13 , 1.1.30, and 1.1.38 of the ITB Terms and Conditions respectively.

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- 6.3.1.1 Unidentified Value Proposition Commitments should be expressed as a percentage of the Contract value, measured in CCV, including options and excluding applicable taxes. The Bidder will be required to complete Unidentified Value Proposition Commitment Sheet in Volume 2, Annex C, Appendix 2.
- 6.3.1.2 Transactions should be expressed as a percentage of the Contract value price, measured in CCV, including options and excluding applicable taxes. The Bidder should clearly describe in the Transaction Sheets how the Proposed Transactions align with the Defence Sector and should provide supporting details and documentation in its Value Proposition.

#### Canadian Supplier Development

- 6.4.1 The Bidder's Value Proposition should include the Bidder's obligation to achieve eligible Transactions involving Canadian Supplier Development, as defined in Volume 2, Annex C, Article 1.1.45 of the ITB Terms and Conditions.
- 6.4.1.1 Unidentified Value Proposition Commitments should be expressed as a percentage of the Contract value, measured in CCV, including options and excluding applicable taxes. The Bidder will be required to complete the Unidentified Value Proposition Commitment Sheet in Volume 2, Annex C, Appendix 2.
- 6.4.1.2 Transactions should be expressed as a percentage of the Contract value, measured in CCV, including options, excluding applicable taxes. The Bidder should clearly describe the Transaction Sheets how the proposed Transactions and align with Supplier Development and should provide supporting details and documentation.

#### Research and Development

- 6.5.1. The Bidder's Value Proposition should include the Bidder's obligation to achieve eligible Transactions involving Research and Development, as defined in Volume 2, Annex C, Article 1.1.40 of the ITB Terms and Conditions.
- 6.5.1.1 Unidentified Value Proposition Commitments should be expressed as dollars expended towards Research and Development, measured in CCV. The Bidder will be required to complete the Unidentified Value Proposition Commitment Sheet in Volume 2, Annex C, Appendix 2.



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- 6.5.1.2 Transactions should be expressed as dollars expended towards Research and Development, measured in CCV. The Bidder should clearly describe in the Transaction Sheets how the proposed Transactions align with Research and Development and should provide supporting details and documentation.

#### International Export Strategy

- 6.6 The Bidder's Value Proposition should include an international export strategy, demonstrating that the Bidder as well as its Eligible Parties can leverage the NRWS requirement into future export success. The export strategy should, in as much detail as possible, provide information on the Bidder's plan to maximize export activities for Canadian industry. In addition, the export strategy should provide details that respond to each of the items of information being requested regarding Target Markets and Capacity to Export as described in 6.6.1 and 6.6.2.

- 6.6.1 **Target Markets:** The international export strategy should identify the international markets that the Bidder and its Eligible Parties intend to target and provide information to enable Canada to determine whether a realistic assessment of export potential has been provided. More specifically, the Bidder should:
- Identify the specific markets that are targeted, including an assessment of the size of the market potential.
  - Describe any barriers affecting market entry from Canada and mitigation strategies.
  - Identify whether a buyer has been identified and whether the Bidder's solution is a procurement priority of potential buyers in targeted markets (e.g. has a Request for Proposal been issued?)
  - Describe the direct or indirect market entry approach (e.g. government to government contract, direct commercial contract, agent, local partner, setting up local operations, etc.).
  - Describe the Bidder's competitive advantage (e.g. has the offering already been sold commercially?).
- 6.6.2 **Capacity to Export:** The international export strategy should also demonstrate that the Bidder or its Eligible Parties have the capacity to successfully carry out their export plans and provide sufficient information to enable Canada to

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determine whether the conditions for success are in place. The Capacity to Export, as demonstrated in particular by the possession of, or access to the Intellectual Property as defined in Volume 2, Annex C, Article 1.1.23 of the ITB Terms and Conditions and the possession of the World Product Mandate as defined in Volume 2, Annex C, Article 1.1.53 of the ITB Terms and Conditions. All the components detailed below are required in order to successfully manage an export program. Value Proposition points will only be awarded for the Capacity to Export section if Bidders can demonstrate that each of the Capacity to Export components has been fulfilled. Specifically, the Bidder must:

- Demonstrate that they and/or their Eligible Parties have the decision-making authority to export from Canada, specifically the following:
  - the signing authorities in place to pursue international sales; and
  - details illustrating the extent of the decision-making authority with regard to pursuing export contracts.
- Demonstrate that they and/or their Eligible Parties have access to the Intellectual Property Rights needed to export from Canada, specifically the following:
  - copy of a transfer and/or licensing agreement for the Intellectual Property;
  - proof of access to the Intellectual Property; and
  - registration number of the Intellectual Property.
- Demonstrate that their Canadian-based operations and the Canadian-based operations of their Eligible Parties have a World Product Mandate, specifically the following:
  - contract or certification or other documentation to illustrate that they have a World Product Mandate for a product or service with exclusive authority to export outside of Canada.
- Demonstrate that they and/or their Eligible Parties have an appropriate management team in place to pursue international sales.
- Demonstrate that they and/or their Eligible Parties have set aside sufficient human and financial resources to pursue international market opportunities.

## **7. BANKING**

- 7.1. The Bidder may use Banked Transactions as part of its Value Proposition should it fall within the specified Value Proposition Criteria for the Naval Remote Weapon Station requirement. Should Banked Transactions not be

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eligible for the Value Proposition, the Banked Transactions may be submitted following Contract award.

- 7.2. The Bidder submitting a Banked Transaction in its Value Proposition should include and attach the following:
  - 7.2.1. A copy of the exact and latest version of the Banked Transaction sheet that was approved by the Banker; and,
  - 7.2.2. A copy of the signed letter of approval from the Banker with respect to that Banked Transaction sheet.
- 7.3. If a Banked Transaction is used as part of a Bidder's Value Proposition, Transaction will be evaluated to determine Value Proposition scoring, as outlined in the Evaluation Plan.
- 7.4. The Bidder may submit Banked Transactions of any value in its Value Proposition. However, at least 50% of the cumulative value of the Bidder's eligible Transactions submitted in its Value Proposition must be non-banked Transactions.
- 7.5. The entire CCV of a Banked Transaction, not portions thereof, must be submitted as a single Transaction in the Value Proposition.

## **8. INVESTMENT FRAMEWORK (*IF*)**

- 8.1. An *IF* Transaction should only be included in the Bidder's Value Proposition if it has already been fully reviewed and approved by the ITB Authority as a Banked Transaction prior to bid submission within the context of the NRWS requirement.
- 8.2. Any *IF* Transaction that has not been fully reviewed and approved by the ITB Authority as a Banked Transaction, yet included in a Bidder's Value Proposition, will be counted as zero for the purposes of evaluation.

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Appendix 1

**Mandatory Requirements Compliancy Certificate**

The Bidder, \_\_\_\_\_, declares and certifies that through this Value Proposition for NRWS requirement, the Bidder:

1. Commits to achieving Transactions, measured in Canadian Content Value (CCV), valued at 100% of the Contract, (excluding Applicable Taxes and including any Contract options), to be achieved within the Achievement Period.
2. Commits to business activities submitted in the Value Proposition under the Value Proposition Criteria becoming contractual obligations managed under the Industrial and Regional Benefits Requirements of the ensuing contract.
- 3(a) Identifies its bid price (not including taxes and rounded to the nearest dollar) as: \$\_\_\_\_\_;
- 3(b) Identifies eligible Transactions equal in total to not less than 30% of its bid price (excluding Applicable Taxes and not including any Contract options), measured in CCV;
- 3(c) Commits to identifying, one (1) year after Contract award, Activities in the form of Transactions that meet the Eligibility Criteria and that bring the cumulative total of identified eligible Transactions to not less than 60% of the Bidder's Value Proposition Commitment, measured in CCV;
- 3(d) Commits to identifying, two (2) years after Contract award, additional activities in the form of Transactions that meet the Eligibility Criteria and that bring the cumulative total of identified eligible Transactions to 100% of the Bidder's Value Proposition Commitment, measured in CCV.
4. Commits to achieving Small and Medium Business Transactions, measured in CCV, valued at not less than 15% of the Contract value (excluding Applicable Taxes and including any Contract options), to be achieved within the Achievement Period.
5. Accepts all of the ITB Terms and Conditions including the terms associated with Performance Guarantees.
6. Has submitted all the required components of a Value Proposition:
  - Company Business Plan;

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- ITB Management Plan;
  - Regional Development Plan;
  - Small and Medium Business Development Plan;
  - Detailed Transaction Sheets, accompanied by a summary chart of them, and,
  - Value Proposition Commitment Sheet; and,
  - This Mandatory Requirements Compliancy Certificate, duly completed, signed and dated.

IN WITNESS THEREOF THIS MANDATORY REQUIREMENTS COMPLIANCY  
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