


CASE STUDY



Leading Aerospace Supplier Streamlines Complex Pricing Process.

A major aerospace company with nearly 70 years of selling innovative products and services directly to the U.S. Government and other prime government contractors needed to streamline their process for providing price estimates. Each year, the company submits hundreds of complex proposals, such as for refurbishing the space shuttle or providing systems for Lockheed's F-35 fighter project. With proposals ranging in value from a few million to several hundred million dollars and covering over 50 product lines and associated services, they can grow quite complex. As such, managing pricing data and streamlining the proposal submission process are core success drivers for the company.



Operations before ProPricer: ‘Hit or Miss’ Accuracy

By 2005, the company’s ability to consistently deliver fast and accurate price quotes that were also FAR-compliant (compliant with the Federal Acquisition Regulation) had been exposed to risk. The typical pricing process relied on data that originated from an antiquated Western Digital ERP system, which provided both little insight or context behind the data and often incomplete data. Making matters worse, the sole estimating module was custom built into the ERP system and designed so that all calculations ran in the background and were never visible to project estimators, which made error checking virtually impossible. Moreover, the system’s lack of a modern reporting capability meant that the company estimators, customers, and government auditors all found it difficult to understand the rationale behind many quotes. As a result, senior cost engineers began to

circumvent the ERP system when developing price estimates.

In a short period, chaos reigned in the price estimating process. Senior cost engineers had quickly developed their own Excel tools, which they used to estimate pricing. There were spreadsheets containing labor and overhead rates on a single tab and estimates on another all loosely connected by an unchecked/unverified array of formulas and links. The error rate started to rise, as did the number of hours wasted trying to diagnose the origin of each error. Was it a data input error? Was there a wrong formula? Did someone change the correct version to something else? Even when errors did not occur, the use of spreadsheets drastically slowed the estimating process. Adding to the challenge was the need to

continuously update prices. Since the U.S. DoD (Department of Defense) often takes over two years to audit proposals, all prices needed to be easily changeable and auditable. Despite having an ‘Excel guru’ develop a wide range of macros, spreadsheet data could not accommodate the changes and audit requirements.

Moreover, relying on a single math wizard was neither scalable nor secure for ongoing operations. If that individual left the company, all the related IP would be lost, and company directors needed to eliminate that single point of failure. The company decided to purchase an estimating and pricing system to standardize and streamline their quoting methodology.

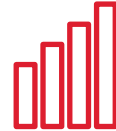
As they evaluated tools, they established six core criteria for the ideal system, including:



A single database with rights-based access



Lockable pricing algorithm functionality



Data and algorithm reuse (as a library)



Ability to shift time-phased data easily



Version control



Standardized, FAR-compliant reporting

After evaluating several potential solutions, the company selected ProPricer. Not only was ProPricer the market-leading estimating and pricing system, it also met all of the company's evaluation criteria and provided valuable features and functions the company had not considered before. For example, ProPricer incorporates a testing feature that enables estimators to perform sanity checks on data and formulas.

Life with ProPricer

Upon implementing ProPricer, the company imported their data from Excel into the new system. They were thrilled to learn that all Excel data could automatically populate ProPricer at the press of a button. So, they quickly had their basis of estimates, hours, and actual previous estimates loaded into ProPricer. From there, ProPricer's unified database was ready to receive inputs from a variety of tools, such as MS Project. ProPricer automatically received and stored project data e.g., schedules, tasks, etc. according to the phases; Initiation, Contract Receipt, Development, Design, Data, Hardware Build for Prototype, Dev & Test, Qualification, and Production.

With all their data loaded into ProPricer, the estimating team could manage and reuse their entire library of cost data from one proposal to the next – even from one proposal scenario to the next. This dramatically reduced the potential for human error by eliminating duplication of data input. Manual input was further reduced by ProPricer's time-phasing features, which allows estimators to shift time-phased data in a mere three clicks.

Beyond making their estimating process streamlined and accurate, the company realized great value from ProPricer's standardized reporting templates. As the U.S. Government elevated enforcement levels of the FAR, the company easily complied with in-depth data to support cost estimates. Not only was everything reported to auditors with ease from ProPricer, the system also stored and associated qualitative data to aid responses to a new slew of directives from Washington that leave much open to interpretation.

“Our success depends on providing fast and accurate quotes,” stated the company's price analyst. “The DCMA (Defense Contract Management Association) and prime government suppliers depend on that.”



“Imagine trying to manipulate all the data and formulas related to refurbishing the space shuttle or outfitting a control system for the F-35 fighter,” said the price analyst. “That is something you cannot realistically do in spreadsheets hundreds of times per year.”

The company is now building on its success with ProPricer to reduce the time it takes to consolidate bills of materials (BOMs). In their initial tests, they have reduced an 80-hour BOM consolidation project down to just 17 minutes.

Top 3 Benefits Realized from ProPricer:



Reduced proposal development time by an average of 50%



Unified all-report data held in one place



Easily provide audit-ready reports

Learn More

Request a demo at
www.propricer.com

800.507.9980