



STRENGTH THROUGH INDUSTRY & TECHNOLOGY



PARCA CPR Sub-Group Status February 3, 2011

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Joint Agreement of Recommendations

- A Team Consisting Of Stakeholders Representing Industry And Government Recommended Positions To:
 - Streamline Data Delivery
 - Eliminate Waste
 - Continue To Meet The Management Needs Of Program Office (Government And Industry)
- Applicable To Programs With DFARS Flow-down
- Recommendations Will Be Effective On Prospective Basis

Recommended Concept

- The Group Is Recommending A 2-phased Approach To Cost Performance Reporting
 - Near Term
 - Long Term
- Near Term Recommendation
 - An Accepted Approach By Both Industry And Government Members
 - Eliminates Non-valued Added Effort
 - Should Be Able To Be Implemented With Minimal Changes To Current Process
- Long Term Recommendation
 - Paradigm Shift From The Way We Report Today
 - Will Require Further Analysis And Pilot Testing
 - Recommend A Team Be Established Between Industry And Government To Further “Flush” Out Details

Recommended Concept – Near Term

- Background
 - The Industry Consensus Is That The Current Format 5 Variance/Management Analysis Section Is The Most Time Consuming And Therefore, The Most Costly
 - More Does Not Mean Necessarily Better
 - Report Only What Is Relevant And Useful
 - The Government Consensus Is That Control Account Level Detail Is Often Desired
 - Different Stakeholders Within The Government Require Varying Levels Of Data
 - Control Account Level Data Is Currently Available
 - Today's Technology Should Lend Itself To Submittal Of Data At The Control Account Level Without More Effort

Recommended Concept – Near Term

- Recommendations for Consideration
 - Current CPR Formats 1 – 4 Remains Unchanged
 - Control Account Level Data
 - Optional
 - Separate Submittal
 - The Need For This Level Of Data Reporting Will Be Identified In The CPR CDRL
 - Subcontractor Data Integration Remains As Described In The Prime's System Description / Process
 - The Delivery Mechanism For Formats 1 – 4 Remains Unchanged

Recommended Concept – Near Term

- Recommendations For Consideration – Cont
 - Format 5 - Variance Analysis / Management Analysis
 - Define Thresholds For The Following Categories With Both \$ And %
 - Current Cost & Schedule
 - Cumulative Cost & Schedule
 - At Completion
 - If Thresholds Are Not Defined, Then The Supplier Will Use The Threshold Defined In Their Internal Processes
 - No More Than 15 Variances Across All Categories
 - Collaboration Period 2-3 Days After Data Submittal
 - The Customer Will Specify Which Variances To Submit
 - The Requirement Will Not Exceed 15
 - If No Response Is Received, Contractor Defaults To The Top 3 In Each Category
 - Contractor Analysis Responses Due 15-20 Working Days After Contractor Month-end

Recommended Concept – Near Term

- Recommendations for Consideration – Cont
 - Format 5 – Program Analysis Section
 - Recommend Standardized Format Structure
 - In Back-Up
 - Format 5 – Delivery Mechanism Remains Unchanged

Recommended Concept – Near Term Cont.

- Near Term Recommendations Summary
 - Streamlines The Management Analysis
 - Eliminates Volume Of Paperwork
 - Customers Receives Only Variances They Perceive To Be Relevant And Valuable
 - Control Account Level Data
 - Only Submitted When Customer Calls For It
 - Provides The Customer With The Level Of Detail Desired
 - Assumption Is That Any Costs Associated With Submission Of Control Account Data (If Required) Is Offset By Streamlining Of Format 5 Submittal
 - Should Require Minimal Administrative Effort To Implement

Recommended Concept – Long Term

- Background
 - The Need To Transfer “Human Readable” CPR Delivery (Excel Or PDF File) Should No Longer Needed
 - The Information Delivered Should Accommodate Multiple Stakeholders (Program Office, Executive Leadership / Headquarters, And Analysts)
 - Provides Flexibility To The Stakeholders
 - Data Is Provided Only Once To A Central Location
 - Today’s Technical Advances Facilitates The Means To Transfer Data/Information More Efficiently
 - Management Analysis (Variance Reporting) Should Be Streamlined To Provide Analysis On Areas Of Concern Identified By The Stakeholders

Recommended Concept – Long Term Cont.

- Recommendations For Consideration
 - Leverage The Current CPR DID And Either Develop A New DID Or Extensively Re-write The Current DID
 - Eliminate The Currently Defined Formats 1-5
 - Management Analysis Requirements – Same as Near Term Recommendations
 - Data Delivery
 - The Required Data Would Be Delivered Using A Defined Method (XML / MS Word etc)
 - The Level Of Data Delivery Will Be Defined In The CPR CDRL
 - Establish A Pilot To Flush Out The Details And Resolve Potential Issues

Recommended Concept – Long Term Cont.

- Long Term Recommendations Summary
 - A Paradigm Change From The Way We Have Done Business
 - Recommend A Team Be Established
 - Determine The Detailed Requirements
 - Implications / Impacts To Multiple Stakeholders
 - Implementation Time Table
 - Approval Process
 - Schema / XML Requirements
 - Other?

Summary

- The Team Also Addressed Other Recommended Changes To The Current DID
 - Mostly Clarifications
 - Recommend These Be Included As Part Of The Next Update To The DID
 - In Back-up
- Near Term And Long Term Solution Is The Right Path Forward
- Solution That Meets The Needs Of The Stakeholders



Back –up

Recommended – Format 5 Program Analysis Structure

- Management Analysis
 - Management Analysis will not be a “format” but a word document
 - Program Analysis will consist of following Sections
 - 1.0 Total Contract Summary / Executive Summary
 - 1.1 Contract Data Analysis (Meta Data Analysis: eg Quantity change, Price change, etc)
 - 1.2 Formal Reprogramming Analysis
 - 1.3 Management Estimate at Completion Analysis (eg Worst Case, Best Case, Most Likely EAC)
 - 1.4 Undistributed Budget Analysis
 - 1.5 Management Reserve Analysis
 - 1.6 Management Analysis

Other Clarifications for Consideration

- Provision / Option to Cease Data Delivery and/or management analysis when all major deliveries are complete
- Allow the option for the prime contractor to submit subcontractor data as a separate delivery especially if the subcontractor's effort is deemed critical to the Prime and/or Government
- Clarify definition of Estimated Price to be All of the currently authorized work
 - For Award / Incentive Fee define this to be
 - Actual + 100% of the ETC Award / Incentive Fee
- Undistributed Budget
 - Discuss / Clarify option of how to report directed de-scope when timing does not allow WBS level updates to remove the scope prior to submission of the data
 - In order to tie to the Price this could result in UB having a negative value
 - If negative is not allowed then the report could reflect an OTB situation when this is not case
- G&A, COM, and Subcontractor Fee
 - Discuss option to allow these to be either add or non-add data
- Rate Analysis
 - Move the discussion related to rate analysis to the General Section of the Management Analysis VS Within the Cost and Schedule Variance Section
 - Discussion of Rate Analysis To be at Summary Impact Level