



Introduction of speaker

Name, title of presenter

House keeping – cell phones, exits, washrooms, power point

Who is the audience? – innovators, business people, government representatives, general public

Today I am here to talk to you about a very exciting new Government program called the Canadian Innovation Commercialization Program, or CICP. This program is designed to assist Canadian businesses with products and services at the later stages of Research and Development (R&D) to move their innovations from the laboratory to the marketplace.

This program is managed by the Office of Small and Medium Enterprises, OSME, which sits within the Department of Public Works and Government Services Canada. The mission of OSME is to help small and medium enterprises do business with the Government of Canada.

OSME has 6 regional offices across the country to assist businesses, and offers seminars on a number of topics including how to do business with the Government of Canada.

*(If there is an OSME/CICP booth at the event – I encourage you to visit our booth to get more information on how OSME can assist you and on CICP. It is located....).*

You can ask questions at any time during the presentation *or* There will be a Question and Answer period at the end of the presentation.

## Context

- Current government programs to support innovation focus on:
 

Early research and development

Loans / financing
- Budget 2010: The Canadian Innovation Commercialization Program (CICP) was created to help Canadian enterprises, particularly small and medium enterprises (SMEs), bridge the “Pre-commercialization Gap”
 

Enterprises often experience difficulties moving innovations from laboratories to the marketplace

These challenges are particularly critical to SMEs

Government recognizes SMEs are the engine of the Canadian economy

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There are many programs out there that support early and mid-stage R&D. Some provide tax incentives, while others may be Grants and Contributions programs or loans and financing programs. These programs are offered by different levels of government, by non-government organizations, and by the private sector.

Through the work that OSME does we found that there are a number of gaps for companies with innovations in late-stage R&D:

- Pre-commercialization Gap – companies are having difficulty moving their innovations from the lab into the marketplace
- Finding that first buyer – companies tell us that it is very difficult to find that first time buyer – that “reference sale”. For a new innovation, customers want to know who companies have sold to before. They view these innovations as being higher risk, and they are not willing to take the risk of being the first buyer.
- Companies told us that it is easier to sell to foreign governments than it is to sell to the Canadian Government. We found that the Government of Canada has no good way of buying innovations.

In response to these challenges the Government launched the CICP. It is designed to support Canadian companies in moving their innovations into the marketplace.

This program was announced in Budget 2010 as part of Canada's Economic Action Plan.

Right now, this is a pilot program, with \$40 million over 2 years.

# Approach

Over a two-year period, the government will procure pre-commercial innovations to be tested by federal departments

These innovations will focus on four priority areas:



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The program has 4 Priority Areas, which are based on what the government buys. Something that I want to stress is that there is almost nothing that the government doesn't buy! We have labs all across the country, we have parks, we own buildings, we have the Canadian Forces and RCMP and all of the equipment that they require. We also support populations, such as our military population and our prison population.

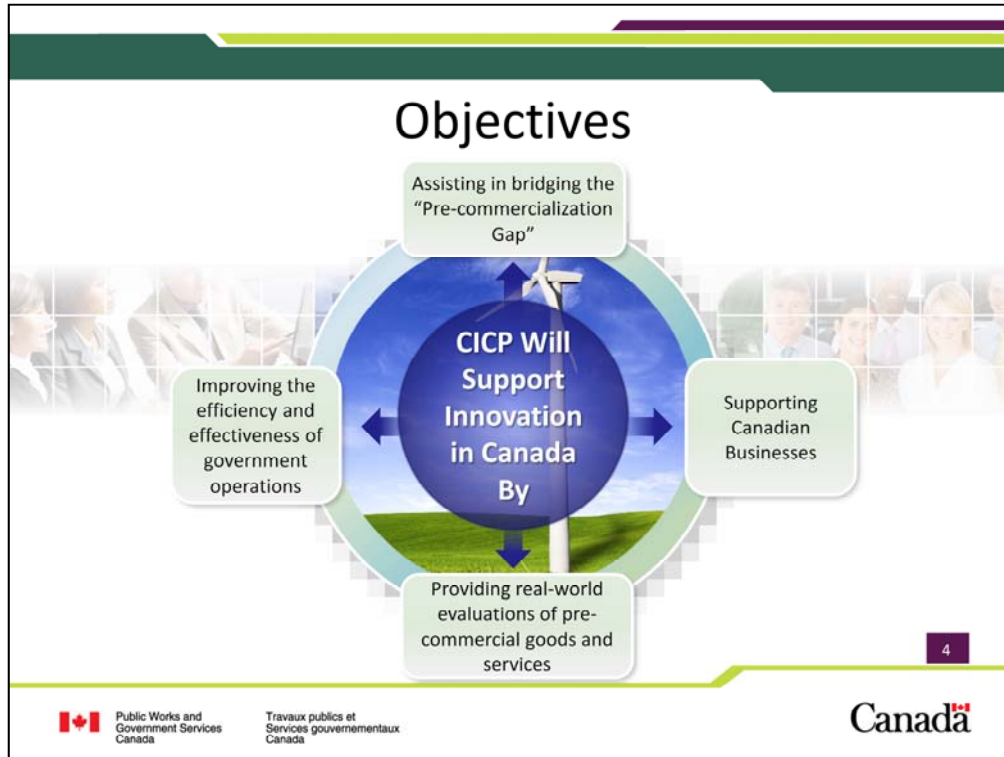
The Priority Areas for the program are:

Environment – this includes contaminated sites, energy, waste reduction

Health – this includes medicines, medical devices

Safety and Security – This includes surveillance, border security, emergency management systems

Enabling Technologies – This includes information and communications technology, nanotechnologies, biotechnologies



The CICP has four core objectives:

#### Bridging the "pre-commercialization gap"

- There is a gap that exists when businesses try to move their innovation out of the R&D phase and into commercialization
- Many great innovations never make it to market
- Potential customers want to know who else the innovation has been sold to
- This program can give companies that reference sale

#### Supporting Canadian businesses

- It makes economic sense for the Government of Canada to support Canadian businesses
- Canadian businesses are finding it difficult to sell innovations to foreign governments because their own government has not bought the good or service
- This program gives the government a vehicle through which to demonstrate support and to assist Canadian businesses with pre-commercial innovations

#### Real world evaluations

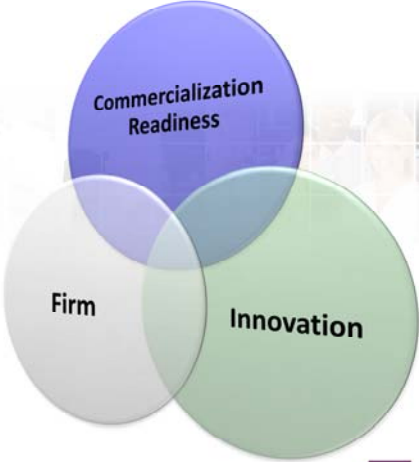
- Normally, a first buyer would not provide a company with feedback as to how their innovation worked. They may give them some vague information, or they may tell them that it did or didn't perform to expectations, but it would be rare that they would give concrete useful feedback.
- Innovations purchased through this program will be tested within government departments, and they will in turn provide the suppliers with critical feedback that is required as innovators move their innovations toward commercialization
- This feedback can be used to assist with fine tuning of the innovation; to ensure that it is ready for market

#### Improving the efficiency and effectiveness of government operations

- Through this program, the Government of Canada will be able to buy and test products and services that it doesn't know exist
- We will be able to find innovative solutions to existing problems
- This program buys very differently from how we traditionally buy
  - Normally, the government decides what it wants to buy, and we go out with detailed specifications that suppliers must meet
  - This program is different – CICP operates with a supply focus instead of a demand focus. Instead of going out and asking you to supply something specific that we have pre-defined, we are asking you to tell us what you have that is innovative.

# Is CICP right for you?

- **Innovation**
  - Must demonstrate that the innovation is an advance on the state of the art
- **Firm**
  - Must demonstrate that they have the financial capacity, management team, and IP strategy to commercialize the innovation
- **Commercialization Readiness**
  - Must demonstrate that the innovation is at TRL 7-9 and that it has not been sold commercially



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These three components are the core of what CICP proposals will be evaluated on.

**Innovation** – must demonstrate that the innovation is an advance on state of the art

- I will discuss this in greater detail in a later slide
- BUT it is very important to know that this is a key element of the CICP evaluation
- The innovation is being evaluated on how much of an advance it is as compared to what is currently considered to be state of the art available in the marketplace right now

**Firm** – Must demonstrate that they have the financial capacity, management team, and IP strategy to commercialize the innovation

- Given the nature of the program we are not looking for firms that are profitable right now, but we do want to ensure that you have the ability as a company, both from a financial and a management perspective, to be able to successfully commercialize the proposed innovation.
- When we talk about IP strategy, we are talking about an IP strategy that is appropriate for the innovation – so it is not necessarily a patent that we are looking for.
- A note about IP – the CICP is looking to buy the innovation as a customer – we are NOT interested in having ANY ownership of the IP.

**Commercialization Readiness** – must demonstrate that the innovation is at TRL 7-9 and that it has not been sold commercially

- TRL stands for “Technology Readiness Level”. I will discuss this in more detail in a later slide, but what you need to know is that we are looking for innovations that are in late stage research and development and are ready to test at the close of bidding.
- “Has not been sold commercially”. In order to meet the requirements of this program, the innovation cannot have been sold commercially either in Canada or abroad.

# Calls for Proposals

- Calls for Proposals (CFP) will be posted on MERX™
  - Additional information available on [buyandsell.gc.ca/innovation](http://buyandsell.gc.ca/innovation)
- CFP will include mandatory, screening and point-rated criteria
- Proposals must:
 

Be valued at \$500K or less (GST/HST and shipping extra)	Not have been sold commercially	Be provided by Canadian bidders
Include 80% Canadian content	Show IP ownership or rights	Be included in one of 4 Priority Area

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Something that is different about the CICP is that not a loan program, not a Grants and Contributions program, not a tax credit program, it is a procurement program – we are **buying** innovative goods and services for testing and use in the federal government.

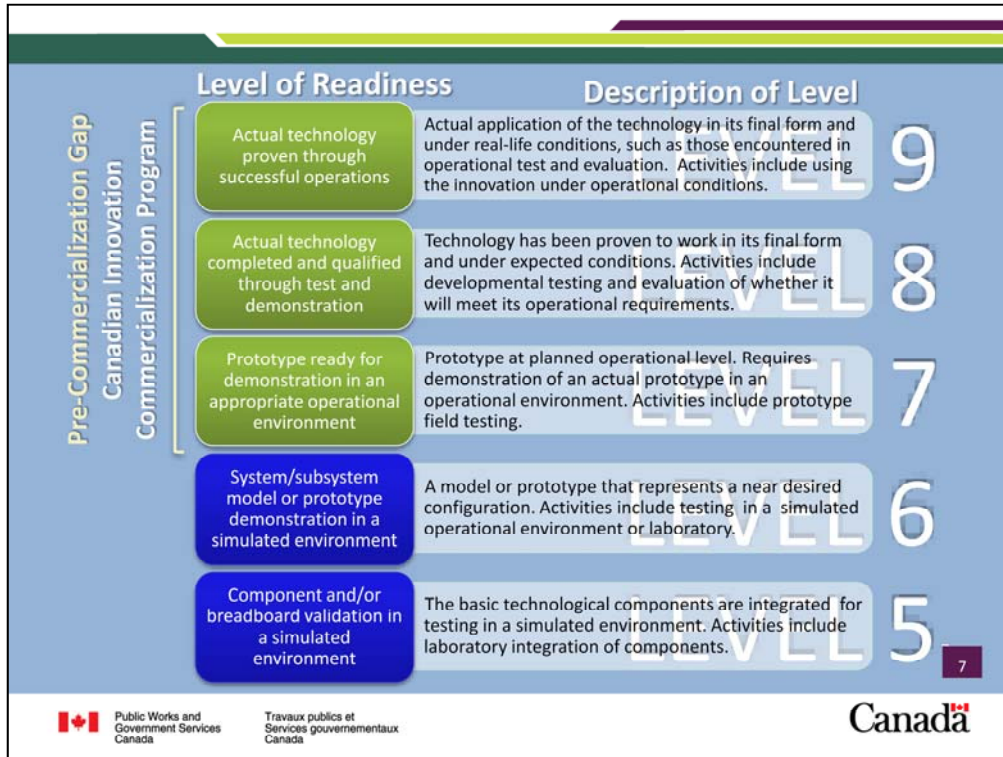
For any of you that are familiar with doing business with the government, a Call for Proposals is like a Request for Proposals, which is an instrument that the Government of Canada uses to solicit bids for a procurement.

When a Call, or round, is open, the Call for Proposals is posted on the Government of Canada's Electronic Tendering Service, or *GETS*. *GETS* is currently hosted on [MERX™](http://MERX.com). I encourage all of you to go to MERX.com to take a look at the site and at what kinds of things the government buys. It is important to note that for suppliers, it is FREE to access and download Canadian Federal Government opportunities. Like I said, MERX is owned by a third party, and they do have a cost structure to access other opportunities – on the site, there are also provincial opportunities, as well as US government and private sector opportunities. But the Canadian Government covers the cost for access to Federal opportunities.

The Call includes mandatory, screening, and point-rated criteria. Some of the mandatory criteria against which you will be evaluated are:

- The proposal must be valued at \$500K or less. We realize that there are lots of innovations out there that are of higher value, but right now, under the pilot phase of CICP, we are limited by the amount of funding that we have, and we want to be able to buy and test as many innovations as possible.
- Not have been sold commercially. This means that the innovation cannot have been sold commercially either here in Canada or abroad. The purpose of the program is to assist suppliers in moving their innovations from the lab to the marketplace – if you are not pre-commercial, than you fall outside the mandate of the program.
- Bidders must be Canadian.
- Include 80% Canadian Content. We are not measuring the percent of bits and pieces that are actually manufactured in Canada, though that may play into it. We are more concerned about where the development occurred and where the IP for the innovation resides.

For full definitions of each of these mandatory criteria visit [www.buyandsell.gc.ca](http://www.buyandsell.gc.ca).



The concept of Technology Readiness Levels, or TRLs, was adopted from a model used by the US Military.

There was a change to the program from Round 1 to Round 2 associated with the TRLs:

- In round 1, we were looking for innovations in TRLs 6 to 9
- In round 2, we changed that to TRLs 7 to 9

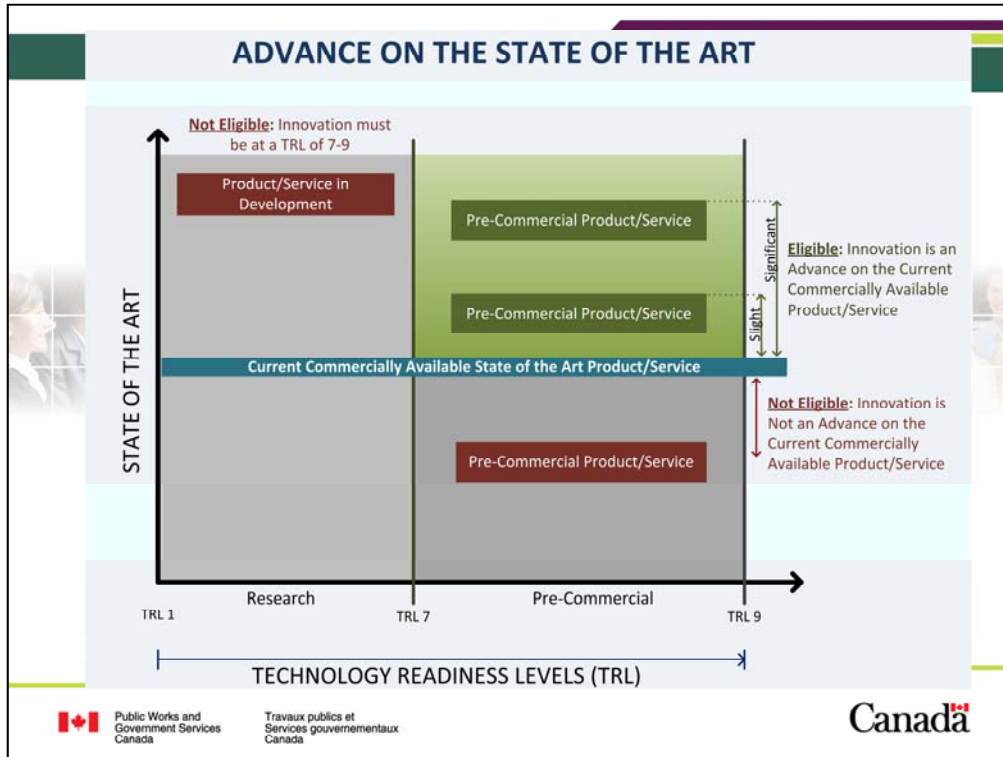
TRL 6:

- A model or prototype that represents a near desired configuration
- This could be a prototype that is not yet built to scale

We need innovations that are truly in the final stages of R&D, and that are ready to be tested.

TRL 7:

- Ready to be used in an operational setting.
- This is where you need to be for CIGP.



Advance on the State of the Art is one of the most important concepts for CICIP.

It is the key component that innovations will be evaluated against.

It is how we define **innovation** for the purposes of CICIP.

**For the purposes of CICIP, we want to know how much of an advance the innovation is as compared to what is currently considered to be state of the art out there in the marketplace**

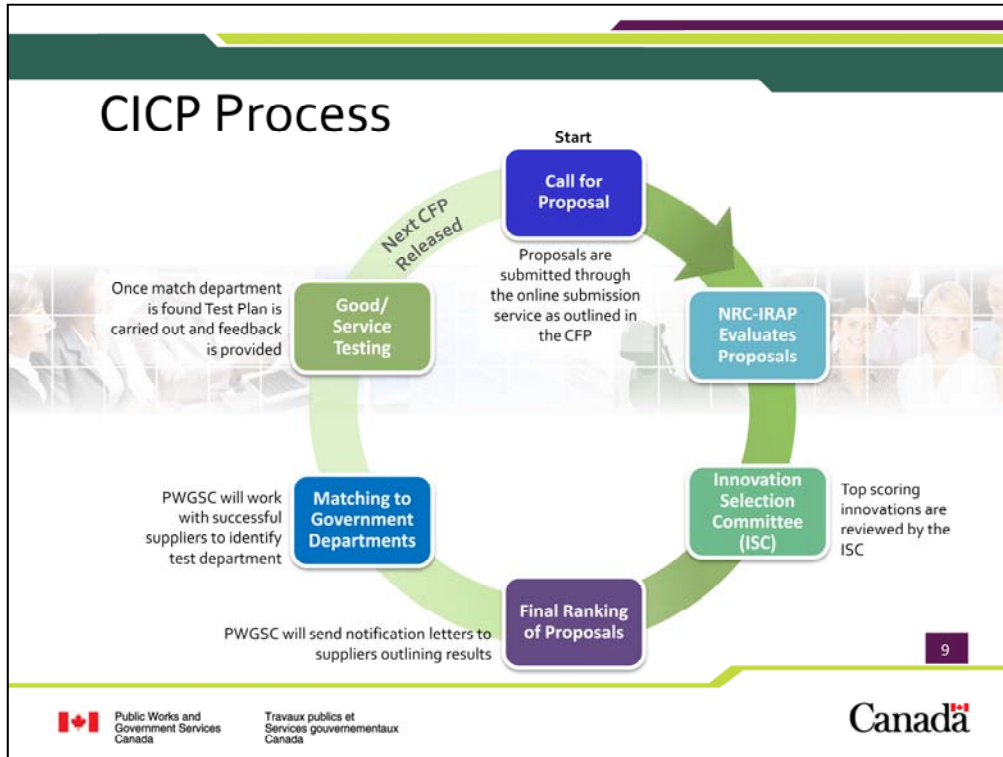
So if you look at this graph:

- On the x-axis we have the TRLs, which I described in the previous slide. The innovation needs to be at or above TRL 7 to fall within this program.
- On the y-axis we have “State of the Art”. If the innovation is not an advance on the currently commercially available products or services, it falls outside the program. The innovation must fall above the blue line – it must be an advance on what is currently commercially available

So to summarize, we are evaluating you against whatever product or service that is currently commercially available that is considered to be state of the art, and we are evaluating you on how much of an advance on state of the art your innovation is.

You should know that we are NOT evaluating innovations against other proposals that are submitted. For example, if 2 competitors submitted proposals, we will not be evaluating those proposals against each other – we will be evaluating each of them against what is currently commercially available that is considered to be state of the art. So in theory, both a company and their competitor may score very high and may be pre-qualified for CICIP.





One of the things that makes the CICP unique is that it is an acquisitions program. The entire procurement process will be fair, open and transparent.

The Calls for Proposals will be made available on MERX.com, where businesses can register to receive federal government opportunities for free.

One of the components of the program that is innovative is that we are using an on-line bid submission system as opposed to the current paper based method of submitting bids. Once you have read the Call for Proposals, you will be directed to the web site of the online system where you will submit your bid.

Once the bidding period has closed, evaluations will be reviewed by the Industrial Technology Advisors from the National Research Council – Industrial Research Assistance Program. These ITAs have the technical knowledge and expertise in a broad range of areas as well as having experience in evaluating proposals. The proposals are distributed amongst the ITAs to ensure that they are evaluating proposals in their area of expertise.

Once the NRC-IRAP evaluations are complete, the proposals are ranked based on score. The top-ranked proposals are sent to the Innovation Selection Committee, which is made up of private and public sector experts. The role of the ISC is to review the rankings and to tell us if we “got it right” from a program perspective. They are also there to provide us with advice on how to improve the program.

After the ISC review, the final ranking is confirmed. We will then select the pre-qualified innovations, starting from the highest ranked, based on available funding. Companies who fall within the list of pre-qualified proposals will receive a letter outlining next steps, and the companies who were not successful in the round will receive a full debrief letter.

We will then work on matching the pre-qualified innovations to test departments. Although there is a question in the Call asking about potential test departments, companies are not penalized for not knowing who the appropriate test department would be for your innovation, and you don't receive points for naming a test department. However if a company knows of a test department that would be a good match for your innovation, they should let us know. It makes our job a lot easier!

It should be noted that if a test department is not found, then no contract will be awarded. Having a good test plan as part of the submission will help the match making process.

A really important component of the program is that once the innovation has been tested, the test department will provide the supplier with feedback as to how the innovation performed. They can then use this feedback to further refine their innovation as they move toward full commercialization.

## CICP Contact Information

**Program E-mail**  
[Innovation@pwgsc.gc.ca](mailto:Innovation@pwgsc.gc.ca)

**Program Website**  
[www.buyandsell.gc.ca/innovation](http://www.buyandsell.gc.ca/innovation)

**MERX Website**  
[www.merx.com](http://www.merx.com)

**Subscribe to the CICP update mailing list**  
(on home page of program website)

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For more information on the program, please spend some time looking at the Buy and Sell website or contact your regional OSME office or the CICP national coordination team by using the program email address.

You can also subscribe to our mailing list on the Buy and Sell website to receive program updates.

When a Call is open, The Call for Proposals can be accessed on the Government Electronic Tendering Service at MERX.com

We are always looking for feedback so please let us know how we can make this program a success with your participation.