

**ANNEX B to TSSP/143**  
**KEY PERFORMANCE INDICATORS**

**PART 1. OVERVIEW**

- 1.1. This Schedule is arranged as follows:
  - 1.1.1. Part 2 - A list of definitions used
  - 1.1.2. Part 3 - A list of the Key Performance Indicators (KPIs) that shall apply to this Contract
  - 1.1.3. Part 4 - The calculation of Performance Deductions in relation to the KPIs
  - 1.1.4. Part 5 - The consequences of continued poor performance and termination
  - 1.1.5. Part 6 - The Contractor's monitoring and reporting of its performance against the KPIs.

## **PART 2. DEFINITIONS**

2.1. The following definitions are used in this Schedule:

| <b>Term</b>                   | <b>Meaning</b>  |
|-------------------------------|---|
| Authority Representative      | Delegated authority representative.   |
| Availability                  | This is calculated in accordance with line 4.2.3. of this Schedule.   |
| Availability KPI              | Means the measure of whether Equipment issued to an Instrumented Player and / or for an Instrumented Vehicle for a Training Event and / or Training Phase is Available as determined in accordance with Section 4 (Availability KPI).   |
| Available                     | Means Equipment issued for a Training Event and / or Training Phase which is in a state to perform as required in accordance with the Statement of Requirement, i.e. is fully operational and able to start the Training Event and / or Training Phase  |
| Day                           | One (1) day, starting 00:00 and ending 23:59, or part thereof   |
| Equipment Failure(s)          | Means any one or more of the following: <ul style="list-style-type: none"> <li>- A failure that prevents Equipment operating as intended during a Day of a Training Event and / or Training Phase.</li> <li>- A failure that leads to a loss of functionality on the issued Equipment during a Day of a Training Event and / or Training Phase.</li> <li>- A failure which requires the unplanned replacement of issued Equipment during a Day of a Training Event and / or Training Phase.</li> <li>- A failure not caused by human error, misuse or incorrect operating actions during a Day of a Training Event and / or Training Phase.</li> <li>- Any failure of equipment or system that leads to the suspension or cessation of training.</li> </ul> |
| Management Information Report | As defined in Appendix 1 to Annex A (Management Information).   |
| Monthly Profit                | % baseline profit rate of the Monthly Payment   |
| Start Time                    | Means the time on which a Training Event or Training Phase starts as directed by the Authority Representative.  |

|                |  |
|----------------|--|
| Training Event | Means a ILT-D exercise or scheduled / unscheduled activity requested by the Authority.                     |
| Training Phase | Means a sub-element of a Training Event. A single Training Event may comprise one or more Training Phases. |
| System         | ILT-D Equipment  |

Table 1: Definitions

### **PART 3. KEY PERFORMANCE INDICATORS**

3.1. The following Key Performance Indicators (KPI) shall apply to the Contract:

| <b>KPI #</b> | <b>Title</b>           | <b>Maximum Performance Deduction applicable for non-performance as a percentage of the Monthly Profit</b> |
|--------------|------------------------|---|
| 1            | Availability           | [redacted on commercial sensitivity grounds]  |
| 2            | Management Information | [redacted on commercial sensitivity grounds]  |
| 3            | Customer Satisfaction  | [redacted on commercial sensitivity grounds]  |

Table 2: KPIs

3.2. The Performance Deductions shown in Table 2 shall apply for KPI 1 and KPI 2, the maximum Performance Deduction applicable for each Contract Month. The Contractor shall report its performance for KPI 1 and KPI 2 for each Contract Month in accordance with Part 6 (Performance Monitoring) of this Schedule. KPI 3 is not financially incentivised and will not result in a Performance Deduction.

3.3. The Authority shall be entitled to make a Performance Deduction where performance against KPI(s) falls below the levels set out in Part 4 (Calculation of Performance Deductions) of this Schedule for any given Training Event or Training Phase and subject to Part 6 (Performance Monitoring) of this Schedule. This should be in accordance with section 6.1 Acceptance of the Terms and Conditions.

3.4. Performance Deductions shall be permanent.

3.5. Where the Contractor exhibits persistent poor performance, where persistent poor performance is as defined in Part 5 (Rectification and Termination), paragraph 5.1 of this Schedule, and fails to rectify the cause of that poor performance in accordance with Part 5 of this Schedule, the Authority shall have the right to terminate the Contract in accordance with Condition 11 (Termination) of the Terms and Conditions of this Contract.

## **PART 4. CALCULATION OF PERFORMANCE DEDUCTIONS**

### **4.1. Availability KPI**

- 4.1.1. The Authority agrees that the number of ILT-D equipment specified in the GFE register (CD28), forms the requirement for calculating the availability.
- 4.1.2. The Contractor's responsibility for ensuring availability for ILT-D equipment is defined in the Availability Requirement paragraph below:
  - 4.1.2.(a). The Contractor shall ensure that at the start of each exercise 100% of the ILT-D equipment requested for the exercise shall be Available. If, however, the Contractor is requested to issue more than 95% of the deployed quantity of any one ILT-D system, the Authority shall return all ILT-D systems of that type at least 14 Days prior to the required issue date. If this is not achieved the Contractor cannot guarantee to issue the requested quantity of serviceable equipment. This qualification shall not affect the overriding requirement for 95% daily availability for all systems.
  - 4.1.2.(b). The Contractual availability requirement is that each system shall have a daily availability of 95% or better during a training exercise.
  - 4.1.2.(c). The Contractor shall measure availability on a daily basis and produce a monthly report showing the daily availability measurements on control charts for the different ILT-D systems at each site. The Contractor shall analyse the availability measures and identify opportunities for improving availability. If required by the Authority, the Contractor shall furnish the Project Manager with a report on their findings for discussion during the Quarterly Progress Meetings.

### **4.2. Application Groups**

- 4.2.1. ILT-D consists of nine (9) application groups. These groups consist of a number of systems against which availability shall be measured.
  - 4.2.1.(a). Attack Weapon Effect Simulation / Target Weapon Effect Simulation (TAGWES)
  - 4.2.1.(b). TAGWES only
  - 4.2.1.(c). Anti-Tank Weapon
  - 4.2.1.(d). Personal Systems Observer/Controller Equipment (O/C)
  - 4.2.1.(e). Military Operations in Urban Terrain (MOUT) Equipment
  - 4.2.1.(f). ILT-D Exercise Control (EXCON)
  - 4.2.1.(g). Video
  - 4.2.1.(h). Communication
  - 4.2.1.(i). Improvised Explosive Device (IED)

4.2.2. Each issued system shall be identified in the Contractor's Site Management System (SMS) database. The system identity (sequential No.) will not change if any Line Replacement Unit (LRU) of the system is replaced and registered in the database.

4.2.3. Availability (A) calculated as:

$$4.2.3.(a). \quad A = \frac{(N_i - N_f)}{N_i} * 100 \quad \text{Daily}$$

4.2.3.(b). The daily availability shall be the availability measured at 0659 Hrs of the following day.

4.2.3.(c). Total failures per day should be recorded and summed for the Training event.

### 4.3. Definitions

4.3.1. Deployed Number of Systems ( $N_D$ )

These are the number of systems allocated at the particular site.

4.3.2. Issued Systems ( $N_i$ )

These are the systems that the Contractor has provided to the User and for which the User has acknowledged receipt. They are identified as issued in the Contractor's database.

The Contractor shall not issue more systems than deployed, i.e.,  $N_i < \text{or} = N_D$ .

4.3.3. Systems Failed ( $N_f$ )

These are the systems that the user has returned to the contractor as failed and been verified by the contractor as failed. This does not include no faults found.

4.3.4. Repair Request

Repair is requested by the User via. delivery of systems or LRUs to the Contractor with a completed Incident Report. The Incident Report shall identify the system to which the LRU belongs so that the Contractor can attribute the failure to the correct system. The User shall minimise the time from failure in the field to repair request by ensuring that non-functioning equipment is returned to the Contractor within 24 hours.

4.3.5. Failed Systems and LRUs

4.3.5.(a). For availability measurement a system shall be considered to have failed if all of the following conditions are met:

4.3.5.(a).i. A component LRU has been returned to the Contractor during contracted working hours with a completed Incident Report;

4.3.5.(a).ii. The component LRU is part of the issued quantity ( $N_i$ ) (registered as issued in the database);

4.3.5.(a).iii. The Contractor is unable to repair or replace the component LRU within 2 hours.

#### 4.3.6. Failed Systems Counter ( $N_f$ )

- 4.3.6.(a). When a system has failed  $N_f$  is increased by one;  $N_f$  is decreased by one when the original system is repaired or replaced before 0700 Hrs on any Day following the original failure.

#### 4.3.7. Repaired System

- 4.3.7.(a). A component LRU shall be deemed to have been repaired when it has passed the Contractors functional test. For any equipment that has been repaired, issued, and then fails again for the same fault regardless of training event (double fail), there is a possibility that the repair action and the Contractors repair procedure were inadequate.

- 4.3.7.(b). The Contractor shall not reissue the double fail component / LRU a second time without first attempting to replicate the failure on a system-based test on the information contained in the two relevant Incident Reports.

- 4.3.7.(c). The Contractor shall report on any identified double fails, along with corresponding investigative actions as per Annex U (Incident Repair Order Report) of Appendix 1 to Annex B – Management Information.

- 4.3.8. The Contractor's performance against the Availability KPI shall, subject to Part 6 (Performance Monitoring) of this Schedule, be applied in the Contract Month following the agreement of such KPIs in accordance with Section 12 (Management Information Report) of this Schedule.

#### 4.4. Calculation of Performance Deductions

- 4.4.1. The Authority shall be entitled to apply Performance Deductions where the total Availability figure of ILT-D as a whole falls within one of the Performance Bands in accordance with the following table, however the Authority will limit Performance Deduction to a maximum of 85% monthly profit:

| Performance Band                               | Performance Deduction as a percentage of the Monthly Profit | Performance Level |
|--|---|-------------------|
| Greater than or equal to 95%                   | [redacted on commercial sensitivity grounds]                | Level 0           |
| Greater than or equal to 90% but less than 95% | [redacted on commercial sensitivity grounds]                | Level 1           |
| Greater than or equal to 85% but less than 90% | [redacted on commercial sensitivity grounds]                | Level 2           |
| Less than 85%                                  | [redacted on commercial sensitivity grounds]                | Level 3           |

Table 3: Availability Performance Deductions



4.4.2. The following flowchart is designed to support decisions related to KPI #1 (Availability) deductions in Contract TSSP/143. It is meant to act as a guideline for all Contractor personnel:

[redacted on commercial sensitivity grounds]

#### 4.5. Management Information KPI

4.5.1. The Contractor shall provide the Authority with the Management Information defined in accordance with Appendix 1 to Annex B (Management Information) within the timescales defined that Appendix.

#### 4.6. Calculation of Performance Deductions

4.6.1. The Authority shall be entitled to apply deductions in the event that any part of the Management Information is late in accordance with the requirements of Appendix 1 to Annex B (Management Information).

4.6.2. Management Information shall be deemed as late by the Authority in the event it is incomplete, inaccurate, or not in accordance with the requirements of Appendix 1 to Annex B (Management Information).

4.6.3. Performance Deductions shall be applied in accordance with the following table (as defined within Annex A to TSSP/143), however the Authority will limit Performance Deduction to a maximum of [redacted on commercial sensitivity grounds] monthly profit:

| <b>Delay to the provision of complete and accurate Management Information in accordance with Appendix 1 to Annex B (Management Information)</b> | <b>Performance Deduction as a percentage of the Monthly Profit</b> | <b>Performance Level</b> |
|---|--|--------------------------|
| On time   | [redacted on commercial sensitivity grounds]                       | Level 0                  |
| [1] Day late  | [redacted on commercial sensitivity grounds]                       | Level 1                  |
| [2] Days late   | [redacted on commercial sensitivity grounds]                       | Level 2                  |
| [3] or more days late   | [redacted on commercial sensitivity grounds]                       | Level 3                  |

Table 4: MI Performance Deductions

4.6.4. The Contractor's performance against the Management Information KPI for a Contract Month shall, subject to Part 6 (Performance Monitoring) of this Schedule, be applied in the Contract Month following the agreement of such KPI(s) in accordance with Section 5.1 of this Schedule.

4.6.5. The following flowchart is designed to support decisions related to KPI #2 (Management Information) deductions in Contract TSSP/143. It is meant to act as a guideline for all Contractor personnel:

[redacted on commercial sensitivity grounds]

## **PART 5. RECTIFICATION AND TERMINATION**

### **5.1. Persistent Poor Performance**

#### **5.1.1. Where the Contractor incurs:**

- 5.1.1.(a). Level 1 Performance Deductions against KPIs 1 or 2 for six (6) or more Contract Months in a rolling 12 Contract Months; and / or
- 5.1.1.(b). Level 2 and / or Level 3 Performance Deductions against KPIs 1 for two (2) or more consecutive Training Events; and / or
- 5.1.1.(c). Level 2 and / or Level 3 Performance Deductions against KPI 2 for two (2) or more Contract Months in a rolling four (4) Contract Month period;

5.1.2. The Contractor shall prepare and provide to the Authority a draft rectification plan, within 20 business days of any of the above occurring. Failure to deliver the draft rectification plan within 20 business days will result in a one (1) percent deduction from the Contractor's Monthly Payment each Contract Month pro-rated for the number of Day's in the Contract Month from the point at which the draft rectification plan is due until such time as the Contractor has provided a draft rectification plan to the Authority.

#### **5.1.3. The draft rectification plan shall:**

- 5.1.3.(a). Identify the cause of those Equipment Failures and / or unavailability leading to Level 1, 2 and / or 3 Performance Deductions against KPI 1 (Availability) associated with paragraph 10.1(A) above;
- 5.1.3.(b). Identify the cause of those Failures and / or unavailability leading to Level 2 and / or 3 Performance Deductions against KPI 1 (Availability) associated with paragraph 10.1(B) above;
- 5.1.3.(c). Identify the cause of any delay in the provision of Management Information leading to Performance Deductions against KPI 2 (Management Information) associated with paragraph 10.1 above;
- 5.1.3.(d). Specify the steps that the Contractor proposed to take to rectify and avoid any recurrence of such Performance Deductions;
- 5.1.3.(e). The programme of activity and timescales for rectifying the cause of such Performance Deductions; and
- 5.1.3.(f). Be in sufficient detail for it to be properly evaluated by the Authority.

5.1.4. If the Authority considers that the draft rectification plan provided by the Contractor in accordance with paragraphs 5.1.2 and 5.1.3 above is unacceptable in that:

- 5.1.4.(a). It is insufficiently detailed to be properly evaluated; and / or
- 5.1.4.(b). The programme and timescales proposed in it are not acceptable; and/or
- 5.1.4.(c). It is unlikely to sufficiently rectify the cause of such Equipment Failures and reductions in Availability, the Authority shall as it considers appropriate, specify a period of time for the Contractor to revise the draft rectification plan.

- 5.1.5. Where, in accordance with paragraph 5.1.4. above, the Authority specifies a period of time for the Contractor to revise the Rectification plan:
- 5.1.5.(a). The Contractor shall within that period produce such revised drafts of the Rectification Plan as the Authority may require and shall take into account in such revised drafts any comments by the Authority so as to address the issues referred to in paragraph 5.1.4. above;
  - 5.1.5.(b). If at the end of the specified period the Authority considers that the revised Rectification plan is unacceptable as described in paragraph 5.1.4. above, it may reject the draft Rectification plan and, if considered appropriate, apply a one (1) percent deduction from the Contractor's Monthly Payment each Contract Month pro-rated for the number of Day's in the Contract Month from the point at which the Authority notifies the Contractor that it has rejected the draft Rectification plan until such time as the Contractor has provided a Rectification plan to the Authority which meets the requirements of paragraph 5.1.3. above.
- 5.1.6. Where a Rectification plan is agreed by the Authority, the Contractor shall carry it out in accordance with its provisions including any timescales specified in it.
- 5.1.7. The Contractor shall provide to the Authority, in accordance with the timescales specified in the Rectification plan:
- 5.1.7.(a). Regular updates on the implementation of the Rectification plan; and
  - 5.1.7.(b). Evidence of the implementation of the Rectification plan;
  - 5.1.7.(c). And shall, if required by the Authority and at the Contractor's expense, take all necessary steps to enable the Authority to monitor the implementation of the Rectification plan.
- 5.1.8. If further to paragraph 5.1.5. above, the Contractor has:
- 5.1.8.(a). Failed to provide the Authority with a draft Rectification Plan which the Authority has agreed in accordance with paragraph 5.1.6. above for a period of three (3) Contract Months; or
  - 5.1.8.(b). Failed to implement the Rectification plan in accordance with its terms or, despite its implementation, the Rectification plan fails to rectify the cause of such Failures and / or unavailability; or
  - 5.1.8.(c). Failed to deliver initial draft Rectification plan in accordance with paragraph 5.1.1. the Authority may choose one of those options set out in paragraph 5.1.9. below, as it considers appropriate.
- 5.1.9. Subject to paragraph 5.1.8. above, the Authority may, as it considers appropriate:
- 5.1.9.(a). Give the Contractor a further opportunity to provide and / or implement a revised Rectification plan (to be agreed by the Authority), in accordance with such timescales as the Authority may require and in accordance with paragraph 5.1.5.; or
  - 5.1.9.(b). Treat such event as a Material Breach and have the right to terminate the Contract in accordance with DEFCON 514 of the Contract.

## **5.2. Treatment of Performance Deductions on Termination or Expiry of this Agreement**

- 5.2.1. If on expiry of this Contract there are any outstanding Performance Deductions, the Contractor shall deduct such amounts from the final payment to the Contractor.
- 5.2.2. If on any early termination of this Agreement there are any outstanding Performance Deductions these shall be deducted from the Termination Payment in accordance with DEFCON 514.

## **5.3. Disputes**

- 5.3.1. In the event of any Dispute relating to the calculation of Performance Deductions made pursuant to this Schedule, the Authority's view shall prevail (and the relevant provisions in this Schedule shall have effect) until such time as a different view may apply as a result of the application of Condition 10.2 (Alternative Dispute Resolution) of the Terms and Conditions of the Contract.

## **PART 6. PERFORMANCE MONITORING**

### **6.1. Management Information Report**

6.1.1. The Contractor shall provide the Authority's PM with a Management Information Report within ten (10) business days following each Contract Month.

6.1.2. The Management Information Report shall be in a form approved by the Authority and shall:

6.1.2.(a). For each Contract Month, detail the number of Training Events and Training Phases supported by site and by type, including the number of Days each Training Event and Training Phase comprised (i.e. the number of Days between the Start Time and End Time) as determined by the Authority Representative).

6.1.2.(b). For each Training Event and Training Phase in that Contract Month, the number of Instrumented Players and Instrumented Vehicles in that Training Event or Training Phase.

6.1.2.(c). For each Training Event ending in that Contract Month, detail the Contractor's performance against KPI 1 (Availability) (i.e. the Daily Availability) as set out in Part 4 (Calculation of Performance Deductions) of this Schedule, including details of any extenuating circumstances for which the Contractor has or intends to apply for relief under the relevant provisions of this Contract;

6.1.2.(d). Detail the Contractor's performance against KPI 2 (Management Information) for the Contract Month;

6.1.2.(e). Set out the Contractor's calculations of the Service Credits and any Performance Deductions that have been incurred in that Contract Month. Where the Contractor has or intends to submit a claim for relief under the relevant provisions of this Agreement, the Contractor shall include calculations with such proposed relief having been taken and not taken into account;

6.1.2.(f). Set out the Contractor's calculations of any Performance Deductions that have been incurred in respect of KPI 2 (Management Information) for that Contract Month;

6.1.2.(g). Identify any discrepancy between the Contractor's assessment and the Authority's assessment against the KPIs set out in Part 4 of this Schedule for the Contract Month and provide the reasons for such discrepancy;

6.1.2.(h). Provide details of the Contractor's performance against the KPIs for the previous [twelve (12)] Contract Months;

6.1.2.(i). Provide details of any Rectification plans that are being prepared, subject to agreement with the Authority or in the course of being implemented; and

6.1.2.(j). Include any details required in Appendix 1 to Annex B (Management Information).

6.1.3 The Management Information Report shall be discussed by the Contractor and the Authority at the Quarterly Progress Meeting.

- 6.1.4 The Parties shall endeavour to agree the calculation of any Service Credits and Performance Deductions for each Contract Month within twenty (20) Business Days of the Quarterly Progress Meeting (including resolving any discrepancies).
- 6.1.5 The Contractor shall update the Management Information Report to reflect any agreement reached between the Parties and the updated version shall be deemed to be the final Management Information Report for the relevant Contract Quarter.
- 6.1.6 If the Parties fail to reach agreement in accordance with paragraph 6.1.4, the matter shall be referred for resolution in accordance with Condition 10.2 (Alternative Dispute Procedure) of the Terms and Conditions of this Contract.
- 6.1.7 The Management Information Report shall be accurate and any deliberate falsification by the Contractor may constitute fraud.

## **PART 7. CUSTOMER SATISFACTION**

- 7.1 At Appendix 2 to this document is a TS User Customer Satisfaction Survey. This 3<sup>rd</sup> KPI is not financially incentivised as per KPI 1 and 2 and is included for the purposes of monitoring TS User customer satisfaction only.
- 7.2 The survey will be conducted on a bi-annual basis in line with the assessment at quarters [1] and [3]. The survey will be conducted by SAAB and the results presented to the Authority.
- 7.3 The results of the survey will be considered as follows on an average score basis:
- KPI Good – [redacted on commercial sensitivity grounds]
  - KPI Approaching Target - [redacted on commercial sensitivity grounds]
  - KPI Requires Improvement – [redacted on commercial sensitivity grounds]
  - KPI Inadequate – [redacted on commercial sensitivity grounds]