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1992

Mandate for Export

and Research

and Development

in Information

Technology

IC

# Achievement Through Partnership



## The MERIT Partnership Program



Industry, Science and  
Technology Canada

Industrie, Sciences et  
Technologie Canada



Supply and Services  
Canada

Approvisionnement  
et Services Canada

# The MERIT Partnership Program: A Commitment to Canada

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## The Goals of Merit

- Development of internationally competitive IT products and services
- Encouragement of a broad range of industrial development initiatives
- Promotion of long-term industrial development in Canada
- Recognition of qualified companies for their substantial contribution to the industrial development of the Canadian IT sector and for their good corporate citizenship

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## What is MERIT?

Mandate for Export and Research and development in Information Technology: MERIT. The MERIT Partnership Program is an initiative of the Canadian government. Its mission is to enhance the nation's information technologies (IT) sector by recognizing multinational IT firms which have made significant commitments to industrial development in Canada. MERIT complements the government's policy of enhancing services through the innovative use of information and technology.

## History of MERIT

The MERIT Partnership Program is the new name, as of January 1992, for the former Rationalization Program. This program is jointly administered by Industry, Science and Technology Canada (ISTC) and Supply and Services Canada (SSC). Final decisions on policy and award of MERIT Partner status are made by the MERIT Partnership Review Committee (MPRC) which is co-chaired by the two departments. The Rationalization Program was first established in the mid-seventies with the introduction of a procurement policy for the then-Electronic Data Processing sector to reflect the increasing globalization of the industry. It also recognized the contribution that firms in the industry were making to Canadian industrial development through manufacturing for export, world product mandates, R&D and other benefits. Modifications to the Rationalization Program were introduced in the fall of 1985 and remained in effect until the introduction of the MERIT Partnership Program in January 1992.



# The Rewards of MERIT:



## How Government Buyers can Benefit Canada

As a government representative responsible for IT procurement, your support and recognition of MERIT Partners directly benefits the Canadian economy and fulfils our country's commitment to prosperity. While federal government procurement policies allow restriction of bids to Group 1 suppliers for purchases on behalf of departments not covered by the GATT and the FTA, all departments are encouraged to ensure that Group 1 suppliers (including the MERIT Partners) are given every opportunity to bid all requirements.

## Your support of MERIT Partners brings the following benefits to Canada:

- World and regional product mandates give Canadians the exclusive right to develop, build and export certain globally recognized parts or products.
- Manufacturing operations established for export purposes employ thousands and promote many secondary supplier and service relationships.
- Investment in research and development offers funding, support and encouragement to Canadian scientists, research institutes, educators and graduate students.
- Strategic alliances benefit Canadian partners of major multinationals.
- International Procurement Offices (IPO's) – through which multinationals source Canadian IT products for export to their facilities worldwide.



*IBM Canada Ltd. has invested approximately \$322 million in its Toronto plant (top) since 1980, a majority in the last 5 years. Below, the Philips Electronics Ltd. plant at St. Laurent, Québec.*

# The Importance of Canada's IT Sector

Reasons for strengthening Canada's information technology industry sector are powerful. The facts about this sector's contribution to our national economy speak for themselves:

- Annual revenues: \$40 billion
- Direct employment: 300,000
- Percentage of all Canada's industrial R&D: 35%
- Domestic market 7th largest in the world
- 70% of Canadian production is exported
- Strong annual growth rate predicted to the end of the century
- Designated by the government as a strategic sector for Canada
- IT is an enabling technology which improves the competitiveness of all other parts of the economy

**Support and  
recognition of MERIT  
Partners directly  
benefits the Canadian  
economy.**



## When Should the Government Buyer use MERIT?

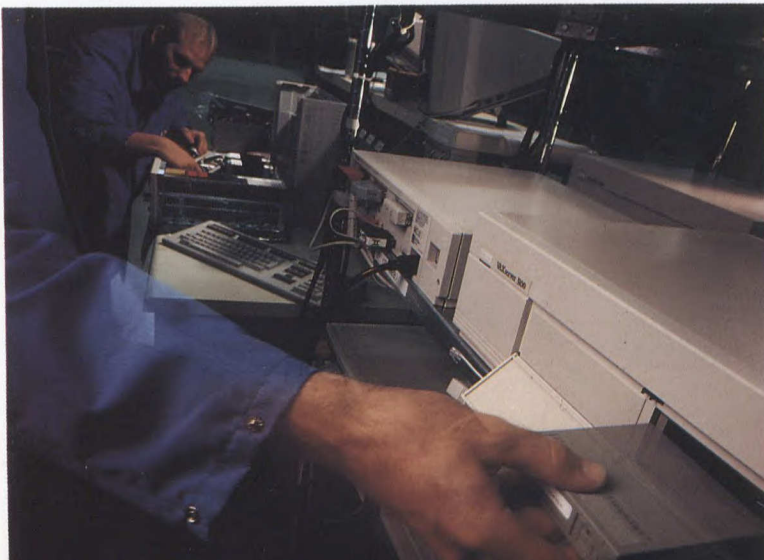
In evaluating vendors of information technology, your selection criteria include product quality, competitive pricing, corporate stability, service excellence, availability, ease of use. All MERIT Partners have been evaluated, and rated highly, on these criteria and more. In choosing a MERIT Partner, you have the assurance of selecting from among the finest quality names in IT today, as well as the satisfaction of bringing added benefit to the Canadian economy.





# MERIT Partners: Leadership through Industrial Development

*The Merit Partnership Program promotes a stronger Canadian IT sector through long-term R&D and industrial development commitments.*



## MERIT Partners Today

Companies with previous rationalized status now have MERIT Partner status without change to company commitments, subject to the normal annual review of industrial development performance. The new MERIT Partnership Program is more flexible and recognizes the importance of activities arising from globalization, such as strategic alliances and supplier development. The MERIT Partnership Program emphasizes the formal recognition of a broader range of industrial development activities in IT, including R&D initiatives and working with Canadian suppliers, universities and Centres of Excellence. MERIT Partners are among Canada's best corporate citizens.

MERIT Partners today include Apple Canada Inc., Digital Equipment of Canada Ltd., Hewlett-Packard (Canada) Ltd., IBM Canada Ltd., Motorola Canada Limited, NCR Canada Ltd., Olivetti Canada Ltd., Philips Electronics Ltd., Sun Microsystems of Canada Inc., Unisys Canada Inc., and Xerox Canada Inc. Other candidates are being considered for MERIT Partner status.





## Performance of MERIT Partners

A quick review of some of the outstanding characteristics of all the MERIT Partners reveals their importance to Canada.

MERIT Partners:

- Export as much as they import.
- Help to improve Canada's balance of payments.
- Perform high levels of research and development.
- Operate international procurement offices in Canada which source Canadian IT products for export and develop new certified suppliers.
- Employ, collectively, 30,000 Canadians and indirectly support considerable additional employment in their supplier community.
- Stimulate Canadian IT achievement through alliances and partnerships with the R&D community.
- Support international standardization.

*MERIT Partners such as Hewlett-Packard (Canada) Ltd. promote a strong Canadian science and technology infrastructure.*

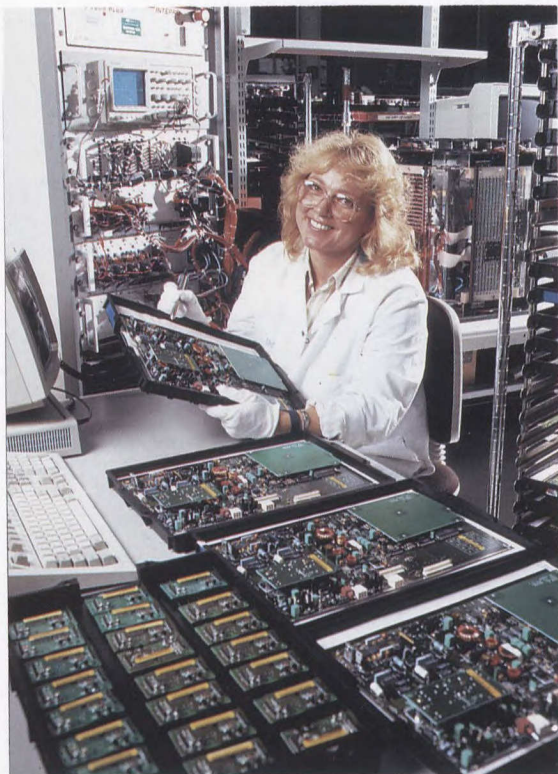
**MERIT Partners  
are among  
Canada's best  
corporate citizens.**



# MERIT and Your Company:

## The Rewards of MERIT

Procurement has long been used by Canada and other nations as an instrument of industrial development. The new MERIT program is an enhanced instrument developed through extensive consultation with then-rationalized companies, other multinationals, Canadian PC manufacturers, the Information Technology Association of Canada (ITAC), the Canadian Advanced Technology Association (CATA) and various government organizations. The federal government buys close to \$2 billion in IT goods and services annually, and all departments are encouraged to give MERIT Partners the opportunity to win this business.



*Power supply systems manufactured in Toronto by IBM Canada Ltd. have won a world product mandate and are exported worldwide.*

**The federal  
government buys  
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goods and services  
annually.**

## How Can My Company Become a MERIT Partner?

Although SSC applies relevant procurement policies in procurement bids, companies wishing to obtain MERIT Partner status are invited to contact ISTC for initial discussions (see back cover of this brochure for contact details). Evaluation of company proposals, and recommendations to the Committee, will be made by ISTC.

*Students learn computer graphics techniques using Digital Equipment Corporation workstations at the University of Waterloo.*



## Corporate Benefits of MERIT Partnership

The benefits of becoming a MERIT Partner include:

- The MERIT Partnership Program provides Group 1 access to MERIT Partners for a substantial computer and office equipment market representing Canadian government purchases on behalf of **Transport Canada, Communications Canada, Fisheries and Oceans, and for certain purchases on behalf of National Defence and RCMP.**
- The MERIT Partnership Program is vigorously and widely marketed to all federal government departments as well as to outside organizations such as Crown corporations, the Federation of Canadian Municipalities, and any provinces that wish to build on the federal program.
- Eligible products of MERIT Partners are automatically treated as 100% Canadian for federal government procurement purposes.
- The Program has been recognized by the Federation of Canadian Municipalities.
- MERIT Partner status builds excellent relations with your firm's Canadian employees who are proud that their employer has been recognized as a good corporate citizen.
- MERIT Partners enjoy a high profile with all federal government departments.





# The MERIT Program:

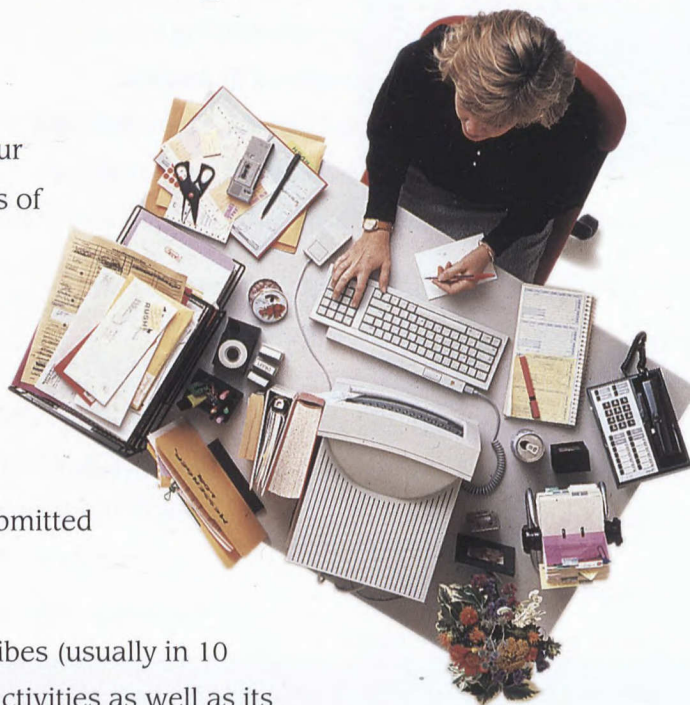
## Achievement through Partnership

### Steps Towards MERIT Partnership

An ISTC account officer will be pleased to guide your company through all steps of the process. The steps of MERIT Partner approval include:

- A MERIT Partnership Business Plan, covering the company's industrial development commitments to Canada, along with a completed Canadian Corporate Data Sheet and most recent audited financial statements, are submitted for analysis.
- The Business Plan is a key document, as it describes (usually in 10 pages or less) the company's current Canadian activities as well as its corporate plans and strategies for Canada for the next 4 to 5 years.
- During the course of review of the company's proposal and discussions following the initial meeting, a letter of agreement is developed which formally states the commitments and corresponding milestones. This agreement is typically signed by the president of the Canadian entity, appropriate parent company executives, and ISTC.
- Following completion of negotiations and a comprehensive analysis of the company's proposal, a summary with recommendations and a copy of the letter of agreement covering commitments is sent to the Committee for final decision.
- Successful candidates prepare a press release and announce their newly acquired MERIT status along with a general statement of their commitments.

**The world product  
mandate is the  
cornerstone of the  
MERIT proposal.**



## Eligibility for MERIT Partnership

Software development and all manufacturing of information technology hardware are considered as eligible for purposes of the MERIT Partnership Program. Products should be manufactured for export in order to achieve economies of scale and, at the same time, maximize benefits to Canada. **The cornerstone of any company proposal is a world product mandate with associated product design, development and marketing done entirely in Canada under Canadian management. The proposal should contain significant R&D activities in Canada. The establishment of an International Procurement Office for Canadian supplier development is also highly desirable.**

*The MERIT Partnership Program recognizes multinational IT firms which have made significant commitments to industrial development in Canada. MERIT Partners enjoy a high profile with all federal departments, and are marketed to Crown corporations, the Federation of Canadian Municipalities, and provinces that wish to build on the federal program.*

**MERIT Partners are  
treated as 100%  
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government  
procurement purposes.**





# The MERIT Partnership Program

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Industry, Science and Technology Canada  
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