Model Contract/Subcontract
Award Fee Plan

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Executive Summary

This model Award Fee Plan below has been developed by USC to provide a means to reward contractors/subcontractors for using modern software engineering techniques on large software-intensive development efforts. It identifies the following seven critical success factors for successful contractor/subcontractor performance:

1. Schedule preservation
2. Continuous integration support
3. Cost containment
4. Technical performance
5. Architecture and COTS compatibility
6. Program management
7. Risk management

This plan provides candidate evaluation scales and weights for assessing relative contractor/subcontractor performance on the seven factors. It also provides a set of candidate operating procedures for the subcontractor evaluation and award fee process. It is not a plug-and-play instrument. Instead, the plan intends to provide buyers of systems with large software content with a tailorable contractual instrument that accommodates various sources of subcontract variation.

The terms “buyer” and “supplier” are used throughout the document to convey respective roles and responsibility of the parties to this agreement. The “buyer” refers to the organization contracting or subcontracting work to a “supplier” organization. It is not meant to refer to the contracting officer who is responsible for managing the contract/subcontract terms and conditions. The term “Lead System Integrator (LSI)” is used to identify the organization assigned primary integration responsibilities for the system.
Model Award Fee Plan

for

(Project Name)

(Date of Approval)

(Supplier’s Name)

Coordinated:

________________________________________  __________________________
Buyer’s Contracting Officer               Date

________________________________________  __________________________
Supplier’s Contracting Officer             Date

Approved:

________________________________________  __________________________
Buyer’s Program Manager and Fee Determining Official     Date
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MODEL AWARD FEE PLAN

1.0 Introduction

This award fee plan is the basis for the buyer’s evaluation of the supplier’s performance and for presenting an assessment of that performance to the Fee Determining Official (FDO). The specific criteria and procedures used to assess the supplier’s performance and to determine the amount of award fee earned are described herein. The amount of the award fee to be paid is determined by the FDO’s judgmental evaluation of the supplier’s performance in terms of the criteria stated in this plan. This determination and the methodology for determining the award fee are unilateral decisions made solely at the discretion of the FDO.

If deemed applicable, the award fee will be provided to the supplier through supplier agreement and/or contract modifications and is in addition to the Cost Plus Award Fee/Firm Fixed Price (CPAF/FFP) as a negotiated provision of the supplier agreement. The award fee earned and payable will be determined by the FDO based upon review of the supplier’s performance against the criteria set forth in this plan. The FDO may unilaterally change this plan prior to the start of an evaluation period. The supplier will be notified of changes to the plan by the Contracting Officer, in writing, before the start of the effected evaluation period. Changes to this plan that are applicable to a current evaluation period will be included by mutual consent of both parties.

2.0 Organization

The award fee organization consists of: the Fee Determining Official (FDO) an Award Fee Review Board (AFRB) which consists of a chairperson, the contracting officer, a recorder, other functional area participants, and advisor members; and the performance monitors. Performance monitors are prohibited from being AFRB members. The FDO, AFRB members, and performance monitors are listed in Attachment 1.

3.0 Responsibilities

a. **Fee Determining Official.** The FDO approves the award fee plan and any significant changes. The FDO reviews the recommendation(s) of the AFRB, considers all pertinent data, and determines the earned-award fee amount for each evaluation period.

b. **Award Fee Review Board.** AFRB members review performance monitors’ evaluation of the supplier’s performance, consider all information from pertinent sources, prepare interim performance reports, and arrive at an earned-award fee recommendation to be presented to the FDO. The AFRB will also recommend changes to this plan.

c. **AFRB Recorder.** The AFRB recorder is responsible for coordinating the administrative actions required by the performance monitors, the AFRB and the FDO, including: (1) receipt, processing and distribution of evaluation reports from all required sources; (2) scheduling and assisting with internal evaluation milestones, such as briefings; and (3) accomplishing other actions required to ensure the smooth operation of the award fee.
a. **Procuring Contracting Officer.** The PCO is the liaison between the supplier and buyer personnel and is responsible for the preparation and distribution of the supplier agreement and/or contract modifications which awards any fee authorized by the FDO.

e. **Performance Monitors.** Performance monitors maintain written records of the supplier’s performance in their assigned evaluation area(s) so that a fair and accurate evaluation is obtained. They prepare interim and end-of-period evaluation reports as directed by the AFRB.

f. **Supplier Representative.** Supplier representatives provide the buyer with a single point of contact within the supplier organization (contractors, subcontractors, co-contractors, vendors who are acting as partners, etc.). They provide input/information during the interim and end-of-period evaluations and make recommendations to the AFRB. When problems are identified, they supply the buyer with an action plan to correct them within a timely period. They are members of the management team and partners in decisions.

**4.0 Award Fee Processes**

a. **Available Award Fee Amount.** The earned award fee will be paid based on the supplier’s performance during each evaluation period. The available award fee for each evaluation period is shown in Attachment 2.

b. **Evaluation Criteria.** The evaluation criteria and weights are shown in Attachment 3 and Attachment 4. If the PCO does not give specific notice in writing to the supplier of any change to the evaluation criteria prior to the start of a new evaluation period, then the same criteria listed for the preceding period will be used in the following award fee evaluation period. Any changes to evaluation criteria will be made by revising Attachment 3 and notifying the supplier.

c. **Scoring and Award Fee Percentage.** The supplier will earn a percentage of the award that falls within the corresponding scoring range and as adjusted by the area weighting factors as defined in Attachment 4. The exact percentage of award fee is at the discretion of the FDO. However, it may be influenced by the supplier during negotiations for products and services (e.g., might be increased based upon a progressive discount offered as part of the original agreement with the supplier). The supplier’s grade, overall score for the evaluation period, and percent of award fee is set forth below:

<table>
<thead>
<tr>
<th>GRADE</th>
<th>OVERALL SCORE</th>
<th>% OF AWARD FEE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent</td>
<td>88-100 points</td>
<td>75-100</td>
</tr>
<tr>
<td>Very Good</td>
<td>70-87 points</td>
<td>50-74</td>
</tr>
<tr>
<td>Satisfactory</td>
<td>51-69 points</td>
<td>1-49</td>
</tr>
<tr>
<td>Unsatisfactory</td>
<td>0-50 points</td>
<td>0</td>
</tr>
</tbody>
</table>

University of Southern California 4 Draft (April 2003)
d. **Interim Evaluation Process.** The AFRB Recorder notifies AFRB members and performance monitor to submit their evaluation reports fifteen (15) calendar days before the midpoint of the evaluation period. Performance monitors submit their evaluation reports to the AFRB seven (7) calendar days after this notification. The AFRB determines the interim evaluation results and identifies the supplier’s strengths and weaknesses for the current evaluation period. The interim evaluation will be documented in narrative or briefing format and may be coordinated through the FDO prior to distributing it to the supplier, depending on the content. The PCO will send the interim evaluation to the supplier via official correspondence. The interim evaluation will not contain any fee determination or rating. Its intent is to inform the supplier of areas where corrective action can be taken in sufficient time to correct these deficiencies prior to the FDO’s award fee amount determination. The PCO may also issue letters at any other time when it is deemed necessary to highlight areas of concern to the buyer.

As part of this process, the AFRB will entertain any change recommendations to this award fee plan for recommendation to the appropriate approval authority. The FDO approves significant changes; the AFRB Chairperson approves other changes.

e. **End of Period Evaluations.**

1. The Recorder of the AFRB will notify each board member and performance monitor as to the schedule for the end of period evaluation fifteen (15) calendar days before the end of the evaluation period.

2. The performance monitors will submit their performance monitor reports/briefings to the AFRB five (5) calendar days after the close of the evaluation period.

3. The board will evaluate the performance monitors’ reports/briefings.

4. The supplier may submit a written self-assessment to the AFRB Chairman not later than five (5) calendar days after the close of the evaluation period. The FDO and/or the AFRB Chairman may invite the supplier to brief its assessment during the award fee determination process. This written assessment of the supplier’s performance throughout the evaluation period may also contain any information that may be reasonably expected to assist the AFRB in evaluating the supplier’s performance. The supplier’s self-assessment may not exceed three (3) written pages.

5. The AFRB will evaluate the findings, supplier self-assessment if submitted and other pertinent information to develop a recommended earned award fee amount for the FDO. This recommendation will be presented in a report format as shown in Attachment 4. The AFRB will also determine if changes to the award fee plan are warranted and will also make these recommendations to the FDO.

6. The AFRB will present their recommendations of award fee and any significant changes to the award fee plan to the FDO. The briefing will include a discussion of the supplier's strengths and weaknesses. The supplier will not be present at this briefing.
7. Within forty-five (45) calendar days after the close of the award fee evaluation period, the FDO determines the amount of the earned award fee and signs the determination letter. The determination letter will be clear and concise, informing the supplier of the earned award fee amount and the major strengths and weaknesses of the supplier for that award fee evaluation period.

8. Within fifteen (15) calendar days of the FDO’s determination, the Procuring Contracting Officer (PCO) will issue a unilateral supplier agreement and/or contract modification to authorize payment of any award fee amount.

9. The PCO will de-commit all unearned award fee for that evaluation period.

5.0 Award Fee Plan Change Procedure

The AFRB Recorder will forward all significant changes to the FDO for approval; the AFRB Chairperson approves other changes. This change process may be accomplished during any point in an award fee period. Examples of significant changes include changing evaluation criteria, adjusting weights to redirect supplier’s emphasis to areas needing improvement, and revising the distribution of the award fee dollars. After approval, the PCO shall notify the supplier in writing of any change(s). Unilateral changes may be made to the award fee plan if the contracting officer before the start of the upcoming evaluation period provides the supplier written notification. Changes effecting the current evaluation period must be by mutual agreement of both parties.

6.0 Contract Termination

If the supplier agreement and/or contract is terminated for the convenience of the buyer after the start of an award fee evaluation period, the award fee earned for that period shall be determined by the FDO using the normal award fee evaluation process. After termination for convenience, the remaining award fee amounts allocated to all subsequent award fee evaluation periods cannot be earned by the supplier and, therefore, shall not be paid.

7.0 Rollover

Award fee that was not earned in one period may, upon approval of the FDO, be rolled over or added to the available award fee for the subsequent period. Rollover of award fee may be authorized subject to the approval of the FDO. If rollover is authorized, the supplier will be notified of the criteria that must be met in order to earn the rollover amount.

Attachments
1. Award Fee Organization
2. Award Fee Allocation by Evaluation Periods
3. Supplier Performance Evaluation Report
4. Evaluation Criteria
Attachment 1

Award Fee Organization
(Program Office)

Members

Fee Determining Official:

Award Fee Review Board Chairperson*:

Award Fee Review Board Members:

(Following are other possible Award Fee Review Board members:)

- Contracts Staff
- Legal Representative
- Financial Management Staff
- Relationship Manager
- Technical Representative
- LSI Representative
- Government Representative

* Mandatory Member
**Attachment 2**

**Award Fee Allocation* by Evaluation Periods**

The award fee earned by the supplier will be determined at the completion of evaluation periods shown below. The percentage and dollars shown corresponding to each period is the maximum available-award fee amount that can be earned during that particular period.

<table>
<thead>
<tr>
<th>Evaluation Period</th>
<th>From</th>
<th>To</th>
<th>Available Award Fee **</th>
</tr>
</thead>
<tbody>
<tr>
<td>First</td>
<td>Contract Award (Date TBD)</td>
<td>25% of Development Schedule (Date TBD at Contract Award)</td>
<td>25%</td>
</tr>
<tr>
<td>Second</td>
<td>25% of Development Schedule (Date TBD at Contract Award)</td>
<td>50% of Development Schedule (Date TBD at Contract Award)</td>
<td>25%</td>
</tr>
<tr>
<td>Third</td>
<td>50% of Development Schedule (Date TBD at Contract Award)</td>
<td>75% of Development Schedule (Date TBD at Contract Award)</td>
<td>25%</td>
</tr>
<tr>
<td>Fourth</td>
<td>75% of Development Schedule (Date TBD at Contract Award)</td>
<td>End of CPAF period of performance (Date TBD at Contract Award)</td>
<td>25%</td>
</tr>
</tbody>
</table>

| TOTAL             |                                            |                                              | 100%                   |

* The buyer may unilaterally revise the distribution of the remaining award fee dollars among subsequent periods within the constraints of fiscal law. The supplier will be notified of such changes, if any, in writing by the PCO before the relevant period is started and the award fee plan will be modified accordingly. Subsequent to the commencement of a period, changes may be made only by mutual agreement of the parties.

** Will be computed in and expressed in dollars in proposal and final proposal using percentage shown.
Attachment 3
Supplier Performance Evaluation Report

1. **Score**
   
a. The following weightings apply to work performed.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Score</th>
<th>Weight</th>
<th>Weighted Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area A - Schedule Preservation</td>
<td>(     ) X</td>
<td>0.20</td>
<td></td>
</tr>
<tr>
<td>Area B – Continuous Integration Support</td>
<td>(     ) X</td>
<td>0.10</td>
<td></td>
</tr>
<tr>
<td>Area C - Cost Containment</td>
<td>(     ) X</td>
<td>0.20</td>
<td></td>
</tr>
<tr>
<td>Area D - Technical Performance</td>
<td>(     ) X</td>
<td>0.15</td>
<td></td>
</tr>
<tr>
<td>Area E – Architecture and COTS Compatibility</td>
<td>(     ) X</td>
<td>0.10</td>
<td></td>
</tr>
<tr>
<td>Area F – Program Management</td>
<td>(     ) X</td>
<td>0.15</td>
<td></td>
</tr>
<tr>
<td>Area G – Risk Management</td>
<td>(     ) X</td>
<td>0.10</td>
<td></td>
</tr>
</tbody>
</table>

   **Total Score:**

2. **List of Major Strengths and Weaknesses**

3. **Recommended Changes to the Award Fee Plan**

4. **AFRB’s Comments on the Effectiveness of the Award Fee Program**
Attachment 4

Evaluation Criteria

AREA A - SCHEDULE PRESERVATION

1. UNSATISFACTORY
   a. Fails to manage schedule as an independent variable and protect against integration delays caused by changes made to the build and integration schedules.
   b. Fails to meet schedule requirements as specified in the approved supplier agreement.
      - Incremental drops with required features not provided per the current build plan.
      - New versions of COTS not provided prior to their becoming available to the public.
   c. Lacks the flexibility to address changes being made to the build plan in their delivery schedules.
   d. Has no realistic or satisfactory plan to correct schedule deficiencies.
   e. Most major program milestone dates have been missed by a significant period of time.
   f. Major integration risks exist because of incompatibility of deliveries with the buyer’s overall architecture.
   g. Many CDRLs were late or some unplanned expenditure of resources was required to complete them. CDRLs in progress are incomplete or significantly behind schedule. CDRLs delivered on time but are incomplete.
   h. Experiences significant negative schedule variances, as illustrated by Earned Value Management System (EVMS) data.

2. SATISFACTORY
   a. Manages schedule as an independent variable and accommodates some of the schedule delays caused by unanticipated changes made to the build and integration schedules.
   b. Meets the agreed-to contract schedule requirements.
   c. Flexible enough to accommodate minor changes in build plan schedules.
   d. Experiences minor negative schedule variances, as illustrated by EVMS data.
   e. Has developed effective plans that have been followed to get them back on schedule if variances have occurred.
   f. No major integration delays anticipated and they can demonstrate that they are compatible with buyer’s overall architecture.
   g. Program milestones are not or will not be significantly delayed.
   h. Contract Data Requirements List (CDRL) items were delivered on time and CDRLs in progress are projected to be completed on time or have minimal overall schedule impact.

3. VERY GOOD
   a. Manages schedule as an independent variable and accommodates most schedule delays caused by unanticipated changes made to the build and integration schedules.
   b. Meets the requirements, plus continuously refreshes products so that needed features are available when needed for integration.
c. Flexible enough to accommodate major changes to build plan schedules.
d. Experiences no negative schedule variances, as illustrated by EVMS data.
e. Employs early corrective action and planning that preclude potential delays in the schedule.
f. Schedule milestone tracking projections in the Integrated Master Schedule (IMS) are very accurate and reflect true program status.
g. Meets and/or exceeds the integration schedule in some significant areas or ways (e.g., certification, testing, and COTS refresh).
h. Identifies and communicates significant emerging program-wide schedule risks and candidate strategies for addressing them as part of their risk management process.

4. EXCELLENT

a. Meets the requirements of (3) above, plus:
b. Flexible enough to anticipate and accommodate major changes to build plan schedules.
c. Experiences positive schedule variances, as illustrated by EVMS data.
d. Employs early corrective action and planning and anticipate delays in the schedule and works them before they can become a problem.
e. Continuously exceeds the integration schedule and provides team with significant support as drops are made and problems identified.
f. Proactively manages schedule risks, taking steps as part of their risk management process to rectify the problem’s root cause.
AREA B - CONTINUOUS INTEGRATION SUPPORT

For this area, we assume that software versions used during integration are composed of builds, increments, releases and versions. These integration components are characterized as follows:

<table>
<thead>
<tr>
<th>Integration Component</th>
<th>Typical Content</th>
<th>Typical Frequency of Release</th>
</tr>
</thead>
<tbody>
<tr>
<td>Builds</td>
<td>The product of a contract/subcontract that is used as an integral component of an increment (e.g., radar processing output for an air traffic control system (ATC)).</td>
<td>Daily</td>
</tr>
<tr>
<td>Increments</td>
<td>The product of multiple contracts/subcontracts that is integrated together to provide an integral part of the system (e.g., sensor data processing system for an ATC)</td>
<td>Monthly</td>
</tr>
<tr>
<td>Releases</td>
<td>A release of the system that provides interim capabilities needed for integration and test (e.g., ATC capabilities delivered incrementally for integration and testing)</td>
<td>Quarterly</td>
</tr>
<tr>
<td>Versions</td>
<td>A full-up release of the system that has been integrated and tested and is placed under configuration control (may or may not be the delivered capability).</td>
<td>Annually</td>
</tr>
</tbody>
</table>

1. UNSATISFACTORY
   a. Does not participate in the LSI-led continuous integration activities.
   b. Does not support generation of daily builds by the LSI at their integration facilities.
   c. Does not deliver increments to the integration facility per the agreed-to release plans.
   d. Fails to rectify problems identified during the build/release cycle in their software within the required time period.
   e. Fails to interface with and use the LSI’s configuration management system (tools, processes and procedures) to manage the contents of and changes to builds. This system, which is a part of the LSI’s software engineering environment, (1) uniquely identifies builds and contents, (2) establishes baselines, (3) enables users to input, retrieve and change baseline contents, (4) provides audit trails and (5) provides reports about the current composition of all baselined builds.
   f. Fails to interface with and use the LSI’s common software problem identification and reporting system. This system, which is also a part of the LSI’s software engineering environment, supports compilation, analysis and reporting of software problems that are reported by those participating in the continuous integration and daily build processes. The goal is to focus attention on problem resolution while minimizing the duplicative reporting of software problems in the field (e.g., the many players who are generating software to support the project).

2. SATISFACTORY
   a. Actively participates in the LSI-led continuous integration activities.
   b. Actively supports the generation of daily builds by the LSI at their integration facilities.
   c. Delivers specified increments to the integration facility per agreed-to release plans.
d. Rectifies problems identified during the build/release cycle with their software within the required time period.

e. Interfaces with and uses the LSI’s configuration management system to manage the contents of and changes to the builds.

f. Interfaces with and uses the LSI’s common software problem identification and reporting system to resolve software trouble reports in a timely manner.

3. **VERY GOOD**
   a. Meets the requirements of (2) above, plus:
   b. Provides leadership for the LSI-led continuous integration activities.
   c. Captures and analyzes software defect metrics during test. Uses the results of the analysis to identify and repair error-prone modules and to order refactoring activities.
   d. Identifies and communicates significant emerging program-wide integration risks and candidate strategies for addressing them as part of their risk management process.

4. **EXCELLENT**
   a. Meets the requirements of (3) above, plus:
   b. Captures and analyzes software design defects. Uses the results of the analysis to repair defects in the design pro-actively before they can propagate during the continuous integration activities.
   c. Performs root cause analysis when analyzing and repairing defects.
   d. Proactively manages integration risks, taking steps to rectify the problem’s root cause.
AREA C - COST CONTAINMENT

1. UNSATISFACTORY
   a. Fails to implement efforts to manage cost as an independent variable and protect against cost growth caused by unanticipated integration delays.
   b. Cost estimates are unreliable and fail to predict actual cost/schedule performance.
   c. Demonstrates either lack of concern or methodology for controlling costs and correcting estimating/tracking deficiencies.
   d. Experiences significant negative cost variances, as illustrated by EVMS data.
   e. Experiences cost growth due to inability to be compatible with the overall architecture and accommodate integration delays.

2. SATISFACTORY
   a. Manages cost as an independent variable and is able to accommodate some of the cost growth caused by unanticipated changes made to the build and integration schedules.
   b. Executes a method for controlling cost to the extent needed to meet contractual requirements.
   c. Cost variances are fully explained and documented.
   d. Takes appropriate measures to avoid cost overruns. Corrective actions are briefed to the buyer when identified and are generally accepted without changes.
   e. Costs of changes to the baseline configuration were identified in the performance measurement baseline.
   f. Experiences only minor negative cost variances, as illustrated by EVMS data.

3. VERY GOOD
   a. Meets the requirements of (2) above, plus:
   b. Recognizes where cost growth may be occurring and provides timely and well-documented action plans to resolve the root causes of the problem.
   c. Cost savings are identified and recommended to the buyer in a timely manner.
   d. Experiences no negative cost variances, as illustrated by EVMS data.
   e. Identifies and communicates significant emerging program-wide financial risks and candidate strategies for addressing them as part of their risk management process.

4. EXCELLENT
   a. Meets the requirements of (3) above, plus:
   b. Implements an approach to achieving accurate contract cost forecasts.
   c. Consistently anticipates possible sources of cost overruns and takes action to prevent them.
   d. Proposes innovative and thoroughly cost effective approaches to problems without degradation to the quality of the final technical product.
   e. Experiences positive cost variances, as illustrated by EVMS data.
   f. Proactively manages the risk of overrunning the cost, taking steps as part of their risk management process to rectify the problem’s root cause.
AREA D - TECHNICAL PERFORMANCE

1. UNSATISFACTORY
   a. Fails to understand and satisfy the technical requirements allocated for the software in the contract including those specified in Interface Control Documents (ICD’s).
   b. Fails to demonstrate an understanding of the technical complexities, or does not demonstrate progress towards achieving desired levels of availability, interoperability, security and/or survivability at the system of systems level.
   c. Fails to understand, or does not demonstrate progress in achieving specified Key Performance Parameters allocated to the software from system level specifications.
   d. Does not understand, or fails to demonstrate progress in achieving operational requirements allocated to software from the Operational Concept Document including those supporting information operations and anti-tampering provisions.
   e. Fails to understand the technical complexities, or does not demonstrate progress towards achieving desired levels of compatibility with the system’s architecture specifications.
   f. Fails to deliver software with the right functions and features (e.g., those prioritized the highest) to integration per the agreed upon delivery schedule.
   g. Processes and tools used for software development, management, quality assurance, and configuration management are incompatible with those used by LSI for the project.
   h. Does not effectively document and control software baselines developed to support the build, increment and/or release plan.
   i. Does not effectively use or support the continuous integration and test methodology used by the project.
   j. Does not participate and support the Integrated Product Teams (IPT’s) established to maintain technical cognizance over LSI systems and subsystems.
   k. CDRLs submitted to the buyer do not meet the content or intention of the document or require repeated rewrites and resubmittals.
   l. Earned value credit is taken using a methodology that deviates from EVMS baseline as established at the IBR (Initial Baseline Review) and documented in the work packages.

2. SATISFACTORY
   a. Demonstrates an understanding of the technical requirements and implements them into the software in a manner compliant with the system architecture specification and ICD’s.
   b. Demonstrates an understanding and supports IPT implementation of system-wide availability, interoperability, security, and survivability strategies in a responsive manner.
   c. Specification threshold requirements are verified and Key Performance Parameters are implemented in measurable ways.
   d. Identifies and solves potential technical and integration problems that could jeopardize achievement of the program schedule in a timely manner.
   e. Delivers software with the right functions and features (e.g., those prioritized the highest) to integration per the agreed upon delivery schedule.
   f. Processes/practices used for software development, management, quality assurance and configuration management are compatible with those adopted by LSI for the system.
   g. Software tools used for software development, management, quality assurance, and configuration management are compatible with those adopted by LSI for the system.
demonstration of this compatibility, all software and its associated documentation, including COTS, can be delivered electronically via the software engineering environment established by the LSI for the project.

h. Continuous integration and test activities are supported with support being made available to resolve problems as they arise in a timely manner.

i. Participation in IPT activities is supported. The right people being made available as needed to resolve problems as they arise.

j. CDRL items require no missing information, and buyer comments to documents were answered within the re-submittal period with no need for further rewrites.

k. Earned value credit is taken using the methodology from the EVMS baseline as established at the IBR and documented in the work packages.

3. VERY GOOD

a. Meets the requirements of (2) above, plus:

b. Implements design improvements as needed to evolve the architecture and the operational concepts associated with using, supporting and maintaining it.

c. The software as implemented meets or exceeds one or more of the Key Performance Parameters allocated from the system specification.

d. Delivers software with the right functions and features (e.g., those prioritized the highest) to integration earlier than obliged by the agreed to schedule.

e. Anticipates potential technical and integration problems and takes steps to remedy them.

f. Electronic submission of software and documentation is accomplished seamlessly.

g. Initial document submittals require no comments, or requests for clarification were answered prior to the scheduled need date with no additional rewrites required.

h. Functional configuration audit and/or transition/turnover of the software conducted with minimal action items. Action items are closed within 30 days of FCA or turnover. The final baseline documentation is delivered promptly with all changes incorporated.

i. Only minor retesting is required to satisfy all specification requirements.

j. Identifies and communicates significant emerging program-wide technical risks and candidate strategies for addressing them as part of their risk management process.

4. EXCELLENT

a. Meets the requirements of (3) above, plus:

b. Uses metrics and agreed to measures of success to provide evidence that the software has the ability to operate in a dynamic system of systems environment.

c. Uses statistical process control techniques to optimize the use of the processes and practices that they have adopted for software development, management, quality assurance and configuration management.

d. Areas for the application of Value Engineering are identified and Value Engineering Change Proposals that save the buyer time and/or money or significantly improve performance without additional cost are proposed and implemented.

e. Provides the program with innovative technology that they can use to satisfy the project’s objectives at minimal cost.

f. Proactively manages the technical risks, taking steps as part of their risk management process to rectify the problem’s root cause.
AREA E - ARCHITECTURE and COTS COMPATIBILITY

1. UNSATISFACTORY
   a. Fails to understand the complexities of the open architecture and the requirements (including standards, standard bindings, and API’s) established for integrating their software, especially if it is COTS and open source software, into the system.
   b. Does not budget adequate time and effort to integrate their deliverables into the architecture and demonstrate they satisfy all of the allocated requirements.
   c. Fails to trace allocated requirements (functional, performance, quality of service, etc.) to architectural components that were supplied, including COTS and open source items.
   d. Fails to address testing specified operational concepts as it integrates and builds the system.
   e. Does not demonstrate adequate progress in integrating their components into the architecture as delivery schedules and build contents dynamically change.
   f. Fails to provide adequate evidence that integration and testing of their components satisfies contractual requirements.
   g. Fails to provide the documentation needed to develop any glue code and/or wrappers that are needed to interface their products to the architecture and take advantage of the services it provides its users without degrading functionality or performance.
   h. Fails to develop and execute plans for in-process COTS upgrades to avoid delivery of products with obsolete and unsupported COTS releases.

2. SATISFACTORY
   a. Demonstrates an adequate understanding of the technical requirements and complexities involved in integrating their components into the overall architecture.
   b. Budgets sufficient time and effort to integrate their deliverables into the architecture and demonstrate that they satisfy all of the allocated requirements.
   c. Traces allocated requirements to architectural components that were supplied, including COTS and open source items.
   d. Adequately tests operational concepts as it builds and integrates the system.
   e. Provides the Program Office with evidence that they are making sufficient progress as they integrate their components into the architecture as the delivery schedules and build contents changes dynamically.
   f. Provides evidence that integration and testing of their components is satisfying contractual requirements.
   g. Preserves the integrity of the architecture, making recommendations for improvement only when warranted.
   h. Provides sufficient documentation for development of any glue code or wrappers that are needed to interface their products to the architecture without any degradation in functionality or performance.
   i. Develops in-process COTS upgrade plans (e.g., to address the COTS software refresh and renewal cycles that are often not in synch with the Program’s build and release plans) and executes them sufficiently well to avoid delivery of products with obsolete and unsupported COTS releases.
   j. Provides support for maintaining the standards that provide the foundation for the project’s open system implementation.
3. **VERY GOOD**
   a. Meets the requirements of (2) above, plus:
   b. Actively participate as member of those Integrated Product Teams who are preparing the architectural requirements and operational concepts. Such participation will enable the supplier(s) to influence the interfaces that are established for binding packages, including COTS and open source, to the system.
   c. Test their designs to ensure architectural compliance to the operational architecture first employing simulations and then “use cases” and/or “usage” scenarios to demonstrate achievement of the desired functionality and end-to-end performance goals.
   d. Provides the LSI with access to their glue code and wrappers documentation so that they can maintain the interface once the software has been delivered.
   e. Identifies and communicates significant emerging program-wide risks associated with the architecture and use of COTS and candidate strategies for addressing them as part of their risk management process.

4. **EXCELLENT**
   a. Meets the requirements of (3) above, plus:
   b. Employs benchmarks to demonstrate that their products do not degrade performance and add complexity into the system.
   c. Provides the LSI with their source code and documentation so that they can ensure that the software that they build or integrate, as is the case for COTS and open source, into the system performs as expected.
   d. Proactively manages the risks associated with the architecture and use of COTS, taking steps as part of their risk management process to rectify the problem’s root cause.
AREA F - PROGRAM MANAGEMENT

1. UNSATISFACTORY
   a. Fails to properly plan the program (WBS, work packages, schedule networks, etc.) and provide the buyer with visibility in programmatic and technical progress.
   b. Fails to flow-down of contractual obligations to performing organizations.
   c. Does not provide defined lines of authority within program organization.
   d. Fails to designate a relationship manager who is responsible for providing the buyer with insight into technical and programmatic performance.
   e. Does not participate in Integrated Product Team activities.
   f. Is unresponsive to solving technical and programmatic problems as they are identified.
   g. Fails to use a certified Earned Value Management System (EVMS), or equivalent, to report program status and progress to the buyer.
   h. Does not use metrics and measures of success to add meaning to milestones in the plan.
   i. Fails to exhibit corporate commitment as evidenced by sparse interactions with senior buyer management. Adverse cost, schedule, or technical problems are not proactively addressed with the buyer by supplier senior management.

2. SATISFACTORY
   a. Program planning is adequate and well supported. Program status and visibility is provided through the IMS, EVMS data, and status of tasks. EVMS variance reports are thorough, timely, and present rationale for the variance with corrective action.
   b. Contractual obligations flowed-down to performer organizations.
   c. Establishes clear lines of authority and provides effective communication with the program office, teammates, subcontractors, and other suppliers. Minimal programmatic or technical impacts experienced because of communication problems.
   d. Relationship manager designated as single point interface with the buyer on all technical and programmatic matters that affect the program. Leadership is stable.
   e. Actively participates in Integrated Product Team. Factors changes agreed to by the team into plans. Flexible enough to adjust budgets and schedules to accommodate changes.
   f. Is responsive to solving technical and programmatic problems as they are identified.
   g. Uses a certified Earned Value Management System (EVMS), or equivalent, to report program status and progress to the buyer.
   h. Uses metrics to manage progress against a plan and make quantitative decisions relative to milestone progress.
   i. Responsive to the buyer’s technical and business management requests that are either within the scope of the existing contract and/or supplier agreement. Supplier responds to the buyer’s change proposals and is responsive throughout the change proposal process.
   j. Management identifies problems that have a potential for impact on program cost, schedule, or performance, and takes corrective action to minimize impacts.
   k. Satisfactorily complete an IBR at which all program tasks are displayed to the buyer as part of baseline work packages based on the approved work breakdown structure.
   l. Quality assurance personnel report on compliance via an independent management chain outside of program management to ensure unbiased data is presented to senior management, the buyer and the Government.
m. Exhibits corporate management commitment as evidenced by interaction with senior buyer management. Adverse cost, schedule, or technical problems are proactively addressed with the buyer by supplier senior management.

3. VERY GOOD
   a. Meets the requirements of (2) above, plus:
   b. Make decisions and recommendations, which demonstrate flexibility and sensitivity to the dynamic nature of the program (e.g., act as a team player).
   c. Demonstrates initiative and foresight in planning for potential problems, analyzing program impact, resolving program problems, and instituting prompt corrective actions.
   d. Ensures that the proper labor mix is applied to accomplish all tasks. Anticipates labor resource shortfalls and takes aggressive action to minimize program impact. Continuously reviews labor resource allocations in order to minimize labor usage while maintaining schedule and quality of work requirements.
   e. Maintains vigorous, formal control over tests, discrepancies, reporting, technical evaluation, and closure disposition.
   f. Provides on-line access (available to the buyer via web access) of program data (to include metrics, EVMS data and program status) to the Program Office.
   g. Exhibits a high degree of corporate management commitment as evidenced by frequent interaction with senior buyer management. Regularly scheduled “summit” meetings with the buyer are held to discuss pertinent program issues. These meetings result in tangible benefits to the program cost, schedule or technical performance.
   h. Identifies and communicates significant emerging program-wide programmatic risks and candidate strategies for addressing them as part of their risk management process.

4. EXCELLENT
   a. Meets the requirements of (3) above, plus:
   b. Management demonstrates the highest degree of foresight into program planning, depth of analysis, accomplishment of tasks, advance identification of problems and problem resolution and adherence to the program management philosophy.
   c. Exhibits a very high degree of senior management commitment as evidenced by scheduled and frequent interaction with senior buyer management, and indication that senior corporate management is highly involved in day-to-day program performance. Senior management proposes innovative and creative solutions to program problems. The senior management exhibits a high degree of responsiveness and cooperation.
   d. Proactively manages programmatic risks, taking steps as part of their risk management process to rectify the problem’s root cause.
AREA G - RISK MANAGEMENT

1. UNSATISFACTORY
   a. Does not prepare a Risk Management Plan and implement a risk management process.
   b. Does not actively try to identify risks (based on probability of occurrence and impact if it
does occur) and pursue related risk mitigation strategies.
   c. Fails to treat COTS as a major risk to the program.
   d. Fails to contribute risks to the Program’s “Top 10” list.

2. SATISFACTORY
   a. Writes, maintains, and actively uses a Risk Management Plan to guide their risk
      mitigation actions.
   b. Uses the Risk Management Plan as a basis to keep the Program Office informed of risks
to the program and their status.
   c. Identifies risks proactively using all means at their disposal to pinpoint them before they
do damage to the program.
   d. Analyzes risks quantitatively and uses the results to prioritize actions taken.
   e. Reports risks at Program Management Reviews and actively pursues related risk
      mitigation strategies.
   f. Manages COTS as a major program risk.
   g. Contributes risk to the Program’s “Top 10” list

3. VERY GOOD
   a. Meets the requirements of (2) above, plus:
   b. Identifies risk/problem areas early, plans alternative/parallel courses of action, and keeps
      the Program Office well informed of the status of their action plans.
   c. Devises creative and aggressive solutions to mitigate risks, resulting in little or no
      adverse program impact.

4. EXCELLENT
   a. Meets the requirements of (3) above, plus:
   b. Institutes a culture where risk management is a natural part of the way the workforce
      conducts its business.