

## **Innovative Solutions Canada Program**

### **Call for Proposals EN578-170003/B**

#### **Attachment 5**

#### **Questions and Answers #1 to #20**

This document consolidates all questions and answers to the Call for Proposals (CFP) EN578-170003/B document identified in amendments 001 to 006. Amendments 001 to 006 have been removed from Buy and Sell.

Please note responses to questions #10 and #13 have been revised for challenges issued May 31, 2018 or later.

A consolidated version of all changes to the CFP can now be found in a separate document located in “CFP 001 amendment 007 – english”.

#### **Question #1:**

We are interested in participating in the ISC Program, but being part of a multi-national corporation with more than 500 employees worldwide, we would not be eligible to submit a proposal. If one of our small business partners proposes a project, can we help them (as subcontractors)?

In the conditions of the Call for Proposals it is indicated that subcontractors can do a maximum of 1/3 of the work (budget), but there is no limitation regarding the type of business of the subcontractors. Can the subcontractors be a large company? During submission process, is it mandatory to identify the subcontractors, or can they be un-identified?

#### **Response #1:**

The Bidder must perform at least two-thirds (2/3) of the work in Phase 1 and a half (1/2) of the work for Phase 2. The remaining work can be sub-contracted to other organizations or individuals. Sub-contractor(s) may be academic, industrial or not-for-profit, and do not need to meet the small business eligibility requirements.

Subcontractors should be identified in the Management and Technological Capability section of the Application/Bid Submission form. If a subcontractor hasn't been identified, and the Bidder's proposal is selected, the subcontractors will need to be identified during the contract negotiation process.

#### **Question #2:**

Is the application form the same for grants and contracts?

#### **Response #2:**

No. The Application/Bid Submission form for grants and contracts have several different fields. It is therefore important to ensure that you access the Application/Bid Submission form through the “Propose a solution” button on the specific challenge page of the ISC website, for which you are submitting a proposal. Once you have downloaded the form, ensure to select the Challenge ID from the drop-down menu of open challenges in Section #4 that corresponds to the challenge you wish to respond to.

**Question #3:**

Can a Canadian government department (Defence Research and Development Canada (DRDC) for example) be a direct partner in a proposal?

**Response #3:**

A government department or agency cannot be a partner in the proposal. The Sponsoring Department is funding the development of the potential solutions and would be receiving the work completed under any resulting contract.

However, eligible applicants are allowed to use sub-contractors, such as academia, industrial or not-for-profits, to perform the anticipated work in Phases 1 and 2. Sub-contractors are not required to meet the eligibility requirements of the program. Any government department or agency cannot be included as a subcontractor under any resulting contract. Applicants must perform at least two-thirds (2/3) of the research and development (R&D) work in Phase 1 and a half (1/2) of the work for Phase 2. The remaining work can be sub-contracted.

**Question #4:**

Payments are structured as progress payments upon completion of percentages of work and milestones, which largely rules out very early-stage start-ups without significant operating capital or access to credit. Are advance payment terms considered, as are sometimes done in the case of US SBIR contracts?

**Response #4:**

Advance payments will not be considered for contract-based challenges, but progress payments may be made on a monthly basis for costs incurred in accordance with the contract. Under a grant-based challenge, funding can be disbursed in a single advance payment (i.e., Phase 1) or in specified installments (i.e., Phase 2).

**Question #5**

The Call for Proposals requires that contracts procure 80% of goods and services as purely Canadian content. Has this been considered in detail? This isn't like a typical public works contract - a large amount of goods one might require for high tech R&D work are quite simply not made in Canada, because we lack that sort of industry (eg: test equipment, semiconductor foundries, industrial robots). Tools and materials will likely need to be imported from the United States and the EU. Has ISED/PWGSC considered adding an exemption clause for cases where it is impossible or unreasonable to procure Canadian goods and services for a particular purpose?

**Response #5**

The 80% Canadian Content requirement is to promote the development of novel solutions by Canadian innovators and entrepreneurs within Canada. Twenty percent of the proposal costs may be used to purchase materials or services outside of Canada.

**Question #6**

I see that DND has marked their two active ISC challenges ("Advanced Coatings and Materials for Personal Protective Ensembles" and "Robust BLOS Communications in Satellite-Denied Environments") as "contract" rather than "grant." Other than changing the cost eligibility structure (ISC grant eligible costs vs. contract cost principles 1031-2), how does the decision to offer these challenges as contracts differ from the grant? To me, "contract" implies a pre-defined, concrete deliverable, such as a physical product or a detailed report. However, DND's challenge descriptions do not call out specific deliverables,

so it is difficult to structure a program plan without knowing what our obligations would be under an ISC contract.

What deliverables does DND expect for their challenges, in particular for the BLOS communications challenge?

**Response #6**

Participating departments and agencies may use grants or contracts to support the development of novel solutions in response to specific challenges. A grant is envisioned if a department is seeking a solution that will advance its mission and mandate but without receiving a direct benefit or deliverable from the award of a grant. In contrast, a department or agency may use a contract to support the development of a solution that it expects to directly use in its operations.

ISC defines Contract and Grant as follows:

**Contract:** An agreement between two or more persons, which creates an obligation to do or not to do a particular thing.

**Grant:** A transfer payment subject to pre-established eligibility and entitlement criteria. A grant is not subject to being accounted for by a recipient nor normally subject to audit by the department. The recipient may be required to report on results achieved.

Innovative Solutions Canada is designed to seek truly novel solutions from Canadian small business. Challenges posted through ISC may appear to provide few details or specifications on what the desired solutions should look like. This is intentional. Challenge statements will contain some guidance on desired outcomes, but will not prescribe how a solution should work or function. We leave that to the creativity and ingenuity of Canada's innovators.

For contract-based challenges, after a bidder's proposal is selected from the Pool of Pre-qualified Proposals, a Statement of Work will be developed based on the Contractor's proposal. The Statement of Work will identify the tasks to be performed and the deliverables to Canada. For example, one of the deliverables for the Phase 1 SOW will be the Proof of Concept Report. Therefore, your description of a contract is correct, but the pre-defined, concrete deliverables will be defined after proposal submission.

**Question #7**

Would it be possible to find out the evaluation time for the proposed solutions and the date for the challenge results?

**Response #7**

Evaluation time is dependent on the number of proposal received and the availability of evaluators. Therefore, we are unable to provide an estimate of the evaluation time.

**Question #8**

When is the earliest and latest possible Start Date for Phase 1?

**Response #8**

The Phase 1 start date can be negotiated at the time of contract award. Bidders are required to include the estimated start date of the Phase 1 work in their proposal.

**Question #9**

Can the solution be classified into several components in which each component has a different starting and ending Technology Readiness Level (TRL)?

**Response #9**

Although products under development will have components that are at different TRL for their own function, the Bidder must identify the single TRL for the proposed solution as a whole.

**Question #10**

Can figures or pictures be included in the submission to assist with understanding concepts/solutions described in the submission? If figures are used, can we still use up to 3000 characters for the sections?

**Original Response #10**

No. Only text can be included in the submission.

**Revised Response #10**

Effective May 31, 2018, as part of your bid in Section 4, you may optionally attach a diagram, schematic, or chart as a reference to your proposed solution. Details on the attachment can be found in the Application/Bid Submission Form.

**Question #11**

If we apply as a team of two companies, will the contract go to one primary company (and the other will be its subcontractor), or will it be split between the two? What would be the max amount for phase one if split? This is to clarify responsibilities.

**Response #11**

Bids must be submitted by a single bidder. Two or more companies incorporated as a single entity who meet all of the program eligibility criteria may submit a bid.

Bidders are allowed to use sub-contractors, such as academia, industrial or not-for-profits, to perform the anticipated work in Phases 1 and 2. Sub-contractors are not required to meet the eligibility requirements of the program. Any government department or agency cannot be included as a subcontractor under any resulting contract. Bidders must perform at least two-thirds (2/3) of the research and development (R&D) work in Phase 1 and a half (1/2) of the work for Phase 2. The remaining work can be sub-contracted.

**Question #12**

Are we required to, or can we use, references to support our proposal? Is there any additional space available, beyond the 3000-character limitation, for adding the list of the references that are cited in the proposal? We are referring to literature review references, such as papers published in academic journals and statistics published by reputable sources. For example, we may cite a particular statistic in our proposal. If we do so, are we required to provide a reference or is it optional?

**Response #12**

It is not mandatory under the Call for Proposals to provide references, however, citing sources of information will help to support the validity of the information provided in the proposal. For example, with respect to technical and scientific basis of the solution. There will be no additional space provided for references.

**Question #13**

How can we submit figures (e.g. block diagrams, etc.) along with our application? I could not find a way to do that in the PDF application form.

**Original Response #13**

Only text can be included in the Challenge Application/Bid Submission Form

**Revised Response #13**

Effective May 31, 2018, as part of your bid in Section 4, you may optionally attach a diagram, schematic, or chart as a reference to your proposed solution. Details on the attachment can be found in the Application/Bid Submission Form.

**Question #14**

Can we provide additional information in support to the application form, such as potential client testimony with regards to the proposed technology, to support Section 4, question 5b?

**Response #14**

Bidders should only respond to the questions in the Challenge Application/Bid Submission form. Potential client testimony and/or references will not be considered in the evaluation.

**Question #15**

The Innovative Solutions Canada call for proposal refers to SACC Manual clause 2040, which states that the work resulting from this contract belongs to Canada. How are we to commercialise the solution developed during Phase 2 if we do not own it? Could you clarify who will own the IP?

**Response #15**

The Work under the contract is defined in SACC Manual clause 2040 and means all the activities, services, goods, equipment, matters and things required to be done, delivered or performed by the Contractor under the Contract. This includes the deliverables submitted to Canada, such as reports and prototypes. This Work will belong to Canada.

The default position of Canada is to allow small businesses to retain the IP rights of innovations developed under Innovative Solutions Canada. On an exceptional basis, the ownership of IP rights could be negotiated with potential bidders prior to contract award, depending on the challenge.

For additional information, Bidders are encouraged to review the Intellectual Property clauses in [SACC Manual clause 2040](#).

**Question #16**

Is the Canadian submitter required to be registered with Public Works and Government Services Canada? Or, can the submitter be an ordinary commercial entity?

**Response #16**

When submitting a proposal, the Bidder is not required to be registered with Public Works and Government Services Canada.

Suppliers are required to have a Procurement Business Number (PBN) before contract award. Suppliers may register for a PBN online at Supplier Registration Information

(<https://srisupplier.contractsCanada.gc.ca>). For non-Internet registration, suppliers may contact the InfoLine at 1-800-811-1148 to obtain the telephone number of the nearest Supplier Registration Agent.

#### **Question #17**

I noticed that one of the attachments included as part of the ISC is "Attachment 4". I wanted to confirm that this isn't required as part of the Phase 1 submission.

#### **Response #17**

Correct, this is not required as part of Phase 1 submission. Attachment 4 is related to Phase 2 of the ISC Program. For more information on Phase 2, please refer to section 4.5 – Phase 2: Prototype Development of the ISC Call for Proposals at:

[https://buyandsell.gc.ca/cds/public/2018/02/19/122930a67470c8936755d033d3cd9ddb/isc\\_call\\_for\\_proposals\\_en578-170003\\_b\\_call\\_001.pdf](https://buyandsell.gc.ca/cds/public/2018/02/19/122930a67470c8936755d033d3cd9ddb/isc_call_for_proposals_en578-170003_b_call_001.pdf)

#### **Question #18**

Do you know if it's encouraged to have a project that is more than the maximum grant value of \$150,000 (for Phase 1), to show that the contribution is helping (at least a little) to advance the work being done? Or would presenting the project along the lines of this contribution funding the entire project with the total cost at (or under) \$150,000 be more appropriate?

#### **Response #18**

For clarification, the funding mechanism for all of the challenges subject to this Call for Proposals is contracts. A contract is for the purchase of specified work. There will be no grants awarded as a result of this Call for Proposals. For grant-funded challenges, please refer to the [ISC program website](#).

The Financial Proposal should represent the eligible costs associated with completing Phase 1 only (development and delivery of a proof of concept addressing the challenge).

The Bidder's Financial Proposal should not exceed the maximum contract funding level specified in the Challenge Notice however, any dollar value exceeding the maximum contract funding amounts will be the Bidder's commitment of co-investment funding to a resulting contract. Bidders will not receive additional points in the evaluation for projects that exceed the maximum contract funding available.

The Financial Proposal submitted will be negotiated before contract award and must be in accordance with the [PWGSC Contract Cost Principles 1031-2](#). As part of the contract negotiations, Bidders will be required to provide a cost breakdown and price support to support the costs identified in the Financial Proposal.

#### **Question #19**

If we partner with a university who will provide PHD student assistance on the project, would their costs and effort be limited under the subcontractor cap (33%) or would they be considered labour costs?

#### **Response #19**

To be considered labour costs, the Work must be performed by employees of the [eligible](#) Bidder. Otherwise, they will be considered sub-contracting costs and limited under the subcontractor cap. Sub-contractor(s) may be academic, industrial or not-for-profit. Bidders must perform at least two-thirds (2/3) of the research and development (R&D) work in Phase 1 and a half (1/2) of the work for Phase 2. The remaining R&D can be sub-contracted to other organizations or individuals.

In this specific circumstance, the University would be considered an academic sub-contractor.

**Question #20**

Could it be possible for someone in your team to preview our application and give feedbacks before the submission?

**Response #20**

ISC does not provide proposal feedback in advance. Proposals will be evaluated against the evaluation criteria after the challenge closes.