



# Taking Proposal Pricing to the Next Level

Government procurement is changing—and that has significant ramifications for the way contractors and agencies approach proposal pricing. Modern pricing platforms can help organizations navigate these changes to improve accuracy and reduce costs, delays, and risk. Organizations should assess the potential of these new approaches—and ask themselves five key questions that can help them determine how a more modern pricing platform could work for them.



**Deltek.**  
Marketplace Partner

## CONTENTS

**The Changing World of Government Acquisition**.....3  
Agencies are looking for more pricing data and faster turnarounds

**The Status Quo is No Longer Enough**.....4  
Traditional pricing systems cannot keep pace with the new environment

**Transforming the Process**.....5  
How centralized, sophisticated systems can enable new approaches

**The Payoff of a Centralized Approach**.....7  
Contractors and agencies have cut time, costs and errors out of the proposal process

**Finding a Way Forward: Five Key Questions**.....8  
A framework for assessing the options

**The Advantages of a Centralized System**.....9

**Conclusion: A Real Opportunity**.....10  
Today's technology can transform proposal pricing

**The #1 Proposal Pricing and Cost Analysis Software**.....11

## The Changing World of Government Acquisition

Government agencies are changing their approach to acquisition, and that creates challenges for the traditional methods of managing proposals and pricing.

For example, a major goal of the recent National Defense Strategy is to drastically reduce acquisition timelines, and bring the award process **down from the typical 400-500 days to just 30\***. In addition to more aggressive schedules, agencies are also looking for more in-depth supporting cost data from contractors, and they require quick and accurate audits, as well as flexibility in the amount and type of data they need from contracts. They are also increasingly interested in how contractors' work is done—and recent regulatory updates make it clear that contractor business systems, internal controls, and compliance processes are at the forefront of government oversight efforts. In addition, many contractors have come under increased scrutiny from the Defense Contract Audit Agency (DCAA), with

numerous audits resulting in disapprovals of contractor business systems, withholding of claimed costs, and outright disallowance of certain costs.

All of this puts greater pressure on both the public and private sector organizations involved in the process—and especially on their pricing, cost analysis, and estimating teams. What's more, those teams are often stretched thin by a lack of time and resources, as well as diminishing team sizes, and they struggle to keep doing more with less.

\* Source : <https://dod.defense.gov>



## The Status Quo is No Longer Enough

While the contracting environment has evolved, the tools and techniques that organizations typically use to create proposals have failed to keep up. Instead, many organizations find themselves relying on traditional status quo approaches based on processes and systems that have remained unchanged for years. Some use home-grown systems, while others have a patchwork of tools and systems pieced together over time. Many simply rely on the basic Microsoft Excel spreadsheet, which can be cumbersome and time-consuming. As a manager at one contractor noted, “Despite having several engineers help us with our pricing efforts, it was challenging to get bids in on time and ensure their accuracy. Excel was holding us back.”

Each of these approaches has its own intrinsic shortcomings. Homegrown or patched-together systems, for example, can lead to security problems or create several points of potential failure in the pricing process, while the use of spreadsheets means working with an array of unchecked and unverified formulas and links, and little to no insight into the calculations being used throughout the proposal.

Across the board, the fundamental problem with these traditional approaches is that they are decentralized and fragmented. This can lead to incomplete or inaccurate data, a lack of transparency into that data, and a limited ability to perform systematic analyses. This problem can make it difficult to adjust data and processes in order to handle bid or process changes. And it often requires higher levels of manual effort just to make it all work. Altogether, these factors open the door to error, drive up costs, create delays, and increase risk to the business in the form of lost bids and revenue.

These issues also make it difficult to organize data to respond to government audits and inquiries. One contractor reported that in order to accommodate pricing changes from executives, analysts had to sift through more than 25 spreadsheets—per request—to ensure proper reconciliation and formula adjustments. Later, when government agency reviewers would come in, “spreadsheets made it a harrowing experience because it took three or four days for them to understand what we did,” said a company manager. Such problems only increase the potential for compliance issues with government agencies.

**In short, in the rapidly evolving world of proposal pricing the traditional status quo approaches are not only insufficient, they are also sources of significant risk.** As a recent report from Deloitte noted, “without continual modernized processes and software, your company or agency is putting undue pressure on your pricing activities, opening up the risk of making crucial mistakes (including pricing, evaluation, and compliance errors). All of this can ultimately cost your business through the loss of a competitive edge.”

*“Despite having several engineers help us with our pricing efforts, it was challenging to get bids in on time and ensure their accuracy. Excel was holding us back.”*



## Transforming the Process

With those challenges in mind, several companies are now taking a different approach and re-shaping the proposal-pricing process using centralized data and algorithms, rather than fragmented systems and spreadsheets. By doing so, they are generating the speed and accuracy needed to address the growing complexity of proposal pricing.

That centralized concept can be seen in ProPricer, a purpose-built government contract pricing platform created specifically to help government and industry transform the procurement process. ProPricer is designed to help organizations maximize efficiency and accuracy in the development, submission, evaluation, and negotiation of proposal pricing, and to support the audit processes where the highest level of documentation is required.

This type of platform provides the following advantages over traditional approaches.

- **A single, standardized database.** ProPricer is, at heart, a database-driven solution, with all pricing-related data kept in a single, unified database that provides a single source of the truth for proposals. Thus, data is easily managed, consistent and accurate, and readily available for tasks such as cost volume creation, creating estimates, cost data evaluation, auditing, and reporting.

Having a centralized database means that all data elements are automatically interrelated: When a change is made in one area, that change is immediately reflected across the proposal, eliminating the need to transfer and re-enter data, or to perform the manual linking of cells and worksheets required in a spreadsheet. Even the changes that often have to be made just prior to a proposal deadline are quickly and accurately incorporated throughout the proposal—helping to eliminate the incomplete, inaccurate, and unchecked data that traditionally accompanies such rushed last-minute efforts.

Overall, a unified database can be the basis of a proposal pricing environment that is organized, standardized, and efficient, and no longer requires users to sort through numerous spreadsheets to find the information they need.



- **Locked-down rates and cost model logic.** Having a central pricing platform makes it possible to “lock down” cost model logic and rates, which is generally not feasible with traditional, fragmented approaches. This provides a layer of consistency in calculations that enables organizations to pinpoint and correct mistakes in data and formulas that have gone undiscovered for some time, leading to years of past inaccurate cost proposal submissions.

Locked-down rates and logic not only fosters accuracy, it also helps ensure that users do not accidentally corrupt formulas—an all-too-common problem with traditional systems. “When estimators would go through and provide their inputs, some of them would inadvertently make changes that resulted in formula errors which would completely change the entire price,” says an administrator at an engineering contractor. “Or they would use an old version and we’d have to go back and put new rates in and validate and update other

data. That created a lot of challenges, just having a very vulnerable open-sourced program that anyone could touch, mess with, and override.”

The locked-down approach also enables estimating teams to manage and reuse their library of cost data from one proposal to the next—and even from one proposal scenario to the next. In addition, the system can automatically apply and report on indirect costs at any level of the project, based on the organization’s pre-defined rates. This dramatically reduces the potential for human error by eliminating variations in formulas and duplication of data input.

- **Powerful analysis tools.** The centralized approach allows sophisticated tools to enhance the evaluation and understanding of pricing data and accelerate the proposal process. For example, the ProPricer platform gives teams the ability to view proposals from any perspective, and easily drill down to evaluate detailed data. It lets them assess a range of “what-if” scenarios to analyze cost impact and optimize proposals. And it enables them to quickly deliver data to team members, partners, and customers in the formats they prefer.

With these capabilities, teams can make more informed decisions without spending large amounts of time on manual, error-prone processes. This not only increases efficiency—it also frees up time that can be spent on analyzing and improving proposals.

- **Robust audit and compliance capabilities.** As mentioned above, government agencies are raising the bar in terms of the data they require from contractors, and the consequences of noncompliance can be significant.

Because ProPricer stores proposal-related information in a central database, in-depth data can be easily accessed and used to respond to audit requests and provide standardized, FAR-compliant reporting. For example, negotiated forward-pricing rates for each proposal are readily available to support a proposal’s cost build-ups. In general, the time and effort of pulling data together does not have to be repeated for different types of presentations—the work of gathering and evaluating data performed during the proposal process can be easily “re-used” for audits and compliance. At the same time, contractors can have high levels of confidence that the data they are providing to agencies is current, accurate, and complete.

- **Easy to learn and implement.** For any tool to be effective, organizations and their people need to be comfortable with it, and able to use it to meet their needs. With that in mind, ProPricer offers an intuitive, easy-to-navigate interface that can be quickly understood by users and helps them perform their tasks more effectively, which in turn fosters greater usage and adoption of the system. The centralized approach also makes it possible to provide a role-based environment that gives users access to the data they need, rather than the full set of data. This allows them to quickly focus on the right data and helps ensure that they are not accidentally changing data outside their domain. Additionally, users no longer need to work through the complexities of homegrown systems and spreadsheets, which have traditionally made tasks such as reporting and error-checking daunting and difficult.

With proposal pricing, it is especially important that a new system fits into the organization’s existing technology ecosystem so that data can be easily gathered and shared. ProPricer offers API integration with various systems, which can work well with commonly used Excel, Word, and ERP systems; specialized software for accounting, earned value management, cost engineering, and project management; and various custom homegrown systems.

ProPricer is also designed for easy implementation. Based on commercial, off-the-shelf technology, it allows organizations to set up a secure and collaborative environment, quickly import the data they need, and build in the logic of their specific cost models.

## The Payoff of a Centralized Approach

A modern, centralized approach to proposal pricing can have a direct and immediate positive impact on an organization's bidding and negotiation performance—an impact that has been clearly demonstrated by **one government contractor**. For example, contractors using ProPricer have reported significant improvements across key metrics. These include:

- An average 25% reduction in the time it takes to develop a new proposal.
- Reduction of an 80-hour bill of material consolidation project to just 17 minutes.
- The ability to produce 300 to 400 proposals per year with a team of just 30 people.
- A 75% reduction in the entire cycle time for bids, change orders, and reporting.

Government agencies, also, report significant improvements, such as:

- Reducing the number of people needed to process a proposal from 30 to just four.
- Being able to recreate and prepare proposals or analyses in minutes, rather than the two weeks previously required.
- Completing a negotiation in one month, rather than the originally anticipated six months.

The centralized approach can also enable new ways of working on proposals. For example, by using ProPricer as a single data hub that can support all project estimating, a ship-building company now has different people work on different pieces of a bid simultaneously, with just one person coordinating the roll-up of these efforts. “It means we can scale for things like our latest opportunity,” noted one company executive, adding that “we just bid another 13 ships in the time it would have taken us to bid four several years ago.”



***“We just bid another 13 ships in the time it would have taken us to bid four several years ago.”***

Philip Knop,  
Fincantieri Marinette Marine

## Finding a Way Forward: Five Key Questions

For contractors and agencies, the need for a more modern, sophisticated approach to proposal pricing is increasingly clear. But moving to a new platform can be a significant step, and every organization has its own unique needs. Thus, organizations need to understand whether a centralized, database-driven system can work for them. To do so, they can ask themselves five key questions.

### *1. Will a new approach actually eliminate our pain points and painful processes?*

When investing in a new technology and evaluating new platforms, organizations need to ask if the platform will actually improve or eliminate painful aspects of the proposal process. Will a new platform truly streamline workflow? Will it help alleviate many of the headaches and cumbersome processes that are currently in place? Some of the most common pain points include the inconsistency of formulas when using spreadsheets; difficulties in loading materials; the need to quickly change pricing and/or time-shift estimates; and the effort of manually entering and re-entering cost data. A centralized, data-driven approach to pricing can often address these issues.

### *2. Would we have access to an airtight, exportable audit trail?*

In light of increasing scrutiny from government organizations, the problems associated with home-grown and Excel based pricing methods create increased compliance risk. Does the new approach help make your projects defensible? Does it preserve historic pricing data to easily accommodate future audits? Does it let you report on the rationale behind past cost proposals, without causing major interruptions for pricers who are busy working on the next bid?

### *3. Does the new software fit into our overall technology landscape?*

Often, a pricing system is just one component of a much larger back-office technology landscape. Will the new solution flexibly tie in to all your systems, allowing you to keep the pricing environment current with your organization's most current rates, bill of materials, and travel data? Does it let you easily import data from widely used Microsoft Office tools, such as Word and Excel? And does it let you export to formula-rich Excel models, PDFs, and Word documents?

### *4. What evaluation and analysis capabilities does the new system offer?*

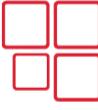
Does it provide tools that support the building, sending, and accepting of proposals? Does it automatically gather the information each party needs to complete the bid and award process? Does it let you view your proposal from any perspective, at any level of detail, and thoroughly evaluate and analyze costs without worrying about corrupting the proposal? Does it provide tools for rapidly performing what-if scenarios, or to summarize data at any level or element, such as WBS, CLIN, phase, option years, or any custom fields?

### *5. Will this software actually make our teams' lives easier?*

Usability and scalability are crucial if people are going to adopt and make the best use of new pricing software. How intuitive is the system—can people get up to speed on it quickly? Will it help people complete their tasks with greater speed and ease—or just get in the way and create more unnecessary work? How will it improve our ability to work with partners and evaluators? And will it evolve over time to provide new features and capabilities based on users' changing needs?

## The Advantages of a Centralized System

Several key elements of a modern proposal platform can help your organization dramatically improve the proposal process.

Attribute	Advantage
 <p data-bbox="335 971 748 1009">A single, standardized database</p>	<ul data-bbox="925 858 1821 963" style="list-style-type: none"> <li>• “One version of the truth” for pricing data</li> <li>• Data is easily managed, consistent, accurate, and readily available</li> <li>• Changes to data are automatically reflected across a proposal</li> </ul>
 <p data-bbox="277 1259 805 1297">Locked-down rates and cost model logic</p>	<ul data-bbox="925 1119 1821 1264" style="list-style-type: none"> <li>• Reduces the potential for human error</li> <li>• Eliminates formula variations</li> <li>• Easy pinpointing and correction of mistakes in formulas</li> <li>• Ability to reuse a library of cost data from one proposal to the next</li> </ul>
 <p data-bbox="396 1506 686 1544">Powerful analysis tools</p>	<ul data-bbox="925 1388 1800 1533" style="list-style-type: none"> <li>• Enhanced ability to evaluate data and perform “what-if” analyses</li> <li>• Reduced manual effort</li> <li>• Acceleration of proposal process</li> <li>• Free up more time for analyzing proposals</li> </ul>
 <p data-bbox="277 1797 805 1835">Robust audit and compliance capabilities</p>	<ul data-bbox="925 1643 1698 1822" style="list-style-type: none"> <li>• Simplified data compiling for compliance and reporting</li> <li>• Faster response to data requests</li> <li>• Ability to re-use proposal data for audits and compliance</li> <li>• Standardized, FAR-COMpliant Reporting</li> <li>• Save valuable time compiling data for reports</li> </ul>
 <p data-bbox="359 2066 723 2104">Easy to learn and implement</p>	<ul data-bbox="925 1940 1571 2044" style="list-style-type: none"> <li>• Reduced complexity in day-to-day work</li> <li>• A structured, role-based environment for users</li> <li>• API integration of back-office systems</li> </ul>

## Conclusion: A Real Opportunity

Technology has been dramatically changing the way both business and government work in a variety of ways, and today, it is enabling new approaches to proposal pricing. With a centralized, database-driven approach, contractors and agencies can dramatically improve the proposal process. Real-world experience has shown that such systems present a powerful opportunity, enabling organizations to move past the status quo to reduce the time and effort involved in creating proposals and reducing risk.

To get started, organizations can explore how a more modern approach can work for them by identifying the pain points that need to be addressed and understanding the types of benefits that a centralized system can deliver.

**To learn more, please visit [propricer.com](http://propricer.com), where you can watch videos, attend on-demand webinars, and request a ProPricer demo. You can also find us on Twitter, Facebook, and LinkedIn.**





## The #1 Proposal Pricing and Cost Analysis Software

ProPricer is the leading proposal pricing software used by government contractors and federal agencies. ProPricer replaces homegrown and Excel-based pricing tools, which inevitably accumulate calculation errors over time. In addition, pricing managers and analysts using ProPricer can often complete even the most complex cost proposals, which previously took many days, in just hours.

Used by 9 of the top 10 US Defense Contractors, ProPricer continues to be an unparalleled cost proposal solution. ProPricer users on both sides of the procurement process are seeing a direct and immediate impact on their pricing and proposal evaluation processes.

For organizations that need to keep up with the developing standards and practices in federal acquisition, ProPricer offers solutions to support you. Learn how a faster, accurate, and flexible database-driven pricing system can transform your pricing, analysis, and negotiating capabilities by visiting [propricer.com](http://propricer.com).

ProPricer

Executive Business Services, Inc.  
43398 Business Park Drive  
Temecula, California 92590  
800.507.9980



[www.deltek.com/en/partners/propricer](http://www.deltek.com/en/partners/propricer)