Why Proposal Pricing Software Matters

Plus 5 key questions you need to ask when you are considering your options

PROPRICER

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Why Proposal Pricing Software Matters - PROPRICER™ eBook

In this eBook, we explore our government procurement has changed, and what that means for your pricing system. We explain and unpack the benefits of modern platforms, and share 5 keys questions that you need to be asking when you're considering what pricing software makes the most sense for your team.

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The Status Quo is No Longer Practical.

Pricing and acquisition is changing - so should your pricing and cost analysis platform.

Many organizations continue to run their pricing using processes and systems that have remained largely unchanged for years.

The thought of making a change often times seems too daunting. So these organizations find themselves using one of the following approaches for the vast majority of their proposal development processes:

- Home-grown systems
- Heavy use of Excel
- Patchwork of different tools and systems

The results of those are that all the pricing components normally have:

- One (or very few) point(s) of failure
- Little to no insight to the calculations being throughout the proposal
- No standardized processes
- Limited or non-existent way to easy change and audit proposal data

And the list goes on. Why? Because the entire proposal pricing process is occurring in a decentralized fashion, contributing to potentially incompatible data sets and an inability to create systematical analysis.

However, changing pricing and acquisition policies have started to add pressure on the bidding process, **making the status quo less and less practical.**

One of the major goals of the new National Defense Strategy* is to drastically reduce acquisition timelines and cut the time required to award a contract by half - changing the award process from 400-500 days to 30. How can a pricing system, (with these challenges, mentioned above) adhere to that goal?

** https://dod.defense.gov*

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Not only are both private and public sector pricing and cost analyst teams expected to drastically reduce acquisitions timelines, they are expected to do this while also providing more in-depth data. Continuing to use the old processes and methods while trying to meet these new challenges could leave your pricing system exposed to risk.

Status Quo	Exposure
• Excel Spreadsheets	• Unchecked/unverified array of formulas and links
• Manual recreation of proposals	• Incomplete or inaccurate data
• Non scalable or insecure operations	• Bid changes increasing
• Lack of data transparency	• Non-compliant DCAA audits

Recent regulatory updates demonstrate that contractor business systems, internal controls, and compliance processes are at the forefront of government oversight efforts. Many contractors have come under increased scrutiny resulting in disapprovals of contractor business systems, withholding of claimed costs, and outright disallowance of certain costs - making compliant decisions and air tight auditability more important than ever*.

Agencies requiring cost data support are wanting quick and accurate audits, as well as flexibility in how much data they require from their contractors. Meanwhile, pricing and estimating teams continue to be stretched thin by a lack of time, resources, and diminishing team sizes.

With the changing federal acquisition landscape, manual data recreation and lack of verifiable spreadsheets and home-grown pricing systems are **making the status quo less and less practical.**

Without modernized processes and software, your company or agency could be putting significant 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 you business through the loss of a competitive edge.**

**Deloitte, Government audit: Managing contractor risk in a changing regulatory environment*

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New Pricing and Procurement Initiatives Demand New Software.

How can better systems and software aid in this changing environment?

Status Quo

- Excel Spreadsheets
- Manual recreation of proposals
- Non scalable nor secure operations
- Lack of data transparency

Exposure

- Unchecked/unverified array of formulas and links
- Incomplete data
- Bid changes increasing
- Non-compliant DCAA audits

Solutions

- A single database with lockable pricing functionality
- Centralized proposal storage
- What-if functionality for scenario analysis
- Powerful reporting features

Proposal pricing software is available for both industry and government organizations and their estimating teams to help meet the new requirements of the current pricing landscape, and to help improve future procurement processes.

The best proposal pricing solution is one that includes features such as lockable pricing algorithm functionality, proposal data libraries and tables, version control, workflow features, and standardized, FAR-compliant reporting, to name a few.

Within the cost proposal space in particular, there are five key areas that should form the foundation of pricing software solutions:

1) A Single, Standardized Database

2) Locked Down Rates and Cost Model Logic

3) Evaluation Power at Your Fingertips

4) A System That is Easy-to-learn and Implement

5) Federal Compliance and Audibility

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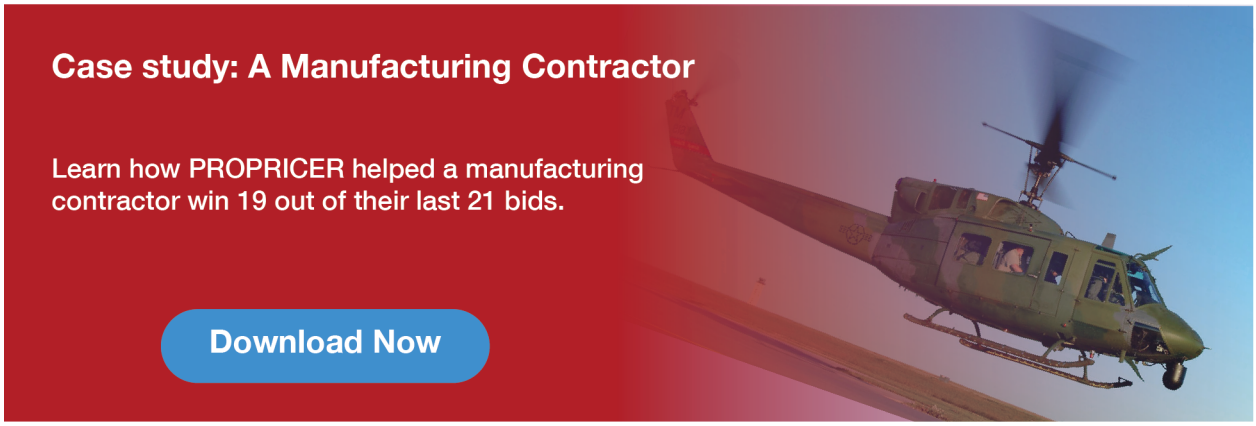
1) A Single, Standardized Database

From cost volume creation, cost data evaluation, and more - everything is available and managed from a centralized proposal database.

An added benefit of a database driven solution is that your proposal pricing environment is upgraded to an organized, standardized, and efficient platform with features including role-based access control.

According to a PROPRICER manufacturing contractor case study, late nights of searching for clarifying and supplemental information were eliminated for one pricing team's workload. When using a centralized pricing database, all data elements are automatically interrelated. Excel spreadsheets require manually linking cells and worksheets for a given workbook project.



Your team can find themselves in the trenches as the proposal deadline approaches. With time running against them, they are often forced to complete their evaluation outside of the office. Last minute and rushed work often leads to incomplete sets of information, formula errors, and unchecked data.

Giving your team the ability to easily avoid these pitfalls can have a significant impact on your proposal performance.

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2) Locked Down Rates and Cost Model Logic

Upgrading from spreadsheets to a proposal pricing platform allows you to lock down your cost model logic and rates. This presents a valuable opportunity to pinpoint and correct mistakes that, in some cases, had caused years of inaccurate cost proposal submissions.

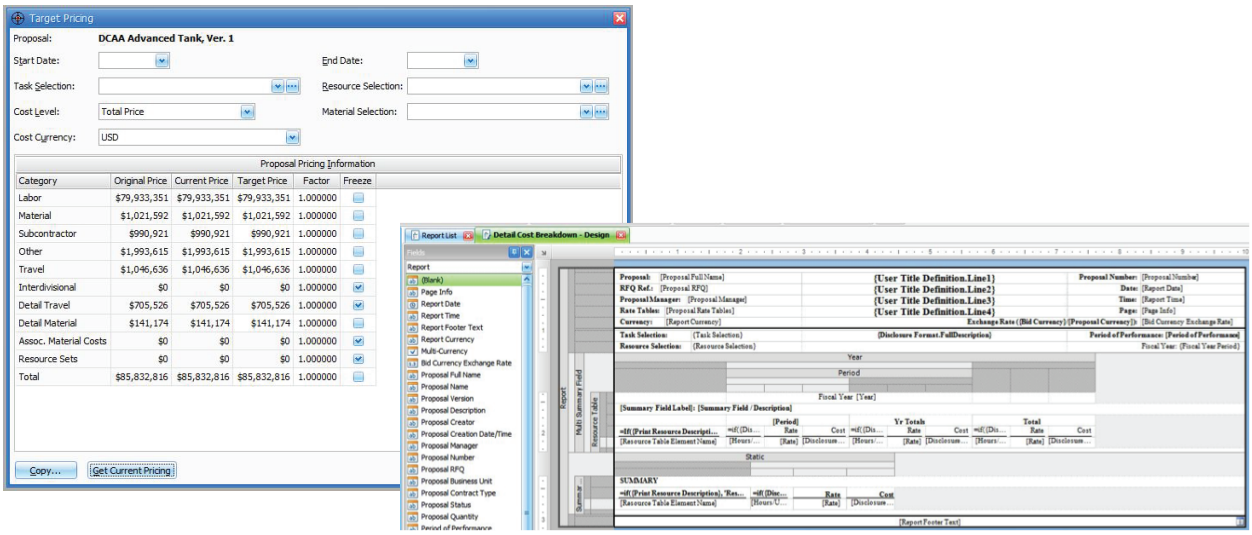
With pricing logic in a unified database, estimating teams can manage and reuse their library of cost data from one proposal to the next – even from one proposal scenario to the next. Additionally, the system can automatically apply and report on indirect costs at any level of the project, based on your pre-defined rates. This dramatically reduces the potential for human error by eliminating formula mishaps and duplication of data input.

3) The Power Evaluation

The best platforms give you the tools to better evaluate your pricing data.

- Work with your proposal from any perspective, at any level of detail.
- Create multiple scenarios to analyze the cost impact with a few mouse clicks.
- Deliver the exact reporting data required in the format preferred by your customers, partners, and team members.

These valuable capabilities allow you and your counterparts to quickly and easily make more informed decisions without manual, time-consuming, and potentially error-prone processes.



Some examples of powerful tools mentioned above in PROPRICER

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4) Easy to Implement

Any good software must focus on serving the customer well - making it as easy as possible for your team to set up a secure and collaborative environment, import data, and build in the logic of your cost model.

Change in any organization can be difficult; however, a team of experts to help guide your department in the process - a seamless implementation - can make all the difference.

5) Federal Compliance and Audibility

When it comes to providing analysis and reports, the best platforms should give you the confidence that your pricing data is current, accurate and complete.

Proposal pricing software should automatically capture and store cost data in one central database. This way, with forward pricing or negotiated rates for each proposal easy to access, providing the data to support your cost build-ups becomes a matter of a few mouse clicks.

With all the time and effort spent gathering and organizing your cost proposal data for a bid, you shouldn't have to waste valuable hours producing a different presentation of the same data when responding to an audit.

Proposal: Advanced Tank, Ver. 0
RFQ Ref.: AA-DTW
Proposal Manager: C. Layton
Rate Tables: Tank Directs | Tank Burdens

Executive Business Services, Inc.
Comparison Detail Cost Breakdown Report

Proposal Number: PN 001
Date: 10/19/2017
Time: 11:58:26 AM
Page: 1

Full Disclosure

Period of Performance: 01/2019 - 03/2021
Fiscal Year: (Jan through Dec)

Fiscal Year 2019

TASK ID: TANK 001 01 - Program Management

	Jan							
	Advanced Tank, Ver. 0		Advanced Tank, Ver. 5		DELTA			
Resource	Hrs/Units	Cost	Hrs/Units	Cost	Hrs/Units	Hrs/Units %	Cost	Cost %
Labor								
Assembly	5	74			-5	-100.00 %	(74)	-100.00 %
Engineering Aide	1,778	41,072	1,778	41,072	0	0.00 %	0	0.00 %
Program Manager	93	3,906	93	3,906	0	0.00 %	0	0.00 %
Quality Assurance	8	202			-8	-100.00 %	(202)	-100.00 %
Total Labor	1,884	45,253	1,871	44,978	-13	-0.69 %	(275)	-0.61 %
Travel								
Travel		6,650					(6,650)	-100.00 %
Total Travel		6,650					(6,650)	-100.00 %
Interdivisional								
IntDiv Xfr @ Cost		14		14			0	0.00 %
Total Interdivisional		14		14			0	0.00 %
Direct Cost		51,917		44,992			(6,925)	-13.34 %
Labor Overhead		23,289		22,984			(305)	-1.31 %
Total Overhead		23,289		22,984			(305)	-1.31 %
Subtotal		75,206		67,975			(7,230)	-9.61 %
G&A		6,016		5,438			(578)	-9.61 %
Total Indirect		29,305		28,422			(884)	-3.02 %
Estimated Cost		81,222		73,413			(7,809)	-9.61 %
Profit		8,154		7,341			(812)	-9.96 %
IntDiv Xfr @ Price		65		65			0	0.00 %
Total Cost + Fee		89,441		80,820			(8,621)	-9.64 %
Mfg Cost of Money		1		0			(1)	-100.00 %
G&A Cost of Money		226		204			(22)	-9.61 %
Interdivisional Transfer FCCOM		0		0			0	0.00 %
Total COM		226		204			(22)	-9.83 %

Proprietary Information

PROPRICER delivers over 90 out-of-the-box reports, including many standard FAR reports, and the popular Detail Cost Breakdown Report. Each report is also customizable, making it easy to submit reports that accommodate virtually any new formatting or data mandates imposed by the U.S. Government or prime contractors.

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The Immediate Impact of a Proposal Pricing System.

Breaking down the benefits.

The foundational aspects of proposal pricing software can have a direct, immediate positive impact on your bidding and negotiation performance and results. These benefits are crucial if a given software can support your pricing objectives and procurement goals, and they help to form the questions and core criteria you and your team consider when looking to upgrade your pricing system.

What Makes the Difference	The Positive Impact
One Centralized Data Base	• Save time by managing and reusing a library of cost data from one proposal to the next • Easily pinpoint and correct mistakes that can cause years of inaccurate cost proposal submissions
Locked Down Pricing Data	• Reduce the potential for human error • Eliminate formula variations
Powerful Analysis Tools	• Manual input is reduced • Allows for more time to analyze your proposal
Implementation and User Adoption Practices	• Creates a structured, role-based environment for users • Easily integrate your back-office systems
Standardized, FAR-Compliant Reporting	• Comply and report to auditors with ease • Save valuable time looking for and compiling data for reports

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5 Key Questions You Need to Ask.

When you are considering your options.

The potential impact of upgrading to a proposal pricing software could be huge to your company. You better make sure you have a handle on the benefits of the software before you choose (or pitch) the right software to your team.

Changing any kind of system within a company is a big decision. Just moving your office across the hall can be a challenge, let alone implementing a company-wide system. Choosing the right pricing software is a long-term decision and investment; one that should (and will) have long term success within your business operations.

You never want to rush a big or important decision, and knowing the right questions to ask can make a big difference.

To help, here are 5 key questions that are important to be asking when you're considering a new pricing platform or selling the idea in your workplace.

These questions can help communicate the advantages of making a change, and save your company valuable research time in the long term. Change can be scary, but if there is a better way, find it and stay the course!

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#1 Will you actually eliminate pain points and painful processes?

When you are investing in a new technology and evaluating new platforms, you need to ask yourself if the platform will actually improve or eliminate painful aspects of your proposal process. Does it truly streamline your workflow? Will it help alleviate many of the headaches and processes currently implemented and ensure better bidding power?

We often hear of the same problems that continue to plague both the private and public sectors. The following are just a few of these common painful processes that can be eliminated with the correct software:

Pain Point/Painful Processes	How it can be Eliminated
Formula consistency when using spreadsheets	Create your company's pricing algorithm once and forget it.
Glossing over necessary sections of your proposal	Workflows and prompts help pricers follow a process of reasoning that creates estimates faster.
The ability to load materials easily	Import bills of material from MRP systems or enter directly into your pricing system.
The need to quickly change prices and/or time-shift estimates	Use powerful, time-saving what-if capabilities to create different pricing scenarios for different versions of the proposal.
Manually entering or duplicating cost data	Employ time-saving importing functions both within an organization and as a function available to your government customers.

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#2 Do you have access to an airtight exportable audit trail?

As mentioned before, with recent regulatory updates, many contractors have come under increased scrutiny by 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.

It's little wonder that pricers are concerned. In home-grown and Excel-based pricing models, providing the evidence or getting the information behind a decision can be a time-consuming and challenging process.

Many government contractors have lacked a complete solution to not only develop their cost proposals, but also to preserve detailed historic pricing data and easily accommodate future audits. When the audit inevitably happens, government contractors need the ability to report on the rationale behind past cost proposals – without causing a major interruption for pricers who are busy working on the next bid.

The PROPRICER team understands the importance of defensible projects. Beyond streamlining and improving the accuracy of your proposal process, PROPRICER's standardized reporting templates comply with FAR requirements with in-depth data to support your cost estimates. Report to auditors with ease and deliver the exact data required by your partners and colleagues. With PROPRICER Reporting, you have the ability to export formula rich Excel models from the top down or bottom up, without having to use Excel workbooks as your 'pricing system'.

Report List

Name	Description	Category	Type	Source
15-2 Line Item Summary	Prints line item data for new or modified contracts.	(Government Formats)	Standard	System
3 report Batch		(Custom)	Batch	User
Activity Detail	Prints the Activity text and distribution by task.	(Task)	Standard	System
Ad Hoc Cost Breakdown	Uses an Ad Hoc layout and Resource Table to print summarized cost...	(Ad Hoc)	Standard	System
Algorithm	Prints Algorithm information.	(Miscellaneous)	Standard	System
Annual Cost Breakdown	Uses a Resource Table to print summarized costs by year with cost ...	(Cost Breakdown)	Standard	System
Annual Cost Summary	Uses a Resource Table to print summarized costs by year for two S...	(Summary)	Standard	System
Assembly Library	Prints the assemblies and element information for a specific Assembl...	(Material)	Standard	System
Audit	Identifies missing or overridden proposal-related input information.	(Miscellaneous)	Standard	System
Bid Cost Worksheet	Uses a Resource Table to print task cost information by Summary Fi...	(Task)	Standard	System
Bill of Materials	Prints the hierarchical structure of the assembly(ies) in a specific Pr...	(Material)	Standard	System
Burden Pool Library	Prints a list of the Burden Pools and their descriptions in the Burden ...	(Miscellaneous)	Standard	System
Burden Rate	Prints the rates of the Burden Elements by Burden Pool in the Burde...	(Rate)	Standard	System
CER	Prints the Base and Derivative Elements for all Cost Estimating Relat...	(Rate)	Standard	System
CER Data	Uses an Ad Hoc layout to print timephased Base, Factor, and Deriv...	(Task)	Standard	System
CER Factor	Prints the factors entered for the CER Factors in the CER Factor Ta...	(Rate)	Standard	System
CER Factor Library	Prints a list of the CER Factors and their descriptions in the CER Fac...	(Miscellaneous)	Standard	System
CER Library	Prints a list of the CERs and their descriptions in the CER Library.	(Miscellaneous)	Standard	System
Comparison Annual Cost Breakdown	Uses a Resource Table to print comparison summarized costs by ye...	(Comparison)	Standard	System
Comparison Annual Cost Summary	Uses a Resource Table to print comparison summarized costs for tw...	(Comparison)	Standard	System
Comparison Detail Cost Breakdown	Uses a Resource Table to print comparison resource hours/cost with...	(Comparison)	Standard	System
Comparison Detail Phase Cost Breakdown	Uses a Resource Table to print comparison resource hours/cost by ...	(Comparison)	Standard	System

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#3 Does this software "play well with others"?

Just because software systems have a lot of fancy bells and whistles doesn't mean it will be the right fit for your company. Sure, you're probably looking to replace your existing system for a reason, but you still have to do your due diligence to make sure the new system you're eyeing is easy-to-use and navigate.

Often times, your pricing system is just one component of a much larger back office system. Keeping your pricing environment current with your organization's most current rates, bill of materials, and travel data is just a piece of a much bigger puzzle. You need the capability and flexibility of tying all the systems together into one cohesive machine.

Lastly, the government contract industry still depends heavily on Microsoft Office tools like Word and Excel. And many times throughout a project, you need to import various files into your estimating and pricing systems. Make sure you find a pricing software that allows you to upload and import data from Word and Excel. Just as important, make sure you have the ability to export to formula-rich Excel models, PDFs, or Word documents.

List of Suggested Systems your Software should be able to 'play with':

- Excel
- ERP Systems
- Accounting Software
- EVMS
- Word
- Custom Homegrown Software
- Cost engineering and Project Management Systems

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#4 What are the evaluation and analysis capabilities?

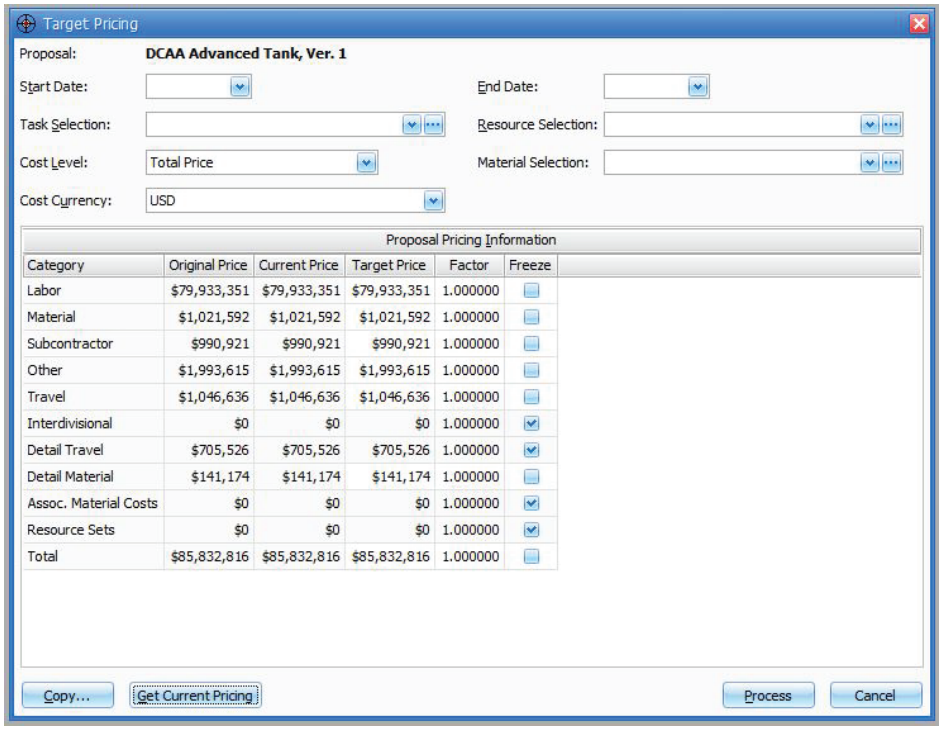
Evaluation and analysis of cost volumes at many organizations often takes a back seat to submitting the bid before its deadline with the required information.

With a comprehensive, secure pricing model found in leading proposal pricing software, rate sets are locked-down and available for use on any proposal, so spending valuable days checking formulas across multiple spreadsheets becomes a thing of the past. This allows your team more time for evaluation and analysis. However, do you have the right tools?

With the proper proposal evaluation features and capabilities, you should be able to:

- Perform evaluations without fear you are corrupting the proposal
- Perform what-if scenarios in seconds
- View your proposal from any perspective, at any level of detail
- Summarize data at any level or element, such as WBS, CLIN, phase, option years, or any custom fields

The best platforms make the process of building, sending, and accepting RFPs seamless and instantaneous; automatically gathering the information each party needs to complete the bid and award process.



Category	Original Price	Current Price	Target Price	Factor	Freeze
Labor	$79,933,351	$79,933,351	$79,933,351	1.000000	☐
Material	$1,021,592	$1,021,592	$1,021,592	1.000000	☐
Subcontractor	$990,921	$990,921	$990,921	1.000000	☐
Other	$1,993,615	$1,993,615	$1,993,615	1.000000	☐
Travel	$1,046,636	$1,046,636	$1,046,636	1.000000	☐
Interdivisional	$0	$0	$0	1.000000	☑
Detail Travel	$705,526	$705,526	$705,526	1.000000	☑
Detail Material	$141,174	$141,174	$141,174	1.000000	☐
Assoc. Material Costs	$0	$0	$0	1.000000	☑
Resource Sets	$0	$0	$0	1.000000	☑
Total	$85,832,816	$85,832,816	$85,832,816	1.000000	☐

An example of a Target Profit Fee What-If in PROPRICER

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#5 Will this software actually make your job easier?

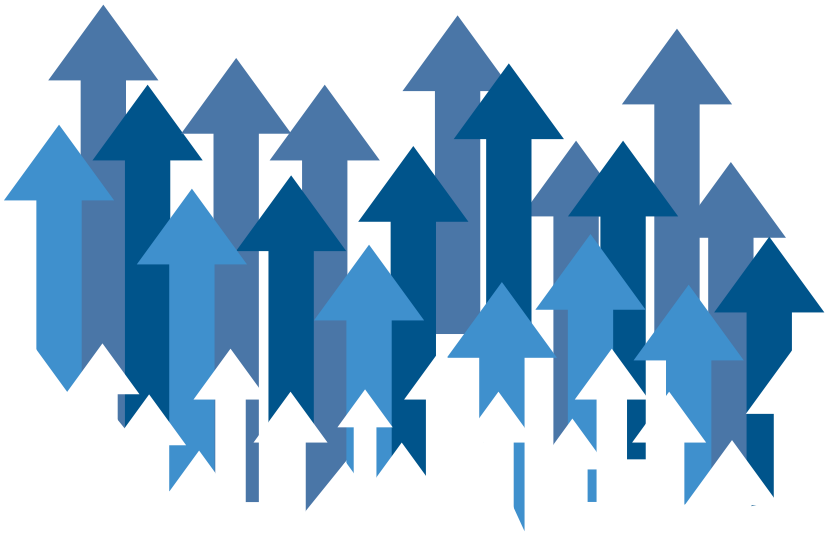
Usability and scalability is crucial, especially with pricing software – if it's not easy to implement, your adoption is going to nose dive – your pricing team aren't going to use it or like using it.

Two major issues with many home-grown pricing systems is the usability and flexibility of the existing tool(s). Most home-grown systems are custom-built and designed so that all calculations run in the background and are not visible to project estimators. To start, this makes modern reporting extremely difficult and error checking virtually impossible. Additionally, home-grown systems are normally built or maintained by one person. This makes it very difficult to figure out issues and problems, should something arise. Should that person leave the company, you have a single point of failure for maintaining or enhancing a system vital to the success of the organization.

Excel-based proposals aren't much better. The scalability just isn't there. Imagine trying to manipulate all the data and formulas related to refurbishing a space shuttle or outfitting a control system for a fighter jet. That is something you cannot realistically do with spreadsheets hundreds of times per year.

Proposal pricing software takes care of these issues immediately. Not only that, but well-designed and built software is constantly updating and improving its features and capabilities based on customer feedback, making the usability and functionality even greater.

Ask yourself: Will this software get in the way and create more work, or will it give your team the tools to complete their tasks more quickly and easily? How quickly can they get up to speed with the platform? **How will your partners and evaluators respond to this platform's introduction?** *(Side note: It helps if the software is an industry leader, used by top prime contractors).*



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If There is a Better Way, Do It.

Better Software Matters.

Quantifying the impact of the right software can seem like a challenge, but knowing what metrics to look at can help you best identify the right software that's truly going to make your team successful.

Below are a number of different, real-life examples from PROPRICER customers. Feel free to use these examples as a baseline when deciding on the right software:

Stats from our Industry Customers

Reduced an 80-hour BOM consolidation project down to just 17 minutes

Dramatically reduced the time it takes to develop a new proposal – an average time savings of 25% percent

Was able to support 300-400 proposals per year with a team of just 30 people

Reduced the entire cycle time for bids, change orders, and reporting by 75%

Stats from our Government Customers

Went from 30 people on a proposal to just 4

Proposals that once took 2 weeks to recreate, could be restored and ready for analysis in minutes

Went from an anticipated 6 month negotiation time to 1 month

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PROPRICER

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. Additionally, 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 all of the players willing 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 www.propricer.com.

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