

Western Innovation Forum Panel

The Defence Supply Chain in Canada: What it Takes to Win Panel

Moderator Remarks

April 16th, 2015, The Fairmont Hotel, Vancouver, Vancouver, British Columbia

Check Against Delivery

IT'S A PLEASURE FOR ME TO BE HERE TODAY AND FOR CADSI TO BE WORKING WITH OUR PARTNERS AT WD FOR A SECOND YEAR IN A ROW TO BRING TO YOU THE WESTERN INNOVATION FORUM. WHAT CADSI AND WD HAVE BEEN DOING WITH WIF OVER THE PAST TWO YEARS IS A GREAT EXAMPLE OF THE TYPE OF GOVERNMENT-INDUSTRY PARTNERSHIP THE DEFENCE SECTOR NEEDS TO FLOURISH. IN THIS CONNECTION, I WANT TO SINGLE OUT MINISTER REMPEL FOR HER TIRELESS SUPPORT OF OUR INDUSTRY AND FOR BRINGING THESE OPPORTUNITIES TO WESTERN CANADA.

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 ABOUT 10 MINUTES EACH AND THEN WE'LL OPEN THE FLOOR FOR 10-15 MINUTES TO TAKE A FEW QUESTIONS. I'D LIKE TO WARN EVERYONE IN ADVANCE THAT I PLAN TO BE RUTHLESS ON TIME AND THAT WE HAVE A HARD-STOP AT 11:55 AS MINISTER FINLEY WILL BE ADDRESSING US FOR LUNCH; I NEED TO PULL A DOUBLE-SHIFT TO INTRODUCE HER.

SO, WITHOUT FURTHER ADO, IT IS AN HONOUR FOR ME TO BE MODERATING THIS PANEL OF DISTINGUISHED DEFENCE INDUSTRY EXECUTIVES: RAY CASTELLI, CEO OF WEATHERHAVEN; DAVE HARGREAVES, VP SURVEILLANCE AND INTELLIGENCE AT MDA; TIM PAGE, MY PREDECESSOR AND NOW VP GR AT SEASPAN SHIPYARDS; AND JERRY MACLEAN, VP AND MANAGING DIRECTOR AT THALES CANADA DEFENCE AND SECURITY.

THE COMPOSITION OF THIS PANEL ILLUSTRATES THE BREADTH OF TECHNOLOGIES AND CAPABILITIES THAT THE CANADIAN DEFENCE SECTOR POSSESSES, A FEATURE OF OUR INDUSTRY THAT IS UNFORTUNATELY NOT AS WELL-KNOWN AS IT SHOULD BE. THIS IS SOMETHING CADSI AIMS TO CHANGE OVER THE COMING MONTHS AND INTO THE NEXT YEAR THROUGH ACTIVE COMMUNICATIONS DESIGNED TO BETTER INFORM CANADIANS ABOUT OUR SECTOR AND HIGHLIGHT ITS IMPORTANCE TO THE CANADIAN ECONOMY AND NATIONAL DEFENCE AND SECURITY.

OUR INDUSTRY IS ENTERING A NEW WORLD WITH LAST YEAR'S ANNOUNCEMENT BY THE GOVERNMENT OF CANADA OF THE DEFENCE PROCUREMENT STRATEGY. FOR THOSE OF

YOU WHO HAVE NOT BEEN AS INVOLVED AS SOME OF OUR PANELISTS, I'D LIKE TO START WITH A PICTURE OF WHAT THIS NEW SYSTEM COULD LOOK LIKE IN ACTION. BEARING IN MIND THAT WHAT WE ARE SEEING NOW IN PROCUREMENT PROJECTS IS NASCENT.

A LARGE PROCUREMENT IS GOING TO BE MADE. PRIOR TO THE LAUNCH, THE DEFENCE PROCUREMENT SECRETARIAT - MADE UP OF DECISION-MAKERS FROM THE KEY STAKEHOLDERS, INCLUDING NATIONAL DEFENCE, PUBLIC WORKS, INDUSTRY CANADA, TREASURY BOARD AND PERHAPS EVEN TRADE, REVIEW THE OBJECTIVES AND EXPECTED OUTCOMES. THE RESULTS OF REVIEWS ON HIGH LEVEL MANDATORY REQUIREMENTS ARE BRIEFED. THE INDUSTRIAL LANDSCAPE, KICS OR MARKET SEGMENTS AND CAPABILITY GAPS ARE RAISED PERHAPS EVEN WITH DATA THAT HAS BEEN SOURCED FROM A FULLY-FUNCTIONING DEFENCE ANALYSIS INSTITUTE (DAI) AND THAT HAS FLOWED IN FROM STATISTICS CANADA, INDUSTRY CANADA AND THE REGIONAL DEVELOPMENT AGENCIES AND IN CONSULTATION WITH INDUSTRY ITSELF. PROCUREMENT TOOLS AND CONSIDERATIONS ARE PUT ON THE TABLE - NATIONAL SECURITY, CANADIAN CONTENT, SEGMENTATION OF THE PROCUREMENT INTO SUB-PROCUREMENTS, MANDATORY INDUSTRIAL PARTICIPATION, AND VALUE PROPOSITIONS. IT IS HERE WHERE THE PROCUREMENT STRATEGY IS CLARIFIED AND THE DESIRED OUTCOMES ARE SOLIDIFIED AND UNDERSTOOD BY ALL.

THE ONUS IS A PLACED ON PRIME CONTRACTORS UP FRONT IN THE BIDDING PROCESS - BEFORE CONTRACT AWARD - TO PUT THEIR BEST FOOT FORWARD AND THIS HAS THE POTENTIAL TO FUNDAMENTALLY CHANGE THE GAME FOR CANADIAN INDUSTRY AND IN MY MIND, FOR SMES LOOKING TO SECURE POSITIONS IN OEM GLOBAL SUPPLY CHAINS IN PARTICULAR.

THIS BEING SAID, BREAKING INTO ALREADY ESTABLISHED SUPPLY CHAINS IS ALWAYS A CHALLENGE AND GIVEN THAT SMES HAVE BEEN OPERATING FOR THE LAST 15-20 YEARS IN A PREDOMINANTLY "BACK-END LOADED" SYSTEM MAKES IT ALMOST A COUNTER-CULTURE. EVERYTHING FROM VISIBILITY AND REACTION TIMES - 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 COMPETITIVE, AND TO HOW FAR YOU ARE WILLING TO GO WITH RESPECT TO YOUR OWN INTELLECTUAL PROPERTY TO GET INSIDE THE TENT.

OUR PANELISTS THIS MORNING ARE EXCEPTIONALLY WELL EQUIPPED TO GIVE YOU INSIGHTS AND PERSPECTIVES ON THE WAY FORWARD UNDER THE NEW REGIME FROM A COMPANY STANDPOINT; THE OPPORTUNITIES IT PRESENTS FOR SMES; HOW OEMS ARE THINKING ABOUT AND REACTING TO THE NEW POLICY LANDSCAPE; AND ON HOW SMES MIGHT WANT TO APPROACH THIS NEW WORLD TO MAXIMIZE THEIR OPPORTUNITIES.

SO WITH THAT AS BACKDROP, I WILL NOW TURN THE DISCUSSION OVER TO OUR FIRST PANELIST, WHO NEEDS NO INTRODUCTION TO A BC AUDIENCE, MR. RAY CASTELLI, CEO OF WEATHERHAVEN.