

# DEFENCE SUSTAINMENT

## WHAT HAS CHANGED?

- Sustainment contracts of \$20 million or greater are now subject to DPS governance and must undergo a Sustainment Business Case Analysis (SBCA).
- DND, PSPC, ISED and the defence industry collaborate earlier and more meaningfully in the procurement process to develop tailored sustainment solutions based on a wide range of possible options.
- Centers of Expertise (Air, Land and Maritime) will coach, guide and mentor government technical and contracting authorities as they develop principles-based, tailored sustainment solutions.
- No more prescriptive frameworks.
- Legacy transactional contracts are giving way to hybrid solutions, which can include a mix of performance-based, transactional and relational elements.



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## HOW WILL INDUSTRY BE AFFECTED?

- Opportunity to influence the procurement strategy through early engagement;
- Opportunity to propose innovative in-service support solutions that increase performance and efficiency;
- A focus on performance results and outcomes;
- Reduced costs to industry and government will result in higher profit margins;
- Best practices will drive the international competitiveness of our defence industrial sector;
- Contract duration may be tied to contractor performance;
- Understanding procurement objectives early can drive the development of effective Value Propositions; and
- Increased collaboration between the defence industry and DND, PSPC, and ISED.

## HOW WILL SUCCESS BE MEASURED?

The Government of Canada is creating a sustainment Performance Measurement Framework that will integrate sustainment program objectives and outcomes with key performance indicators.

## MORE INFORMATION?

For any questions relating to the Sustainment Initiative, please email the program management office at:

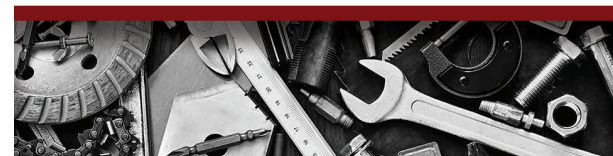
[MAT.SustainmentInitiative-Initiativedesoutien@forces.gc.ca](mailto:MAT.SustainmentInitiative-Initiativedesoutien@forces.gc.ca)



# ENGAGING THE DEFENCE INDUSTRY

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## MILITARY EQUIPMENT SUSTAINMENT



Transforming the business of materiel sustainment

# DEFENCE SUSTAINMENT

## EVOLVING DEFENCE SUSTAINMENT

The Sustainment Initiative (SI) is a joint undertaking by the Department of National Defence (DND), Public Services and Procurement Canada (PSPC), and Innovation, Science and Economic Development Canada (ISED) to transform the business of sustainment – or in-service support – for military equipment and fleets.

It introduces programmatic, procedural and behavioural changes in defence sustainment program development and contracting, resulting in tailored in-service support solutions that deliver best value for Canada.

The SI aligns with Government of Canada priorities, such as the “Strong, Secure, Engaged” defence policy, the Defence Procurement Strategy (DPS), and Procurement Modernization. It also ensures that sustainment solutions maximize equipment performance while providing value for money, flexibility to respond to the changing needs of the Canadian Armed Forces, and economic benefits for Canadians and the Canadian defence industry.

The SI also encourages meaningful industry engagement early in the procurement process, which will help industry bring creativity, innovation and efficiencies to sustainment solutions.



## WHY ARE WE CHANGING?

DND spends more than \$2.5 billion a year to maintain its equipment and fleets. And those costs are likely to increase as existing materiel ages and requires more frequent repair, and as new, more complex aircraft, ships and vehicles require more sophisticated and costly maintenance services. The Government of Canada has therefore looked at lessons learned over the last 20 years with the Optimized Weapons System Management (OWSM) approach and the In-Service Support Contracting Framework (ISSCF), as well as at international best practices in sustainment program development and procurement to modernize Canada’s approach.

### SUSTAINMENT PRINCIPLES

The four sustainment principles ensure a common understanding of the values and business case objectives that are to be applied to each procurement for in-service support. All sustainment solutions for new and existing equipment must optimize:

#### Equipment Performance

Defence equipment and fleets are available, ready, and reliable for military operations.

#### Value for Money

Outcomes are achieved at a fair market price and services are delivered efficiently.

#### Flexibility

Support programs can easily be adjusted to accommodate changes in operational requirements or operating budgets.

#### Economic Benefits

Support programs help create jobs for Canadians and economic growth for companies in Canada.

## ENGAGING THE DEFENCE INDUSTRY



Further, the Canadian defence industry has identified sustainment procurement and the application of policies concerning it as largely disadvantageous to its interests. Therefore, sustainment procurement reform also looks to better align Canada’s strategic objectives with those of the defence industry, thereby strengthening our defence industrial base and increasing its competitiveness in the international marketplace.

### ALIGNMENT OF INTERESTS

The Government of Canada is seeking to better align the following interests of the three major stakeholders in the sustainment of military equipment and fleets:

#### CANADIAN ARMED FORCES

Operational readiness, sustainment program flexibility, innovative solutions

#### GOVERNMENT OF CANADA

Value for money, contract flexibility, economic benefit for Canada

#### INDUSTRY

Profitability, efficiencies, export potential, international competitiveness, growth of Canadian industrial, technological and intellectual footprint.