

CMS Project Charter



Enterprise Architecture

Kitty Hawk Aeronautics

2/1/2010



Revision History		
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1. Background

The management of the Legal group of Kitty Hawk Aeronautics has recently performed a high level assessment of the contracts management systems used by the company and subsidiaries. The assessment provides a detailed description of the current contract management systems used in the various legal business units (BU's).

General Needs of a Contract Management Solution

All legal departments within the Kitty Hawk Aeronautics business units should be considered to be in their infancy in terms of dealing with and managing their contracts from an IT solution perspective. A Contract Management self-assessment identified a number of overlapping themes across the various business units that were similar in terms of desired needs/expectations of a contract management solution. The areas of interest identified in the assessment included the following:

- Need of a standard policy to adopt and implement a uniform set of contract management processes across BU's that should be followed throughout the entire lifecycle of a contract.
- Ability to handle multiple contract types.
- Need for automated process(es) where applicable to reduce the chance of human error due to manually reliant tasks as most tasks.
- Need for contract storage in a centralized repository(s) that should better facilitate the task of searching and locating contracts in an efficient manner based on contract metadata.
- Report generation capabilities.
- Contract version and audit history capabilities.
- Automated notifications to applicable parties based on critical contract dates.
- Security capabilities with access restrictions based on user permissions.
- Cross Referencing capabilities within the tool – e.g. related contracts, parent-child, renewals, amendments, business name change.

Defense Systems Division (DS) – Legal Department

No formal policies currently exist in respect to approval, execution and management of contracts between DS and outside parties. All contracts are created, stored, and managed through the Windows shared network drive(s) and through a physical document filing system. At present, the management of a contracts lifecycle is a very manual process through contract initiation, creation, approval and execution phases with little or no automated processes that help control or guide the overall process of a given contracts lifecycle.

Once a contract has been executed at DS there is no specific system in place for contract management as the hardcopy document (physical) is manually filed in a file room and the softcopy version (electronic) is stored on a Windows shared drive or a lawyer's personal drive. As there is no current electronic contract central repository or master list to manage DS's contracts, searching and identifying contracts or related precedents is often a time consuming, inefficient process for end users.



During the initial assessment, a number of improvement areas were identified by DS Legal and noted as being requirements as part of an overall solution for the contract management software solution, these include the following:

- Introduction of a standard business process across Kitty Hawk Aeronautics for the management of a contract throughout its lifecycle – initiation, creation, execution, management.
- A solution that increases the collaboration of information among interested parties during the contract creation phase that ultimately reduces the time it takes to create process and approve a new contract.
- A system that keeps track of contract versions and audit history during contract modifications and negotiated changes.
- Automated notifications to specified parties for upcoming critical contract dates.
- Searching and reporting capabilities.

Space System Division (SS) – Legal Department

SS Legal has not developed any of its own policies, practices or manuals in respect of contract approval, execution and management but is currently developing a new policy entitled the Kitty Hawk Aerospace Contract Selection, Review and Administration Policy (CSRA Policy). Once adopted, this policy will form part of the SS Policy. Although the policy has yet to be officially approved it does formalize many of the practices and procedures that are currently being used by SS Legal.

As with DS Legal there is no Contract Management software in place at SS and therefore many of the needs and opportunities for improvement are the same as DS Legal. Hardcopy contracts are stored in physical file rooms and organized by the TAB library system where by electronic versions of contracts are stored on common network drives. Unlike with DS legal however, there is a rudimentary system in place for the electronic indexing, storage and management of contracts which was implemented due to the large volumes of contracts entered into by SS.

The current system for the management of contracts at SS however is really nothing more than massive 'Master List' containing key contract summary information that is manually inputted into the master list in tabular format. As the volume of contracts increases so do the difficulties in managing and maintaining the master list system in a consistent and timely manner. The following issues have been identified with the current system/process used by SS:

- Manual process is difficult to maintain and administer.
- No portion of the Maser Lists process is currently automated.
- Current system is cumbersome to use with the Master List(s) as file sizes becoming too big and slow to work with on a daily basis.
- Searching capabilities are limited to searching for very specific dates and/or terms.
- Poor cross referencing capabilities.
- Notifications of key contract dates is a very manually involved process open to human error that can take up to 3 full days per month.



- Difficulty in tracking whether a particular agreement has assignment or change of control provisions.

All of the features of a new contract management system required by DS Legal would also be required by SS Legal with some notable additions that include the following:

- Migration of the existing content into the new system.
- Ability to create/generate contracts where possible based on parameter type information entered into the system by the end user.

Commercial Aviation Division (CA) – Legal Department

Prior to 2006, there was no contract management system in place with respect to CA contracts. The process used by CA to manage the contract lifecycle before to 2006 was not unlike what is currently being used by DS and SS today in that there was a heavy reliance on manual processes that were prone to human error. The most basic of technologies were used to form their process including: Word templates, master lists, emails and common drives. Due to this inefficient manual process CA was experiencing a number of issues including: confusion over signing authority, improperly executed contracts, difficulty locating past agreements, missed contract dates, contract initiators using out-of-date templates.

The contract management system used by CA is more advanced than the other Kitty Hawks Aeronautics divisions. The system has worked well and has reduced the time required for the drafting, approving, and signing of standard form contracts, eliminated instances of missed contract dates, and improved the searching and reporting capabilities within CA.

The following is a listing of existing issues at CA:

- Difficulty editing Contract templates as the system is not integrated with MS Word.
- Data Integrity/Quality Issues: System requires 'required fields' even when those values are not likely known at contract initiation resulting in dummy data having to be used.



2. Project Scoping

2.1 Goal

The goal of this project is to gather and document business requirements in order to select a contract management application that creates the framework for a standardized business process while facilitating the efficient and accurate management of a contracts lifecycle for DS, SS and CA divisions. Although some of the divisions may encompass varying requirements of such a system, ideally the recommended application is flexible enough to be implemented across any of the divisions.

2.2 Objectives

The overall objectives of this project are to:

1. Develop a common set of business process(s) related to contract management across DS, SS and CA divisions that standardizes the communication, collaboration, and contract assembly processes to create the right contract with the right information in an efficient manner.
2. Evaluate and select a contract management application in order to improve efficiency, collaboration and accuracy in the drafting, approving, executing and overall management of the lifecycle of a contract for DS, SS and CA divisions.
 - a. Contract Initiation
 - b. Contract Approval
 - c. Contract Execution
 - d. Contract Management
 - e. Contract Termination and Renewal
3. Select a contract management application that integrates within the existing Kitty Hawk Aeronautics environment. The goal is to select an application flexible enough to be used across multiple divisions.
4. Ensure the contract management processes and the recommended solution is in compliance with SOX requirements.
5. Select a contract management application that meets the Kitty Hawk Aeronautics Record Management and Retention policy.

2.3 Success Criteria

This project will be considered successfully completed when:

1. All deliverables as described in this project charter have been delivered and approved by the sponsor(s).
2. The Project Sponsor(s) have signed off on the project completion report no later than 30 days after the project's end.



2.4 Critical Success Factors

Critical success factors for this project are:

1. Key Business and IT Contacts / Business Sponsors will need to be dedicated to the project from March 2010 through December 2011. Effort required will vary between 15% and 35% monthly depending on the project phase.
2. Ability to form a contract management working group that is representative for all applicable DS, SS and CA divisions in a timely manner. This working group will in large part define the business requirements as related to a contract management software solution as well as being responsible for weighting and evaluating in-house and vendor applications based on criteria as defined by the working group.
3. Ability to identify all core business requirements up front across the applicable DS, SS and CA divisions – any group that can create a contract or is involved in the overall contract management lifecycle should be involved or made aware of this initiative so as to be able to provide their specific requirements as related to their particular needs of a contract management solution.
4. Ability to develop and agree upon a common set of standard business process(s) that are to be executed for a multitude of contract types across applicable business departments.
5. Ability to accurately identify and evaluate in-house applications and major vendors in the contract management application marketplace for evaluation and selection purposes.
6. Vendor feedback and participation in a timely manner.

2.5 Scope

This section describes the items and activities that are both in and out of scope for this project phase.

2.5.1 In Scope

Items or activities considered in scope are:

1. Functional and technical requirements definition as related to the overall Contract Management solution for DS, SS and CA business departments.
2. Evaluation and identification of available in-house Contract Management applications.

If it is determined that in-house applications currently licensed by Kitty Hawk Aeronautics do not meet the functional and/or technical requirements:

3. RFP process will take place to identify the major external vendors of contract management applications to be included in the selection process.
4. Evaluation and selection of a contract management solution from an external vendor short-list as identified through the RFP process.

2.5.2 Out of Scope

Items or activities that are considered out of scope include:



1. Requirements gathering for any of the new divisions planned in 2010.

2.6 Key Assumptions:

Key assumptions made in the development of this project charter include:

1. In the event that internal applications do not meet the core contract management business requirements as identified in this project, a preference will be given to vendors that support existing IT infrastructures (including ERP, DM/RM system, database, operating systems etc.) in an effort to reduce implementation and ongoing support costs.
2. Additional in- and out-of-scope items, project constraints and assumptions may be identified throughout the project and will be agreed by sponsors and Project Manager before including in scope.
3. Divisions will be responsible for the following project activities and/or project deliverables:
 - Participating in business requirements gathering workshops and reviews.
 - Provide operational business knowledge, strategies, understanding of customers and environment etc.
 - Participating in the in-house and vendor evaluation/selection process – weighting of vendor functionality against pre-defined criteria established by the working group.
4. Schedule and effort estimates are dependant on the timely availability of identified subject matter experts for reviews and workshops.
5. Ability to achieve a timely consensus on business requirements, standardized contract management processes/policies and approvals from all key stakeholders as identified in this project charter.
6. All vendor responses are adequately and equally evaluated against the weighted criteria as defined by the CM working group if the RFP process is required.



3. Approach and Deliverables

The approach to this project and the deliverables from each phase is described below:

3.1 Phase 1: Contract Management Requirements Gathering and Definition

Objective	<p>The objective of this stage is to:</p> <ul style="list-style-type: none"> Form a contract management working group representative of all applicable participating business divisions. Gather and document the technical and functional requirements of a Contract Management application for DS, SS and CA business divisions.
Approach	<p>The requirements will be gathered from existing documentation, individual and group workshops as well as via industry research and checklists that exist publicly. All project information will be stored in a centralized repository that all project members will have appropriate access to:</p>
Deliverables	<p>Deliverables from this phase include:</p> <ul style="list-style-type: none"> Contract Management business requirements document representative of DS, SS and CA business division's functional needs. Weighted criteria matrix to be used in the contract management application selection process.

3.2 Phase 2: Contract Management Vendor Evaluation and Selection

Objective	<p>The objective of this stage is to:</p> <ul style="list-style-type: none"> Identify and evaluate available in-house and external contract management applications. External vendors will only be considered through a RFP process if in-house applications DO NOT adequately meet the contract management business requirements as identified in phase 1. Recommend a Contract Management application for use by business divisions. Budget and time estimates required to implement the selected contract management application.
Approach	<p>In-house contract management applications will be evaluated against the key business requirements as documented in phase 1. A preference will be given to those in-house applications that are found to meet the documented business requirements before any external vendor application search is conducted.</p> <p><i>If in-house contract management applications DO NOT meet the documented</i></p>



	<p><i>business requirements the following approach will take place:</i></p> <ul style="list-style-type: none"> • A list of external vendors as gathered through a RFP process and will be narrowed to the top few (ideally 3 or 4 vendors) that appear to most closely meet the functional and technical criteria. • Functional and technical requirements will be documented for evaluation purposes and a priority assigned to each requirement by the business sponsors. • Vendor evaluations and demos will be conducted for the short list with the project team ranking each application based on their requirements identified. • Each short-listed vendor will be evaluated based on how they accommodate requirements by the project team. • The vendor with highest score, and agreed to by the team, will be the recommended solution.
<p>Deliverables</p>	<p>Deliverables from this phase include:</p> <ul style="list-style-type: none"> • Evaluation of current in-house applications against the stated business requirements of a contract management application as identified in phase 1. A preference will be given to in-house applications already owned by Kitty Hawk Aeronautics that meet the functional needs of a contract management application. • Timelines/budget estimates to implement the recommended contract management application. <p><i>If it is determined that the in-house applications DO NOT meet the business requirements the following steps will need to occur in the application selection process:</i></p> <ul style="list-style-type: none"> • RFP to be sent out to major vendors providing contract management application solutions. • Vendor Long List of leading Contract Management vendors to be considered by project team • Short List of Vendors for evaluation. • Vendor Evaluation Matrix. • Vendor Evaluation Results Summary. • Vendor Reference Notes. • Vendor Recommendation.



4. Risk Management

The risk register for this project can be found [here](#).



Project Organization

4.1 Project Roles

1. **Executive Sponsors** (Chief Legal Counsel):

The executive sponsors will provide executive oversight and sponsorship for the project including budget. They will have final approval on the solution recommended by the team.

2. **Project Sponsors** (Director ECM)

The Project Sponsors are responsible for providing overall project direction and guidance to the Project Manager and the team. They are responsible for providing timely signoff of any of the project deliverables. They will be directly engaged in resolving any issues escalated by the Project Manager. As project sponsors, they are responsible for communicating the vision and direction of the project and for communication to the Executive Sponsors regarding the project status.

3. **Key Business Contact** (ECM Program Manager):

The Key Business Contact will be the primary point of contact from the business side for the Project Manager and will be responsible for identifying and documenting the final business requirements as gathered in Phase 1.

4. **Business Representatives:** (Scott Davidson, Don Davidson, Roger Davidson)

The business representatives from the applicable DS, SS and CA business divisions will form the core of the evaluation and recommendation team. They are responsible for evaluating the vendor's solutions and for determining which solution addresses their Contract Management business requirements. They will be required to actively participate in business requirement workshops and aiding the in criteria weighting process used to select the appropriate vendor. They are also responsible for communicating to their respective areas the project goals, objectives and timelines and acting as 'champions' for the changes that will need to be occurring in their areas.

5. **Project Manager** (Dan Davidson):

The Project Manager (PM) is responsible for the coordinating the overall delivery of the project and for development of deliverables as required (such as project charter, budget, resource plans, communication and change readiness activities, status reports etc.). The PM is the primary point of escalation for any issues the team may have. The PM will escalate issues, as required, to the Project Sponsors. The PM will manage any scope change in the project through a formal change management process and will be the primary point of contact for all of the vendors during the evaluation phase and the pilot/deployment phases.

6. **Business Unit IT; IT (Enterprise Architecture); IT Strategic Relationships:** (Sean Davidson, Mark Davidson, Reg Davidson)

IT will play an active role on the project team in a number of capacities. Enterprise Architecture will be engaged in the evaluation and selection process.

The Director of IT Strategic relationships Reg Davidson will be engaged in vendor contract negotiations with the selected vendor, and IT Operations will be involved in the environment



setup, configuration and system support and maintenance activities. The exact individuals and roles will need to be determined in the pilot/implementation phase.

Enterprise Architecture, and IT Operations, as required, will also participate in the overall design and configuration of the solution. IT Operations will be required to attend technical / admin. level training necessary to support the Enterprise Contract Management solution.



5. Project Costs

The following high level project costs have been identified:

Cost Item	Cost (CND)
Consulting	\$40,000
Software	\$250,000
Hardware	\$120,000
Travel Expenses	\$25,000
Sub-Total	\$435,000
Contingency (25% on labor)	\$108,750
Total One Time Project Cost (excluding internal IT)	\$50,000
Internal IT Project Costs	\$60,000
Total One-Time Project Costs	\$653,750



6. High Level Project Plan Estimates

Project Milestones	Planned Milestone Date
Project Charter Approved – Project Start:	20 Mar 2010
Complete Requirements Workshops	15 Apr 2010
Contract Management Requirements Document and Weighted Criteria	19 Jun 2010
Evaluate in-house solutions against documented functional and technical requirements	1 Jul 2010
Vendor Demonstrations of in-house solutions completed	10 Sep 2010
Recommendation of proceeding with available in-house applications (Yes/No Decision Point)	1 Oct 2010
RFP Document and Distribution (* if required)	1 Nov 2010
RFP Responses Received (if required)	1 Dec 2010
Responses Evaluated (* if required)	15 Jan 2011
Vendor Demonstrations completed (* if required)	15 Mar 2011
Recommendation Approval (* if required)	20 Mar 2011
Business Case Presented?	1 Apr 2011
Project closes	10 Apr 2011



7. Reviews and Approvals

Project Charter Reviewed by:

Signature on this document indicates agreement on the scope and objectives of the project as defined in this Project Charter.

Signature: _____
Project Sponsor

Date: _____

Signature: _____
Key Business Contact

Date: _____

Signature: _____
Project Manager

Date: _____

Signature: _____
ECM Program Manager

Date: _____