

Halifax-class Combat Systems (HCCS) In-Service Support Contract (ISSC)

Working Group Session #1

26 September 2017



Agenda and Timeline

Start	Item	Presenter
0900	Opening Remarks	Gary Vrckovnik
0910	Background and Schedule	Gary Vrckovnik
0920	Performance Work Statement (PWS)	Gary Vrckovnik
1020	Data Item Descriptions (DIDs)	Gary Vrckovnik
1030	Health Break	--
1045	Performance Requirements Specification (PRS)	Gary Vrckovnik
1130	Materiel Management Breakout Session Details	Gary Vrckovnik
1145	Lunch Break	--
1245	Breakout Session – Materiel Management	Industry
1545	Closing Remarks	Gary Vrckovnik



HCCS ISSC Project Team

- Department of National Defence
 - Project Manager - Gary Vrckovnik
 - Procurement Authority – Laura Sample
- Public Services and Procurement Canada
 - Contract Authority - Marie-Andrée Fortin
- Innovation Science and Economic Development Canada
 - ISEDC Representative - Mark Gray
- Fairness Monitor
 - Steve Johnston from RFP Solutions



Industry Engagement

- Intent is for Industry to provide recommendations and feedback on key aspects of the RFP
- Session #1 Date: 26 September 2017, 9h-16h
 - Topics: Discussions on the Performance Work Statement (PWS), the Performance Requirements Specification (PRS), Data Item Descriptions (DID), and Materiel Management Working Group.
- Session #2 Date: 12 October 2017, 9h-16h
 - Topic: Industrial and Technological Benefits / Value Proposition and RFP Bid Evaluation
- Session #3 Date: 26 October 2017, 9h-16h
 - Topics: Contract terms and conditions and Basis of Payment
- Additional sessions in November if necessary



Rules of Engagement

- Note: All documents related to this procurement are draft at this time and are subject to change
- Questions / Feedback
 - Feel free to ask anytime during the presentation in either Official Language
 - Email:
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HCCS Background



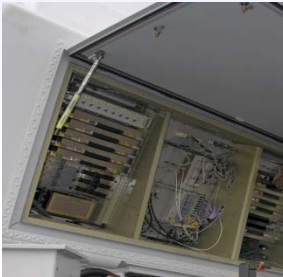
Background

- 6 new Integrated Components for the *Halifax*-class Combat System were acquired through the *Halifax*-class Modernization Program
 - Lockheed Martin Canada's Combat System Integration Design and Build Contract
- Limited "Interim" support contracts established until the Long-term In-Service Support (ISS) contract awarded
 - Being achieved by expanding existing Repair & Overhaul (R&O) contracts where possible, initiating spare Standing Offer Arrangement (SOA) contracts, and issuing new short-term sole-source contracts to the OEMs for each Combat System component



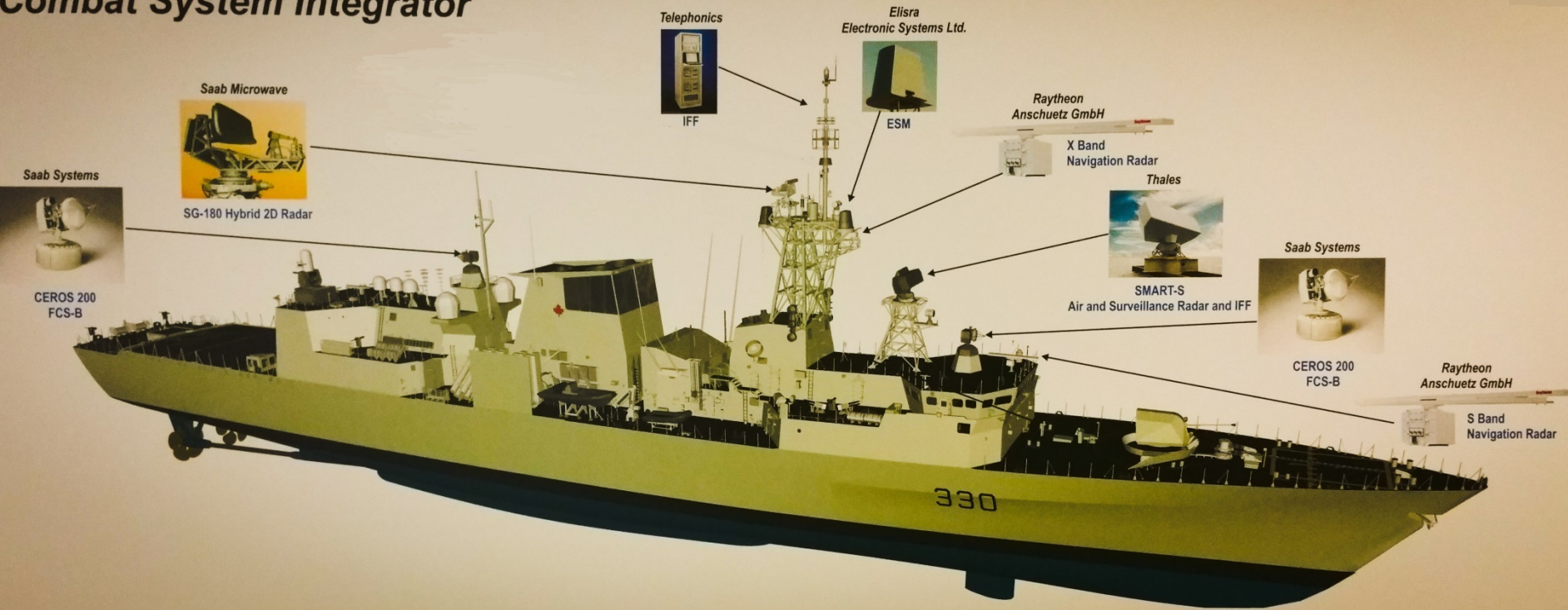
Background

- Long-term ISS is required for the following 6 Combat Systems:
 - Fire Control Radar System CEROS200 (OEM – Saab EDS, Sweden)
 - 2 D Radar System SG-180 (OEM – Saab Microwave, Sweden)
 - 3 D Radar System SMART-S (OEM – Thales, Netherlands)
 - Identification Friend or Foe (IFF) MK XIIA (OEM – Telephonics, USA)
 - Navigation Radar NSC-26 (OEM – Raytheon Anschuetz, Germany)
 - NS9003A-V2HC Electronic Support Measures (OEM – Elisra, Israel, Licenced Canadian Repair Facility is Lockheed Martin Canada)



Background

HALIFAX CLASS MODERNIZATION Combat System Integrator



HCCS Requirement

- The HCCS Equipment Group (EG) requires a long-term, performance-based In-Service Support Contract
- Contract period FY 19 – EOL (estimated 2040)
- Initial 6 Year Term with subsequent 1 year Option Renewals (Rolling Wave illustrated on next slide)
- Contractor must manage, procure, own, warehouse, distribute and dispose materiel (COCO Model)
- DND (Ship Staff, Fleet Maintenance Facility (FMF) will normally conduct 1st and 2nd level maintenance
- Contractor will conduct 3rd level maintenance
- Contractor will be responsible for maintaining HCCS EG Design Intent and to meet the availability requirements for each system
- The Security Requirement is Secret caveat CANUS



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(20 Year Contract Term shown for illustration purposes only)



Performance Measured	Performance Measured and linked to Tenure	Performance Measured and linked to Payment and Tenure
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Procurement Strategy Considerations

- The HCCS ISSC will be sourced competitively
- Fairness Monitor has been assigned
- Trade Agreements will not apply as a National Security Exception is invoked
- The individual OEMs hold the Intellectual Property (IP) Rights for their respective systems
- The HCCS ISS Contractor will need to establish arrangements with each of the OEMs (innovative solutions)
- Aligned with Defence Renewal and naval ISS initiatives, we are looking for a single long-term, performance based contract with annual incentives
- Contract Governance Structure will be established through cooperative development of a Relationship Charter with the HCCS ISS Contractor



Current Support Contracts

System	Company	R&O Contract Expiry Date	R&O Contract Option Years	Parts Contract Expiry Date with Options
3D Radar	Thales	May 2018	+2	May 2019
2D Radar	Saab	Dec 2017	+5	Mar 2019
FCS Radar	Saab	Dec 2017	+5	Mar 2019
Nav Radar	Raytheon	Nov 2017	+1	Expired
IFF	Telephonics	Jan 2018	+2	May 2020
ESM	LM Canada	Mar 2019	+2	Mar 2021



HCCS ISSC Schedule

Forecast Date	Item
Dec 2016	Draft Invitation to Qualify (ITQ) Released for Feedback
Feb 2017	Final ITQ Released on Buyandsell.gc.ca
Apr 2017	ITQ Cancelled
May-June 2017	One-on-One sessions with Industry re: ITQ
Sept–Nov 2017	Working Group Sessions with Industry
Nov-Dec 2017	Draft RFP Released for feedback on Buyandsell.gc.ca
Mar 2018	Final RFP Released on Buyandsell.gc.ca
July 2018	RFP Closes (RFP Release + 4 months)
Sept 2018	Bid Evaluation Complete (RFP Closes + 2 months)
Oct 2018	Negotiation Complete with Successful Bidder
Dec 2018	Treasury Board Submission
Mar 2019	Contract Award

Performance Work Statement



PWS Style & Structure

- Outcome based Performance Work Statement (PWS) with mandatory requirements
- Performance Requirements Specification (PRS) based on the Outcomes
- PWS specifies the incentives which are linked to measureable outcomes.
- We have denoted each paragraph with an [O], [M] or an [I]
 - O = mandatory outcomes that specify the end result to be achieved by the Contractor
 - M = mandatory requirements that must be delivered by the Contractor
 - I = provides contextual information to the Contractor.



PWS Content

- Chapter 1 - Introduction
 - Chapter 2 - General Requirements
 - Chapter 3 - In-Service Support Management
 - Chapter 4 - Technical Schedule Management
 - Chapter 5 - In-Service Support Activities
 - Chapter 6 - Training Support
 - Chapter 7 - Electronic Information Environment
 - Chapter 8 - Performance Monitoring and Assessment
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- Appendix 1 - HCCS Performance Requirements Specification
 - Appendix 2 - HCCS EG Configuration Item Index Report (to be provided after CA)
 - Appendix 3 - HCCS EG Technical Data Item List (to be provided after CA)
 - Appendix 4 - Data Item Descriptions (DIDs)
 - Appendix 5 - Government Property (GFE, GFI, GSM) (to be provided after CA)
 - Appendix 6 - List of References
 - Appendix 7 - Glossary of Terms
 - Appendix 8 - Abbreviations and Acronyms



HCCS ISSC Scope of Work

- Single, long-term, flexible, relational, performance-based ISSC
- Initial 6 year contract term with 1 year rolling wave options
- **PWS-65 -- [O] The Contractor must preserve the Design Intent (DI) of the HCCS EG.**
- Contractor must manage, procure, own, warehouse, distribute and dispose materiel
- DND can add or remove systems from the HCCS EG
- Defence Resource Management Information System (DRMIS) is Canada's Materiel Acquisition & Support system of record which must capture all work activities
- DND retains Design Authority (DA), System Authority (SA)



General Requirements - PWS Work Categories

Management Functions

- management level work necessary to execute the Contract

Core Work

- work that is predictable, quantifiable, recurring and performed within specified time periods
- e.g. Configuration Management, Obsolescence Management, Tech Data Management

Emergent Work

- work that is generally unplanned or unquantifiable, although of a known type
- as and when requested basis in accordance with the Basis of Payment of the contract
- authorized through a Task Authorization form (DND 626)
- e.g. Antenna overhauls, Engineering Changes, Training augmentation



General Requirements - PWS Work Phases

Start-Up Phase

- Provide the Contractor time to establish full service delivery capability and to implement and validate the performance management framework via data collection and assessment
- The work of the interim Repair & Overhaul (R&O) contracts with the OEMs will be transitioned to the Contractor during the Start-Up Phase

Steady-State Phase

- Contractor conducts ISS under a Performance Management Framework

Close-Out Phase

- There are 2 conditions for initiating Contract Close-Out
 - contract termination
 - Retirement of the HCCS EG systems due to end of service life (disposal)



ISS Management - Annual Operating Plan (AOP)

- AOP is developed and approved annually and covers future fiscal years of the Contract Period
- Identifies Core and Emergent work, future unfunded work
- Work priority is based on operational readiness levels and Formation schedules
- Adjust AOP to changes due to operational needs, budget, delays
- AOP Schedule must align to Class Program Manager's Integrated Master Schedule



ISS Management - Relational Contracting

- **PWS-296-- [O] The Contractor must manage relationships such that there are collaborative and effective working relationships between Canada and the Contractor and between the Contractor and other contractors to achieve mutually successful outcomes.**
- Contracting for a partner not just a supplier of services - Relational Performance Based Contract which stresses the relations between:
 - Halifax-class Design Agent and Support Services Contractor
 - Halifax-class Work Period Contractors
 - DND: System Authority, Design Authority, Technical Authority, Fleet Maintenance Facilities (FMFs), Ship Staff
 - OEMs
- Development of Relationship Charter upon Contract Award
 - common goals, desired behaviours, and joint governance
 - includes a series of mutually agreed upon processes to increase collaboration
 - engenders trust, promotes innovation and best practice development is established
- Canada Industry-Integrated Project Team



ISS Management - Intellectual Property Management

- All background intellectual property (IP) is retained by the HCCS OEMs or their Authorized Representatives
- Canada will retain ownership and IP rights for all foreground IP resulting from this contract
 - National Security
 - Smart Customer
- ***PWS-587 -- [M] The Contractor must obtain all necessary rights, licenses and agreements with each HCCS EG OEM and other parties.***
- Expect the Contractor to negotiate arrangements with each OEM or their Authorized Representatives



ISS Management - Direct Liaison

- Expect direct liaison between the successful Contractor and RCN Formations and Units after Contract Award
 - exchange of information for planning and coordinating approved work is encouraged
- Contractor will inform TA of liaison activities
- DND will have ability to consult and communicate directly with the OEMs
 - This may lead to an emergent task being raised with the Contractor



ISS Management - Continuous Improvement

- **PWS-446 -- [O] *The Contractor must achieve the lowest possible life cycle cost for the HCCS EG.***
- **PWS-447 -- [M] *The Contractor must conduct life cycle cost analysis to ensure that the lowest cost of sustaining the HCCS EG to the required level of performance is achieved.***
- Assessment of the Continuous Improvement Program will be linked to the Performance Management Framework and Value Engineering activities.



ISS Management – Naval Materiel Regulatory Requirements

- ***PWS-452 -- [O] The Contractor must ensure that the HCCS EG is fit for purpose; safe and complies with Regulatory and Environmental requirements.***
- ***PWS-466 -- [M] The Contractor must ensure that the HCCS EG installed on the Halifax-class Ships are maintained in accordance with each vessel's approved Naval Materiel Regulatory Assurance Certification Plan through the naval materiel regulatory process described in the Naval Materiel Regulation for Surface Ships (NMRSS).***
- *Halifax-class is currently transitioning to “Accepted into Class” through a contract with Class Society Lloyds Register*



ISS Management - Security Requirements

- **PWS-470 - [O] *The Contractor must ensure that the continuity of Navy missions is maintained in the presence of security incidents, disruptions and emergencies that occur for the HCCS EG.***
- HCCS EG provides significant situation awareness to the *Halifax-class* Combat System
- Contractor will need to:
 - Identify Critical Program Information (CPI) – elements that if compromised could cause significant mission degradation
 - Analyze criticality of the CPI
 - Analyze supplier threat – supply chain
 - Assess vulnerabilities
 - Assess risks and implement countermeasures
 - Report security incidents
- Similar to US DoD Program Protection Plan



Technical Schedule Management

- **PWS-661 -- [O] The Contractor must align the Work with ship availability and RCN assigned priority.**
- **PWS- 665 -- [M] The ISS Contractor must provide HCCS TSM Services to:**
 - a. assist in the planning and scheduling of Programmed Work Periods (PWPs);**
 - b. identify and ensure early resolution of any scheduling issues or conflicts;**
 - c. ensure the identified and approved work packages are complete, so they can be efficiently sequenced and scheduled for approved PWPs;**
 - d. ensure all the components, resources and materiel support required for each work package will be available to support the execution of approved PWPs; and**
 - e. develop contingency plans and incorporate schedule flexibility to accommodate changes for unforeseen and/or immediate requirements.**

ISS Activities

- Contractor Work Elements:
 - Design Intent Management
 - Configuration Management
 - Technical Problem Management Support
 - Obsolescence Management
 - Technical Data Management
 - Facilities and Government Property Management
 - Engineering Support (e.g. Technical Investigation and Engineering Studies (TIES), Special Investigation and Technical Studies (SITS), Engineering Changes, Value Engineering)
 - Maintenance
 - Materiel Management



ISS Activities – Design Intent Management

- The Contractor will maintain, update and confirm Design Intent (DI) documentation and use DI as a basis for the delivery of ISS.
- ***PWS-727 -- [M] The Contractor must provide Canada with on-going assurances of alignment between HCCS configurations, ISS and the corresponding DI documentation, including providing required objective quality evidence to DND to support evaluations and decisions using Naval Materiel Assurance procedures.***



ISS Activities – Technical Data Management

- **PWS-797 -- [O] *The Contractor must manage and maintain the HCCS EG technical data.***
- Contractor must ensure HCCS EG technical data is updated
- Contractor must provide up-to-date HCCS EG technical data to the *Halifax-class Design Agent*, DND and other stakeholders
- **PWS-818 -- [M] *The Contractor must integrate and synchronize the HCCS EG technical data with the Halifax-class Design Agent technical data.***



ISS Activities – Engineering Support

Engineering Changes (ECs): Product Level and Ship Level

- Contractor must collaborate with the System Engineer, Design Authority, System Authority, OEM, EC Installing Agent, *Halifax-class* Design Agent and other Stakeholders
- Contractor must conduct ship level ECs using the Director General Maritime Equipment Program Management (DGMEPM) EC Process



ISS Activities – Maintenance

- **PWS-947 -- [O] *The Contractor must maintain the HCCS EG to meet its DI.***
- Level One = Ship Staff with possible assistance from Contractor
- Level Two = FMF with possible assistance from Contractor
- Level Three = Contractor with possible assistance from FMF
- **PWS-949 -- [M] *Regardless of who conducts the maintenance procedures, the Contractor must ensure that Level one, two and three maintenance procedures of the HCCS EG are completed and recorded in DRMIS.***
- **PWS-1017 -- [O] *The Contractor must maintain and calibrate the Special Tools and Test Equipment (STTE) used to support the HCCS EG systems.***



ISS Activities – Materiel Management

- **PWS-1022 -- *[O] The Contractor must have the materiel available to meet the corrective, preventative, and planned maintenance when required by ship staff, FMF, shipyards, the Contractor and other stakeholders.***
- Contractor must manage, procure, own, warehouse, distribute and dispose materiel
- Existing DND Inventory will be provided to Contractor to use, manage, repair and dispose via Contractor Repair Parts Account (CRPA) or loan agreement
- Normal handover points will be Base Logistics in Halifax and Esquimalt



Training Support

- **PWS-1127 -- [O] *The Contractor must provide operation and maintenance process updates to the maintainers of the HCCS EG training systems, training material, and training courses.***
- Contractor needs to provide updates to DND operator/maintainer training material and Combat System Integration (CSI) ISSC (trainers/simulators) when changes are made to the HCCS EG
- Contractor may be required to augment delivery of HCCS EG operator and maintenance training
- Trainers (simulators) support not included in this contract – covered under CSI ISSC



Electronic Information Environment

- Canada's Materiel Acquisition & Support system of record for DND assets is DRMIS
- There are security concerns about giving Contractors access to DRMIS
- Electronic Data Exchange (EDE) is not required
 - Navy Electronic Information Environment (EI) Process Models being developed by DRMIS team within DMMS for our project
- There will be no direct link to the Contractor's Materiel Acquisition & Support (MA&S) system
 - The Contractor will exchange data to/from DRMIS through a DND data exchange environment
- Contractor must establish an electronic collaborative environment



PWS Changes Based on Industry Feedback

PWS Reference	Feedback Received	PWS was:	PWS with edits:
PWS-386	Would imply that the Contractor would have to inform/include the TA on each and every communication with the Formations and Units. Is this practical?	[M] The Contractor must keep the TA informed of direct liaison activities.	[M] The Contractor must keep the TA informed of direct liaisons regarding significant issues and activities.
PWS-406	The Contractor is responsible for the technical and materiel readiness state of the HCCS EG but isn't the operational capability assessment the responsibility of the DA?	[O] The Contractor must provide operational capability assessments that will allow the RCN to assess ship's capability for specific missions based on the materiel readiness state of the HCCS EG.	[O] The Contractor must provide an assessment of the operational capability and materiel readiness state of each system in the HCCS EG that will allow the RCN to assess the ship's capability for specific missions.
PWS-1137	It states the "Contractor will not have direct access to DRMIS" but then states that "the Contractor must update the DRMIS system of record within 24 hours" and that "the Contractor must verify and validate the updates." How will this work?	[I] The EIE will support the exchange of transactional data and technical information.	[I] The EIE will support the exchange of transactional data and technical information through a Collaborative Environment (CE).

PWS Changes (cont'd)

PWS Reference	Feedback Received	PWS was:	PWS with edits:
PWS-1140	It states the “Contractor will not have direct access to DRMIS” but then states that “the Contractor must update the DRMIS system of record within 24 hours” and that “the Contractor must verify and validate the updates.” How will this work?	[I] The Navy EIE Processes are evolving. A current view is that the Contractor will not have direct access to DRMIS, but will be provided with and will have to respond to DRMIS demands and notifications.	[I] The Navy EIE Processes are evolving. A current view is that the Contractor will not have direct access to DRMIS, but will be provided with and will have to respond to DRMIS demands and notifications. The intent is that the Contractor will pass data to/from DRMIS through a DND intermediary.
PWS-1143	It states the “Contractor will not have direct access to DRMIS” but then states that “the Contractor must update the DRMIS system of record within 24 hours” and that “the Contractor must verify and validate the updates.” How will this work?	[O] Following any changes to the HCCS EG, the Contractor must update the DRMIS system of record within 24 hours.	[O] Following any changes to the HCCS EG, the Contractor must provide updates to the DND intermediary within 24 hours to allow the DRMIS system of record to be updated.
PWS-1272	Needed to add statement that management work must be done in Canada since the requirement for a Canadian registered company is no longer required.	N/A	[I] To ensure both the operational readiness and availability of the fleet, as well as the safeguarding of Canada's national security interests, it is essential that the Contractor have a Canadian based facility to accomplish key portions of the <i>Work</i> .
PWS-1273	Same as above	N/A	[M] The Contractor must conduct all project management activities in Canada.
PWS-1274	Need to have warehouses established in Canada to ensure spares are available in times of crisis	N/A	[M] The Contract must warehouse sufficient spares in Canada to ensure uninterrupted support and maintenance of the HCCS EG Design Intent.

Data Item Descriptions



1. Steady-State Achievement Report
2. Project Management Plan (PMP)
3. Start-Up Plan
4. Close-Out Plan
5. Annual Operating Plan (AOP)
6. Monthly Progress Report (MPR)
7. AOP Schedule
8. Work Breakdown Structure (WBS)
9. Relationship Management Plan
10. Meeting Agenda
11. Meeting Minutes
12. Action Item Log
13. Risk Management Plan (RMP)
14. Surge Response Status Report
15. Performance Management Plan
16. Performance Assessment Report
17. Security Risk Assessment and Countermeasures Report
18. Quality Plan (QP)
19. Intellectual Property (IP) Report
20. Controlled Goods Program Management Plan
21. Configuration Management Plan (CMP)
22. Configuration Item (CI) List report
23. Configuration Status Report (CSR)
24. Configuration Audit Plan (CAP)
25. Configuration Audit Report (CAR)
26. Obsolescence Management Plan
27. Obsolescence Report
28. Technical Data Management Plan (TDMP)
29. Engineering Change Proposal (ECP)
30. Ship Level Engineering Change (EC) Specification
31. Maintenance Plan
32. System Engineering Management Plan (SEMP)
33. Materiel Management Plan (MMP)
34. Long Lead Items (LLI) List
35. Government Property Report
36. HCCS EG Repair and Overhaul (R&O) Plan
37. Controlled Goods Report
38. Divestment and Disposal Management Plan
39. Disposal Report



Data Item Descriptions (DIDs)

- These DIDs should enable Canada to assess that the relevant outcome will be achieved
- The Data Items will be used by Canada to manage the Contract and maintain the System of Record
- The DIDs are posted on Buyandsell.gc.ca
- Contact the PSPC Contracting Authority in writing to:
 - Provide feedback on the DIDs
 - Ask questions or raise concerns
 - Advise Canada of any DIDs that should be linked to milestone payments
 - Suggest the addition or removal of DIDs

Health Break (15 minutes)

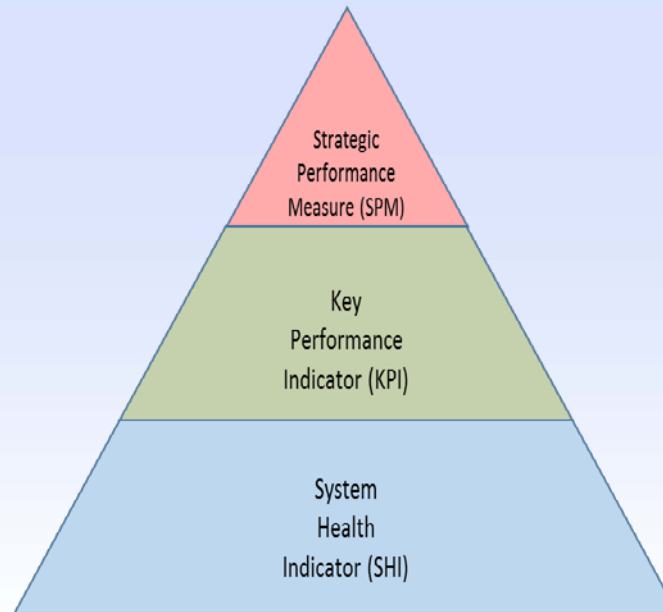


Performance Requirements Specification



Performance Requirements Specification

- Performance Assessment forms the basis for influencing behaviour and awarding incentives to the Contractor
- The HCCS ISSC performance is managed within a three tier framework:



Performance Requirements Specification

- Strategic Performance Measure (SPM)
 - Annually assessed performance measures focussed on long-term behaviours that align to Canada's strategic goals, and are non-payment related.
- Key Performance Indicator (KPI)
 - Quantitative measures of performance that drive possible performance incentive payments.
 - Each KPI includes a desired and a minimum acceptable specified level of performance that the contractor must achieve
- System Health Indicator (SHI)
 - SHIs are indicators that provide some assurance that the SPM and KPI desired levels of performance will be met.
 - SHIs are both qualitative and quantitative
- Satisfactory SPM, KPI and SHI ratings will factor into Canada's decision to exercise its contract option years in accordance with the terms and conditions of this contract.
- The KPIs will be used to calculate the possible performance incentive payments on an annual basis in accordance with the terms and conditions of the contract



Performance Requirements Specification

Class Objective:	System Readiness	Naval Material Assurance	Capable Ship Systems	Capable Support System	Optimal In-Service Support	Effective and Efficient Knowledge Management	Relationally Managed Contract
SPM:	SPM1: System Readiness	SPM2: NMA Compliance	SPM3: Design Intent Sustained	SPM4: Support System Capability	SPM5: Efficient and Affordable Support System	SPM6: Effective and Efficient Knowledge Management	SPM7: Contractor Canada Relationship SPM8: ITB/VP
KPI:	KPI1: System Availability			KPI2,3: Contractor Supply Chain Performance KPI4: HCCS EG Obsolescence Risk KPI5: Technical Problem Resolution			KPI6: ITB & VP
SHI:	SHI1: OPDEFs SHI2: OPDEFs / RCN Day SHI3: Corrective Maint. Actions SHI4: Corrective Maint. Actions / RCN Day		SHI5: Component Repair Rate SHI9: Configuration Compliance	SHI10: Security Effectiveness SHI6: FSR Response Compliance SHI11: Materiel Availability	SHI7: AOP Performance SHI8: HCCS EG Support System Improvements		

Strategic Performance Measures (SPM)

- An annual report will be developed that presents the overall past performance of the Contractor in the previous years as well as his planned initiatives with respect to the strategic class functional objectives
- SPMs are an assessment of the Contractor's commitment to:
 - achieving HCCS EG System Readiness (SPM1)
 - achieving Naval Material Assurance for the HCCS EG Systems (SPM2)
 - sustaining the HCCS EG Systems' Design Intent (SPM3)
 - achieving a Capable Support System (SPM4)
 - delivering an efficient and affordable support system for the HCCS EG (SPM5)
 - implement strategic initiatives derived from an effective and efficient knowledge management system to improve the HCCS EG support system (SPM6)
 - delivering the HCCS EG ISS services in a collaborative environment with Canada (SPM7)
 - delivering its Industrial and Technological Benefits (ITB) and Value Proposition (VP) requirements to Canada (SPM8)



Key Performance Indicator (KPI)

- KPIs measure performance with respect to the following outcomes:
 - System Availability using Operational Deficiency Reports (KPI-1)
 - Contractor Supply Chain Performance using the Contractor's demand satisfaction rate with respect to parts and consumables (KPI-2, KPI-3)
 - The Contractor's management of obsolescence risk (KPI-4)
 - The Contractor's effectiveness in resolving technical problems (KPI-5)
 - The Contractor's effectiveness in delivering his ITB/VP commitments (KPI-6)

KPI	Description	Weight Factor (W_i) %
KPI 1	System Availability	40
KPI 2	Contractor Supply Chain Performance High Priority	10
KPI 3	Contractor Supply Chain Performance	10
KPI 4	Obsolescence Risk	15
KPI 5	Technical Problem Resolution	15
KPI 6	ITB and VP	10
	W_i Totals	100%



Performance Requirements Specification

KPI 1 – System Availability

- Availability is determined by computing the number of HCCS EG Operational Deficiency (OPDEF) Days. OPDEF Days will be calculated using the date time groups in the OPDEF reports.
- This KPI will measure the quantity and duration of the OPDEFs raised, categorized by severity, over the measurement period. A separate value will be calculated for each of the six HCCS EG systems.
- OPDEF Days are the total number of days, or parts thereof, that the system had an OPDEF of the applicable category as determined across the fleet for the 12-month measurement period.
 - Category 1 OPDEF = 1.0 Weighting
 - Category 2 OPDEF = 0.5 Weighting
 - Category 3 OPDEF = 0.25 Weighting
- Target Levels / System
 - Minimum 40 OPDEF Days
 - Desired 10 OPDEF Days



Performance Requirements Specification

KPI 2 – Contractor Supply Chain Performance High Priority Requests

KPI 3 – Contractor Supply Chain Performance

- Measures the Contractor's performance in satisfying (high priority) supply chain demands for items, both consumables and repairable items
- Demand Satisfaction Rate (DSR), is the proportion of Contractor (high priority) supply chain demands delivered satisfactorily
- An item is counted as having been Delivered Satisfactorily if all of the following are met:
 - a. Correct Part Number / NATO Stock Number (NSN) was delivered
 - b. Correct quantity of parts were delivered
 - c. All parts were delivered to the proper Handover point
 - d. All parts were delivered within the allotted time as specified in the demand request
- All items need to be delivered to designated Handover Points - Base Logistics Supply Warehouses located in Halifax and Esquimalt. However under certain conditions items may need to be delivered to ships in foreign ports in which case an alternate Handover Point will be specified.
- Target Levels : Minimum = 90%, Desired = 98%



Performance Requirements Specification

KPI 4 – HCCS EG Obsolescence Risk

- As the HCCS EG system obsolescence risk rises, the likelihood of an impact on the availability of the HCCS EG increases.
- Incentive is based on the combined risk assessment of the obsolescence state of each HCCS EG system.
- Minimum level is that no HCCS EG system has a high obsolescence risk assessment and that at least one HCCS EG system has a low obsolescence risk assessment
- Desired level is that each HCCS EG system has a low obsolescence risk assessment

HCCS EG Risk Assessments	Performance Score Value (PS_{KPI-4})
All low	100%
1 medium + 5 lows	$5/6 \times 100\%$
2 mediums + 4 lows	$4/6 \times 100\%$
3 mediums + 3 lows	$3/6 \times 100\%$
4 mediums + 2 lows	$2/6 \times 100\%$
5 mediums + 1 low	$1/6 \times 100\%$
6 mediums	0%
Any high	0%

Performance Requirements Specification

KPI 5 – Technical Problem Resolution

- A measure of the Contractor's performance in implementing solutions to technical problems
- Measured by the proportion of technical problems resolved by the Contractor, as specified in the Technical Problem Management System (TPMS), throughout the calendar year
- Target Levels : Minimum = 90%, Desired = 98%



Performance Requirements Specification

KPI 6 – Industrial and Technological Benefits (ITB) and Value Proposition (VP)

- Measures the Contractor's pace of achievement against the Value Proposition (VP) commitments.
- Calculation of the achieved level of performance will be assessed by the achievement of ITB credits against the VP commitments

Contract Year	VP Commitments Achieved	Performance Score Value (PS _{KPI-6})
1	> 5%	100%
2	> 25%	100%
3	> 50%	100%
4	> 55%	100%
5	> 65%	100%
6	> 75%	100%
All Subsequent Years	> 75%	100%

System Health Indicator (SHI)

- SHIs are indicators of the overall effectiveness of the Contractor's performance in providing and conducting ISS
- SHIs provide lead indicators to ISS issues that, if not corrected, could result in degradation of the higher level outcomes
- SHIs constitute the suite of metrics that will be monitored for negative trends and cautionary indications



System Health Indicator (SHI)

SHI 1: **OPDEFs** – count of OPDEFs raised per system per quarter

SHI 2: **OPDEFs per Category per RCN Day** – normalized rate of new OPDEFs per system

SHI 3: **Corrective Maintenance Actions** – count of # of CMAs per system

SHI 4: **Corrective Maintenance Actions per RCN Day** – normalized rate of CMAs

SHI 5: **Component Repair Rate** - the number of HCCS EG components being returned to the Contractor for repair

SHI 6: **Field Service Rep Response Compliance** – FSR responsiveness measure

SHI 7: **AOP Performance** – Earned Value Analysis against Work in the AOP

SHI 8: **HCCS EG Support Improvements** - measures the value of the proposed and implemented initiatives from the Contractor's continuous improvement and value engineering programs.

SHI 9: **Configuration Compliance** - the trend of the number of non-compliant configuration issues per system

SHI 10: **Security Effectiveness** - assessment of the effectiveness of the Contractor's implemented security control measures and processes

SHI 11: **Materiel Accountability** - measuring the quantity and value of items held by the Contractor that is unaccounted for



Materiel Management Breakout Session Details



Breakout Session – Materiel Management

- The purpose of this breakout session is to allow Industry to provide feedback on Materiel Management for the HCCS ISSC. Canada will consider all feedback received and make the necessary changes to its documentation.
- The HCCS ISS PWS states that the Contractor must manage, procure, own, warehouse, distribute and dispose materiel
- This is considered the Contractor Owned Contractor Operated (COCO) model
- Challenges related to the COCO model include ownership of materiel, transfer of ownership, payment of materiel, warranty etc.



Breakout Session – Materiel Management

- Another model used in other government contracts such as the VISSC is the Government Owned Contractor Operated (GOCO) model
- In the GOCO model, Canada pays the Contractor for materiel when it is received by the Contractor
- Canada; therefore, owns the materiel but the Contractor stores the materiel in their own warehouse
- The Contractor would still procure spares on behalf of Canada but would require pre-approval to do so
- When there is a parts demand, the Contractor is fully responsible for delivering the part



Breakout Session – Materiel Management

- How can the COCO model be implemented for the HCCS ISSC?
- How can the GOCO model be implemented for the HCCS ISSC?
- What other models could be implemented for the HCCS ISSC?
- Topics to address in responses:
 - Materiel Ownership (when and how will transfer of ownership take place?)
 - Payment (when and how will Canada pay for the materiel)
 - Risks to Canada and Industry for each model
 - Any other issues / topics that Industry feels are important to address
- Which model would be best suited for the HCCS ISSC and why?



Breakout Session Instructions

- 6 Tables of Industry Participants
 - Please sit at assigned tables (mixed industry representatives)
- Government representatives will be available for consultation
- Maximum of 2 hours to address all questions
- 1 hour for each group to present a summary of their analysis (10 min each)
- Please write all comments on provided flip charts as they will be collected and reviewed by Canada
- Please send any sensitive information you do not wish to discuss with the group directly or any additional feedback to the Contracting Authority as soon as possible

Lunch Break (1 hour)



Breakout Session – Materiel Management

- How can the COCO model be implemented for the HCCS ISSC?
- How can the GOCO model be implemented for the HCCS ISSC?
- What other models could be implemented for the HCCS ISSC?
- Topics to address in responses:
 - Materiel Ownership (when and how will transfer of ownership take place?)
 - Payment (when and how will Canada pay for the materiel)
 - Risks to Canada and Industry for each model
 - Any other issues / topics that Industry feels are important to address
- Which model would be best suited for the HCCS ISSC and why?



Closing Remarks



Session Feedback

- Please complete the feedback forms and hand them in before you leave
- All feedback is welcome and will be considered for the future working group sessions

THANK YOU FOR YOUR PARTICIPATION

