

Best Defence Conference 2015 Panel

Maximizing Your Value Proposition Panel

Moderator Remarks

November 4th, 2015, London Convention Centre, London, Ontario

Check Against Delivery

I PROMISE TO MONOPOLIZE YOUR TIME FOR ONLY A SHORT WHILE LONGER AS I'M HERE TO MODERATE OUR FIRST PANEL WHICH IS ABOUT MAXIMIZING YOUR VALUE PROPOSITION AND HOW IT AFFECTS BIDS.

A BIT OF LOGISTICS BEFORE WE BEGIN. I'LL TAKE A FEW MINUTES TO TEE THE SUBJECT UP AND TURN THE FLOOR OVER TO EACH PANELIST WHO WILL GIVE YOU THEIR THOUGHTS FOR AROUND 10-15 MINUTES EACH AND THEN WE'LL OPEN THE FLOOR FOR 15-20 MINUTES TO TAKE A FEW QUESTIONS. WE HAVE PLENTY OF TIME TO TAKE QUESTIONS AT THE END, SO PLEASE DON'T HESITATE TO STEP FORWARD AND ASK AWAY.

SO WITHOUT FURTHER ADO, IT IS AN HONOUR FOR ME TO BE MODERATING THIS PANEL OF DISTINGUISHED DEFENCE INDUSTRY EXECUTIVES: TIM PAGE, VP GOVERNMENT RELATIONS AT SEASPAN SHIPYARDS; KENDRA DANBROOK, STRATEGIC ACCOUNT MANAGER AT DUMUR INDUSTRIES, AND PETER GARTENBURG, VP OF L3 CANADA OPERATIONS.

VALUE PROPOSITION MEANS DIFFERENT THINGS TO DIFFERENT PARTS OF OUR INDUSTRY DEPENDING UPON WHERE YOU SIT IN THE FOOD CHAIN. IF YOU ARE AN OEM OR A PRIME CONTRACTOR BIDDING DIRECTLY TO THE GOVERNMENT OF CANADA, IT MIGHT MEAN A PART OF YOUR BID GETS WEIGHTED AND RATED AND THAT YOU HAVE TO DEMONSTRATE THE VALUE THAT YOU ARE BRINGING TO CANADA. IF YOU ARE A SUPPLIER IT MIGHT MEAN HOW YOU ARTICULATE TO THE PRIME CONTRACTOR WHAT YOU BRING TO THE TABLE IN TERMS OF YOUR OFFERING AND HOW IT FITS INTO THEIR END BIDDING STRATEGY OR WHY YOU MIGHT FIT INTO THEIR GLOBAL SUPPLY CHAIN. TO SOMEONE LIKE ME, IT SIMPLY BOILS DOWN TO A GOOD VALUE PROPOSITION BEING ONE OF THE MOST IMPORTANT WAYS TO WIN BUSINESS NO MATTER WHERE YOU FIT.

FOR PRIME CONTRACTORS, THE NEW ITB REGIME HAS INTRODUCED SOMETHING CALLED A VALUE PROPOSITION - YOU'VE BEEN HEARING ABOUT IT A LOT AND SOME RECENT RFPS, FOR EXAMPLE ONE ON HEAD QUARTERS SHELTER SYSTEMS (HQSS), HAVE INCLUDED NASCENT VERSIONS OF THEM. CADSI WILL BE GATHERING INDUSTRY'S INITIAL EXPERIENCES IN THE NEW YEAR TO GIVE THE GOVERNMENT SOME ADVICE AND INSIGHT ON RECENTLY RELEASED VALUE PROPOSITIONS AND TO SHARE OUR

EXPERIENCES WITH THE PROCESS.

NEVERTHELESS, THE PRINCIPLE REMAINS THE SAME: THIS PART OF A BID REQUIRES PRIME CONTRACTORS TO DEMONSTRATE VALUE TO CANADA. IT INCLUDES A POINT SYSTEM WHEREBY ROUGHLY 10% OF A BID'S POINTS WILL BE ALLOCATED TO THE STRENGTH OF THE BIDDER'S VALUE PROPOSITION. THE BETTER THE VALUE PROPOSITION, THE HIGHER THE SCORE. YOU MIGHT BE ASKING "WELL WHAT DOES A GOOD VALUE PROPOSITION LOOK LIKE AND WHY WOULD I (MAYBE YOU ARE AN SME) CARE?"

WELL, RIGHT NOW PRIME CONTRACTORS ARE OUT LOOKING FOR ALL KINDS OF CAPABILITY, MANY ARE ACTIVELY POSITIONING FOR THE CANADIAN SURFACE COMBATANT (CSC) PROJECT, BUT SOME CONDITIONS YOU CAN PRESENT TO THEM MIGHT BE MORE ENTICING THAN OTHERS. IF YOU HAVEN'T PICKED UP AND READ THE GOVERNMENT OF CANADA'S VALUE PROPOSITION GUIDE, I WOULD ENCOURAGE YOU TO. THERE'S A SECTION IN THERE ABOUT EVALUATION CRITERIA. THE MORE YOUR PITCH HITS THESE POINTS: THINGS LIKE HOW YOUR TECHNOLOGY IS DUAL-USE AND WHERE YOU SEE EXPORT OPPORTUNITIES AND WHETHER OR NOT IT IS CONSIDERED A RESEARCH AND DEVELOPMENT ACTIVITY, THE MORE ENTICING YOU ARE GOING TO LOOK AND THE FASTER A PRIME CONTRACTOR WILL SEE HOW YOU CAN FIT WITHIN THE OVERALL "PUZZLE" OF THEIR BID.

THIS BEING SAID, NOT ALL OF YOU ARE ALREADY DOING BUSINESS IN DEFENCE, YOU MIGHT BE HERE BECAUSE YOU'VE HEARD ABOUT THESE BIG OPPORTUNITIES, AND BREAKING INTO ALREADY ESTABLISHED SUPPLY CHAINS IS ALWAYS A CHALLENGE. EVERYTHING FROM GETTING VISIBILITY AND TIMING - AND THIS EXTENDS TO THINGS LIKE HAVING SECURITY CLEARANCES AND CONTROLLED GOODS TRAINING AVAILABLE WITHIN YOUR COMPANIES - TO YOUR OFFERING ITSELF WHICH I HESITATE TO SAY MIGHT NEED TO BE EVEN MORE INNOVATIVE AND COST COMPETITIVE TO GET INSIDE THE TENT. REMEMBER, IRRESPECTIVE OF WHETHER OR NOT PRIME CONTRACTORS WILL NEED TO DEMONSTRATE VALUE TO CANADA, IT IS STILL A COMPETITION, BETWEEN PRIME AND SUPPLIERS - TO GET ACCESS TO THE PRIMES.

I WAS LUCKY ENOUGH TO WORK WITH SUE DABROWSKI AT MANNARINO SYSTEMS & SOFTWARE (A MEMBER COMPANY) OUT OF MONTREAL LAST MONTH. JOHN MANNARINO STARTED THE BUSINESS AS A START-UP IN THE COMMERCIAL AEROSPACE ECOSYSTEM AND HAS VERY SUCCESSFULLY MADE THE TRANSITION TO DEFENCE FACING SOME HURDLES ALONG THE WAY. SUE AND I CO-AUTHORED AN ARTICLE IN THE NOVEMBER ISSUE OF VANGUARD, CALLED "A ROADMAP FOR SMES LOOKING TO WORK IN THE DEFENCE FIELD." WE WROTE THE ARTICLE TO PROVIDE A LITTLE BIT OF ADVICE FOR SMES WHO WANT TO EXPAND FROM COMMERCIAL SALES TO THE MILITARY MARKET ON HOW TO POSITION THEMSELVES WITH PRIME CONTRACTORS AND NAVIGATE THE COMPLEX FEDERAL DEFENCE PROCUREMENT PROCESS. I'VE BROUGHT A FEW COPIES WITH ME AND THEY'RE SITTING AT THE CADSI INFORMATION BOOTH - FOR THOSE OF YOU LOOKING TO BREAK IN YOU ARE MORE THAN WELCOME TO TAKE A READ.

SO WITH ALL THIS AS BACKDROP, I WILL NOW TURN THE DISCUSSION OVER TO OUR PANELISTS THIS MORNING WHO ARE EXCEPTIONALLY WELL EQUIPPED TO GIVE YOU INSIGHTS AND PERSPECTIVES HOW COMPANIES ARE THINKING ABOUT THE VALUE PROPOSITION; AVAILABLE OPPORTUNITIES; AND SOME ADVICE FOR THOSE OF YOU

LOOKING TO PUT TOGETHER AN OFFER THAT CATCHES THE ATTENTION OF THOSE COMPANIES WHO ARE PREPARING THEMSELVES FOR THE NEXT ROUND OF BIDDING. TIM, IF YOU COULD LEAD OFF.