

# IPM 2016

October 31 - November 2, 2016  
Bethesda, Maryland

*From C/S2 to EVM to IPPM: The Next Generation of Integrated Program Performance Management*

## Title: Industry Clearinghouse Discussion

Joe Kusick, Raytheon, [joe\\_kusick@raytheon.com](mailto:joe_kusick@raytheon.com)

Daniel Lynch, Chairman of NDIA IPMD, Raytheon Missile Systems,  
[Daniel\\_L\\_Lynch@raytheon.com](mailto:Daniel_L_Lynch@raytheon.com)

Others

# NDIA Intent Guide VS EVMSIG Verbiage on Applicability of Price/Usage Analysis

## NDIA Intent Guide

### Guideline 21(CORRECT)

- **Price Variance = (Earned Value Unit Price -Actual Unit Price) x Actual Quantity**
- **Usage Variance = (Earned Value Quantity -Actual Quantity) x Earned Value Unit Price**

### Guideline 23

**Price/usage analysis, as applicable, for production material efforts**

## DoD Earned Value Management System Interpretation Guide (EVMSIG)

### Guideline 23(INCORRECT)

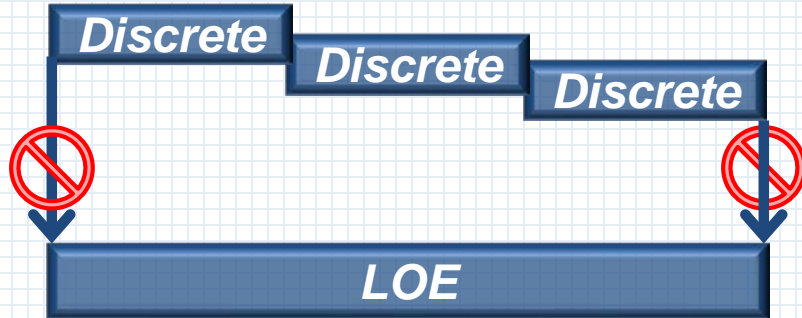
- **Price Variance = (Budgeted Unit Price -Actual Unit Price) X Actual Quantity**
- **Usage Variance = (Budgeted Quantity -Actual Quantity) X Budgeted Unit Price**

# LOE in the Schedule (Issue)

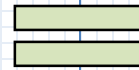
## IPMR DID



LOE cannot drive discrete...  
(no LOE on the critical path)



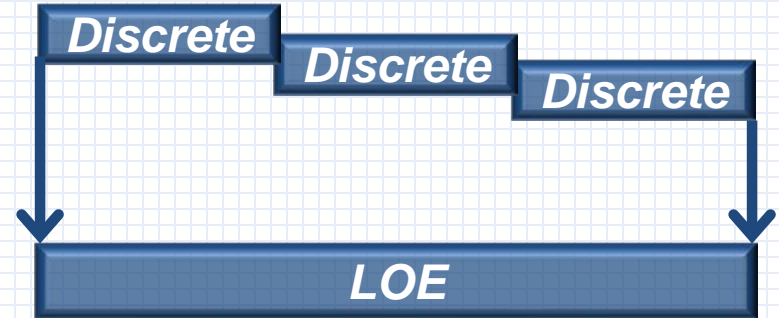
...and discrete **cannot** drive LOE



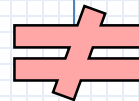
## EVMSIG



LOE cannot drive discrete...  
(no LOE on the critical path)



...but discrete **can** drive LOE

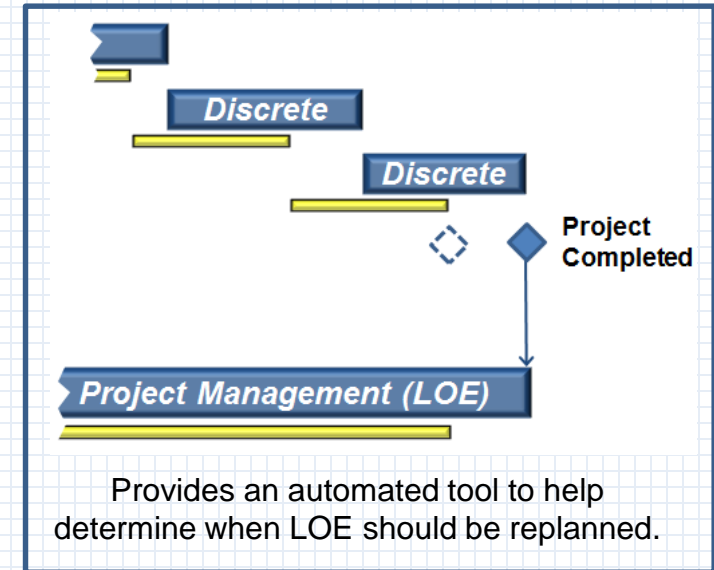


Inconsistent guidance between the DID and the Interpretation Guide

# LOE in the Schedule (Resolution)

## NDIA IPMD Position:

- Agree with the EVMSIG position that discrete should be able to drive LOE
  - While the timeframe LOE will be **EARNED** should not change (without a BCR)...
  - the timeframe LOE will be **EXECUTED** can
    - And the primary responsibility of the IMS is to accurately forecast the execution of downstream effort



During the next update cycle, PARCA has agreed to align the IPMR DID with the EVMSIG

# CAM Interviews

- Although the “Data” is a much needed piece of the puzzle, it only tells part of the story
- An in person interview is the only way to determine if a contractor is actually USING the data to manage
- VAR Quality, Quality of WBS Dictionary and SOW and ETC rationale can only be assessed in person

# Format 7

- PARCA/DCMA and NDIA collaboration effort
- Issue being worked out

# 5% Withholds Update

- I think in this environment of reducing burden on contractors that it makes sense not to push a 5% withhold. None of the civilian agencies have the budget hammer that DoD has so it'll be a lot harder for us to enforce that requirement. Plus, the civilian agencies don't have the infrastructure, surveillance, validations, etc. that DoD has with DCMA. That makes it harder to find and support issues that could result in withholds.
- Economic leverage is needed
- Cost of Admin is worth it
- DOE ceased 5% withhold efforts

# Thresholds Update

- Sending the wrong message
- Give relief to the smaller crowd to Silicon Valley
- Suggesting it is too expensive
- Scalability is the option



# CAPE

- Industry concerned with Congressional Language granting the Director of CAPE to collect additional cost information in a “standardized format” and have the ability to prevent contract award should their direction not be complied with
- CAPE currently trying to modify contracts to levels significantly below current EVMS reporting levels, not in a manner that companies collect costs in a mature production contract.
- Significant cost impacts to industry, not perceived as value added.
- ERP systems typically cannot accommodate the requested structure and cost levels on mature contracts without significant reprogramming and expense
- AIA recommends the proposed new authority, 10 USC 2334(g) “Guidelines and Collection of Cost Data” not be adopted

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**Questions?**