



# Welcome to the Thales Canada Supplier Engagement Day for AJISS

Tuesday, September 5, 2017

## AGENDA

- |               |  |
|---------------|--|
| 10:00 – 10:20 | Registration/Coffee                            |
| 10:20 – 10:30 | Welcoming Remarks from ACADA                   |
| 10:30 – 11:30 | Thales Canada AJISS Briefing                   |
| 11:30 – 13:00 | Networking Reception (with light refreshments) |

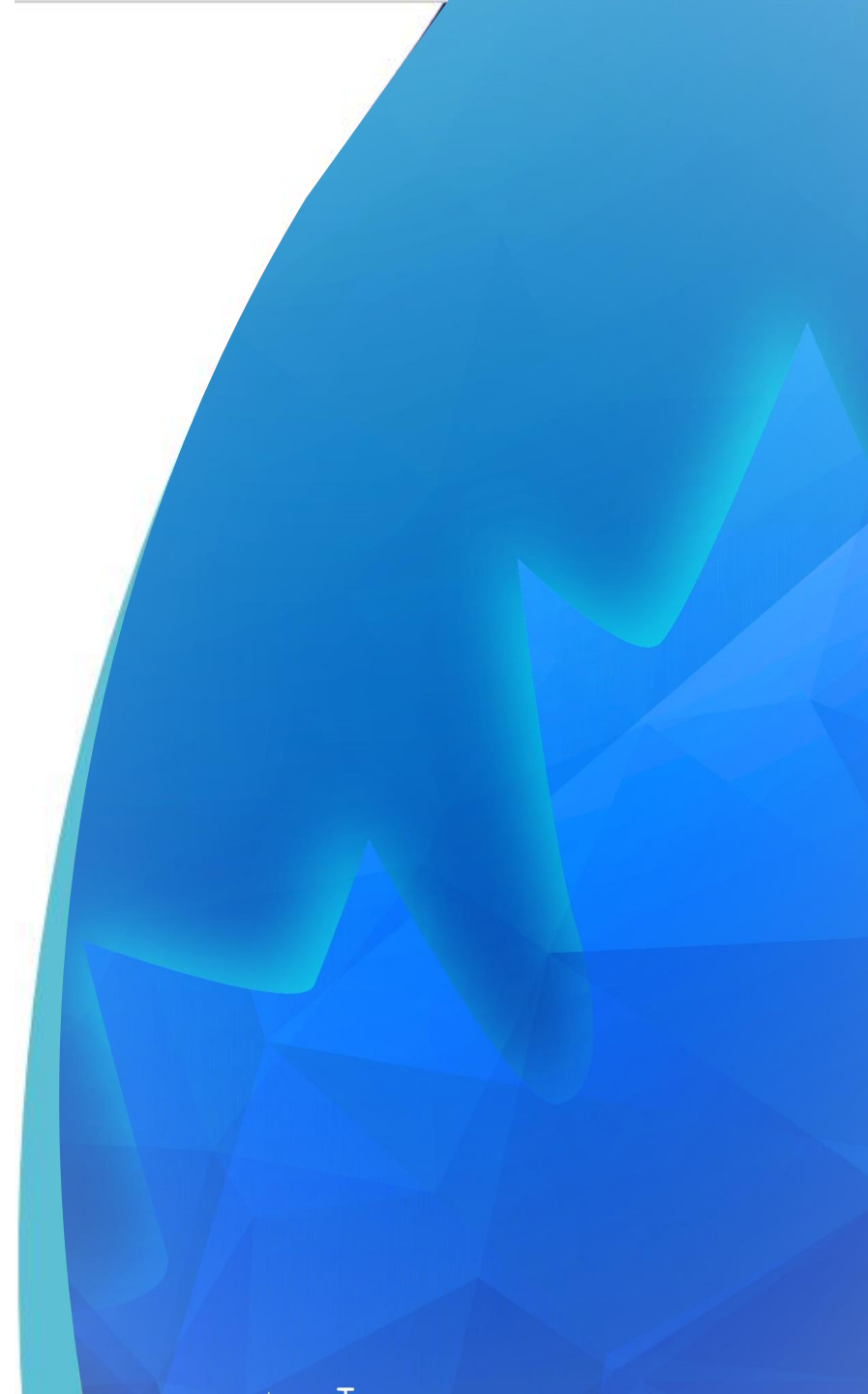
# THALES



## Thales Canada

### AJISS Supplier Engagement Day

HALIFAX, NOVA SCOTIA  
September 5, 2017



# Global Mission Statement



**WHEREVER SAFETY AND SECURITY ARE CRITICAL, THALES DELIVERS.  
TOGETHER, WE INNOVATE WITH OUR CUSTOMERS  
TO BUILD SMARTER SOLUTIONS. EVERYWHERE.**

# Agenda

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- Thales Overview
- Thales In-Service Support
- AJISS Overview
- AJISS Key Milestones & Technical Requirements
- Industrial & Technological Benefits (ITB) and Value Proposition (VP)
- Working with Thales

# Thales Canada Overview



Employees in Canada  
**1800**



Canada Top 100  
Corporate R&D Investor  
**\$30+** million/year



Canadian Supply Chain  
**500+**  
\$140+ million/year



Annual revenues  
**\$500 Million**

**THALES**

# Thales Canada Overview

- For more than 50 years, Canada has trusted Thales as a major supplier and long-term partner of choice to provide reliable solutions for complex defence and security missions
- **Today, Thales is delivering solutions to some of the most complex challenges faced by the Royal Canadian Navy, the Canadian Army and the Canadian Coast Guard**



- Urban Rail Signaling
- Defence Missions Systems
- Land & Air Systems
- Communications and IT Security
- Avionics
- Optronics
- Fare Collection
- C2 solutions



Innovation is in our DNA – Canada is home to one of Thales' Research & Technology Centres – the only one in North America and one of five worldwide.

## The people who we rely on to defend, protect and safeguard Canada, rely on Thales.

**In Canada, we are a trusted prime contractor and systems integrator for mission critical systems to help armed forces prepare for and achieve mission success. Whatever it takes.**

- Worldwide leader in thermal imaging and uncooled optronics
- Prime contractor for Canada's new in service support program for AOPS and JSS

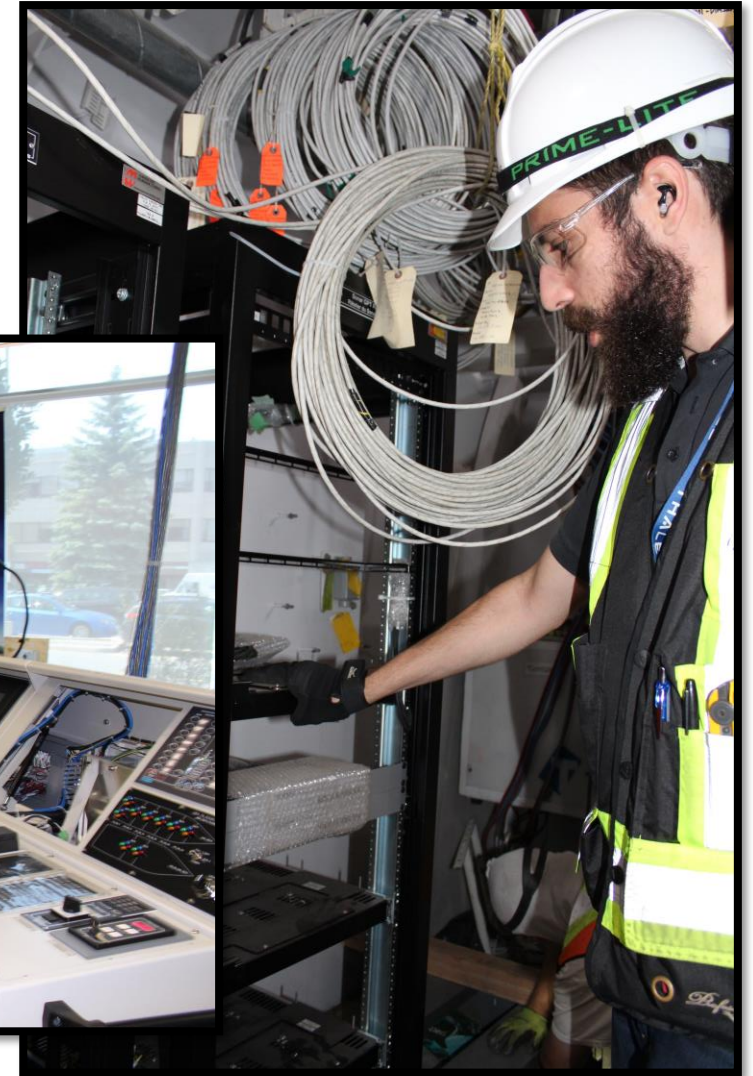
### **Deliver mission systems and sensors for:**

- Canadian Coast Guard
- Royal Canadian Navy
- Canadian Army
- Royal Canadian Air Force

# Thales' Role in the National Shipbuilding Strategy

Thales Canada is the electronic systems integrator partner of choice to Seaspan, for the National Shipbuilding Strategy non-combat vessels

- OFSV
- OOSV
- JSS





# Thales Canada - In Service Support

AJISS builds on Thales Canada's experience supporting systems onboard Royal Canadian Navy platforms for the past 50 years including:

- Victoria-class submarines
- Kingston-class maritime coastal defence vessels
- Iroquois-class destroyers
- Halifax-class frigates



Credit: Department of National Defence

# Award-winning International Leader in ISS

Thales has provided naval ISS around the world including:

- Australia, New Zealand, Singapore, UK, France, USA, Saudi Arabia, the UAE, Bahrain, Papua and New Guinea, and Tonga

Since 1989, Australia has trusted Thales to manage, maintain and upgrade key naval assets at their most important ship repair facility in the Southern Hemisphere

Thales seeks the best solutions from deep within our global pedigree and through effective knowledge transfer, we develop that capacity right here in Canada



# Thales Canada – AJISS Program Solution

## Thales' AJISS solution offers Canada the best of Thales' worldwide capabilities including:

- Award winning relational contracting experience
- Proven performance based project management
- Effective knowledge transfer
- Innovative processes and tools
- World class logistics and supply chain management
- Leading Canadian R&D investment

## IN-SERVICE SUPPORT key facts



**10 YEARS**  
Award-winning experience in ISS performance based, relational contracts



**PROVEN PERFORMANCE**  
Exceeded material readiness requirements & operational targets by >30%



**INNOVATION**  
AJISS contract will generate economic benefit of **more than \$250 Million** in R&D to Canada



**JOBS**  
AJISS will support the creation of 2000 jobs and engage 100s of suppliers over 35 years

Our mission is to provide materially seaworthy AOPs and JSSs to meet Canada's mission on time, every time

Our vision is One Team delivering excellence in AOPS and JSS sustainability

➤ Thales is committed to working collaboratively with all stakeholders, including the Government of Canada, and industry to achieve success

## AJISS CHARTER

### OUR MISSION

Materially Seaworthy AOPs and JSSs to meet Canada's mission on time, every time

### OUR VISION

One Team delivering excellence in AOPS and JSS sustainability

The Parties commit to acting at all times in a manner that is consistent with the following principles, which expand on "do no harm, no secrets, no surprises, and no blame"

### BEHAVIOURS DEFINITION

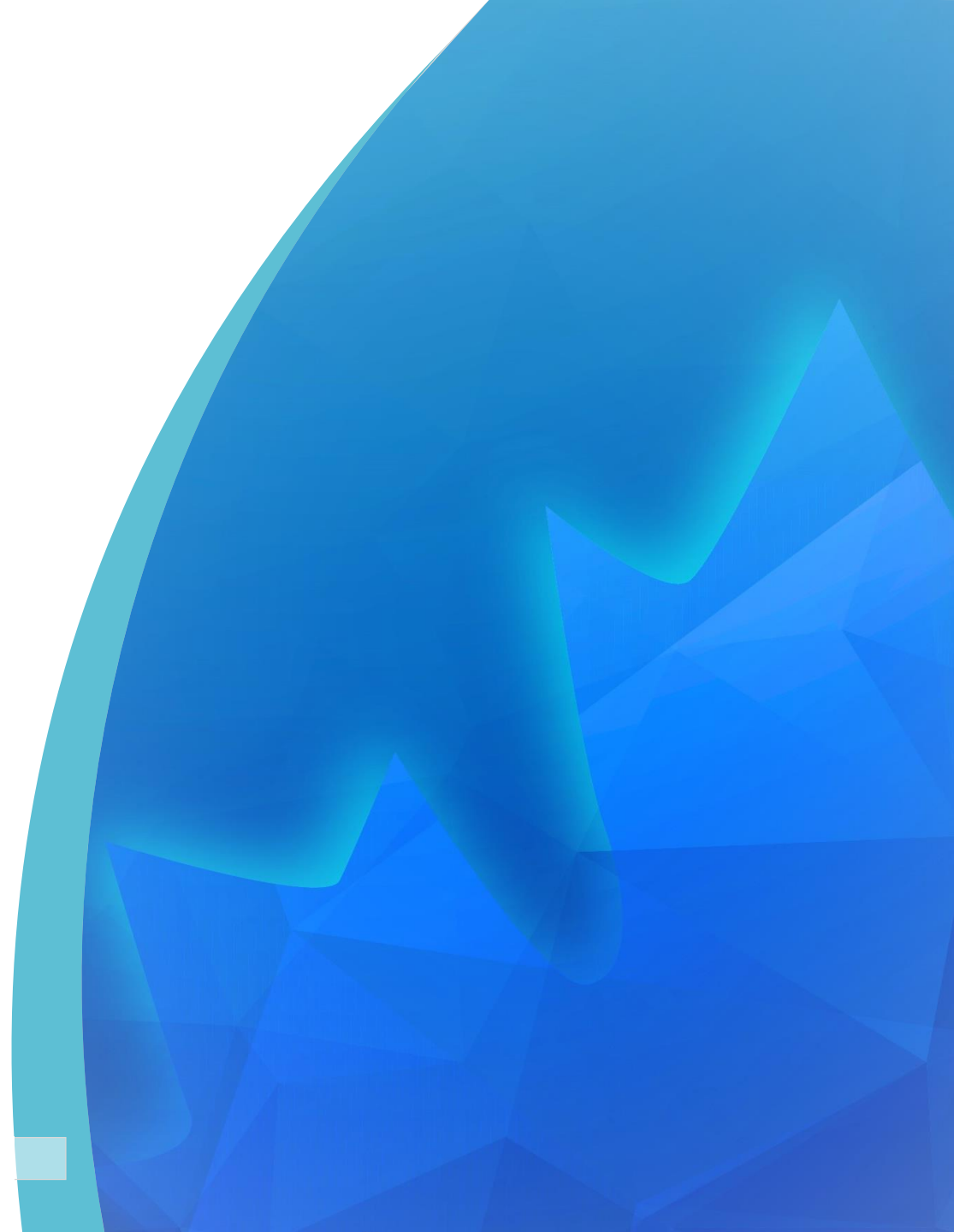
<b>MUTUAL SUCCESS</b>	Focusing on mutual success
<b>GOOD FAITH</b>	Acting at all times in good faith
<b>LONG TERM RELATIONSHIP</b>	Striving for a harmonious long term relationship
<b>INTEGRITY</b>	Being fair, honest, reasonable, and acting with integrity at all times
<b>FLEXIBLE</b>	Being willing to flexibly adjust practices & policies
<b>OPEN AND HONEST</b>	Minimizing surprises with open and honest communication
<b>BEST FOR "AJISS PROGRAM"</b>	Making decisions from the perspective of "what is best for the AJISS Program", rather than "what is best for self"
<b>COLLABORATION</b>	Promptly and collaboratively resolving problems: and
<b>CONTINUAL IMPROVEMENT</b>	Promoting efficiency, innovation and continual improvement



# Thales Canada's AJISS Program

VALUE PROPOSITION &  
INDUSTRIAL TECHNOLOGICAL BENEFITS

Karen Chase, Manager, ITB



# Thales Canada's Value Proposition

- **Thales supports Canada's commitment to Canadian innovation and economic benefits**
- **Under the AJISS contract, Thales must invest an amount equal to 100% of the contract value in Canada**
  - Reviewed by Canada annually
  - This is measured in Canadian Content Value (CCV)

# AJISS – Canadian Value Proposition Framework

## Key Focus Areas for delivering economic benefit for Canada are:

- High-value engineering and project management
- Skills Development & Knowledge Transfer – contributing to the development of a highly trained and skilled ISS workforce
- Supplier Development – motivate economic opportunities for the Canadian naval/marine industrial base with SMB/Non-SMB companies
- Research & Development – motivate R&D activity in marine ISS activities



**As part of its procurement process, Thales will insist that suppliers provide their support in order to be successful in meeting these VP/ITB Contractual Commitments**

## **Thales' Contractual Commitments**

- Commit to achieve Transactions equal to 100% of Contract Value measured in Canadian Content Value (CCV)
- Commit to achieve 50% of Contract Value in Direct Transactions
- Commit to achieve Transactions involving with SMBs for not less than 15% of Contract Value measured in CCV
- Accept all the ITB Terms and Conditions



# Industrial and Technological Benefits (ITB)

## Direct Work

- Maximize the use of Canadian companies
- Focus on establishing long term support capabilities for selected equipment with strategic suppliers
  - **Thales will be flowing down of its contractual Terms and Conditions to all of its major Tier 1 suppliers on the AJISS program, thus contributing to its commitment to deliver no less than 100% Canadian Content Value (CCV).**
  - **Suppliers must become familiar with ISED's Industrial and Technological Benefits Policy**

# Industrial and Technological Benefits (ITB)

## Indirect Work

- Engage with post-secondary, public institutions and industry organizations in targeted R&D and focused skills development activities
- Leverage all of Thales' supply chain to maximize use of Canadian companies
- Expand the use of Canadian suppliers to provide manufacturing and services to Thales Canada's Centres of Excellence and Thales Corporation's international programs in the fields of:
  - Aerospace
  - Transportation
  - Defence
  - Security
  - Research and Technology/Development (TRT)

## Example: Flow Down of ITB Obligations

- You are Tier 1 Supplier, a named Eligible Party under the ITB Policy, and contracted by Thales to provide materiel and associated services for AJISS. Your contract includes full flow down of the AJISS ITB/VP Terms and Conditions, which includes the obligation to deliver 100% of your contract value measured in CCV. As such, you will be a named “Recipient” for an ITB Transaction associated with your Contract
- You have identified and committed to deliver your Direct work Canadian Content Value (CCV) evaluated at 75% of your contract value
- Result: A 25% CCV shortfall, therefore you will be obligated to identify Indirect business activity and put forward ITB Transactions to Thales to account for this difference.
- **How?**
  - Identify **indirect** activities (*not related to the Direct work on AJISS*), that align with the defined Skills Development, other Supplier Development, R&D business activities per the ITB terms & conditions.

**Note: All AJISS program ITB Transactions are subject to approval by the ITB Authority at ISED**

## Atlantic Canada Opportunities Agency

- With 30 offices throughout Atlantic Canada, the well-known ACOA teams have the region covered, working with business and communities to help make things happen for Atlantic Canada. <http://www.acoa-apec.ca/Eng/Pages/Home.asp>

## Atlantic Canada Defence & Aerospace Association

- The ACADA plays an important leadership role as the regional voice and facilitator for strategic industry engagement and has a proven track record as an effective vehicle for harmonizing national and global promotion and advancement of the sector in Atlantic Canada  
<https://ac-ada.ca/capabilities>

## Innovation, Science and Economic Development Canada

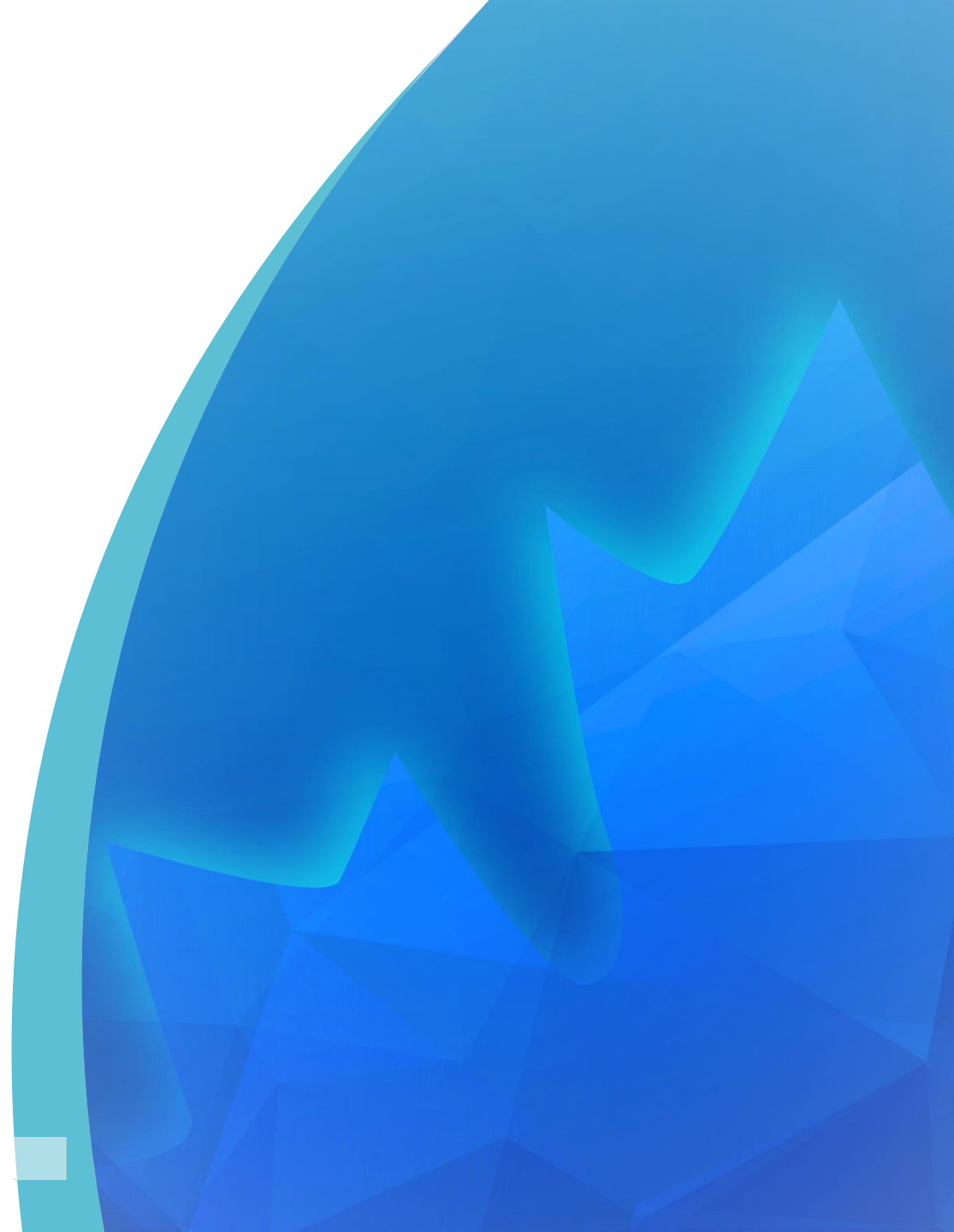
- Learn more about the ITB Policy through the Value Proposition Guide here <https://www.ic.gc.ca/eic/site/086.nsf/eng/00006.html>
- Learn more about the ITB Model Terms and Conditions, including Canadian Content Value (CCV) here [https://ic.gc.ca/eic/site/086.nsf/eng/h\\_00011.html](https://ic.gc.ca/eic/site/086.nsf/eng/h_00011.html)



# Thales Canada's AJISS Program

WORKING WITH THALES CANADA

Sandra MacLeod, Manager, Procurement



# Working with Thales

## ■ Make yourself known to us

## ■ Proactively share what products and services you can bring to this program

### ➤ New Product Introduction

- Thales will remain alert to new products on the market with lower costs, better performance and Canadian Content and will collaborate with Canada to introduce them to the AJISS Program

## ■ Thales is committed to sharing procurement requirements with industry as they become known

## When selecting Service Providers on the AJISS Program the following criteria will be considered:

- Safety record
- Value for money
- Previous marine experience
- Capacity and capability
- Certifications if required
- Competence and ongoing commitment to improvement
- Contributes to Thales' ITB and VP requirements
- Proven flexibility



**In accordance with Canada's contract requirements, Thales Canada will flow down applicable terms and conditions such as:**

- > Liability**
- > Suspension rights**
- > Termination**
- > Intellectual property**
- > Liquidated damages**
- > Insurance**
- > Set-off**



## Value for Canada

- In order to provide the “best value for money” to Canada, we will operate at the highest standards, at the most competitive price, to ensure we meet this requirement

## New Vendor Portal

- COMING SOON – A new, online vendor portal will be launched that will support the AJISS program
- The portal will enable you to keep your supplier profile current, noting your certifications, experience and capabilities

## Ongoing Supplier Engagement

- Over the next 18 months, Thales Canada will be engaging suppliers across the country in cooperation with industry associations, economic development agencies and ISED

# Who You Will Meet Today – The Thales Team



Jerry McLean  
VP & Managing  
Director



Dale Potter,  
VP Defence  
Mission Systems



Jamie Turcotte,  
VP Services



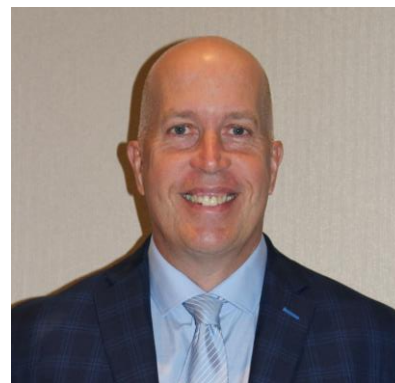
Marcel Losier,  
Senior Bid &  
Capture Manager



Karen Chase,  
Manager, ITB



Sandra MacLeod,  
Procurement Manager



Ken Howard, Atlantic  
Region Consultant

## Thales Canada In-Service Support

<https://www.thalesgroup.com/en/service-support>

Email [AJISSProcurement@ca.thalesgroup.com](mailto:AJISSProcurement@ca.thalesgroup.com)

# Questions & Answers

