

More Q&A with the TACTIX ITB Strategic Advisory Team

29

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Industrial and Technological Benefits (ITBs) play a critical role in defence procurement in Canada. With the advent of rated and weighted requirements along with increasingly prescriptive ITB requirements, the development and delivery of a successful ITB strategy and plan now requires a much more holistic, purposeful and innovative approach to achieve success.

The TACTIX ITB Strategic Advisory Services Team is your answer to developing a winning ITB proposal that meets the Government's requirements, while respecting your business priorities and shareholder expectations. The TACTIX team brings to your challenges unique field-proven insights into the government's defence requirements, procurement process and ITB policy, as well as best-practices from industry-seasoned experts.

In the first of our ITB Q&A series, the ITB Strategic Advisory Services Team shares some insights into what to think about when planning, developing and delivering a successful ITB proposal.

Q: “How can I align my business priorities with the Government’s ITB expectations?”

Alignment is a key factor to achieve ITB success. Historically, ITBs (or IRBs as they used to be called) were defined as successful if they “made business sense”. This is still the case today, and even more so as increasingly prescriptive ITB requirements are introduced. When ITB activities align with business priorities, there is a higher potential of those ITB business activities having long-term impact and benefits for all parties involved.

Today, the key challenge in achieving alignment is not around a single transaction, but aligning a portfolio of activities to government expectations. More prescriptive ITB requirements are demanding that industry determine how best to provide a wide array of high-value ITB activities, ranging from traditional supply chain opportunities to business and skills development, technology demonstration and pilots, as well as fundamental research. Furthermore, these activities can span a range of industry sectors and priority areas of importance to the government –the Key Industrial Capabilities. Today’s ITB portfolio is a complex balancing act between activities at different “technology readiness levels” occurring across various business line interests. More innovative and purposeful “design-level” thinking is increasingly needed to develop such complex portfolios of business activity.

Developing a strategic ITB portfolio can be best addressed through **early stage planning**. In fact, starting early is a necessity, given the importance of developing a consensus on potential investment and business priorities – decisions that may require board-level discussions in some

In short, successful alignment is the result of **sound planning**, a **strategic ITB portfolio approach**, and working with a world-class partner like TACTIX who brings unmatched expertise, experience and insights.

Q: “How can I accurately cost transactions as ITB requirements become more complex?”

The introduction of rated and weighted ITB requirements has driven the need to span diverse business activities ranging from basic research to supply chain agreements. Unlike historical ITBs (or IRBs as they used to be called), which were predominantly composed of supply chain agreements, today’s ITBs are becoming a broad portfolio of complex, and often interrelated business activities across various business lines of interest. This leads to a key challenge for all bidders: accurately costing the delivery of the ITB proposal. Costing and accounting for risk is no longer only at the level of individual transactions, but is an exercise applied to the totality of the ITB portfolio to ensure success.

Accurate costing therefore requires insight into best practices for individual transaction costing, something many bidders are familiar with when it relates to supply chain agreements. However, when transactions become “higher risk”, such as technology demonstrations, basic research or strategic alliances, costing becomes more complex where the cost of risk incurred needs to be reflected. Rolling up individual transaction costs (and related risk costs) into a portfolio is not straightforward – total portfolio cost is not a simple summation of individual costs. Many synergies, points of leveraging and interactions need to be accounted for to gain a full picture of the ITB portfolio cost of delivery.

Best-in-class portfolio costing and scenario planning practices are increasingly being considered to capture and reflect the complexity arising in ITB plans. Effective costing is also enabled through early stage planning and engagement with key corporate decision makers who will contribute to parts of the ITB portfolio plan. It goes without saying that accurate ITB costing in response to rated and weighted ITB requirements is a critical factor in achieving success.

In short, accurate and effective ITB portfolio costing is the result of applying portfolio costing best-practices, portfolio scenario planning, accounting for risk costs, and working with a world class partner like TACTIX who brings unmatched expertise, experience and insights.

Q: How can I leverage my Corporate Social Responsibility plans to deliver ITBs?"

Generating socio-economic benefits across Canada has been the policy driver for ITBs (formally know as IRBs) since the policy's inception. Although the quantitative impact of the policy has been a point of discussion, and contention, for as long as the policy has been around, small to large businesses as well as academia from across Canada who participate in various technology and industrial sectors have benefited from ITB activities. Although most ITB impacts have been assessed on an economic scale, societal benefits have also been an important measure of success.

Today, with the advent of a more prescriptive, rated and weighed ITB policy, societal outcomes are an increasingly important consideration as the policy seeks to create impactful benefits to small and medium enterprises, aboriginal-owned businesses, as well as benefit other stakeholders such as women-owned businesses and minorities. Thematically, such benefits are expected to occur in areas of Key Industrial Capabilities (KIC) identified by the Government of Canada, but may also arise in areas of policy importance to Canada, such as environment and green technology, or other areas where Canadian innovation and business aligns with corporate interests and priorities.

Corporations are well positioned to build upon and leverage their Corporate Social Responsibility (CSR) plans to deliver social benefits as part of their ITB proposal. With ITBs being rated and weighted as part of the procurement assessment process, leveraging existing CSR plans can help drive synergies with existing business activities, align priorities and help mitigate the costs associated with delivering a successful ITB proposal.

In short, leveraging existing Corporate Social Responsibility plans can help respond to the government's social-related ITB outcomes, all the while advancing corporate goals. You can fully leverage your CSR plans by working with a world class partner like TACTIX who brings unmatched expertise, experience and insights.

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The advent of rated and weighted ITB requirements has introduced a level of complexity which challenges traditional ITB business best-practices. The development and delivery of a winning ITB strategy and proposal now requires a much more holistic, purposeful and innovative approach to achieve success.

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In the second part of our ITB Q&A series, the ITB Strategic Advisory Services Team shares some insights into what to think about when planning, developing and delivering a successful ITB proposal.

Q: “HOW CAN BEST PLAN AND PREPARE FOR ITB REQUIREMENTS BEFORE THE RFP?”

Start early! It’s an obvious statement, but early-stage preparation and planning is critical to preparing a high-quality ITB proposal. The need to develop a portfolio of ITB activities requires sufficient runway to identify, scope, price and secure necessary buy-in. Early identification of potential synergies and leverage points within the ITB portfolio provides opportunities to manage ITB delivery costs and risks – both critical elements to building a winning ITB proposal.

Early stage planning also provides the opportunity to apply scenario planning best-practices. Anticipating and predicting the Government’s final rated/weighted ITB requirements can be challenging, with industry days, RFIs and other forums providing insights into the government’s ITB expectations before RFP. Scenario planning introduces a disciplined and structured approach to developing a set of ITB portfolios that would cover the anticipated requirements space. Risk, costs and other delivery considerations can then be identified, building confidence not only in the individual transactions, but also in how best to build a winning proposal. Scenario planning also provides insights into communications, marketing and government relations activities, while also helping bidders take full advantage of the ITB banking policy.

Upon release of the RFP and related ITB requirements, the scenario planning approach provides the framework and building blocks to quickly down-select to the ideal ITB portfolio, reducing the workload during final proposal preparation, and significantly reducing risk. The introduction of rated and weighted ITB requirements makes early stage planning increasingly a “must” rather than a “nice to have”.

In short, preparing a winning ITB proposal is best achieved by **starting early, leveraging portfolio scenario planning best practices**, and working with a world-class partner like TACTIX who brings **unmatched expertise, experience and insights**.

Q: "HOW CAN I MAXIMIZE MY ITB POINTS IN MY SUBMISSION?"

It goes without saying that the introduction of rated and weighted ITB requirements shifts the “game” for ITB planning. Maximizing ITB points, and developing a fulsome understanding of the cost-per-point within the ITB portion of the overall proposal is critical to delivering a winning proposal. Determining how to maximize ITB points is therefore taking on the rigor, analysis and discipline traditionally applied to maximizing points for technical requirements – a shift which can be challenging to organizations with ITB business processes largely developed for non-rated ITB requirements.

Moving to rated and weighted ITB requirements therefore calls for a rigorous analysis of the cost associated with the overall ITB portfolio – with individual transaction delivery costs becoming increasingly complex as R&D, technology demonstration and strategic alliances supplement more traditional ITB transactions like supply chain agreements. As is the case with technical requirements, each ITB point will have a cost associated with it, and not every ITB point costs the same. This will increasingly be the case as the Government seeks to secure a diverse set of socio-economic outcomes through the ITB requirements.

Applying a portfolio approach when developing an ITB proposal can also provide important insights to the cost-per-point of the ITB portion, providing much-needed insights when determining where to “over-bid” vs. “under-bid”, and how best to leverage the ITB proposal within the overall proposal. Taking a more rigorous “price-to-win” approach to the ITB portion of the overall proposal will likely become best-practice as bidders seek to deliver winning bids.

In short, maximizing ITB points requires rigorous cost-per-point methodologies as part of an overall ITB portfolio approach, developed with a world class partner like TACTIX who brings unmatched expertise, experience and insights.

Q: "HOW CAN I GUARANTEE SUCCESS WITH MY OVERALL ITB STRATEGY?"

Canada's rated and weighted ITB requirements is a major shift away from the traditional "pass-fail" IRB requirements which defined the IRB policy for many years. The rated/weighted regime requires a new mindset, business approaches and partners to achieve success. It goes without saying that rated and weighted ITB requirements will push bidders to transform how they plan, develop and deliver winning ITB proposals.

Critical to establishing a new way of delivering ITBs will be alignment of objectives – finding how best to develop ITB proposals that "makes business sense", while responding to and aligning with the government's evolving ITB requirements. Under a rated and weighted ITB regime, more accurate costing of diverse ITB activities becomes ever more critical. Minimizing cost-per-point through a disciplined price-to-win approach typically seen with technical requirements is not a "nice-to-have", but increasingly a "must-have".

The complexity of rated and weighted ITB requirements also calls for a more holistic portfolio approach to ITBs – moving beyond the individual transactions to developing a coordinated and leveraged portfolio that can deliver impacts of benefit to all parties involved. Additional policy outcomes such as support to aboriginal businesses and the development of Key Industrial Capabilities (KIC) can be supported by leveraging existing business initiatives (e.g., Corporate Social Responsibility; Innovation Plans, etc.) to support the development and delivery of ITB activities, thereby helping mitigate the costs and risk of ITB delivery. Purposeful early stage planning prior to RFP release is therefore critical to respond to this new way of doing business, and developing a strategic ITB framework and building blocks for success.

In short, achieving success with your ITB strategy requires transforming how you think about, plan, define and deliver ITB proposals, and choosing a world-class partner like TACTIX who brings unmatched expertise, experience and insights.

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