



# Innovative Solutions Canada Program

## Call for Proposals

### Call 001

**Date:** February 19, 2018

**Solicitation No.:** EN578-120003/B

**GETS Reference Number:** PW-18-00816551

**Closing date:** Please refer to the Challenge Notice on [BuyandSell.gc.ca](http://BuyandSell.gc.ca)

**Issuing Office:**

Public Works and Government Services Canada  
Services and Technology Acquisition Management Sector  
Science and Software Systems Procurement Directorate  
Les Terrasses de la Chaudière  
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## **PART 1 - GENERAL INFORMATION**

### **1.1 Introduction**

Public Works and Government Services Canada (PWGSC) is issuing a Call for Proposals (CFP) on behalf of Innovation, Science and Economic Development Canada (ISED), seeking innovative solutions to address a wide range of challenges facing federal departments and agencies.

The Innovative Solutions Canada Program (ISC) is designed to support the development of early-stage, pre-commercial innovations by small businesses that have no more than 499 employees and demonstrate the capacity to develop an innovative solution.

### **1.2 Innovative Solutions Canada Program**

The ISC program is a multi-stage program that seeks solutions to challenges that start at the earliest level of technology development. Phase 1 targets proposed solutions starting at [technology readiness levels](#) (TRLs) 1-4 (inclusive), while Phase 2 is meant to further advance the TRL of the innovation.

#### Phase 1: Proof of Concept

Phase 1 is for the development and delivery of a proof of concept addressing a challenge articulated by a federal department or agency. The proof of concept will have to demonstrate the scientific and technical feasibility, and commercial potential, of a novel solution that addresses a federal department's challenge. If selected to be part of a Challenge Pool of Pre-qualified Proposals, an eligible small business may receive a contract for up to \$150,000 for a maximum of six months to develop and deliver a proof of concept. Small businesses must enter the program at Phase 1.

#### Phase 2: Prototype Development

Small businesses that successfully complete Phase 1 may receive a contract for up to \$1,000,000 for a maximum of two years to develop their solution beyond the proof of concept with the goal of developing and delivering of a prototype addressing a federal department's challenge. The Government of Canada will own the prototype at the end of the contract as referenced in [SACC Manual clause 2040](#) (2016-04-04), section 21 Ownership and section 29 Ownership of Intellectual Property Rights in Foreground Information.

#### Phase 3: Creating a Pathway to Commercialization

The purpose of Phase 3 is to support the commercialization of research & development (R&D) performed in Phase 2. Phase 3 may involve follow-on procurement of technologies or services intended for use by the federal department that originally issued the challenge or additional non-ISC funding to continue the R&D from Phase 2.



The [ISC Glossary](#) outlines the terminology employed throughout the solicitation and is incorporated by reference into and form part of this solicitation and any resulting contract award. Bidders should visit the [ISC website](#) for specific information on the ISC program.

### 1.2.1 ISC Program Eligibility

Eligible small businesses under the ISC program are those that meet all of the following criteria:

- for profit
- incorporated in Canada (federally or provincially)
- 499 or fewer full-time equivalent (FTE) employees\*
- research and development activities that take place in Canada
- 50% or more of its annual wages, salaries and fees are currently paid to employees and contractors who spend the majority of their time working in Canada\*
- 50% or more of its FTE employees have Canada as their ordinary place of work\*
- 50% or more of its senior executives (Vice President and above) have Canada as their principal residence\*

\* Calculations must take into account and include affiliated businesses, such as parent companies and subsidiaries that are either in or outside of Canada.

Under the Innovative Solutions Canada program, an "affiliate" relationship exists in the following situations:

- An affiliate is a corporation that is a subsidiary of another corporation
- If a corporation has two subsidiary corporations, the two subsidiaries are affiliates of each other; or
- If two corporations are controlled by the same individual or business, the two corporations are also affiliates of each other.

### 1.3 Call for Proposals (CFP) Procurement Approach

This CFP will be published on an ongoing basis for PWGSC to post federal departments Challenges. Details related to each Challenge will be published under distinct Challenge Notices on the Buy and Sell website, which will form part of this CFP solicitation.

This CFP invites proposals for Phase 1 only. It also addresses Phase 2 for which proposals may be sought after the completion of Phase 1.

### 1.4 Enquiries – Solicitation Period

All enquiries must be submitted in writing to the Contracting Authority no later than ten calendar days before the Challenge Notice closing date. Bidders should reference as accurately as possible the numbered item of the Solicitation Documents to which the enquiry relates. Care should be taken by Bidders to explain each question in sufficient detail in order to enable Canada to provide an accurate answer. Technical enquiries that are of a "proprietary" nature must be clearly marked "proprietary" at each relevant item. Items identified as proprietary will be treated as such except where Canada



determines that the enquiry is not of a proprietary nature. Canada may edit the questions or may request that the Bidder do so, so that the proprietary nature of the question is eliminated, and the enquiry can be answered with copies to all Bidders. Enquiries not submitted in a form that can be distributed to all Bidders may not be answered by Canada.

## **1.5 Contracting Authority**

The Contracting Authority for the ISC Challenge CFP solicitation is:

Public Works and Government Services Canada  
Procurement Branch  
Science and Software Systems Procurement Directorate (SSSPD)  
[TPSGC.SIC-ISC.PWGSC@tpsgc-pwgsc.gc.ca](mailto:TPSGC.SIC-ISC.PWGSC@tpsgc-pwgsc.gc.ca)

## **1.6 Applicable Laws, Agreements and Policies**

### **1.6.1 Trade Agreements**

#### Canadian Free Trade Agreement

This procurement is set aside from the Canadian Free Trade Agreement in accordance with Article 504, item 13, which states:

*This Chapter does not apply to procurement that is part of a small business set-aside program provided that the program is fair, open, transparent, and does not discriminate on the basis of origin or location within Canada of goods, services, or suppliers.*

#### North American Free Trade Agreement

This procurement consists of Research and Development services which are excluded from the application of the *North American Free Trade Agreement (NAFTA)* as per Annex 1001.1b-2, Section B.

This procurement is set aside from NAFTA in accordance with chapter 10, Annex 1001.2b, item 1(d), which states:

*This Chapter does not apply to procurements in respect of: (d) set-asides for small and minority businesses;*

#### World Trade Organization – Agreement on Government Procurement

Research and Development services are excluded from the application of the *World Trade Organization - Agreement on Government Procurement (WTO-AGP)* under Appendix 1, Annex 4 as they are not one of the applicable commodities listed in this agreement.

This procurement is set aside from WTO-AGP in accordance with Appendix 1, Canada's General Notes, article 1(d), which states:



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*Notwithstanding anything in these Annexes, the Agreement does not apply to procurements in respect of: (d) set-asides for small and minority businesses;*

### Canada-European Union Comprehensive Economic and Trade Agreement

Research and Development services are excluded from the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) as per Annex 19-5.

#### **1.6.2 Comprehensive Land Claim Agreements**

Depending on the Challenge and the proposal received, the region of delivery for the goods and/or services may be in an area subject to Comprehensive Land Claims Agreements (CLCAs). If this occurs, the procurement will be subject to the applicable CLCA.

#### **1.6.3 Applicable Laws**

Any resulting contract must be interpreted and governed, and the relations between the parties determined, by the laws in force in Ontario.

Bidders may, at their discretion, substitute the applicable laws of a Canadian province or territory of their choice without affecting the validity of their proposal, by deleting the name of the Canadian province or territory specified and inserting the name of the Canadian province or territory of their choice. If no change is made, it acknowledges that the applicable laws specified are acceptable to the Bidders.

#### **1.6.4 Security Requirements**

There may be security requirements associated with the resulting contracts. For more information on personnel and organization security screening or security clauses, Bidders should refer to the Industrial Security Program (ISP) of PWGSC at <http://www.tpsgc-pwgsc.gc.ca/esc-src/index-eng.html>

#### **1.6.5 Intellectual Property**

The default position of Canada is to allow contractors to retain the IP rights. In some cases, the IP rights could be negotiated with the bidders. Information on IP is available from the following sources:

- General Conditions 2040 30 (2016-04-04) Licenses to Intellectual Property Rights in Foreground and Background Information, found at: <https://buyandsell.gc.ca/policy-and-guidelines/standard-acquisition-clauses-and-conditions-manual/3/2040/17>
- Policy on Title to Intellectual Property Arising under Crown Procurement Contracts, found at: <http://www.ic.gc.ca/eic/site/068.nsf/eng/00005.html>



### **1.6.6 Canadian Content**

The requirement is limited to Canadian goods and/or services. The Bidder must be Canadian and must be submitting the proposal on its own behalf. A Canadian bidder is defined as a Bidder having a place of business in Canada where the Bidder conducts activities on a permanent basis that is clearly identified by name and accessible during normal working hours.

### **1.6.7 Attachments**

The following attachments can be accessed on the Buy and Sell website, <https://buyandsell.gc.ca/procurement-data/tender-notice/PW-18-00816551> and forms part of this Call for Proposals - Call 001 solicitation document:

Attachment 1 - Evaluation Grid 1 – Phase 1

Attachment 2 - Draft Resulting Contract Clauses and Statement of Work

Attachment 3 - Additional Certifications Required During Contract Negotiations

Attachment 4 – Phase 2 Proposal and Evaluation.



**PART 2 - BIDDER INSTRUCTIONS**

**2.1 Terminology**

In this document, terms identified below and their meaning referenced in the 2003 (2017-04-27) *Standard Instructions* are identified in the below table.

Term (used this document )	Term (2003 Standard Instructions)
Call for Proposals (CFP)	solicitation
Proposal	bid

**2.2 Standard Instructions, Clauses and Conditions**

All instructions, clauses and conditions identified in the CFP solicitation by number, date and title are set out in the Standard Acquisition Clauses and Conditions Manual (<https://buyandsell.gc.ca/policy-and-guidelines/standard-acquisition-clauses-and-conditions-manual>) issued by PWGSC.

Bidders who submit a proposal agree to be bound by the instructions, clauses and conditions of the CFP solicitation.

The 2003 (2017-04-27) Standard Instructions - Goods or Services - Competitive Requirements, are incorporated by reference into and form part of the CFP, and are amended as follows:

(a) Section 04, Definition of a Bidder:

**Delete:** It does not include the parent, subsidiaries or other affiliates of the Bidder, or its subcontractors.

(b) Section 05, Submission of Bids, subsection 2(d):

**Delete:** In its entirety.

(c) Section 05, Submission of Bids, subsection 4:

**Delete:** Bids will remain open for acceptance for a period of not less than 60 days from the closing date of the bid solicitation, unless specified otherwise in the bid solicitation.

**Insert:** Proposals will remain open for acceptance for a period of not less than 180 days from the date of proposal submission, unless specified otherwise in the bid solicitation.

(d) **Delete** the following sections in their entirety:

- Section 06 Late Bids
- Section 07 Delayed Bids
- Section 08 Transmission by Facsimile
- Section 09 Customs Clearance



(e) Section 14, Price Justification:

**Delete:** In the event that the Bidder's bid is the sole responsive bid received, the Bidder must provide, on Canada's request, one or more of the following price justification:

**Insert:** For all Pre-Qualified Proposals eligible for Contract award, the Bidder must provide, on Canada's request, one or more of the following price justification:

### **2.3 Communications Notification**

As a courtesy and in order to coordinate any public announcements pertaining to any resulting contract, the Government of Canada requests that successful Bidders notify the Contracting Authority five (5) business days in advance of their intention to make public an announcement related to the recommendation of a contract award, or any information related to the contract. The Government of Canada retains the right to make primary contract announcements.

### **2.4 Conflict of Interest**

The Contractor, its subcontractor(s) or any of their agent(s) directly or indirectly involved in the performance of the Work and/or in the production of the deliverables under any resulting Contract will not be precluded from bidding on any potential future bid solicitation related to the production or exploitation of any concept or prototype developed or delivered.



## PART 3 - PROPOSAL PREPARATION INSTRUCTIONS

### 3.1 Application/Bid Submission Form

- 3.1.1 Bidders are requested to submit their proposal using the electronic Application/Bid Submission Form. The form can be found by clicking the “Propose a solution” button on the ISC website under the specific challenge the Bidder is responding to. Challenges can be found at the following link: <http://www.ic.gc.ca/eic/site/101.nsf/eng/00001.html>
- 3.1.2 If a large number of Bidders access the web-based system at the same time, the electronic submission of proposals may be delayed. Bidders are solely responsible for ensuring their proposal is received by PWGSC on time by the Challenge Notice closing date and time. Proposals received after the specified period will not be evaluated.
- 3.1.3 When a proposal is submitted, an automated email is sent to the Bidder. This email serves as confirmation of receipt.
- 3.1.4 Should there be technical difficulties accessing or using the web-based system, Bidders must contact:  
**Email:** [ISED-ISDE@canada.ca](mailto:ISED-ISDE@canada.ca)  
**Telephone (toll-free in Canada):** 1-800-328-6189  
**Telephone (International):** 613-954-5031  
**TTY (for hearing-impaired):** 1-866-694-8389

Technical Assistance support is restricted to issues associated with mechanics of the online system. Technical Assistance Support personnel are not associated with the solicitation and are not in a position to comment on or provide interpretation on the Call for Proposals document or Challenge Notice. All non-technical assistance for proposal submission is to be directed to the Contracting Authority at: [TPSGC.SIC-ISC.PWGSC@tpsgc-pwgsc.gc.ca](mailto:TPSGC.SIC-ISC.PWGSC@tpsgc-pwgsc.gc.ca)

- 3.1.5 Bidders who are not able to submit their proposal using the electronic Application/Bid Submission Form must contact the Contracting Authority to arrange delivery of their proposals. This includes the submission of proposals with classified information.

### 3.2 Proposals

- 3.2.1 All proposals submitted will be bound by the same terms, conditions and limitations. For all proposals submitted, any text submitted above the character limit specified in the submission form will not be evaluated.
- 3.2.2 In the event that a proposal is submitted electronically and through an alternate mean for the same solution, the electronic proposal will take precedence unless otherwise specified by the Bidder.



### **3.3 Technical Proposal**

- 3.3.1 The Bidder's responses to the evaluation criteria presented in the Application/Bid Submission Form will form the Bidder's Technical Proposal. Bidders should respond to each criterion in a thorough, concise and clear manner. Bidders should provide Technical Proposal content that clearly addresses in sufficient depth the points that are subject to the evaluation criteria against which the proposal will be evaluated.
- 3.3.2 To maintain the integrity of the evaluation, evaluators will consider only information presented in the proposal. No information will be inferred and personal knowledge or beliefs will not be utilized in the assessment.
- 3.3.3 Bidders may submit proposals for one or more Challenges, but must submit a separate proposal for each Challenge. Each proposal will be evaluated separately on its own merit.
- 3.3.4 Bidders must only submit one proposal per Challenge. If more than one proposal is submitted for a Challenge only the last proposal submission will be considered. The last proposal submission will be determined by the system time stamp.

### **3.4 Financial Proposal**

- 3.4.1 The Bidder's responses to the financial criteria presented in the Application/Bid Submission Form will form the Bidder's Financial Proposal.
- 3.4.2 The Bidder's Financial Proposal should not exceed the maximum contract funding level specified in the Challenge Notice. Any dollar value exceeding the maximum contract funding amounts will be the Bidder's commitment of co-investment funding to a resulting contract.
- 3.4.3 The sub-contractor costs in the Bidder's Financial Proposal are not to exceed one-third of the total financial proposal costs.
- 3.4.4 The Financial Proposal submitted will be negotiated before contract award and must be in accordance with the PWGSC Contract Cost Principles 1031-2. More information can be found in the [Standard Acquisitions Clauses and Conditions manual](#).
- 3.4.5 The requirement does not offer exchange rate fluctuation risk mitigation. Requests for exchange rate fluctuation risk mitigation will not be considered. All proposals including such provision will render the proposal non-responsive.

### **3.5 Certifications**

- 3.5.1 Certifications required with the Bidder's proposal are identified on the Application/Bid Submission Form.
- 3.5.2 Certifications and additional information that may be required precedent to contract award are identified in Attachment 3 – Additional Certifications Required During Contract Negotiations.



## **PART 4 - EVALUATION PROCEDURES, BASIS OF SELECTION AND CONTRACT AWARD PROCESS**

### **4.1 Evaluation Procedures**

- (a) Proposals will be assessed in accordance with the entire requirement and the evaluation criteria. The evaluation criteria includes the criteria identified in:
  - i. For Phase 1: Attachment 1 -Evaluation Grid - Phase 1.
  - ii. For Phase 2 (if applicable): Attachment 4 – Phase 2 Proposal and Evaluation
- (b) If additional evaluation criteria, beyond what is identified in 4.1 (a) is applicable, it will be identified in the Challenge Notice.
- (c) An evaluation team composed of the National Research Council – Industrial Research Assistance Program (NRC-IRAP), PWGSC and/or subject matter experts from other government departments will evaluate proposals. If required, Canada may use an external Subject Matter Expert to evaluate any proposal. External Subject Matter Experts will be required to confirm they are not in a conflict of interest, and sign a non-disclosure agreement.
- (d) In conducting its evaluation, Canada may, but will have no obligation to, request clarifications from the Bidder regarding information provided by the Bidder with respect to any aspect of their proposal. This must not be construed as:
  - 1. an opportunity to provide supplemental information; or
  - 2. an intent to pre-qualify the proposal; or
  - 3. intent to contract with the Bidder.

The Bidder must provide a response to the written request for clarification or verification issued by the Contracting Authority in accordance with the provisions of the request, which may include a time period in which to provide the response. Failure to comply with the request may result in the proposal being declared non-responsive and given no further consideration.

#### **4.1.1 Proposal Evaluation**

Canada will evaluate the mandatory criteria and any point-rated criteria with a minimum pass mark. Proposals must meet all mandatory criteria and achieve all minimum pass marks identified in Attachment 1 - Evaluation Grid - Phase 1.

Proposals that do not meet all mandatory criteria, or do not achieve all minimum pass marks, will be declared non-responsive and will receive no further consideration.

The proposals that meet all mandatory criteria and achieve all minimum pass marks will be evaluated against the remaining point rated criteria identified in Attachment 1 -Evaluation Grid - Phase 1.



PART 4 – Evaluation Procedures, Basis of Selection and Contract Award Process

A proposal must obtain an overall minimum pass mark, if applicable. Overall minimum pass marks will be identified in Attachment 1 -Evaluation Grid - Phase 1. Proposals not meeting the overall minimum pass mark will be deemed non-responsive and given no further consideration.

All proposals meeting the overall minimum pass mark will be placed in the Challenge Pool of Pre-Qualified Proposals.

#### **4.2 ISC Challenge CFP Pools of Pre-Qualified Proposals**

Proposals will be placed in a Challenge Pool of Pre-Qualified Proposals for the duration of the bid validity period. Placement into a Pool does not guarantee that a proposal will be selected or that a contract will be awarded.

#### **4.3 Basis of Selection**

All proposals in the Challenge Pre-Qualified Pools will be considered for contracts.

The Challenge Department will form a Proposal Selection Committee. As needed, other government department Subject Matter Experts may form part of the committee. The Contracting Authority will also participate in the Proposal Selection Committee as observer. The Proposal Selection Committee considers the evaluation results of the Pre-Qualified Proposals and examines multiple parameters, such as:

- Departmental priorities,
- Number of investments across Departmental priorities,
- Previous years' investments,
- The strength of individual proposals,
- Changes to Government of Canada priorities,
- Similar initiatives being funded by the Department,
- Emerging operational and policy issues,
- Project types and technology readiness levels.

The Proposal Selection Committee may select one proposal, more than one proposal or no proposal under a specific Challenge Notice. The decision to select a proposal is at the sole discretion of the Proposal Selection Committee. Proposals which earn the highest overall pass mark may not be the proposals selected.

Responsive proposals that are at first not selected by the Proposal Selection Committee could be selected on a later date as long as the bid validity period has not expired.

##### **4.3.1 Debriefing**

Each Bidder will be issued a detailed debrief letter noting the final results of the evaluation. Upon receipt of the evaluation results, Bidders may contact the Contracting Authority to discuss the results of their proposal evaluation within 15 working days of the date of receipt of the debrief letter.

#### **4.4 Contract Award Process**



To be considered for contract award a proposal must successfully complete the contract award process before expiry of the bid validity period.

The process is as follows:

#### **4.4.1 Statement of Work**

The Challenge Department, Innovation, Science and Economic Development Canada, and the Bidder will work together to develop a Statement of Work (SOW). The SOW will clearly and concisely define the tasks to be performed and the deliverables to Canada. The SOW may be re-scoped to ensure both the Bidders' and Challenge Departments' needs are met within the framework of the ISC Program. The SOW must represent a benefit to Canada. PWGSC will review the SOW to ensure contract language is used.

#### **4.4.2 Financial Capability**

The Contracting Authority may undertake the following:

- a) obtain financial information to verify the Bidder's capacity to undertake the Work;

If a Bidder fails to demonstrate adequate financial resources to complete the Work a contract will not be awarded.

#### **4.4.3 Contract Negotiations**

Upon completion of the SOW, the Contracting Authority will:

- a) request a cost breakdown and provision of price support from the bidder to support the costs;
- b) request additional certifications and other information required before contract award; and
- c) provide a draft copy of the contract terms and conditions.

PWGSC must verify that all costs are fair and reasonable. If a cost cannot be supported the cost may not be included in the contract. Failure to achieve consensus on any aspect of the negotiations will result in the proposal being set aside and not given any further consideration. If an agreement cannot be reached between Canada and the Bidder within 4 months from the date of notification of acceptance into the pool of pre-qualified proposals, Canada reserves the right to stop negotiations with the Bidder and dissociate the funds.

#### **4.4.4 Contract Award – Phase 1**

Upon successful completion of all steps in the Contract Award Process, internal approval will be sought and the Bidder's proposal will be recommended for contract award.



PART 4 – Evaluation Procedures, Basis of Selection and Contract Award Process

**4.5 Phase 2: Prototype Development**

Phase 2 of the ISC program includes prototype development, small scale production and putting research into action through limited pre-commercial deployment in a government setting.

Canada will have the option to purchase Phase 2 work from small businesses that have successfully completed Phase 1. The purchase may be in the form of a Phase 1 contract amendment or a new contract.

Acceptance into Phase 2 is not guaranteed based on successful participation in Phase 1.

Canada will request a Phase 2 proposal from all Phase 1 small businesses whose proposed solution has reached a minimum TRL 3 and have submitted a proof of concept final report at the end of Phase 1. Small businesses who did not reach a minimum TRL 3, or did not submit a proof of concept final report at the end of Phase 1 will not be invited to participate in Phase 2. The Phase 2 proposal template, requirements and evaluation criteria can be found at Attachment 4 – Phase 2 Proposal and Evaluation.

**4.5.1 Proposal Process – Phase 2**

Once Canada has received the Phase 1 proof of concept final report, the small business whose proposed solution has reached a minimum TRL 3 will be invited to submit a Phase 2 proposal using the Phase 2 proposal template found in Attachment 4 – Phase 2 Proposal and Evaluation. The Contracting Authority will notify the small business of the deadline to submit their Phase 2 proposal and any additional instructions. Only Phase 2 proposals received by the due date will be considered.

Canada reserves the right to not proceed with Phase 2.

Phase 2 proposals will be evaluated in accordance with section 4.1 Evaluation Procedures.

**4.5.2 Proposal Evaluation**

Canada will evaluate the point-rated criteria with a minimum pass mark. Proposals must achieve all minimum pass marks identified in Attachment 4 – Phase 2 Proposal and Evaluation.

Proposals that do not achieve all minimum pass marks, will be declared non-responsive and will receive no further consideration.

The proposals that achieve all minimum pass marks will be evaluated against the remaining point rated criteria identified in Attachment 4 – Phase 2 Proposal and Evaluation.

**4.5.3 Basis of Selection – Phase 2**

The Challenge Department will form a proposal selection committee. As needed, other government department Subject Matter Experts may form part of the committee. The Contracting Authority will also



PART 4 – Evaluation Procedures, Basis of Selection and Contract Award Process

participate in the Phase 2 Proposal Selection Committee as observer. The Proposal Selection Committee considers the evaluation results of the Phase 2 proposals and examines multiple parameters, such as:

- Departmental priorities,
- Number of investments across Departmental priorities,
- Previous years' investments,
- The strength of individual proposals,
- Changes to Government of Canada priorities,
- Similar initiatives being funded by the Department,
- Emerging operational and policy issues,
- Project types and technology readiness levels.

The Phase 2 Proposal Selection Committee may select one proposal, more than one proposal or no proposal under a specific Challenge Notice. The decision to select a proposal is at the sole discretion of the Phase 2 Proposal Selection Committee. Proposals which earn the highest overall point score may not be the proposals selected.

#### **4.5.4 Optional Phase 2 Work**

The steps identified in Contract Award Process 4.4.1 to 4.4.3 inclusive, will apply to the Phase 2 contract award. Upon successful completion of these steps, internal approval will be sought and the small business's proposal will be recommended for contract award. Canada reserves the right to amend the Phase 1 contract or award a new contract.



**PART 5 – TECHNOLOGY READINESS LEVELS SCALE**

Technology Readiness Level	Description
<b>TRL 1—Basic principles observed and reported</b>	Lowest level of technology readiness. Scientific research begins to be translated into applied research and development (R&D). Examples might include paper studies of a technology's basic properties.
<b>TRL 2—Technology concept and/or application formulated</b>	Invention begins. Once basic principles are observed, practical applications can be invented. Applications are speculative, and there may be no proof or detailed analysis to support the assumptions.
<b>TRL 3—Analytical and experimental critical function and/or characteristic proof of concept</b>	Active R&D is initiated. This includes analytical studies and laboratory studies to physically validate the analytical predictions of separate elements of the technology.
<b>TRL 4—Product and/or process validation in laboratory environment</b>	Basic technological products and/or processes are tested to establish that they will work.
<b>TRL 5—Product and/or process validation in relevant environment</b>	Reliability of product and/or process innovation increases significantly. The basic products and/or processes are integrated so they can be tested in a simulated environment.
<b>TRL 6—Product and/or process prototype demonstration in a relevant environment</b>	Prototypes are tested in a relevant environment. Represents a major step up in a technology's demonstrated readiness. Examples include testing a prototype in a simulated operational environment.
<b>TRL 7—Product and/or process prototype demonstration in an operational environment</b>	Prototype near or at planned operational system and requires demonstration of an actual prototype in an operational environment (e.g. in a vehicle).
<b>TRL 8—Actual product and/or process completed and qualified through test and demonstration</b>	Innovation has been proven to work in its final form and under expected conditions. In almost all cases, this TRL represents the end of true system development.
<b>TRL 9—Actual product and/or process proven successful</b>	Actual application of the product and/or process innovation in its final form or function