



Australian Government
Department of Defence

ASDEFCON LINKAGES MODULE (STRATEGIC)

STATEMENT OF WORK TAILORING GUIDE V1.0

**Guidance for linking technical components of
ASDEFCON (Strategic Materiel) and
ASDEFCON (Support) Templates**

Note to Defence Staff and External Agencies

Defence staff and external agencies intending to use the associated Australian Standard for Defence Contracting (ASDEFCON) templates will need to tailor the templates in order to meet their specific procurement requirements and should seek appropriate professional guidance as required.

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Feedback

All feedback on this publication and suggestions for improvement should be sent to:

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INTRODUCTION

Background

When acquiring a new capability, Defence has several options for obtaining the Materiel System and the follow-on support Services. As a Contract (Acquisition) delivers Supplies used in establishing a Support System, and the Contract (Support) then constitutes a significant part of that Support System, consistency across contracts is essential. One solution is to use a single RFT that includes two separate but linked draft contracts spanning acquisition and in-service support.

The objective of the *ASDEFCON Linkages Module* is to link a Contract (Acquisition) and a Contract (Support) in a manner that binds the two contracts together and ensures that Defence's required capability outcomes are achieved with minimal commercial, technical and legal risk.

This *SOW Tailoring Guide* is intended for use in linking an *ASDEFCON (Strategic Materiel)* template with an *ASDEFCON (Support)* template. The related *ASDEFCON Linkages Module* is referred to as the *ASDEFCON Linkages Module (Strategic)* in this guide.

The *ASDEFCON Linkages Module (Strategic)*

The *ASDEFCON Linkages Module (Strategic)* includes new template components and amendment instructions to enable Defence staff to link an *ASDEFCON (Strategic Materiel)*-based Contract (Acquisition) with an *ASDEFCON (Support)*-based Contract (Support). Similar concepts may be applied to other sets of templates but the *ASDEFCON Linkages Module (Strategic)* is specific to these two templates.

Subject to certain prerequisites described in this guide, the *ASDEFCON Linkages Module* has been designed to enable a Contract (Support) to be competitively tendered in conjunction with a Contract (Acquisition). This aims to ensure value for money by avoiding a direct-source tender for the Contract (Support), subsequent to the start of the Contract (Acquisition). Other advantages include:

- a. an improved whole-of-life focus during RFT development, response preparation, source selection and concurrent operation of the Contract (Acquisition) and the Contract (Support);
- b. the ability to obtain longer-term budget estimates; and
- c. the inclusion of robust contractual requirements to ensure coordination between the Contracts and Contractors.

Components of the *ASDEFCON Linkages Module (Strategic)*

The following *ASDEFCON Linkages Module (Strategic)* components are used to replace the Conditions of Tender (COT):

- COT (new COT, replaces the two other template COTs)
- Attachments to the COT (Tender Data Requirements Lists (TDRLs) for common, acquisition and support requirements)
- Annexes to the Attachments to the COT (Tender Data Requirements (TDRs))

The following components are used to update the *ASDEFCON (Strategic Materiel)* template:

- amendment instructions for the COC
- amendment instructions for selected Attachments to the Conditions of Contract (COC)
- amendment instructions for the SOW
- MSR-CHECKLIST-TXRR-V2.4, Transition Requirements Review Checklist

The following components are used to update the *ASDEFCON (Support)* template:

- amendment instructions for the COC
- amendment instructions for selected Attachments to the COC
- amendment instructions for the Statement of Work (SOW)
- amendment instructions for the CDRL, SOW Annex C

Implementation of the above components is supported by the *ASDEFCON Linkages Module Commercial Guide* and this *SOW Tailoring Guide*.

Purpose and Scope of this Guide

As the exact nature of each Contract (Acquisition) and Contract (Support) will be different, the purpose of this guide is to explain the philosophy behind the *ASDEFCON Linkages Module* as a one-size-fits-all solution is not feasible. With this information, Defence staff should have sufficient understanding of the logic and principles underpinning the *ASDEFCON Linkages Module* and be able to tailor the components to suit their individual contracting requirements.

The scope of this handbook includes:

- a. the prerequisite conditions for the *ASDEFCON Linkages Module*;
- b. an overview of the operation of the *ASDEFCON Linkages Module*; and
- c. other issues not explicitly addressed by the *ASDEFCON Linkages Module* but which may need to be addressed when linking a Contract (Acquisition) and Contract (Support).

Template Versions

This version of the *ASDEFCON Linkages Module (Strategic)* is intended for use with the following templates:

ASDEFCON (Strategic Materiel) version: V2.4

ASDEFCON (Support) version: V3.1

Where the current template versions differ to those above, the module may still be applied, depending on version differences. In this instance, advice should be sought from the parties listed below.

Further advice and help desk support

Drafters requiring contracting advice or assistance should contact the Executive Director Contracting (EDCON) or Chief Contracting Officer (CCO) in their respective Contracting Services areas.

For issues specific to the *ASDEFCON Linkages Module* template, help is available through the CASG ASDEFCON and Contracting Initiatives (ACI) helpdesk (for the COT and COC) and Standardisation Office ASDEFCON SOW Helpdesk (for the SOW and technical documents). E-mail contacts:

ACI Helpdesk: commercial.innovationandpractice@defence.gov.au

ASDEFCON SOW Helpdesk: asdefconsow.support@defence.gov.au

REFERENCES

Acronyms, Abbreviations and Definitions

In most cases the acronyms, abbreviation and definitions used in this guide are defined in:

- a. *ASDEFCON (Strategic Materiel)* Attachment M, Glossary;
- b. *ASDEFCON (Support)* Attachment M, Glossary; and
- c. *ASDEFCON Linkages Module* updates to the above glossaries.

The following table lists additional acronyms and abbreviations used in this guide:

Abbreviation	Description
ASIS	Acquisition and Support Implementation Strategy
CCM	Concurrent Contract Milestone
CMR	Contractor Materiel Readiness
IMR	Initial Materiel Release

Abbreviation	Description
MR	Materiel Release
ODIA	Offer Definition and Improvement Activities
TXRR	Transition Requirements Review
TXWG	Transition Working Group

Referenced Documents

This guide references the *ASDEFCON Linkages Module* and the two primary templates, *ASDEFCON (Strategic Materiel)* and *ASDEFCON (Support)*, including tailoring guides.

Drafters should also refer to the *ASDEFCON Linkages Module Commercial Guide* and the *PPBC Guide for ASDEFCON (Support) V3.1 (regarding the Performance Implementation Period)*.

ASSUMPTIONS FOR THE ASDEFCON LINKAGES MODULE (STRATEGIC)

Introduction

The *ASDEFCON Linkages Module* was prepared based on the following assumptions:

- a. there will be a cooperative relationship between the Contractor (Acquisition) and the Contractor (Support);
- b. the Contract (Acquisition) and Contract (Support) are to be entered into as the outcome of a single tender process; and
- c. not all of the Products and support activities will be known when the Contract (Support) is due to be signed, due to the developmental nature of the Supplies / Products.

These assumptions are explained below. If the assumptions are not valid, then the *ASDEFCON Linkages Module* will require significant amendment or it may not be suitable.

A Cooperative Relationship between Contractors

The *ASDEFCON Linkages Module* does not require that Contractor (Acquisition) and the Contractor (Support) be the same or related legal entities. Successful implementation of linked contracts requires the cooperation of the Contractor (Acquisition) and Contractor (Support). The amended COCs seek to ensure that risks are appropriately allocated between the contractors and not unreasonably borne by the Commonwealth. This ensures that, for the delivery of Contract (Support) Services, Defence is not required to arbitrate in any disagreement between the contractors, for example, whether an issue was caused by insufficient Support Resources from the Contract (Acquisition) or incorrect setup of Contract (Support) processes.

Changes to the SOWs, in the *ASDEFCON Linkages Module*, are process based and not dependent on any relationship between the contractors. Notwithstanding, the requirement for the Contractor (Support) to access the Contractor (Acquisition)'s evolving Support System design, by being present at Mandated System Reviews (MSRs) to review and assess the suitability of Support Resources¹ and processes, may be more easily facilitated if the contractors are related.

Concurrent Award of Contracts

The *ASDEFCON Linkages Module* anticipates that the Effective Date (ED) for both contracts, having been released under a single RFT, will occur at or about the same time. This ensures that competitive tension is applied to both system acquisition and the initial Contract (Support). Moreover, the contract linkages sought by the *ASDEFCON Linkages Module* may be difficult to obtain if the contracts were not negotiated together and signed at or about the same time.

If the Contract (Support) is signed later than the Contract (Acquisition), the opportunity to coordinate elements of Support System design and provisioning may have passed. Although such a delay would enable information from the Contract (Acquisition) to be used in the Contract (Support) tender, competitive tension for the Contract (Support) would most likely be lost.

Incomplete Knowledge of the Products and Support Services

The *ASDEFCON Linkages Module* is based on a Contract (Acquisition) using *ASDEFCON (Strategic Materiel)* for a large scale design and development program. Therefore, there is a limited definition of the physical Materiel System in tenders and when both contracts are signed at ED. As a result, the ability to specify Products to be supported (ie, yet to be designed or selected) and associated Services is limited. During the Contract (Acquisition), the design and development activities will provide the additional information needed to complete the Contract (Support) Attachments and SOW Annexes with Product and Service information.

¹ Support Resources including spares, equipment, materials, facilities, data, personnel, and any other physical resources required to operate and support all or a particular part of the Mission System, as the case requires.

OVERVIEW OF THE OPERATION OF THE ASDEFCON LINKAGES MODULE

Introduction

The *ASDEFCON Linkages Module* links *ASDEFCON (Strategic Materiel)* and *ASDEFCON (Support)* templates using a series of mechanisms that aim to ensure that **Defence's capability outcomes are achieved while minimising the commercial, technical and legal risks to the Commonwealth.**

These mechanisms include:

- protections for the Commonwealth to ensure that rights and obligations under one contract are not undermined or overwritten by contrary rights and obligations under the other;
- coordination of the Contract (Acquisition) and the Contract (Support) to achieve a Life Of Type (LOT) solution for the Materiel System, rather than just acquisition, while providing value for money to the Commonwealth;
- work arrangements that promote cooperation between the Commonwealth Representative / contract managers, Contractor (Acquisition), Contractor (Support), and associated Subcontractors (Acquisition) and Subcontractors (Support); and
- data deliverables that enable elements of the Contract (Support) to be updated when the Mission System and Support System solution is sufficiently defined.

Changed Operation of ASDEFCON (Support)

Under a linked Contract (Acquisition) and Contract (Support), the Contract (Support) will only need to begin to provide Services once a certain amount of progress has been achieved under the Contract (Acquisition), and then the Services will increase over time as shown in Figure 1.

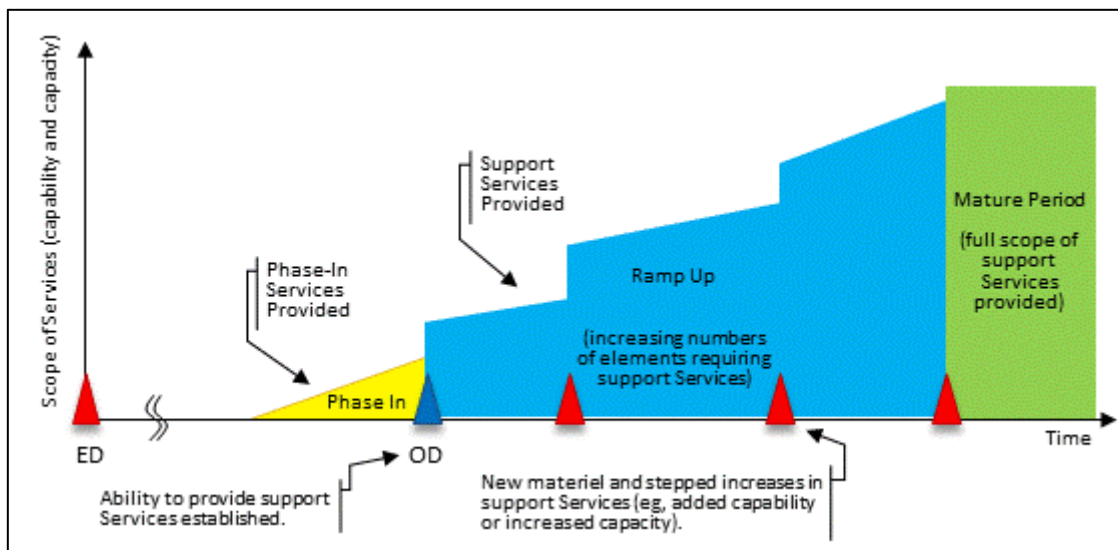


Figure 1: Operation of ASDEFCON (Support) when linked to a Contract (Acquisition)

Accordingly, the optional Phase In and Ramp Up clauses in *ASDEFCON (Support)* are used with the *ASDEFCON Linkages Module*. Phase In is the period when the Contractor (Support) prepares to provide Services for the initial set of delivered Products, following OD. When using the *ASDEFCON Linkages Module*, planning for OD is integrated with Contractor (Acquisition) planning for Transition.

When contracts are linked, OD is generally scheduled with Acceptance of the first Mission System under the Contract (Acquisition). This means that OD and First SAA are designated as a Concurrent Contract Milestone (CCM) (see below), which places obligations on both Contractors to achieve the Milestone. In exceptional cases, some Contract (Support) Services may be required before OD².

Following OD, Ramp Up continues to expand the Contract (Support)'s Services, as shown in Figure 1. Increases in Services will often be stepped as additional Products are Accepted from the Contract

² Typically, the Contractor (Acquisition) provides support for each Mission System during the V&V activities prior to System Acceptance. Training of Defence personnel, including to participate in V&V, is also included in the Contract (Acquisition).

(Acquisition) and require support and/or new support locations are added. Increments in the scope of support may commence with a Contractor Materiel Readiness (CMR) Milestone (see below) and be combined with a Milestone from the Contract (Acquisition) in order to create additional CCMs.

Concurrent Contract Milestones

The *ASDEFCON Linkages Module* uses CCMs to create links between the Contract (Acquisition) and the Contract (Support). A CCM is a milestone spanning both contracts, where the milestone within one contract is co-dependent on a milestone in the other contract, and designated as a CCM. Hence, one contractor cannot complete a CCM without the other; and the contractors need to cooperate in order to achieve the milestone, which includes meeting the respective criteria for the Milestones as specified in each contract.

For example, the first SAA under the Contract (Acquisition) would be linked with the OD under the Contract (Support) by designating these existing Milestones as a CCM. This link is based on the following logic. The Contractor (Acquisition) must demonstrate that the first Mission System has adequate support (to a defined level). Evidence that the support required is in place requires the Contractor (Support) to be capable of providing the necessary Services using Support Resources and processes that will be defined under the Contract (Acquisition). Likewise, for the Contractor (Support) to achieve OD, they must have the necessary Support Resources in place, with many coming from the Contractor (Acquisition), and establish the skilled workforce and processes to execute their part of the Support System as defined under the Contract (Acquisition). Essentially, evidence for SAA depends on the Contractor (Support) while evidence for OD depends on the Contractor (Acquisition).

Other Milestones from both Contracts may be designated as CCMs. Typical CCMs will include events that lead to an increase in Materiel System capability. For example, the delivery of one or more Mission Systems and appropriate Support Resources combined with an increase in support Services by the Contractor (Support). This example links a Contract (Acquisition) SAA to a Contract (Support) CMR (or other) Milestone. However, other Milestones before OD, such as SSDDR, may be designated as CCMs by tailoring the milestone schedules in each contract.

Milestone payments are the principle reward for progress under the Contract (Acquisition). Under the Contract (Support) the primary form of payment is a Recurring Services Fee and increments in Recurring Services Fees will reflect the increase in Services during Ramp Up. Milestone payments and/or increments in the Recurring Services Fee can be tailored into the Contract (Support) price and payment schedule as appropriate.

Transition, Ramp Up and Contractor Materiel Readiness Milestones

Progress during the Transition and Ramp Up can be related to Defence milestones and milestones that are applicable to either or both Contractors. The Defence project management plan should identify the major milestones relevant to Defence, including:

- a. Capability State³ milestones (eg, Initial Operational Capability (IOC), operational capability states (eg, OC2) and Final Operational Capability (FOC)) confirm the readiness of all FIC elements, including materiel elements, required for a defined level of Defence capability; and
- b. Materiel Release (MR)⁴ confirms the delivery of Mission Systems and other Supplies from the Contractor (Acquisition) and the Contractor (Support)'s capability and capacity to provide Services. MR may require other inputs including deliveries from suppliers of common support items, transfer of responsibility from the project to the SPO for the delivered items, changes to existing common-support contracts, facilities provided by E&IG, and ICT systems provided by CIOG.

Delivery of Supplies by the Contractor (Acquisition) and establishment of a Services capability by the Contractor (Support) often precede a MR milestone. For example, First SAA and OD, combined as a CCM, establish an initial Materiel System capability leading to IMR and IOC.

Each program will be different; however, Figure 2 identifies example milestones and inputs leading to IOC.

³ An endorsed capability outcome to be realised through the 'Acceptance Into Operational Service' process. (DCDH 2014)

⁴ MR milestones are specific transition milestones that mark the completion and release of acquisition project Supplies required to support the achievement of Operational Release (OR). MR milestones are documented in the Materiel Acquisition Agreement. (DCDH 2014)

After IMR/IOC, there will not always be a one-to-one relationship between Contractor and Defence milestones.

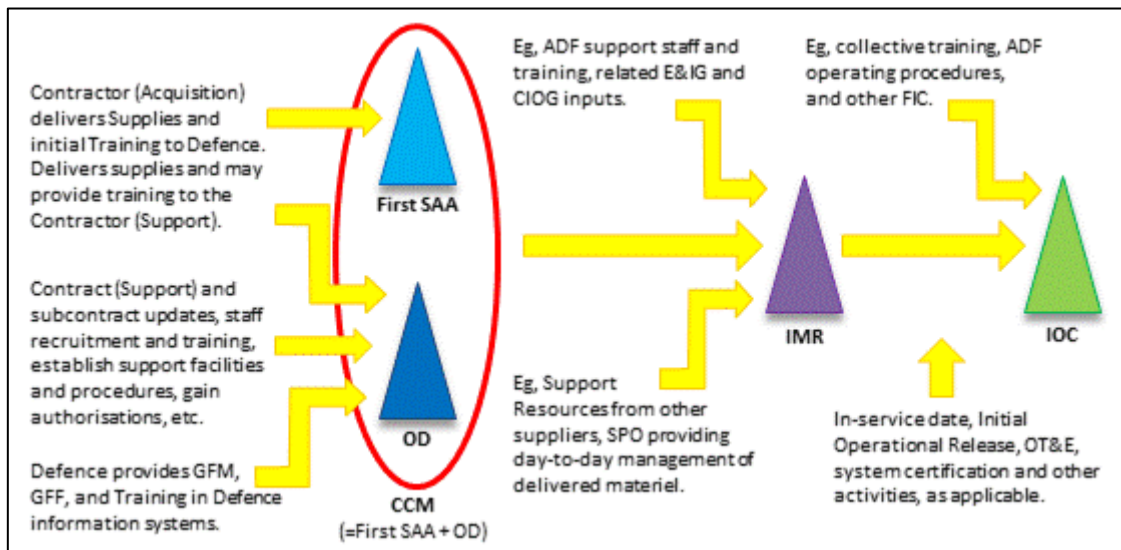


Figure 2: First SAA and Operative Date CCM

Not every MR leads to a Capability State as some may depend entirely on other FIC elements not delivered through a contract. However, Figure 3 depicts typical milestones and inputs.

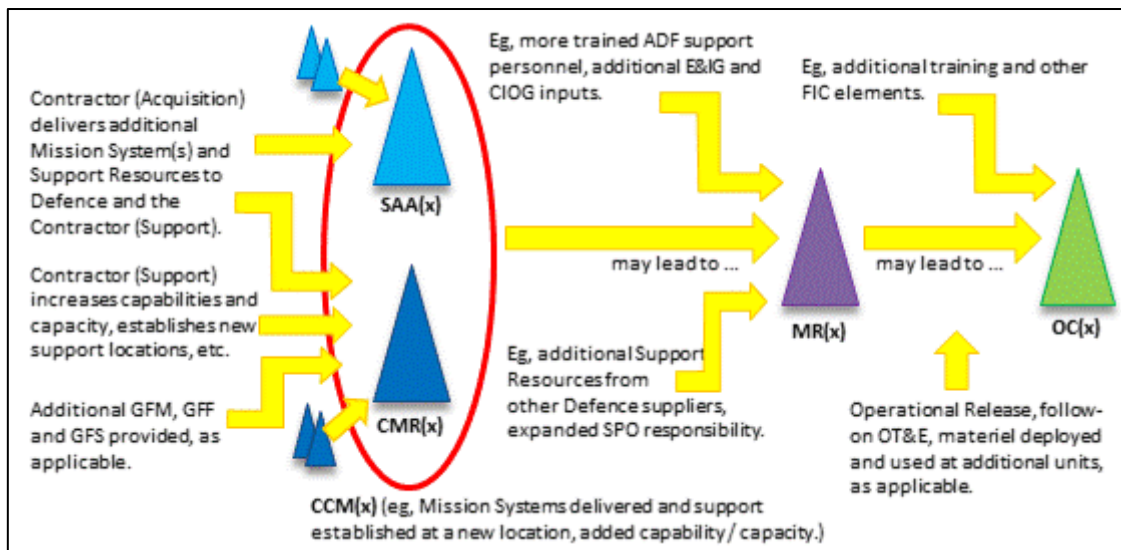


Figure 3: Example CCM and Other Milestones

The final CCM may include the final SAA and a CMR milestone, as necessary to achieve a Defence MR milestone and one of the inputs for Final Operational Capability (FOC) to be declared. However, other Contract (Support) Milestones may follow, such as the commencement of a deeper maintenance / depot / overhaul capability that occurs after delivery of the final Mission System, after FOC, and possibly after the Contract (Acquisition) has ended. An example of a late Contract (Support)-only Milestone is shown in Figure 4.

The Transition and Ramp Up programs for every new Materiel System will be unique, hence it is not possible to list a definitive set of CCMs for every situation. Each project office needs to identify the relevant Milestones, subject to any Defence-imposed constraints and objectives, such as those related to the withdrawal from service of a previous Materiel System and the capability milestones agreed with the Capability Manager.

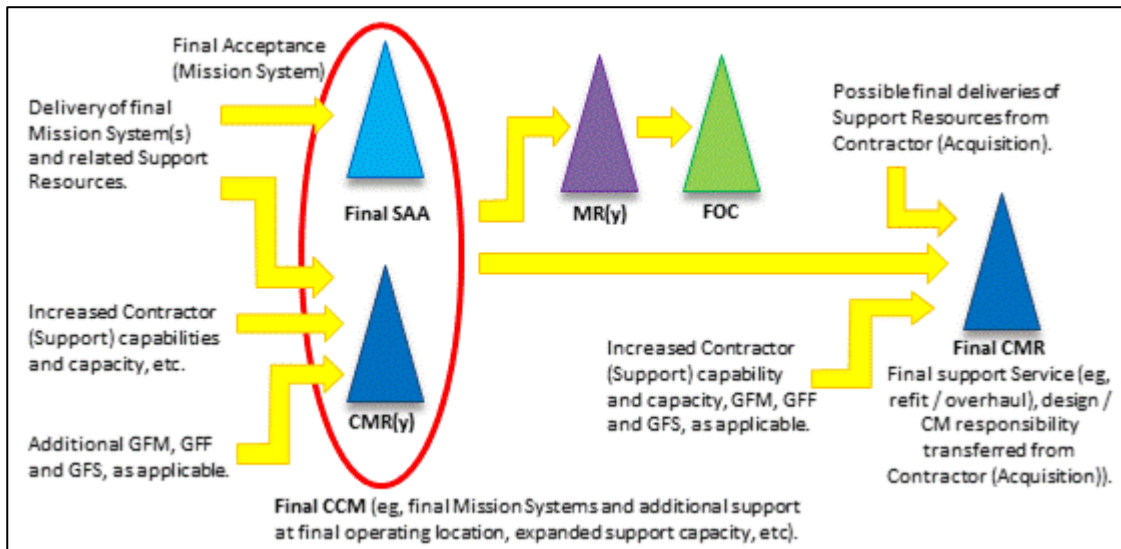


Figure 4: Example Final CCM, SAA and CMR

Typical considerations when identifying and defining CCMs include:

- a. What are the MR milestones and what Mission Systems and support are required for each?
- b. Will Mission Systems be delivered individually or in batches, over what period and to which locations, when is Acceptance scheduled, and how should the Contract (Support) Ramp Up, including:
 - (i) are there major Support System elements to be established, such as engineering development / test facilities or training simulators;
 - (ii) are there different schedule requirements for SSCCs (eg, supply and maintenance Services may be required immediately but engineering design Services may not be required while the Contractor (Acquisition) remains responsible for defect rectification);
 - (iii) will the Contractor (Support) need to establish support on or near Defence locations; and
 - (iv) will the Rate Of Effort (ROE) change as Mission Systems are Accepted, and how will this effect the Contract (Support) in terms of increased capacity and capability?
- c. Should Support Resources be delivered in stages and to different sites to support Mission Systems delivered in batches, and how do Contract (Support) Services scale accordingly?
- d. Do proposed CCMs link the contracts together effectively by matching the delivery of Contract (Acquisition) Supplies with tangible increases in Contract (Support) Services, and are these Milestones significant to both Contractors?

It may not be possible to fully define the Transition, Ramp Up and CMR Milestone details when preparing the draft Contracts for the RFT as the tender responses will be needed to provide the necessary details. This information can then be refined during the Offer Definition and Improvement Activities (ODIA), or contract negotiations, in order to finalise these Milestones.

TENDERING CONSIDERATIONS AND THE ASDEFCON LINKAGES MODULE

Tendering when using the *ASDEFCON Linkages Module* is achieved by a single COT that covers both draft contracts. The approach uses common evaluation criteria spanning both draft contracts, as illustrated in Figure 5.

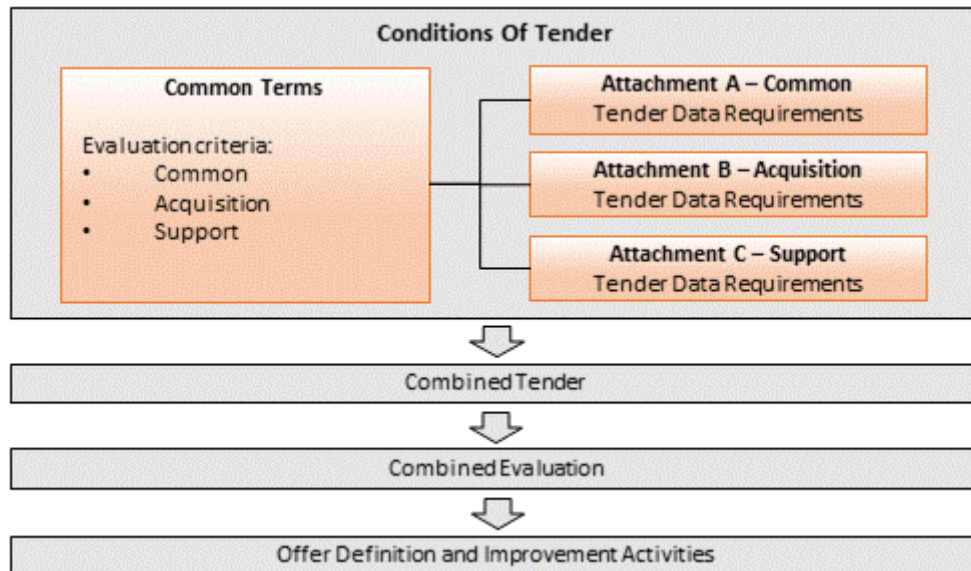


Figure 5: Tendering Using the ASDEFCON Linkages Module

The *ASDEFCON Linkages Module* combines evaluation criteria from both templates, with a set of common criteria for both contracts and then specific acquisition and support criteria. The TDRs, also derived from each of the templates, are similarly structured with a common TDRL at Attachment A, an acquisition TDRL at Attachment B and the support TDRL at Attachment C.

Tenderers (ie, for both acquisition and support who may or may not be part of the same company) submit a combined response and the two contracts are evaluated under a combined tender-evaluation process. This may lead into an ODIA phase where both contracts are addressed in ODIA workshops.

A key issue with a combined tender process is to recognise that OD for the Contract (Support) could be many years after ED and, therefore, many TDRs normally requested for a standalone Contract (Support) will not be required. For example, draft Contract (Support) management plans submitted in a combined tender would be out-of-date by the time they were required to be implemented due to:

- a. the evolving Support System design under the Contract (Acquisition);
- b. changes in the way that the Contractor (Support) wishes to manage work, including changes to organisational structures, processes, subcontract arrangements, and so on; and
- c. changes in the way that the Commonwealth conducts support work.

Instead of being in the tender response, the plans and associated information required to manage the Contract (Support) will be built up over time, as illustrated in Figure 6.

Figure 6, shows the Contract (Acquisition) and Contract (Support) running in parallel (shown in a perspective view). Consistent with the ASDEFCON objective to reduce the cost of tendering, the initial request seeks only enough data for a short-listing decision in order to enter ODIA with one or two tenderers, not for contract management. ODIA and pre-contract work is used to develop plans further. By ED, plans are only required to manage the Contract (Acquisition) with sufficient direction but limited detail for the Contract (Support).

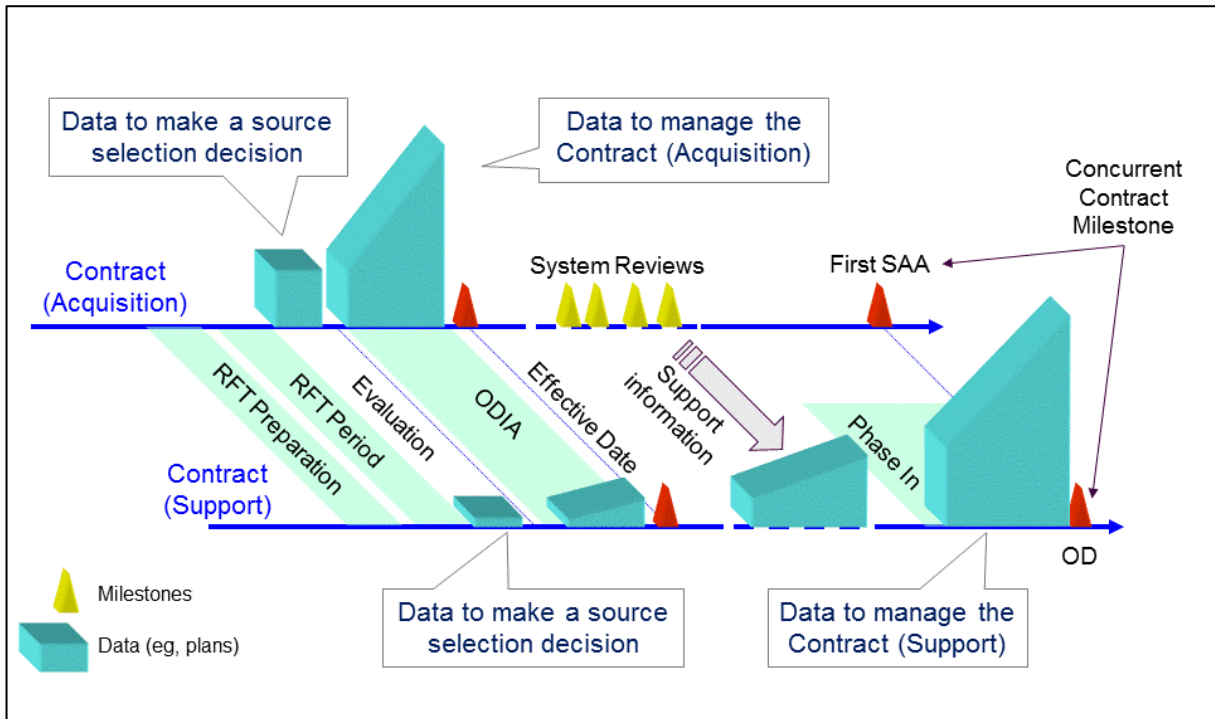


Figure 6: Data Requirements under a Linked Contract (Acquisition) and Contract (Support)

For a developmental system, much of the support information is defined during the Contract (Acquisition). For example, the systems may be known but many details about components, Technical Data, S&TE and Training Equipment, which is needed for the list of Products Being Supported and GFM lists, will not be known and may still need to be developed. As the Contract (Acquisition) progresses, product and support information is developed and presented at system reviews and this can be used to update the Contract (Support).

At an appropriate time in the schedule, Phase In will commence and Contract (Support) Attachments, SOW Annexes and data items will be updated, reviewed and approved⁵ in preparation for OD. Management plans included in this update should then be sufficient to manage the Contract (Support).

Some standard *ASDEFCON (Support)* TDRs are not used as the information has been combined with the *ASDEFCON (Strategic Materiel)* TDRs. For example, the 'Support System Proposal' will be addressed by the acquisition TDR for a 'Proposed Support System Solution'.

Drafters must understand the linkages between the contracts and the growth of information from initial tendering through ED to OD, because it will not only affect the Contract (Support) TDRs but also the Transition and Phase In requirements.

⁵ The Commonwealth Representative's actions in relation to data items (eg, review, approve, accept or CCP approval) are defined in the Contract Data Requirements List (CDRL) of each contract.

COMMERCIAL CONSIDERATIONS AND THE ASDEFCON LINKAGES MODULE

Overview

Amendment instructions for the commercial clauses for linking a Contract (Acquisition) and a Contract (Support) are included in the *ASDEFCON Linkages Module Commercial Guide*. Many of the changes influence the execution of technical components of the Contract (Acquisition) and the Contract (Support).

Linking Work Progress to Payments

Changes to payment clauses in the COCs for both *ASDEFCON (Strategic Materiel)* and *ASDEFCON (Support)* ensure consistency across contracts. A key consideration is to plan Milestones across both contracts to ensure that the Commonwealth does not pay for Contract (Support) Services that cannot be provided due to delays under the Contract (Acquisition).

Milestones in the Contract (Support) identify specific events relating to tangible increases in capability and capacity to provide Services. Accordingly, Milestones may result in Milestone Payments in Annex A to Attachment B, increments in the Recurring Services Fee in Annex B to Attachment B, or both. The following discussion considers both Milestones and Recurring Services.

Milestone Payments

As discussed at page 6, Concurrent Contract Milestones (CCMs) link the Contract (Support) to the Contract (Acquisition), often including common criteria that depend upon results from both contractors. For example, when new materiel is delivered to meet a Contract (Acquisition) Milestone, the capability and/or capacity of the Services under the Contract (Support) must be increased. The most prominent example is the linking of the First System Acceptance Audit (First SAA) under the Contract (Acquisition) to the Operative Date (OD) under the Contract (Support).

As the names of the Milestones under the Contract (Support) and Contract (Acquisition) are often different (eg, SAA and OD), an index number for the CCM (eg, CCM#1) must be added to identify that both Milestones are part of a CCM. Examples of these cross-references are included in *ASDEFCON Linkages Module* amendments to Attachment B for both the *ASDEFCON (Support)* template and the *ASDEFCON (Strategic Materiel)* template.

Where payments are to be made for completing CCMs, these Milestones are identified in Annex A to Attachment B to each contract. Criteria for the Contract (Support) Milestone would include reference to the Contract (Acquisition) Milestone, and vice-versa. As a result, neither Milestone payment, under the Contract (Acquisition) nor the Contract (Support) will be paid, until the CCM is complete.

Some Mandated System Review (MSR) checklists under the Contract (Acquisition) contain criteria that explicitly or implicitly depend upon inputs provided by the Contractor (Support). These checklists may be tailored to strengthen this relationship between Milestones, if considered beneficial. Alternatively, adding Supplies delivery / Services-related requirements to the Milestone criteria in each Annex A to each Attachment B may be sufficient, without the need to amend the MSR checklists.

Milestone Payments may also include payment for Contract (Support) Services that are otherwise Recurring Services but are undertaken before OD (normally the Core Services Fee starts from OD). These Services typically include the development of management plans informed by the Transition Requirements Review (TXRR) and other Contract (Acquisition) activities prior to First SAA and OD.

Recurring Services

Events, including Milestones, are used to identify the start of stages during Ramp Up and associated increases in the Core Services Fee (part of the Recurring Services Fee). Increasing the Core Services Fee is consistent with the idea that these events represent tangible increases in the capability and/or capacity to provide Services. These increases will often follow the delivery of Mission Systems and Support Resources from the Contract (Acquisition) and, therefore, the applicable events would be CCMs. Accordingly, for the Contract (Support), a CCM would trigger the start of an increase in Recurring Services Fee rather than, or in addition to, a Milestone Payment.

The Excluded Services Fee (also part of the Recurring Services Fee) may have stepped increases, but these may be linked to different events to the increases in the Core Services Fee and may start before OD (eg, the Contractor moves into GFF before OD and starts to 'pass through' lease costs).

These events may be CCMs or dependent upon them; for example, a Facilities Readiness Review (FACRR) under the Contract (Acquisition) may be related to the Contractor (Support) occupying GFF.

Increments in both types of Recurring Services Fees are detailed in Annex B to Attachment B and a new set of columns or a new table is used for each stage / increment (in many cases a spreadsheet will be used in lieu of these tables). When the event starting a stage / increment is a CCM, the CCM number should be included in the table heading.

Some CCMs may include CMR Milestones (or similar) for the Contract (Support), as critical prerequisites to Defence milestones for implementing capability. However, not all CMRs are CCMs; for example, the establishment of an overhaul capability some years after the last Mission System is delivered and after the Contract (Acquisition) has been completed, cannot be a CCM.

Performance Payments

When analysing the build up of Recurring Services, and the Recurring Services Fee, procurement teams should consider a staged introduction of the performance Key Performance Indicators (KPIs) and Performance Payments. This period is known as a Performance Implementation Period (PIP).

Stages within the PIP will change the structure of the Core Services Fee with the initial introduction of Performance Payments and possible increments to the At Risk Amount. PIP stages often commence after Milestones such as CCMs. For example, some KPIs may only work after a certain number of Mission Systems have been delivered or once a particular Service commences. To avoid complexity, PIP stages will often commence from the start of the first Review Period following the CCM.

For further tailoring guidance refer to *ASDEFCON (Support)* Annex B to Attachment P and clause 4 of Annex C to Attachment B for the PIP, and the *Productivity and Performance Based Contracting Guide for ASDEFCON (Support) V3.1*.

WORK CONSIDERATIONS AND THE ASDEFCON LINKAGES MODULE

One of the main principles to the *ASDEFCON Linkages Module (Strategic)* is that information created under the Contract (Acquisition) will flow to the Contract (Support), which requires cooperation between the Commonwealth, the Contractor (Acquisition), the Contractor (Support) and Approved Subcontractors, when applicable, in defining and establishing the Support System and that part of it addressed by the Contract (Support). This cooperation is facilitated by a number of activities included in the Contract (Acquisition) and Contract (Support) SOWs. The major activities involved are:

- a. Contractor (Support) involvement in Contract (Acquisition) MSRs including the Support System Detailed Design Review (SSDDR) and aspects of Provisioning Preparedness Reviews (PPRs) when these relate to Contract (Support) processes and Support Resources;
- b. coordination between Transition activities under the Contract (Acquisition) and the Phase In and Ramp Up activities under the Contract (Support), by:
 - (i) a TXRR involving all parties, including subcontractors, where applicable;
 - (ii) a Transition Working Group (TXWG) instigated to allow for the coordination of Transition and Phase In and Ramp Up activities; and
 - (iii) alignment of the Contract (Acquisition) Transition Plan (CTXP) and the Contract (Support)'s Phase In Plan (PHIP) and Ramp Up Management Plan (RUMP);
- c. Contract (Support) Attachments and SOW Annexes being updated during Phase In;
- d. Detailed Service Descriptions (DSDs) that may be updated prior to OD; and
- e. the update of Contract (Support) management plans with information from the Contract (Acquisition).

Figure 7 illustrates the information flows between the Contract (Acquisition) and Contract (Support)⁶:

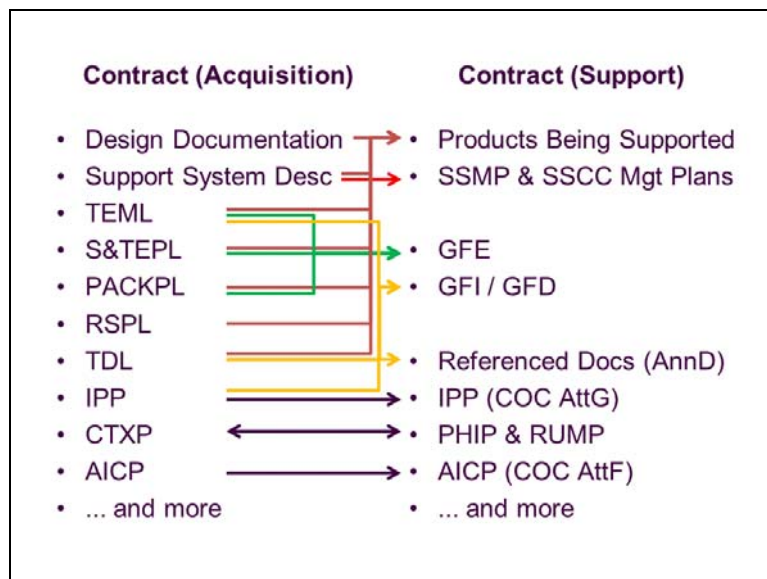


Figure 7: Information Flow – Contract (Acquisition) and Contract (Support)

To support the flow of information, changes to SOW requirements in the *ASDEFCON Linkages Module* fall into two groups:

- a. changes to both contracts, which involve both contractors; and
- b. changes to the Contract (Support) as a result of information from the Contract (Acquisition).

⁶ Abbreviations are listed in the respective Glossary of each contract template.

Work Considerations – Contractor (Support) Involvement in Acquisition Reviews (pre-OD)

The following paragraphs summarise the coordination between contracts through various Milestones.

Figure 8 shows the information flow between some of the Contract (Acquisition) Mandated System Reviews (MSRs) and the development of definition in the Contract (Support) prior to OD⁷. Some MSRs need to involve the Contractor (Support), particularly the SSDDR and PPRs.

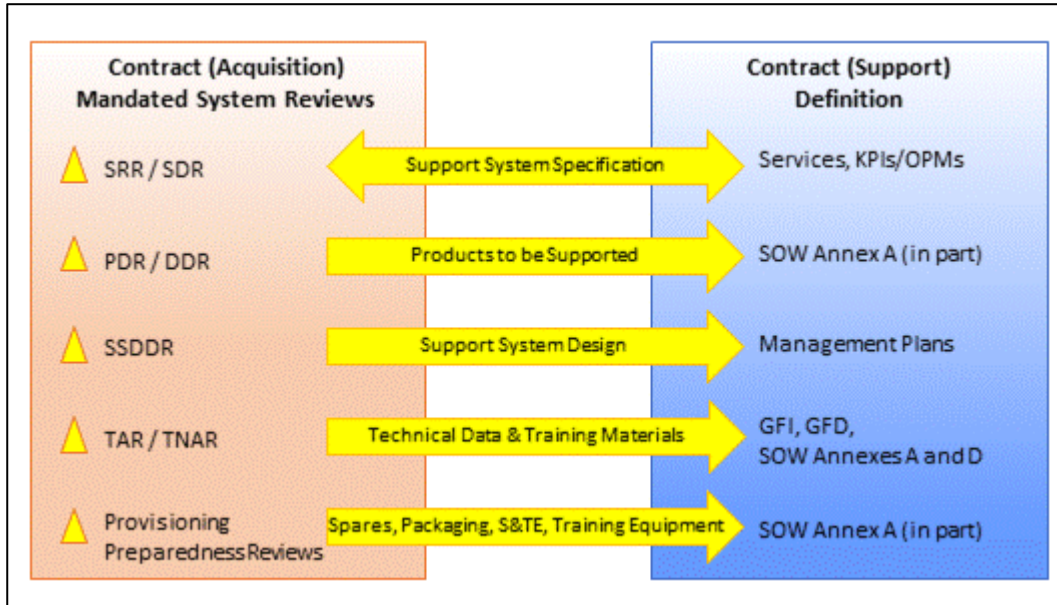


Figure 8: Contract (Acquisition) Reviews and the Contract (Support)

Following SSDDR the design of the Support System is considered sufficient to enable it to be implemented. The Contractor (Support) needs to be involved in SSDDR because significant parts of the Support System are covered in the scope of the Contract (Support), which is discussed and refined at SSDDR. Involvement in SSDDR may also include Approved Subcontractors (Support), where a significant amount of the work is likely to be allocated to these subcontractors.

Involvement in SSDDR enables the Contractor (Support) to confirm the validity of the Support System, and the Contractor (Support)'s ability to satisfy the requirements of the Contract (Support) portion of the Support System. The Support System Description (SSDESC), which may be Approved during SSDDR, will inform the preparation of Contract (Support) management plans. For SSDDR to be a success it is expected that the Contractor (Support) would be involved in developing the Support System design beforehand.

The Contractor (Support) is not required to attend all of the SSDDR meetings, but should be involved regarding its ability to implement parts of the Support System design, which should also be consistent with the solution tendered. Involving the Contractor (Support) in SSDDR provides the Commonwealth Representative with visibility of the Contractor (Support)'s assessment of the Support System design and reduces the risk of implementing a Support System that is not agreed by the Contractor (Support).

The *ASDEFCON Linkages Module* requires the Contractor (Support) to be involved in PPRs (for Spares (which includes Spares and Packaging), Support and Test Equipment (S&TE) and Training Equipment) so that they can review the Support Resources to be used for the Contract (Support). The provisioning lists presented to the PPRs identify the Support Resources needed to meet the Support System Specification (SSSPEC) and SSDESC. Some Support Resources may be provisioned by Defence to be owned by the Commonwealth but provided to the Contractor (Support) as GFM. It should be expected that the provisioning of Contractor Furnished Equipment (CFE) by the Contractor (Support) will also be informed through these MSRs. Information flows are illustrated in Figure 9.

⁷ The Support System Specification (SSSPEC) is shown with a double-headed arrow as the Contractor (Acquisition) is required to incorporate provisions of the Contract (Support) into its requirements-validation processes in order to develop the SSSPEC.

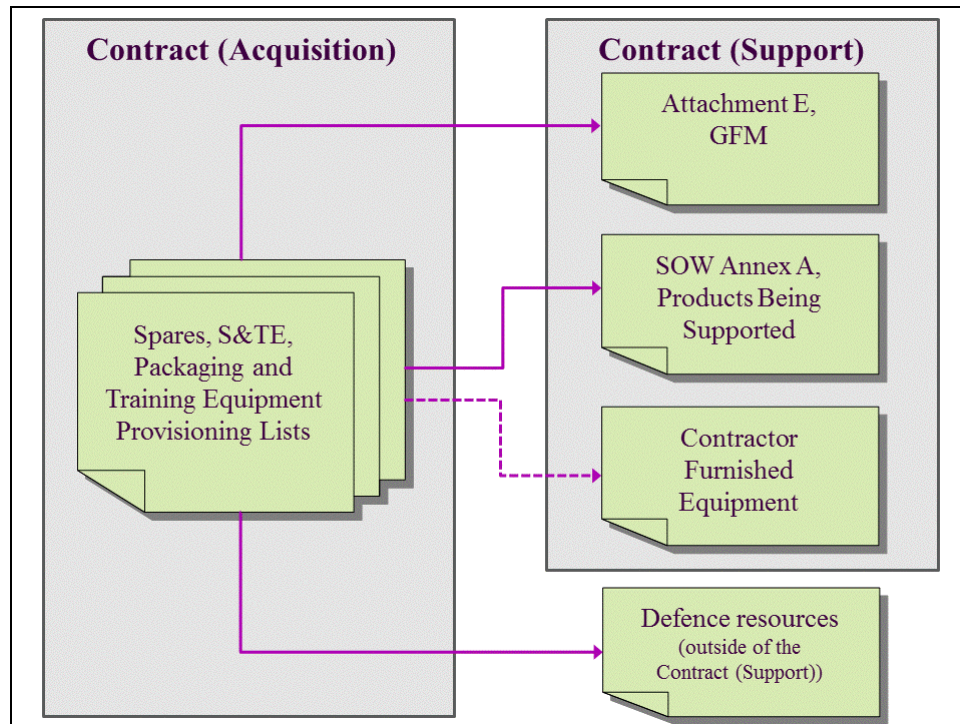


Figure 9: Provisioning Lists Provide Information for the Contract (Support)

Contractor (Support) attendance at PPRs allows Defence to confirm that the Contractor (Support) agrees with the Support Resources recommended by the Contractor (Acquisition) to achieve Contract (Support) outcomes. Involvement may sometimes include Subcontractors (Support).

Provisioning of Spares, S&TE and Training Equipment under *ASDEFCON (Strategic Materiel)* usually involves Not-To-Exceed (NTE) prices for each set of Support Resources. Under this approach, the Contractor (Acquisition) may seek to minimise Support Resources (particularly if the NTE cap is reached) but the Contractor (Support) may seek to increase the Support Resources to reduce its risk of achieving Contract (Support) requirements and any related KPIs. This interaction, with potentially opposing interests, can help to optimise the recommend provisioning lists⁸.

Work Considerations – Planning the Transition, Phase In and Ramp Up

Planning and coordination between the Contractor (Acquisition)'s Transition activities and the Contractor (Support)'s Phase In and Ramp Up activities is essential to establishing the Materiel System. This should be considered in the Acquisition and Support Implementation Strategy (ASIS) and project 'storyboard' (a high-level project schedule).

The scope of Transition is different to the scope of Phase In and Ramp Up because the Contractor (Acquisition) has to address requirements for several parties and must consider:

- a. the delivery of Supplies / supplies to the support environment (irrespective of whether the Contractor (Acquisition) is also the Contractor (Support) or not);
- b. Transition-related activities needed to enable the Commonwealth's Transition activities (eg, the Training of Commonwealth Personnel); and
- c. coordinating its Transition activities with the Contractor (Support)'s Phase In and Ramp Up.

By comparison, Phase In and Ramp Up only relate to the capability and capacity of the Contractor (Support) to provide Services while depending on the Contractor (Acquisition) to provide many of the Support Resources. Notwithstanding the inwards focus, the Contractor (Support) must also establish links to Defence operating and support agencies and may need to plan for regulatory audits.

⁸ This does not mean that Contractor (Support) participation in PPRs is only applicable when the Commonwealth acquires its own Support Resources. If many Support Resources will be owned by the Contractor (Support), combined reviews allow the Contractor (Support) to optimise its holdings in order to achieve KPIs and also assists the Contractor (Acquisition) to ensure that the Materiel System will be successfully implemented.

A major coordination mechanism in the *ASDEFCON Linkages Module* is the TXRR, a new MSR added to the Contract (Acquisition) through additional clauses and a checklist (MSR-CHECKLIST-TXRR) that defines entry, review and exit criteria. The Contractor (Acquisition) conducts the TXRR in accordance with the Approved System Review Plan and the Contractor (Support) is obliged to attend. Approved Subcontractors from both contracts may also be required to attend.

The objective of the TXRR is to ensure that stakeholders understand the Transition requirements in order to ensure a smooth Transition schedule and, ultimately, delivery of capability. Exit criteria for the TXRR require the Contractor (Acquisition) and the Contractor (Support) to agree to the execution of Transition in accordance with the Approved Transition Plan (CTXP), Phase In in accordance with the Approved PHIP, and Ramp Up in accordance with the Ramp Up Management Plan (RUMP).

In addition to management plans, Contract Master Schedules for both contracts are expected to be updated as outcomes of the TXRR to consistently refer to common tasks associated with:

- a. transitioning responsibilities from the Contract (Acquisition) to the Contract (Support), and
- b. establishing support capabilities under the Contract (Support) that relate to Support System V&V activities under the Contract (Acquisition).

Attendance at the TXRR by the Contractor (Support) and Subcontractors (Support) is not intended to have the Contractor (Acquisition) expose commercially sensitive information to the Contractor (Support) or Subcontractors (Support) or vice versa.

Note that *ASDEFCON (Strategic Materiel)* contains an optional Pre-Transition Meeting at SOW clause 3.12, conducted as an extraordinary meeting. This is separate to the TXRR and is broadly about Transition readiness rather than requirements and linking contracts. The TXRR would normally be held some time before this Pre-Transition Meeting.

The *ASDEFCON Linkages Module* also includes a Transition Working Group (TXWG) that enables the Contractor (Acquisition), Contractor (Support) and Defence to engage in detailed planning and to coordinate activities for Transition, Phase In and Ramp Up, including site visits if required. TXWG meetings may be held before and after the TXRR.

The *ASDEFCON Linkages Module* adds clauses for the TXWG to the *ASDEFCON (Strategic Materiel)* SOW clause 3.12 for Transition and to the *ASDEFCON (Support)* SOW clauses 2.6 for Phase In and 2.7 for Ramp Up. These clauses do not prescribe any particular process or sequence of activities. The CXP should define activities for the TXWG as a specific Transition-related activity.

Work Considerations – Updating the Contract (Support) Attachments and SOW Annexes

As identified in the prerequisites for the *ASDEFCON Linkages Module*, some of the details within the Contract (Support) will not be complete at ED because they are dependent on outcomes from the Contract (Acquisition). Therefore, prior to the OD, the applicable Contract (Support) Attachments and SOW Annexes need to be completed; these will generally include:

- a. the list of Products Being Supported (SOW Annex A);
- b. referenced documents used to perform Services, such as maintenance manuals (SOW Annex D);
- c. GFM including GFE, GFI and GFD (Attachment E);
- d. Government Furnished Facilities (GFF) and Government Furnished Services (GFS);
- e. the AIC Plan and IP Plan; and
- f. the Price and Payments Schedule (Attachment B), excluding changes to the overall price.

Updates to Attachments and Annexes require a Contract Change Proposal (CCP) to be executed prior to the OD. Normal CCP provisions allow 20 Working Days for the Commonwealth to action a CCP. However, for some Attachments and Annexes the normal processing period is impractical given the size of the documents involved and the supporting evidence that may be required. Accordingly, the *ASDEFCON Linkages Module* clauses allow for an extended CCP review process.

Changes to the Price and Payment Schedule should be consistent with the tendered price and scope, but may add detail to the cost breakdown and, possibly, include agreed changes to the scope of work as a result of level of repair analysis and other Logistic Support Analyses performed under the Contract (Acquisition).

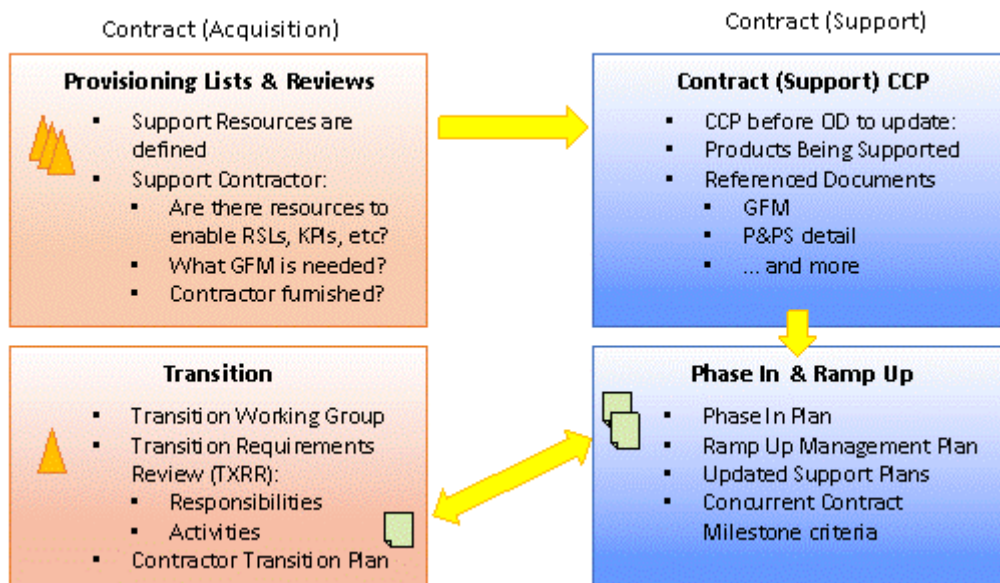


Figure 10: Contract (Acquisition) information enables the Contract (Support)

Figure 10 gives an example of the information flows from the Contract (Acquisition) to the Contract (Support) in order to prepare a CCP for the Contract (Support) Attachments and SOW Annexes.

Note that in some circumstances Contractor Furnished Equipment (CFE) could be identified in SOW Annex A – this is not related to the *ASDEFCON Linkages Module* but, if applicable, could be included in the same CCP.

Work Considerations – Updating Detailed Service Descriptions

ASDEFCON (Support) template DSDs are developed to refer to Products identified in SOW Annex A (usually under clause 6.1.1 of each DSD). Generally, only a few DSDs will need to be modified; which may be required as a result of:

- a. changes to the expected design of the Support System (eg, Maintenance work allocations between Defence and the Contractor (Support));
- b. specific Support System implementation issues (eg, some activities that were expected to be Recurring Services ended up being S&Q Services and vice versa);
- c. changes in the way that in-service support activities are managed (eg, scope for the use of the Military Integrated Logistics Information System (MILIS)); and
- d. Training courses developed under the Contract (Acquisition) and which need to be added to the Annexes of DSD-TNG-DEL.

Changes to DSDs will need to be executed through a CCP. Such changes could be included in the major CCP prior to OD.