

**35** YEARS  
1988-2023



# The EXA Consulting Group

## WIN BIG The EXA Way

### Working with Big Prime Contractors

How SMBs Succeed



Defence Trends Symposium

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*The Comprehensive Guide to Capture and Proposal Leadership*



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- ▶ **SMB Engagement from the Major Primes' Perspective**
- ▶ What to do if you are an SMB
- ▶ Success Stories
- ▶ Questions & Answers

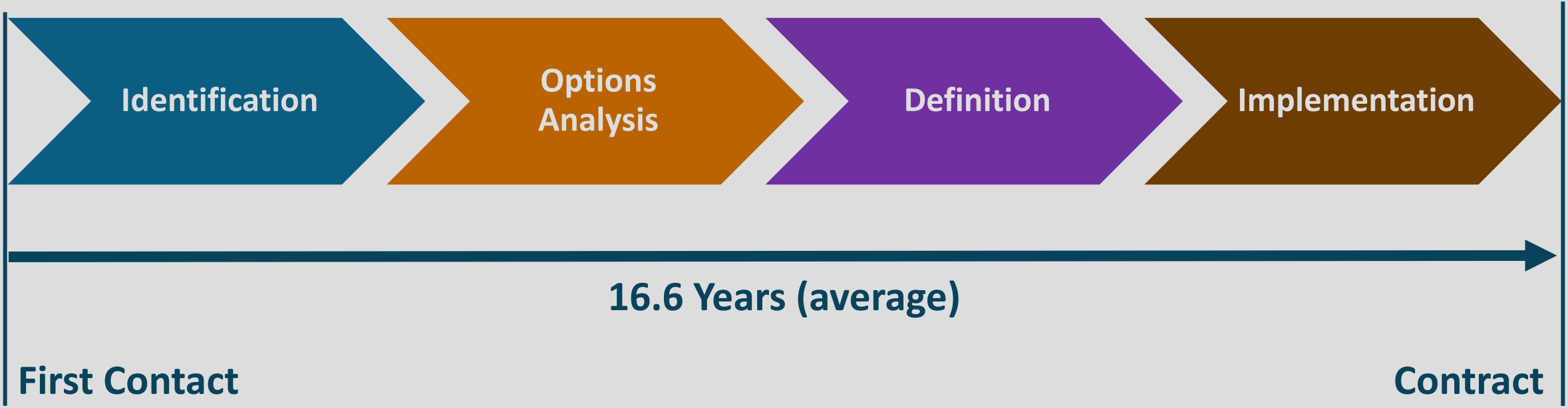
# The Current Situation From the Prime Contractor's Perspective



- ▶ Major prime contractors struggle to find qualified SMBs
  1. The Canadian defence procurement cycle is very long
  2. SMBs are less stable than large companies
  3. The cost of dealing with many SMBs is higher than dealing with one major subcontractor
  4. SMBs new to defence contracting require guidance
  5. Many SMBs do not understand how the ITB program has reshaped the defence market



# 1. The Defence Procurement Cycle





# 2. SMB Stability



- ▶ **Endurance**
  - ▶ SMBs are less resilient to market shifts
- ▶ **Independence**
  - ▶ SMBs must remain independently owned
- ▶ **Size**
  - ▶ SMB cannot exceed 250 employees



# 3. Cost



Major Subcontractor

SMB

SMB

SMB

SMB

SMB

- ▶ Contracting and commercial
- ▶ Project management
- ▶ ITB Reporting
- ▶ Contract maintenance
- ▶ Project integration management
- ▶ QA

# 4. SMB Guidance



- ▶ Project management
- ▶ Accounting & Finance
- ▶ Quality
- ▶ Security
- ▶ Cybersecurity

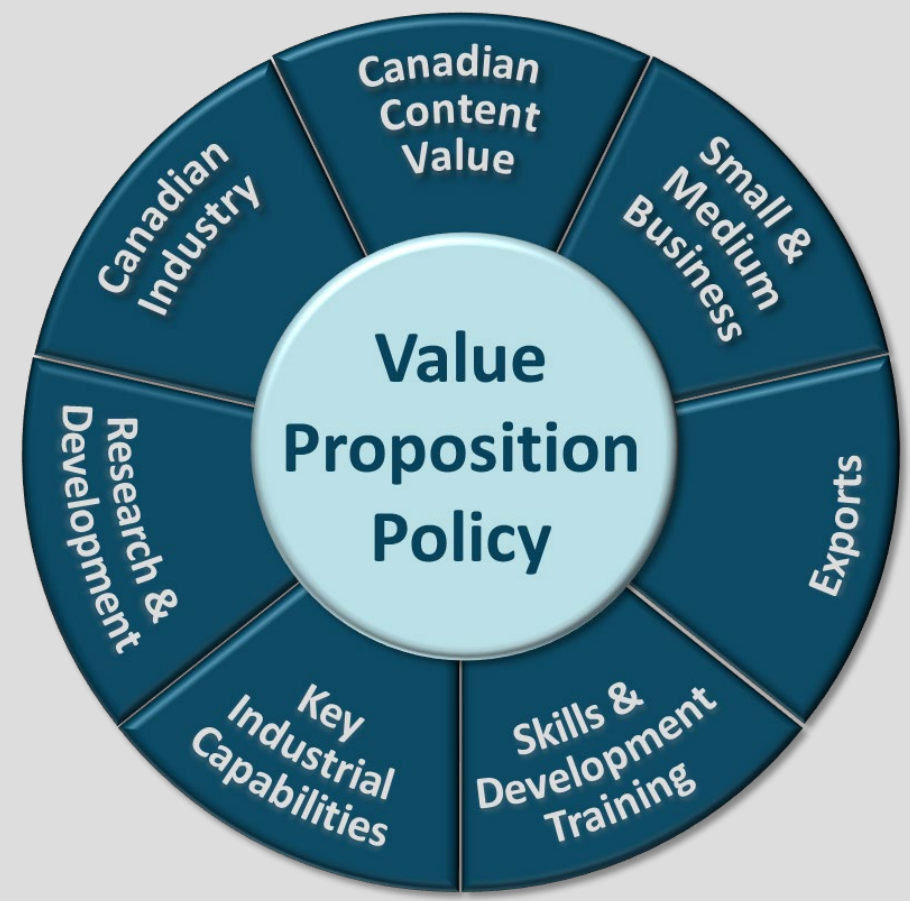




# 5. How ITB/VP Works



- ▶ Being a Canadian SMB is not enough
- ▶ Many SMBs do not understand CCV and VP





- ▶ SMB Engagement from the Major Primes' Perspective
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# What is an SMB (The World According to ISED)



- ▶ Fewer than 250 full-time employees
- ▶ Do not represent or distribute foreign products/services
- ▶ Not a subsidiary of any company that participates in any ITB/VP program on any contract



# What is the CCV Price Gap (The World According to ISED)



CCV = **C**anadian **C**ontent **V**alue

1. Net Price Method

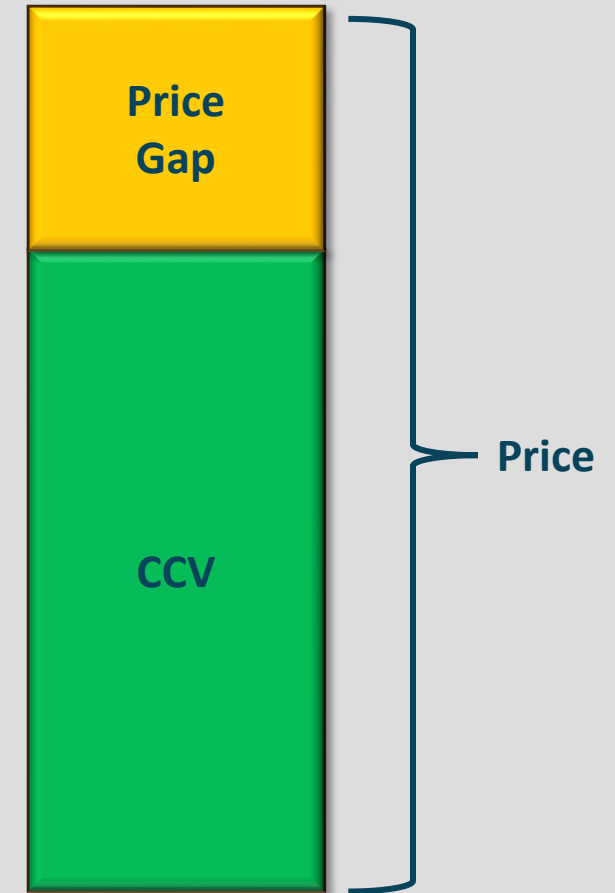
$$CCV = \text{Price} - \text{taxes} - 15 \text{ ineligible categories}$$

2. Aggregate Method

$$CCV = \text{CDN parts}^* + \text{reimported parts}^* + \text{transportation}^* \\ + \text{labour}^* + \text{consumed materiel}^* + \text{utilities}^* \\ + \text{insurance premiums}^* + \text{property tax}^* + \text{facilities}^* \\ + \text{equipment}^* + \text{engineering}^* + \text{R\&D}^* + \text{travel}^* \\ + \text{profit}^* + \text{miscellaneous}^*$$

\* Subject to eligibility rules

$$\text{Price Gap} = \text{Price} - \text{CCV}$$





# Understand Your Market Understand Your Customer Understand Your Value



- ▶ The ITB/VP program is the only reason a prime talks to an SMB
- ▶ There is (almost) always a competitor that sells your product faster, cheaper, better
- ▶ You are not selling your product
- ▶ You are selling CCV and VP





- ▶ **Examine Gaps**
  - ▶ CCV Price Gap
  - ▶ CCV & VP available
  - ▶ Competitive analysis
  - ▶ Corporate maturity
  - ▶ Security, cybersecurity & CGP
  
- ▶ **Strategic Plan**
  - ▶ Close gaps
  - ▶ Develop a benefit statement for prime contractors based on CCV and VP



- ▶ Contact your RDA (ACOA) & industry associations
  - ▶ RDAs can match you up with potential prime contractors
  
- ▶ Become an ITB/VP/CCV expert
  - ▶ Know the rules before you play the game
  
- ▶ Attend B2Bs
  - ▶ *Do your homework first !*
  
- ▶ Other people can open doors
  - ▶ It's up to you to do the hard work before and after
  
- ▶ **Remember what you are really selling !!**



# Closing the Deal



- ▶ You need a champion on both sides
  - ▶ A Prime champion to stickhandle the administrative bureaucracy
  - ▶ An SMB champion to position your company
- ▶ Be patient, flexible, and innovative
  - ▶ Bureaucracy
  - ▶ Security
  - ▶ Be open to new possibilities/challenges
- ▶ Quick wins
  - ▶ Low risk demonstrators





- ▶ SMB Engagement from the Major Primes' Perspective
- ▶ What to do if you are an SMB
- ▶ **Success Stories**
- ▶ Questions & Answers





The screenshot shows the AI@CenTech website. At the top left is the AI@CenTech logo. To its right are navigation links for 'Programs', 'Alumni', and 'Challenges'. The main content area features the headline 'An open-innovation platform to build partnerships we can trust'. Below this is a paragraph describing AI@CenTech as a corporate accelerator for the Thales Group, co-developing solutions with startups and SMBs in five major markets: digital identity and security, defence, aerospace, space, and transport. At the bottom, there are two buttons: 'Our programs' (dark blue) and 'Our challenges' (white with a red border).

## THALES

- ▶ AI@CenTech, Montreal
  - ▶ Technology Acceleration Program
- ▶ Thales Synergy, Montreal
  - ▶ Enabling SMBs
- ▶ NDEC, Fredericton (announced)
  - ▶ Cybersecurity solutions with SMBs
- ▶ Thales' commitment to SMBs
  - ▶ EXA podcast with Chris Pogue  
CEO of Thales Canada  
[www.exa.group/blog/episode-4](http://www.exa.group/blog/episode-4)





## **GENERAL DYNAMICS**

Mission Systems–Canada



- ▶ Multi-year R&D collaboration
  - ▶ Established Fall 2021
  
- ▶ Secure communications noise reduction/removal
  - ▶ Demonstration at upcoming CANSEC 2023
  
- ▶ Spun-off additional AI R&D project
  - ▶ Cyber Attack



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# Thank You



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