

2. Amendment/Modification No. P00055	3. Effective Date 2004NOV01	4. Requisition/Purchase Req No. SEE SCHEDULE	5. Project No. (If applicable)
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6. Issued By TACOM WARREN SFAE-GCS-W-BCTP KELVIN MAGEE (586)753-2086 WARREN, MICHIGAN 48397-5000 HTTP://CONTRACTING.TACOM.ARMY.MIL EMAIL: MAGEEK@TACOM.ARMY.MIL	Code	W56HZV	7. Administered By (If other than Item 6) DCMA DETROIT U.S. ARMY TANK & AUTOMOTIVE COMMAND (TACOM) ATTN: DCMAE-GJD WARREN, MI 48397-5000	Code	S2305A
			SCD C PAS NONE ADP PT HQ0337		

8. Name And Address Of Contractor (No., Street, City, County, State and Zip Code) GM GDLS DEFENSE GROUP LLC, JOINT VENTURE 38500 MOUND ROAD STERLING HEIGHTS, MI. 48310-3260 TYPE BUSINESS: Large Business Performing in U.S.	<input type="checkbox"/>	9A. Amendment Of Solicitation No.
	<input type="checkbox"/>	9B. Dated (See Item 11)
	<input checked="" type="checkbox"/>	10A. Modification Of Contract/Order No. DAAE07-02-C-B001
	<input type="checkbox"/>	10B. Dated (See Item 13) 2002MAY18
Code INLE2	Facility Code	

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in item 14. The hour and date specified for receipt of Offers is extended, is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended by one of the following methods: (a) By completing items 8 and 15, and returning _____ copies of the amendments; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. **FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER.** If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. Accounting And Appropriation Data (If required)
NO CHANGE TO OBLIGATION DATA

13. THIS ITEM ONLY APPLIES TO MODIFICATIONS OF CONTRACTS/ORDERS

KIND MOD CODE: 7 It Modifies The Contract/Order No. As Described In Item 14.

<input type="checkbox"/>	A. This Change Order is Issued Pursuant To: The Contract/Order No. In Item 10A.	The Changes Set Forth In Item 14 Are Made In
<input checked="" type="checkbox"/>	B. The Above Numbered Contract/Order Is Modified To Reflect The Administrative Changes (such as changes in paying office, appropriation data, etc.) Set Forth In Item 14, Pursuant To The Authority of FAR 43.103(b).	
<input type="checkbox"/>	C. This Supplemental Agreement Is Entered Into Pursuant To Authority Of:	
<input type="checkbox"/>	D. Other (Specify type of modification and authority)	

E. IMPORTANT: Contractor is not, is required to sign this document and return _____ copies to the Issuing Office.

14. Description Of Amendment/Modification (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

SEE SECOND PAGE FOR DESCRIPTION

Except as provided herein, all terms and conditions of the document referenced in item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. Name And Title Of Signer (Type or print)	16A. Name And Title Of Contracting Officer (Type or print) SANDRA E. MCCARROLL MCCARROS@TACOM.ARMY.MIL (586)753-2072
15B. Contractor/Offeror (Signature of person authorized to sign)	15C. Date Signed
	16B. United States Of America By _____ /SIGNED/ (Signature of Contracting Officer)
	16C. Date Signed 2004NOV01

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SECTION A - SUPPLEMENTAL INFORMATION

1. This Modification P00055 to Contract DAAE07-02-C-B001 is a unilateral administrative action.
2. The purpose of this modification is to correct typographical and grammatical errors in paragraph C.21, Stryker Contractor Logistics Improvement Program (CLIP) which was added in Section C by modification P00038 dated 24 September 2004.
3. As a result of this Modification P00055, the total amount is neither increased nor decreased.
4. Except as specifically stated above, all other terms and conditions remain unchanged and in full force and effect.

*** END OF NARRATIVE A 057 ***

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SECTION C - DESCRIPTION/SPECIFICATIONS/WORK STATEMENT

C.21 Stryker Contractor Logistics Improvement Program (CLIP)

C.21.1 Objectives. The objective of the Stryker Logistics Improvement Management program is to reduce ICLS costs and improve performance. It requires revolutionary and transformational ideas. The task is to identify, develop, pilot test and implement processes and projects that improve logistics support to fielded Stryker vehicles while rapidly expanding the number of vehicles supported by the program. All projects must consider scalability to meet the full Stryker fleet requirements. These initiatives must be compatible with the speed, scale, scope and flexibility that the combatant commanders require.

The range of initiatives is unlimited as long as the end objective and results are improved long term logistics support. The program should consider and evaluate at a minimum:

- a. Reducing capital requirements, improving capacity plans, improving vehicle readiness and better inventory demand management.
- b. Lowering operating costs by improving or expanding IT and process expertise
- c. Improving connectivity to the Government STAMIS system and real time visibility into inventory
- d. Reducing IT stove pipes by linking DMIS, VIDs and Oracle or any other GDLS system that tracks vehicle configuration or vehicles services.
- e. Improving data management and IT system openness and direct interface with the Government Project Management staff.
- f. Safety as it impacts ICLS personnel or soldiers
- g. Health or environmental hazards to ICLS personnel or soldiers
- h. Expanding the scale and flexibility in procurements
- i. Reducing the cost of parts and components by leveraging quantities buys, developing second sources, competing, breaking out, reverse engineering, or other methods to reduce parts and material costs.
- j. Reducing cycle times by further integration and involvement of Stryker vendors and suppliers or other activities
- k. Rigorously managing or improving the maintenance, repair and storage of Stryker part and assemblies
- l. Improving fleet performance through value-chain management
- m. Performance based logistics metrics coordinated with 2nd and 3rd tier suppliers and/or GFM suppliers
- n. Increasing efficiency through tighter process controls
- o. Value added-modifications or vehicle kits, especially for specific environments or operations including deployment
- p. Improving processes to hire, train and sustain staff
- q. Improving shop facilities and arrangements
- r. Regulatory and/or legislative changes
- s. Organizing or awarding support contracts for regional clusters to achieve scale and scope
- t. Pilot tests of complex program initiatives
- u. Adapting and aligning information Contractor and Government control and administrative system
- v. Post-production or surge requirements

C.21.2 Compatibility. Initiatives must be compatible with comprehensive global support to deployed Stryker units that produce and maintain high levels of customer satisfaction rates and meet operational needs.

C.21.3 Excluded. Initiatives cannot overlap or duplicate scope or required effort in the other Stryker Contracts. Stryker related warranty efforts are excluded (for instance, Failure Free, Systemic or Pass Through Warranties required under the Stryker Requirements Contract to include any administrative requirements, or Corrections of Deficiencies related to PVT fixes). Warranty actions are excluded unless they are unique to parts or services supplied only under this contract.

C.21.4 Scope. This statement of work defines the efforts to systemically manage the development of implement initiatives that are developed by the various joint Government and Contractor IPTs. The IPT members will be drawn from the different disciplines supporting ICLS. Described herein are all the tasks and requirements including development of initiatives, evaluations step, prioritization effort, contractor program management and reporting requirements, engineering and procurement efforts, validation testing and full scale implementation and execution to improvement ICLS performance, reduce costs and increase effectiveness.

C.21.5 Program Management. The contractor shall establish a functional group that manages the development and screening of initiatives, determines mechanisms for planning, budgeting, and executing all the improvement program activities, monitors progress of selected initiatives against established cost and schedule baselines, reports on the status. Performance objectives shall be identified.

Once initiatives are approved or meet exit or entrance criteria to enter the next phase of the evaluation and/or execution, the Contractor's Program Management office will resource and manage the execution of the ICLS program initiatives. The contractor shall report status and identify corrective action or modification, collect and monitor applicable or required metrics and if approved, institutionalize the activities, write process procedures, run quality assurance programs and collect cost data.

C.21.6 Meetings and Reviews.

C.21.6.1 Kick-off Strategy Meeting. The contractor shall conduct a kick off meeting at the contractor's facility no later than 45 days after award of the contract modification adding this effort to the Stryker CLS contract. The contractor shall develop and deliver a detailed agenda to the PCO NLT 5 working days prior to the meeting that includes, as a minimum, an overview of the entire effort covered

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in this modification. The Kick-off meeting will address the Strategy to implement and manage the Improvement program.

C.21.6.2 Follow-on Annual Strategy Meetings. After the initial Strategy Meeting, the Government and Contractor will conduct annual follow-on Strategy meetings during the term of this contract. The meetings are not to address operational issues. This meeting is for the key managers from the Government and Contractor CLS effort to exclusively focus on a disciplined and organized approach to a joint strategy for improvement and to hold, if necessary, substantive strategy debates on the processes to generate, evaluate and determine initiatives. During these meetings the Joint PM Logistics Team will adjust the prior year's strategy based on experience and adapt the strategy to new challenges.

C.21.6.3 Idea and Project Evaluation Meetings. Each of the functional areas (e.g. Logistics Engineering, Procurement, Material Management, Transportation/Shipping, Field Support, etc.) that support Stryker CLS are required to evaluate and generate cost and performance improvement ideas or work in conjunction with consultants or evaluators to generate ideas. The contractor shall collect and evaluate individual initiatives performance and process ideas.

C.21.7 Cost Drivers by Functional Area. A cost driver is defined as the factor(s) that cause work to be performed. Determination of negative cost drivers - those factors that cause non-value added work (waste) to be performed. Each functional area is required to identify their top cost drivers within 45 days after the date of this modification. The data will be briefed at the Strategy Kick-Off Meeting. For procurement, the contractor shall identify the parts that constitute 80% of the cost of Stryker repair parts and a strategy for reducing costs for each. Each of the other contractor functional areas shall determine their top 10 cost drivers.

C.21.8 Functional Meetings. Following the Strategy Kick Off Session with Government-Contractor PM IPT members, functional areas team leaders will schedule brain-storming meeting(s), idea sharing session(s), or 'after action' reporting to evaluate areas for improvement. The functional leads appointed by the program management offices will schedule these meetings. In all cases, the Contractor shall notify and invite the Government to attend. Attendance by the Government is at the Government's option. The team shall be provided a timetable for decisions on each initiative and whether there are alternatives to present to management.

C.21.9 Alternatives. The joint Government and Contractor IPTs will explore alternatives and rate initiatives to meet the criteria for the Decision Meetings. The results of the meeting shall be briefed by the contractor at Program Quarterly Reviews or if the PQR is cancelled at a meeting designated by the Contracting Officer, but not later than February 05 and quarterly thereafter.

C.21.10 Decision Meetings. Decision meetings will focus on decisions, not discussions. Material will be prepared by the contractor summarizing the alternatives. The Contractor PM office shall develop a standard template, subject to Contracting Officer approval, to display the important or key data required to evaluate projects and determine which are funded. At a minimum, the template shall identify the cost, schedule and performance baselines, milestones for each initiative and the estimated improvements. All material will be provided in advance to the PM leadership teams designed to determine which projects are funded. Initiatives will be prioritized by the "value at stake" to the ICLS program; that is the value of each initiative to the long-term success of CLS. The items with the highest strategy value to the CLS program will be briefed first.

The Contractor will use an evaluation model that has been approved by the Government. All decision briefs must at minimum be 1) facts based, 2) alternative driven and 3) able to identify consequences. The PM management team will either disapprove or approve implementation under this contract or refer to other contracts or methods for implementation, such as a different contract for execution or separate Government initiative.

C.21.11 Formal Project Performance Contract (FPPC). Once approval is granted for a project or initiative, the contractor shall draft a FPPC which identifies the resources (schedule, skills, funds and decisions points) required and the results the project team is required to deliver. FPPC is not finalized nor can the contractor charge for effort under the FPPC until the PCO designates the CLIN/charge and signs authorizing the initiative. The Contracting Officer will assign a project number. All approved projects FPPC automatically become an attachment to the CLS contract.

C.21.12 In Process Reviews (IPRs). The contractor shall host In Process Reviews. They will be conducted in parallel (sidebars) with the Stryker Quarterly or Monthly Reviews. If the Stryker Program reviews are cancelled the CLS IPR will meet on a date set by the Contracting Officer. The IPR's will cover the progress of the project teams against the terms of their FPPC. All team members must grade their progress. Each team member must grade other team members' progress toward meeting objectives.

C.21.13 IAV Cost As An Independent Variable (CAIV). For all approved initiatives, contractor shall develop and implement CAIV. CAIV shall include associated achievement criteria, descriptions of the CAIV process, proposed performance versus cost (to include life-cycle costs), and schedule trade-offs. CAIV shall focus on meeting the performance requirements while achieving maximum commonality between vehicles and subsystems and reducing integration challenges at a minimum cost. CAIV shall be used throughout the initiative development, implementation and support phases to provide an affordable, producible, and sustainable solution.

C.21.14 Minimum Commonality Baseline (MCB). All initiatives will not be detrimental to the MCB. The Contractor shall maintain commonality at the system, subsystem, essential Line Replaceable Unit (LRU), and maintenance significant spare and repair level with other variants/configurations of the family of Stryker Vehicles. LRU's are defined as essential items or assemblies that can be removed from the vehicle and replaced (at the field level) as a single unit to restore the vehicle to an operationally ready condition. Maintenance significant spare and repair parts are defined as those items removed and replaced and identified by National Stock Number

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(NSN) in a Repair Parts & Special Tools List (RPSTL) or the Contractor's Logistics Support (CLS) parts catalog. For the purpose of this acquisition, field level maintenance is defined as maintenance performed within the Brigade by personnel assigned to the brigade support battalion or as a crew member of the Stryker.

C.21.15 System Engineering. As appropriate to the specific initiatives approved by the joint management team, the Contractor shall utilize a Contractor's Documented Systems Engineering processes to translate the performance requirements of the program initiatives into a solution.

C.21.15.1 System Modularity. The contractor shall incorporate maximum modularity into the system design solution to facilitate upgrades or changes to logistics support solutions.

C.21.15.2 Use of Commercial Off-the-Shelf (COTS), Non-Developmental Items (NDI). The contractor shall make maximum use of commercial off-the-shelf components or solutions to develop or implement Logistics solutions. If COTS software programs are used the Contractor shall ensure long term Government sustainment. Potential solutions include possible third party escrow accounts or Government licenses to use the software.

C.21.15.3 Logistic Documentation. All required or related Contractor logistics documentation including IETM's shall be updated as required to fully implement any of the approved initiatives.

C.21.15.4 Data Rights. For hardware, components, and processes for which the contractor would assert "Limited Rights" in detailed data, the contractor shall submit form, fit or function configuration data to the Stryker IDE for Government use. Otherwise, the contractor shall update the IDE with configuration documentation with unlimited rights.

C.22 Logistics Performance Measurements. The Contractor shall employ performance measurement tools. The performance requirements contract is Performance Based Logistics Contract with end objectives. The contractor is required to develop additional metrics that provided performance indicators that are compatible with the requirements or end objectives to include 90% ORR and to insuring the right material and services are provide at the right time and at an affordable cost. The Contractor shall identify the 20 performance metrics. At the Kick Off Meeting for the Improvement Initiatives the Contractor shall submit the tentative list of metrics and define and criteria to the Government. Subject to Government disapproval the contractor shall implement the collection of baseline data against the 20 proposed performance metrics and report the metrics results at the next monthly meeting.

C.22.1 Metrics Definition. The Contractor shall identify planned measure metrics and establish the current baseline. These measurements should include information on the efficiency with which resources are transformed into goods and services (outputs), the quality of those outputs (how well they are delivered and the extent to which soldiers are satisfied) and outcomes (the results of a program activity compared to its intended purpose).

C.22.2 Metric Development. The Contractor shall:

- Identify the measures, indicators or metrics,
- Describe the data collection method(s) to be used,
- Identify the frequency of the measurement,
- Identify the organization, office, or individual responsible for oversight of that measure, and
- Identify the link between each measure and the key success factor.

C.22.3 Metrics Reporting. The Contractor shall host in-process CLS reviews. They will be conducted in parallel (sidebars) with the Stryker Quarterly or Monthly Reviews. If the Stryker Program reviews are cancelled that CLS IPR will meeting schedule will be on a date set by the Contracting Officer. The In Process Reviews will brief the selected Metrics and most current and cumulative results. The Contractor shall use the most appropriate method to present or report CLS metrics.