

## **Canada's Industrial and Technological Benefits (ITB - Offsets) Policy**

### **How to Build Strategic Advantage for Defence Contractors**

Canada's Industrial and Technological Benefits (ITB) Policy is the government's framework for maximizing economic benefits from defence procurements. Alongside technical requirements and cost, it is one of the three key pillars of Canadian defence procurement, managed by Innovation, Science and Economic Development Canada (ISED).

Companies bidding on defence contracts must comply with ITB Policy requirements, including a contractual obligation to generate business activity in Canada equal to the value of the contracts they secure. Compliance is assessed through the Value Proposition, which outlines the economic contributions of each bid. Unlike many global offset programs, Canada's ITB Policy is rigorously enforced, ensuring tangible benefits for Canadian industry.

Navigating the complexities of the ITB Policy requires expertise. TACTIX provides advice and support to help companies strategize, develop, and deliver winning ITB proposals, ensuring compliance and maximizing bid competitiveness.

#### ***Quick Facts About Canada's ITB Policy***

- Applies to major procurements: Required for all eligible defence and Canadian Coast Guard contracts over \$100 million, or where the Government of Canada invokes the National Security Exception.
- May apply to mid-range procurements: Occasionally enforced on contracts between \$20 million and \$100 million at ISED's discretion.
- Contractual enforcement: Winning bidders must agree to legally binding ITB Terms and Conditions with compliance mechanisms.
- Value Proposition evaluation: Bids must include a weighted and rated Value Proposition, assessed at submission time.
- Business activities required: Contractors must undertake commercial transactions in Canada to fulfill their ITB obligations.
- Annual Reporting mandated: Successful bidders must provide regular compliance reports.

### ***Key Requirements for ITB / Value Proposition Proposals***

Developing a compliant and competitive ITB proposal requires a deep understanding of ISED's framework. Common requirements include:

- SME engagement: 15% of all business transactions must involve small to medium-sized enterprises (SMEs).
- Canadian content rules: Business activities must meet strict Canadian content conditions.
- Transaction variety: Multiple transaction types with distinct regulatory criteria must be managed effectively.
- Submission complexity: Value Proposition proposals require comprehensive documentation to meet eligibility standards.

### ***Can I Use Multipliers to Meet ITB Obligations Faster?***

ISED allows limited opportunities for multipliers, helping companies fulfill ITB obligations more efficiently. However:

- Strict conditions apply: Multipliers are closely regulated and must be justified.
- R&D-focused incentives: Most multipliers relate to research and development activities in Canada.
- Expert guidance is essential: Proper structuring ensures transaction approvals under multiplier provisions.

### ***How TACTIX Can Support Your ITB / Value Proposition Proposal***

TACTIX provides industry-leading expertise to help defence contractors navigate the ITB process. Our team offers strategic insights and operational support across all stages of a government bid, including:

- Proactive planning: Early ITB strategy development enhances bid success.
- Bid process guidance: Support through Requests for Information (RFIs), draft RFP feedback, and final ITB/VP submission.
- Value Proposition optimization: Tailored strategies to maximize scoring potential.
- Compliance and documentation: Assistance in preparing key components of a winning ITB submission.
- Industry partnerships: Guidance on SME engagement and Canadian supplier networking.

## ***Ongoing ITB Obligation Management***

Successful ITB execution goes beyond winning a bid—it requires ongoing compliance and risk management. TACTIX provides end-to-end support, including:

- Relationship management: Helping clients navigate interactions with ISED.
- Executive strategy sessions: Supporting senior leadership in managing contractual obligations and risks.
- ITB compliance reporting: Assistance with meeting annual reporting requirements.
- Transaction eligibility validation: Guidance in structuring ITB transactions for maximum credit value.

## ***Why Partner with TACTIX?***

TACTIX delivers unmatched expertise in Canada's ITB Policy, helping clients craft competitive bids and secure contracts. Our team is integrated into your procurement strategy, providing expert problem-solving for ITB challenges.

Leading our ITB practice is Clem Srour, a former senior official at Innovation, Science and Economic Development Canada (ISED), responsible for shaping the ITB approach for Canada's largest defence procurements. His extensive program knowledge ensures clients understand Canada's expectations and optimize their Value Proposition for maximum competitiveness.

TACTIX offers tailored guidance, ensuring your ITB proposal meets compliance requirements, maximizes bid value, and secures long-term success in Canada's defence market.

For further information, please contact either:

Chris Ayotte  
Vice President, Defence & Procurement  
E: [chris.ayotte@tactix.ca](mailto:chris.ayotte@tactix.ca)  
P: 613.402.2873

Clem Srour  
Senior Associate, ITB Advisor  
E: [clem.srour@tactix.ca](mailto:clem.srour@tactix.ca)  
P: 613.697.5566