

PRICING

FOR CONTRACT AND GOVERNMENT PROFESSIONALS

June 2022

Government Contract Pricing Summit 2022

What to Expect

A Letter to My Younger Self - My Personal Spin on BOEs

by Heather Teed

Fear Not the Bot

by Sunil Shamal

Curing Final RFP Pricing Syndrome

by Marsha Lindquist and Mike Gallo

Creating Synergies

A SPECIAL GCP SUMMIT 2022 EDITION

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Dear Readers,

‘Synergy’ can mean different things to different people. One definition of synergy is:

The interaction or cooperation of two or more organizations to produce a combined effect greater than the sum of their separate efforts.

Creating synergy aptly describes one of the main goals of the Government Contract Pricing Summit. Each year, contract pricing professionals from industry and government join forces for three days of training, networking, and engaging interaction to discuss trending topics and bring about innovative solutions that would likely never come to fruition when we stay in our isolated silos.

The Summit is a one-of-a-kind conference uniquely designed for contract pricing professionals to not only receive relevant training, but to also discuss and find solutions for acquisition bottlenecks and challenges.

The 2022 GCP Summit showcases some of the top names in government contract pricing. We’ll be presenting plenary sessions represented by the U.S. Space Force, The Boeing Company, U.S. Air Force, and the U.S. Department of Defense.

Our breakout sessions cover topics on policy and compliance, contract negotiations, proposal and RFP management, pricing and cost analysis, and estimating. The presenters bring real-world concepts and solutions to those in attendance and most sessions invite attendees to ask questions as part of the presentations.

The Summit also offers numerous opportunities for professional networking, including our brand-new, in-person matchmaking time slot, that gives interested attendees the chance to speak one-on-one with some of our plenary speakers. With the background and experience our speakers and presenters bring to this session, you’ll want to make yourselves available for these valuable conversations.

Lastly, it’s not too early to save the date for the 2023 GCP Summit. We’ll be at the Sheraton San Diego Hotel & Marina once again, June 20-22, 2023. See you there!

All the best,

Ken Silver,
VP Corporate Communications
ProPricer



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Granite Leadership Strategies

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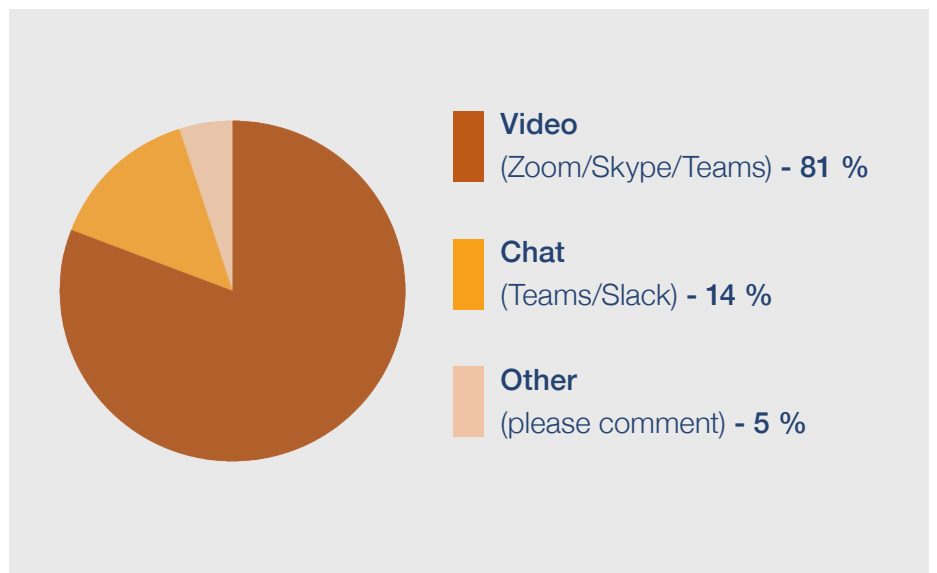
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LAUNCHING JUNE 2022

Creating Synergies Survey and 6 Tips

What is the most effective way to communicate with your team around the world?



SOURCES:

1. Fear Not the Bot source to Pricing Magazine 2022
2. Get Your Team On: The Importance of Team Building in Pricing (propricer.com)
3. Pricing Strategy Perspectives - What Makes a Great Federal Teaming Partner? - Granite Leadership Strategies

Synergy is a concept that brings together two parts that merge as one to create greater efficiency for a common goal. The importance of synergy arises from all aspects of working well together to achieve a shared purpose. In federal pricing and procurement, synergy is essential to winning an award, and it all starts at the pre-award phase.

It's never too late to begin creating synergy, whether you're an individual struggling with a challenge, a team in need of tactical collaboration, an organization wishing to embrace organizational wellness, or a community seeking a better future, effective collaboration depends on effective relationships.

Here are six tips from pricing professionals on how to create synergy within your organization:

EMBRACE TECHNOLOGY.

The automation we continue to see in our work life and within acquisition from bots allows us to do more. A 'bot' – short for robot – is a software program that performs automated, repetitive, pre-defined tasks. Bots will enable us to do more cerebral work while automating the repetitious and tedious jobs. Now, there are more ways to stay connected to your team to help work more efficiently. Many contractors and agencies have employed technologies, software, and other tools to achieve this. To make sure your team stays up to speed on newly implemented technology, designate a technology champion to be the go-to person for any issues or changes that occur. Those who fear technology and all its abilities fear not; it's only here to make your job easier.

KNOW YOUR CONTRACTOR.

It is the responsibility of the administration to communicate what is required of Contractors working on federally funded projects and provide them with adequate support and resources to comply. Knowing the contractor and their specialty – helps set the stage for project compliance. Open communication between the proposal team and the contractor is critical in developing positive working relationships and ensuring compliance. Maintaining a supportive approach with the contractor eliminates miscommunication of contractual obligations enabling a prosperous working relationship.

KNOW YOUR RESPONSIBILITY.

Pricers often wear multiple hats at once. Identifying where responsibilities lie will help ensure compliance, reduce errors, and help build a better relationship with your counterparts. Implementing systems that have built in securities or role designations can help companies design and stick to their responsibilities.

SUPPORT AND RESOURCES.

Maintaining proper support and resources requires clear written communication. It is equally essential to inform the contractor of their responsibility and know the scope of your responsibility. The contractor should be well equipped with the necessary tools for compliance before project implementation.

TIMELINES AND COMPLIANCE.

Setting goals and timelines are crucial for teamwork. Communicate expectations for pricing data, schedules, and instructions from contractors. Timely responses to requests are key for both Prime and Subcontracting teams. To reduce compliance risk, make sure to provide sufficient documentation for ALL costs. If you commit to documenting everything, training and managing personnel properly, and following through with system improvements, you will meet all DCAA compliance requirements.



KNOW THE POWER OF DIVERSITY IN YOUR PEOPLE.

New ideas, an openness to trying new technologies, and fresh perspectives are the core tenets of a solid and unified team. A diversified organization benefits from increased productivity, creativity, heightened internal communication, and a more comprehensive array of problem-solving solutions. Once you know your optimum blend of collaborators, it's time to organize your core team members to create, manage, and deliver your organization's winning bids.

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Alan J. Boykin, President/CEO

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Throughout my acquisition career in the US Air Force, followed by positions in the public and private sectors, pricing has been an integral part of the overall acquisition solution. In fact, when considering the three major phases of acquisition [pre-award, award, and post-award], pricing has a presence in key cornerstone decisions that will ultimately impact acquisition outcomes. For example, the use of historical pricing data can be instrumental in preparing the budget or the independent government cost estimate (IGCE) for a new requirement. Pricing is at the forefront of conversations or negotiations to determine a fair and reasonable price in the award of a new contract. The aspect of pricing is also vital to understand and price modifications to an existing contract. These are just a few examples.

Thus, as leaders, we must be mindful and discerning of the pricing impacts that can be caused by new requirements, or changes in requirements. Moreover, there are numerous cost or price changes that can occur which are aligned to cost, schedule, and performance risk factors associated with the requirement or contract.

The good news is that there are viable and proven solutions to most (if not all) of our pricing challenges. As acquisition leaders and professionals, it's incumbent upon us to leverage the training, forums, innovations, and technologies to help solve the pricing and acquisition challenges of the day. A perfect solution is the Government Contract Pricing Summit. This is one of the truest opportunities where Government, Industry, and Academia can come together to discuss pricing and acquisition ideas, challenges, and potential solutions in a collaborative setting.

On June 14-16, 2022, Charlie Williams and I are honored to co-host the 7th Annual **Government Contract Pricing Summit** in San Diego. This year, the GCP Summit theme is: "Cultivating Agile Solutions." Given what we've experienced

over the past two years with COVID-19, it's such a perfect time for a topic and conversation like this. Recognizing that we're experiencing unprecedented times, our need to highlight and promote agile solutions is a mission imperative; and pricing ideas and strategies are critical. This year, we've assembled one of the best groups of acquisition thought-leaders since our GCP Summit start seven years ago. I'm personally looking forward to conversations and insights on agile solutions that incorporate pricing strategies, technology, and innovation.

The bottom line is that acquisition success is greatly dependent upon leaders across Government and Industry to join together and set the pace. Agility and adaptability are key. The best leader, the best acquisition professional, and the best government/industry partner understands and appreciates the value of our GCP Summit focus and culture: **Collaboration, Innovation, and Synergy.**

- **Collaboration** – Working together for more efficient solutions.
- **Innovation** – Using technology to inspire change – create the future; and
- **Synergy** – Working together for the good of the whole – producing better acquisition & pricing outcomes for both Industry and Government.

The GCP Summit is professional excellence in pricing at its best, creating a culture for "Standards of Excellence in Pricing". Acquisition outcomes and pricing success are dependent upon "Cultivating Agile Solutions." This is the right conversation for both Industry & Government!

See you in San Diego June 14-16th!



Industry News

HOW THE GSA IS PUSHING ITS E-COMMERCE PLATFORM FURTHER UNDER THE COMMERCIAL PLATFORMS INITIATIVE

Plans to expand a new government e-commerce platform—the Commercial Platforms Initiative—aim to make the purchase of low-cost goods easier for agencies. The program also aims to leverage government buying power and increase supply chain security awareness with a government-wide approach. The GSA will modify the program as needed and solicit stakeholder feedback.

Since the pilot program launched in 2018 it has gone from 350 buyers at four agencies to more than 40,000 buyers at 20 participating agencies. Now, the fiscal year 2022 National Defense Authorization Act provides that the GSA facilitate testing on other commercial models beyond those used in the initial pilot.

With the landscape of e-commerce market evolving, the GSA hopes to deliver an innovative customer experience. To date, the pilot has

received high recognition with a customer satisfaction score of 9 out of 10, a score of 92 percent in time savings, and a 90 percent score in price competitiveness.

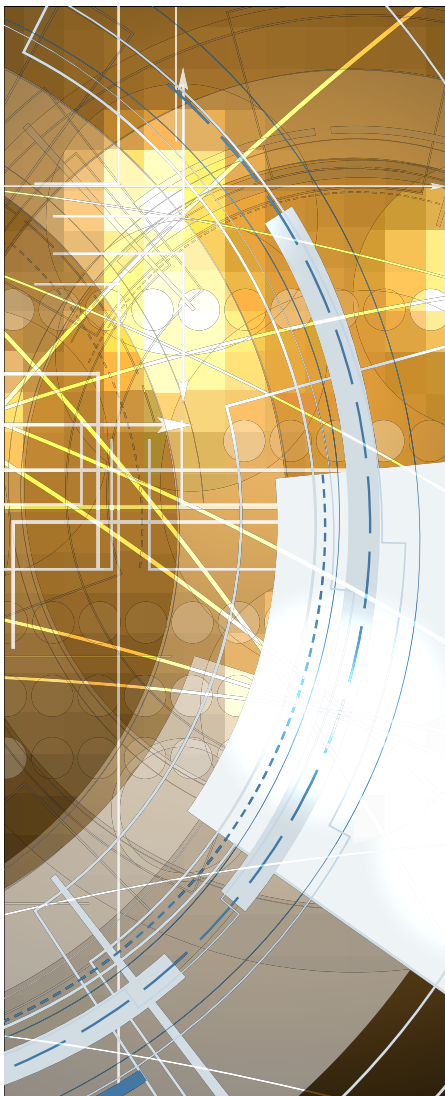
The General Services Administration intends to focus on user experience as a top priority area based on their participant feedback, according to a notice the agency released in March. The GSA said buyers are “more interested in a given platform’s user experience, and the features on that platform to help them accomplish their mission more efficiently, as opposed to the type of platform or business model it operates.”

When the program began, in accordance with Section 846 of the National Defense Authorization Act (NDAA) for Fiscal Year 2018, Procurement through Commercial e-Commerce Portals, the GSA solicited industry responses from providers of

commercial online platforms to prepare for a planned follow-on acquisition for the Commercial Platforms Program. The plan included the availability of product catalogs, the capability of platforms to access and process credit card transactions, and data provided to GSA and agency buyers for analysis purposes.

An outline of the legislation required:

- Contract must be competitive with multiple portal providers.
- GSA shall accept portal provider commercial terms and conditions to the maximum extent practicable.
- All existing procurement rules and regulations apply.
- Orders shall not exceed the Simplified Acquisition Threshold (SAT).
- Platforms must be widely used in the private sector and excludes portals managed by government.



Then, in June 2020, the GSA awarded no-cost contracts to Amazon Business, Fisher Scientific, and Overstock.com, Inc., to modernize the buying experience for federal agencies, assist them in gaining open-market online spending, and test the commercial portals for purchases below the micro-purchase threshold of \$10,000. The program formally launched in August 2020.

Sources:

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<https://www.govconwire.com/2022/03/gsa-seeks-info-from-portal-providers-to-inform-follow-on-commercial-platforms/>

<https://interact.gsa.gov/blog/gsa-awards-contracts-commercial-e-marketplace-platform-providers>

<https://www.gsa.gov/buying-selling/purchasing-programs/commercial-platforms/learn-more>

NOT JUST AN APHORISM—MEET DITTO, THE SMALL BUSINESS THAT SECURED A \$950M CONTRACT WITH USAF

Technology start-up, Ditto, a software development company based out of San Francisco, California, was awarded a US Air Force contract worth up to \$950 million. The contract is to develop an open systems-based Intelligent Edge Platform powering the USAF's Advanced Battlefield Management System (ABMS).

The ABMS is part of the Department of Defense's Joint All Domain Command and Control (JADC2) effort, which uses innovative technologies to rapidly collect, analyze, and share information to assist decision making in real time. The system can operate without network connectivity and when the network has been jammed or degraded.

Ditto's technology could revolutionize military communication systems and enables secure, resilient real-time data transmission, even in austere environments without a central server or hardware.

According to a statement issued by

the USAF, the lucrative contract is part of a multiple-award, multi-level security effort to develop and operate systems as a unified force across the domains of air, land, sea, space, cyber, and the electromagnetic spectrum with an open architecture family of systems that enables capabilities via multiple integrated platforms.

According to Master Sgt. Ryan Connolly, 3 ASOS Superintendent of Special Warfare Support, USAF, "Information dominance is critical for Air Force operations and is dependent on hardware and software resilient against interruption to ensure its accurate and timely delivery at the point-of-presence and time-of-demand of the warfighter and decision authorities. Simple-to-set-up real-time data sync across devices in a mesh with data connections already in the warfighter's arsenal can be a game changer for small tactical teams and operational awareness at all tiers."

"Not only does this contract with USAF signify the relevance and importance of Ditto's technology for any industry or enterprise where real-time and seamless data sync is imperative, but it also is a timely opportunity for Ditto to directly impact the Department of Defense's efforts against cyber warfare and other warfare against the US and its allies," said Adam Fish, co-founder, and CEO of Ditto.

In March, Ditto took part in the Joint Pacific Multinational Readiness Center (JPMRC) Army exercise at Ft. Greely in Alaska to validate the ability of military units and their partners to deploy, fight, and win in an arctic environment. The company's data sync was tested in the field with USAF Tactical Air Control Parties (TACPs).

Sources:

<https://militaryembedded.com/ai/big-data/open-systems-based-aiiot-network-for-cyber-space-air-domains-ordered-by-us-air-force>

<https://federalnewsnetwork.com/air-force/2022/05/this-tiny-vendor-got-a-big-air-force-contract-and-defied-the-odds/>

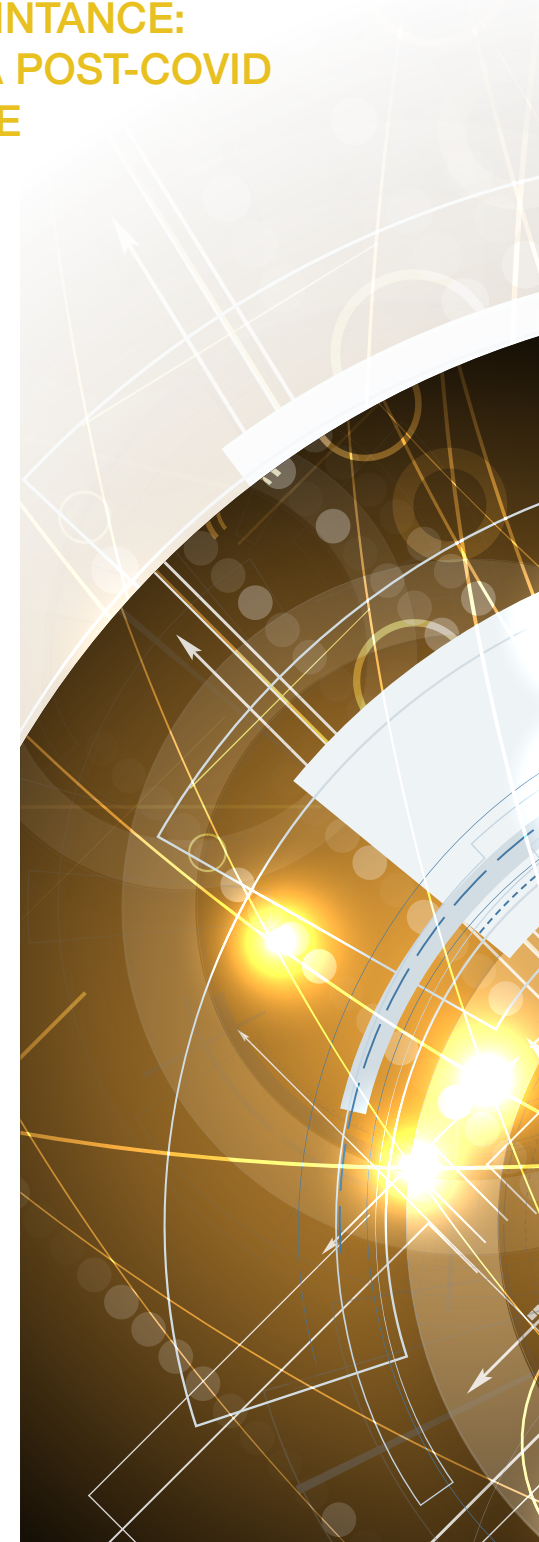
<https://www.ditto.live/press-releases/>

THE GREAT REACQUAINTANCE: MINDSET SHIFT FOR A POST-COVID FEDERAL WORKFORCE

After almost two years on mandatory telework, much of the federal workforce is returning to the office. President Biden, during the last State of the Union address, stated the need for most feds to make a return to the office for at least part of the work week to jumpstart business districts across the country. Many questions regarding office re-entry, however, are left to the discretion of individual agencies.

Beyond COVID-19 health and safety measures, the questions some feds are asking managers and supervisors revolve around telework days, parking, and the office dress code. Employees seeking to get reacquainted with their office have, for the past two years, enjoyed a more casual experience—spending less time getting "office-ready," shifting the focus to more productivity, and creating a feasible work-life balance.

Data from the Federal Employee Viewpoint Survey (FEVS) for 2021, released by the Office of Personnel Management (OPM) on April 28, reflected a decline in job and pay satisfaction compared to results from 2020. As more agencies made a return to the office, one of the biggest changes for federal employees over the past year was a decrease in telework options.



“The opportunities for telework have declined since the peak of the pandemic,” OPM stated. “Telework is positively related to higher scores on employee engagement and global satisfaction and declines in telework could be linked to a decline in these scores.” In 2021, 36 percent of employees teleworked every workday compared to 2 percent who reported teleworking every workday before the pandemic in 2019.

Results from the 2021 FEVS were complicated by large-scale changes in the workplace. Response rates dropped for all agency sizes across the board in comparison to the 2020 FEVS, which witnessed a dip of 10 percent for government overall. For 2021, OPM sent the survey out to 865,425 employees and received a total of 292,520 responses, a response rate of 34%.

Sources:

<https://federalnewsnetwork.com/workforce/2022/04/two-years-into-the-pandemic-federal-employee-engagement-drops-in-2021-fevs/>

<https://federalnewsnetwork.com/mike-causey-federal-report/2022/05/all-dressed-up-and-somewhere-to-go-back-to-the-office/>



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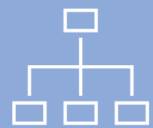
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Federal Pricing Group was founded by career GovCon pricing professionals with a mission to provide sound, competitive financial consulting services to small and mid-sized federal government contractors throughout all stages of the federal procurement cycle.

PRICING MAGAZINE CONTRIBUTORS



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Marsha Lindquist is an expert in GovCon strategic pricing, cost accounting, & contracts for over 30 years. Ms. Lindquist has achieved the distinguished titles of NCMA Fellow, APMP Fellows & APMP Professional (CPP) as well as Future of Pricing Honoree by ProPricer.

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Curing Final RFP Pricing Syndrome

TEN DYNAMIC AND SYNERGISTIC PRICING PRACTICES

By Michael Gallo and Marsha Lindquist

If you accept that money touches everything in your business and your bids, you would be right. The proposal price is important enough to get much of the attention of most company leadership teams. Does your company place emphasis only on finishing the pricing or do you elevate the pricing team involvement and importance? Being vibrant and a front-runner about pricing is more than just slogging through the Government tables. A collaborative pricing team has the strong encouragement of company and proposal team leadership as well as solid practices, particularly to get going earlier in the process than most of their competitors. Ten of the most dynamic and synergistic pricing practices are right here.

1. Share your proposal pipeline with the pricing team. As part of a well-functioning business development system and a well-respected practice, keep your pricing team apprised of upcoming bids. When the pricing team knows what is in the pipeline, especially re-compete opportunities, it helps them identify overlapping pricing requirements which can then be addressed once and reused across multiple bids. Regrettably, many companies don't have a concrete proposal pipeline and largely bid on an ad-hoc basis. What do you do then? Document,

assess, and streamline your pricing processes and pricing artifacts as you go along. As bids are completed, identify common pricing requirements and artifacts that can be reused on upcoming proposals. The more the pricing staff understands the composition of the pipeline, the more they can save time, money and prepare quicker responsive bids by utilizing familiar elements across many bids.

2. Harvest cost/pricing data. It is time to break open the accounting system and harvest past performance cost and pricing data. Why? This data is a key enabler to credible bases of estimates and proof of cost reasonableness. The data helps the pricing team to answer basic pricing questions such as: How many hours does it take? What's the overall average labor rate? What was the actual labor mix? Once harvested, analyzed, and stored, this data can be reused to inform pricing on future proposals. It also serves as important sanity checks during pricing and cost estimate reviews. Furthermore, this data becomes the starter seeds needed to grow a credible estimating system and defend the historical data to auditors and evaluators when questions arise. Combine this information with the past performance meta-data tracked across your

business capture, contracts, and projects organizations to gain powerful insights into your value proposition.

3. Measure pricing competitiveness. If you do not harvest, analyze, and understand why you have won and lost bids, then how will you improve on future bids? Review the past 2-3 years' pricing submissions. Tabulate wins/losses, summarize winning, losing, and other competitor prices. Analyze any government comments/feedback. This simple top-level data can be grown into a useful pricing intelligence database that supports future price-to-win decisions.

4. Conduct pricing deep-dive postmortems. Whether you win or lose, it is critical to know why, and to what extent price drove the award. This is especially important if your company suffered recent proposal losses or lost a key bid. An "outside-in" deep-dive review, using an external consultant, can help your Company obtain an objective and unvarnished truth. Key questions should address how well the pricing submissions complied with the RFP, what kinds of pricing questions or evaluation notices (ENs) the Government evaluators asked, what feedback the proposal team and subcontractors have on what can be improved. With a deep-dive review, the outside information can be invaluable to see the true price picture. The consultant can perform a gap analysis and help your company develop a plan to close gaps and apply lessons learned to future pricing submissions.

5. Make Early Subcontractor Pricing Data Calls a Priority. Subcontractor data calls present challenges and opportunities. The best opportunities come from early pricing homework that includes subcontractor inputs. Early subcontractor inputs facilitate good make vs. buy decisions and, ideally, foster competition among the team to compete for more work share. The challenge lies with the fact that most subcontractors resist the prime's requests for pricing inputs until the RFP hits the street. By taking early charge of issuing Subcontractor pricing data calls, managing their data, and providing your timely feedback, pricing leads can shape the price direction for the team. This information is vital in the pre-RFP stage for timely information to your leadership team on the pricing direction, the technical team for feedback on their solutioning price tag, and to your subcontractors, as you shape the top-down target prices.

A good prime pricing lead will want to engage with the subcontractors as soon as possible and make timely pricing meetings and preliminary data calls before the RFP is a reality.

The best pricing results come from early and frequent cooperative subcontractor data exchanges.

6. Standardize pricing tools and templates. Agencies may use common cookie-cutter pricing templates

and common documentation requirements, especially when issuing a large volume of task order requests from the same IDIQ vehicle. Why re-invent the wheel? Either develop a standard pricing model or adapt an already existing one that will address these common pricing requirements. The standard model can address pricing structure, internal WBS, standardized labor categories, standard factors (such as escalation), and standardized subcontractor pricing inputs. Take the time to also develop the associated standardized cost/pricing narrative template too!

7. Standardize the Pricing Narrative. Much of what goes into the pricing narrative is information that is repetitive from one Government contract cost volume to the next. The basics of a pricing narrative can and should be constructed with uniformity in mind for those items that are always requested.

The types of pricing information that are routinely requested include the following subjects.

- Indirect rate development and/or forward pricing rates
- Historical indirect rates and support
- Actual indirect rates
- Direct labor rate substantiation
- Productive direct labor calculations
- Estimating labor hours
- Uncompensated overtime
- Escalation
- Work breakdown structure
- Pricing and estimating system summary
- Basis of estimates (BOEs)
- Other direct cost development – travel and materials
- Make vs. buy
- Fee
- Cognizant audit agency
- Approved accounting system
- Business systems adequacy/status
- CAS Disclosure statement
- Small Business Subcontracting Plan
- Subcontractor draft agreement terms & conditions
- Subcontractor cost/price analysis
- Total compensation plan
- Statement of offeror's financial capability

Develop a uniform set of pricing narratives for these subjects. Write it, wring everything out of it, wrap it, and keep the information in a database or document library. Plan to review and update the pieces a couple of times a year. The data changes as time progresses, each bid is different, and so does your experience and sophistication with writing about them.

As you develop the standard content, you will uncover both good and bad examples of sterling and not so sterling prose. Retain both example types to demonstrate how you want to

shape the narrative that conveys the basics.

8. Develop & Update Indirect Rate Model.

Regardless of contract type, indirect rate development forms a large part of every pricing situation. Provisional billing rates are only the starting point. The indirect rate model can form the basis for any analysis you need for each bid. More importantly, the development of such a model, and the updates, can be accomplished before the RFP becomes a reality.

Once built, you can use rough order of magnitude (ROM) business base numbers (because your company knows the magnitude of the bid before you begin pursuing it,) to rapidly perform top-level indirect rate scenario analyses. You can quickly explore variables such items as prime/subcontractor labor mix, changes to indirect expenses, and changes to indirect bases such as major other direct cost expenditures. Finally, the analysis can explore any new indirect pools that you might need to establish.

With the ROM indirect rate models established, you can use those rates to preview your preliminary pricing models. Imagine giving your management leadership team an early view of the pricing before the RFP is ever released! Why would you want to do that? Because some of the opportunities you may be pursuing may be less profitable than your company executives desire or the results of your preliminary scenarios can help shape the decisions your team needs to make. More importantly, you have a head start on pricing sooner than traditionally you may have done in the past. That all spells great information for your early gate reviews where pricing information sooner in the bid process can translate to a higher win rate.

9. Invigorate Professional Development. The subject of pricing team professional development is a highly overlooked topic. Give it center stage. Too often, contractors are so busy pumping out proposal pricing that they pay short attention to developing their very specialized staff. And that training does not have to cost a great deal of money or time. If you want to invest in your pricing team to pay you great dividends, this is an important expenditure of company training.

Pricing team professional development can include something so simple as cross-training where each pricing team member takes a job rotation into a new area – sometimes for a year or more. For example, a pricing lead may also take a turn in finance assessing indirect rate impacts. Other choices include courses from industry or institutional leaders in Government contract pricing and estimating such as Defense Acquisition University (DAU). Simple one-day or three-day courses are also important to consider since they are readily available both virtually and in-person from or Federal Publications Seminars (FPS). Important conference breakout sessions such as the Government Contract

Pricing Summit offer attendees great information and ideas on the specific subject matter. Consider individual training or customized corporate training that targets your pricing team's specific needs can be invaluable for any upcoming pricing needs. Spend the money developing your pricing team to make them more valuable and responsible for your company's growth.

What can they get? A deeper knowledge of the regulations, practical applications of pricing software, necessary elements of estimating techniques, dynamics of powerful internal modeling, and information about tradeoff analysis. The best time to make the training investment is while your pricing team has fewer competing demands.

10. Standardize Escalation Sources, Methods, and Documentation. Escalation assessment can be a routine analysis that you evaluate and gauge regularly. The best way to make it customary for your company is to evaluate and establish your primary escalation basis. Those would be to:

- a. Analyze your company's historical and current salary change data
- b. Research data sources such as BLS ECI for historical salary data changes and escalation factors
- c. Seek out third-party forecasting services (IHS Markit) which sometimes may require a fee.

Once you determine your escalation process databases and patterns, write a descriptive document that portrays your process which includes your company standard approach to pricing escalation, a description of your catalog of stored data, and include the justification in your audit files for each proposal pricing that documents your methodology. Remember to write a brief explanatory narrative to include in your cost narrative database or library!

Final RFP syndrome paralyzes companies from taking early, synergistic, and strategic pricing actions and turns pricing into a haphazard, strenuous, and wasteful sprint. Let's cure this affliction! By adopting these synergistic practices earlier in the capture stage, savvy executives can engage the pricing organization strategically, leverage the company's B&P investments more efficiently across multiple bids, and apply lessons learned to sharpen price competitiveness.

The background of the entire page is a dark blue, monochromatic photograph. On the left side, several tall palm trees are silhouetted against the sky. In the background, a city skyline is visible, with several high-rise buildings. The overall scene is a coastal city at dusk or dawn, with the water of a bay or harbor in the foreground.

GPCS Preview

WHAT TO EXPECT AT THIS YEAR'S GOVERNMENT CONTRACT PRICING SUMMIT

Government contracting professionals are a tight-knit community. But opportunities for those in the public sector to rub elbows are only what you make of it. Held again, in 'America's Finest City', sunny San Diego, California, the Government Contract Pricing (GCP) Summit plans to provide a space where leaders, peers, and partners from both government and industry can be brought together.

This hybrid event, June 14-16, 2022 will feature both virtual and in-person experiences. For those attending the in-person event, expect gorgeous marina or skyline views from the Sheraton San Diego Hotel and Marina. Those joining virtually can connect with speakers and attendees through an immersive online platform.

Attendees have opportunities to share ideas, best practices, and initiatives that can help shape the future of contract pricing. That happens through both plenary and breakout sessions, where attendees can get specific questions answered. Most return from the conference with lessons learned and best practices that can not only benefit their organizations but potentially fast-track their careers as well. Contract pricing and acquisition professionals at any level are welcome at the Summit, from pricing and contracts executives to cost/price analysts to technical evaluators and estimators. And it's the only large conference that offers content specific to these types of positions.

KEYNOTES:

**Space Force
Keynote Address:**
Joy White,
U.S. Space Force

Industry Keynote Address:
David Cade,
The Boeing Company



At the heart of
the GCP Summit is...
you guessed it, pricing.
The GCP Summit does not
do Government
Contracting 101;
everything is focused
specifically on
contract pricing and
federal contract
pricing compliance.



**NETWORKING
OPPORTUNITIES:**

Matchmaking sessions, receptions (on two different evenings), networking breaks, and more. These built-in opportunities allow professionals from both government and industry to come together at a grassroots level and affect policies, procedures, and processes across an entire field. Attendees can see firsthand that it is possible to discuss and collaborate with peers and reps from the other side.

Those willing to get things done is a great way to see lasting improvements.



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Industry Events

- ➔ [NCMA's World Congress](#)
- ➔ [2021 DFAR Part 234: Major System Acquisition](#)
- ➔ [HCaTS Delegation of Procurement Authority](#)
- ➔ [Gov Con Q&A Cafe: Compliance](#)
- ➔ [2021 DFAR Part 235: Research and Development Contracting](#)
- ➔ [OASIS Delegation of Procurement Authority](#)
- ➔ [HCaTS Delegation of Procurement Authority \(DPA\)_8-26-21](#)
- ➔ [2021 DFAR Part 237: Service Contracting](#)
- ➔ [2021 DFAR Part 239: Acquisition of Information Technology](#)
- ➔ [California Virtual Digital Government Summit 2021](#)
- ➔ [Ohio Virtual Digital Government Summit 2021](#)
- ➔ [2021 DFAR Part 243: Contract Modifications](#)
- ➔ [2021 DFAR Part 244: Subcontracting Policies and Procedures](#)
- ➔ [Government Contract Compliance](#)
- ➔ [2021 DFAR Part 249: Termination of Contracts](#)
- ➔ [2021 DFAR Part 251: Use of Government Sources by Contractors](#)

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Aug 13, 2022 Webcast

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Aug 18, 2022 Virtual

Aug 26, 2022 Virtual

Sep 1, 2022 Webcast

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A Letter to My Younger Self

THE IMPORTANCE OF “BUILDING OUR EVIDENCE” -
MY PERSONAL SPIN ON BOEs

PRICING MAGAZINE CONTRIBUTOR



Heather Teed

*Founding Partner, President &
Managing Member,
EOP Consulting, LLC*

Ms. Teed, a Cost/Pricing Subject Matter Expert, has 30 years of experience in management consulting, cost/pricing, proposal development, BOEs, and business analysis/market intelligence.



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“Fear **Not** the Bot”

*Diffusing Myths
about AI & Bot Technology in Acquisition*

(Top 7)





Sunil Shamlal
President of Phase LLC

Mr. Shamlal's experience extends over 20 years in various aspects of IT consulting, information assurance, financial analysis, organizational assessment, procurement support, business management, requirements analysis, and teaching systems design as an adjunct IT professor at a 4-year university.

Mr. Shamlal holds a Civil Engineering degree as well as an MBA from American University.

The “robots will steal our jobs” narrative, often used as a typical objection to robotic process automation (RPA), is the core reason for a staff’s lack of willingness to accept new technologies. This is also very real in the acquisition and pricing domains.

In fact, if we look back at history, this fear of automation taking over jobs has been in place for quite some time, ever since cars replaced horses and trains replaced carriages. The reality is that technology makes it possible for us to live more efficiently and increases our quality of life.

Artificial intelligence (AI) is already all around us. Email communications, social media, driving directions, music and movie recommendations, web searching—all of these are using AI. Most of us can agree that these things have improved our lives in many ways. Therefore, we should not look at this change as something scary, but

instead look at ways it can help us be more efficient. We should consider how we can utilize AI and other emerging technology and robotics in ways that serve us and our lives.

Nonetheless, change can be scary, and it is natural for us to be concerned about how change can impact our lives, or in this particular case, our jobs. There are steps we can take to ensure that the change has a positive impact. You might be leading an acquisition team where the implementation of new technology will impact outcomes but also team members. It is your role to make this transition as smooth as possible, starting with educating your team about the exciting possibilities of implementing new technology.

For starters, prior to engaging in the automation project, you should educate your team about what software robots can and cannot do. This will help them understand that the bots

should be seen as helping—and not hindering—the current work roles, projects, and mission outcomes. Moreover, you should invest in training employees regularly, as the “automation era” will likely require them to acquire new skills.

By being proactive with your team and enhancing their skills to effectively utilize new software and tools, you not only upskill them for the future of work requirements, but also assist them in feeling secure and ready to take on this change.

The myths around AI and its impact on the way we work within acquisition can be quite diverse, so we have put together a list of myths which can provide insights on the realities and the misconceptions to prepare you and your organization for the future.

1 MYTH

THE BOT IS SEEKING TO TAKE OVER MY JOB... AND THE WORLD

The bot is seeking to do nothing, only assist in aspects of work that are more efficiently done by bots. Statistics by the World Economic Forum 2018 show that the jobs created by automation far exceed the jobs lost to automation. We worried at every stage of the industrial, and now the information evolution, that machines would take our jobs. However, it's been seen over the years that jobs get added as automation evolves. Yes, some jobs go away but new ones get created in larger numbers. Companies that have created robotic process automation (RPA) tools—like BluePrism, UiPath, and others—have created thousands of jobs. The automation we continue to see in our work life and within acquisition from bots continue to allow us to do more.

Key Take-Away: Bots allow us to do the more cerebral work, while automating the repetitious and tedious work. Machines are created by humans and AI is designed and developed by humans. All this creates jobs and doesn't take ours away.

2 MYTH

BOTS ARE SO MUCH SMARTER THAN PEOPLE...

Let's first take a look at we mean by AI being "smarter" than people. A famous psychologist, J.P. Guilford, divided creative thought into two categories: divergent and convergent thinking. Divergent thinking is the process used to creatively generate many ideas and come up with many solutions. Convergent thinking is arriving at one correct answer, leaving very little room for creativity or different solutions. So, when it comes to AI becoming

smarter than humans, we can say that it might have strong convergent thinking because it can process more information than our human brain and in shorter period of time. But what it lacks is curiosity and creativity—or divergent thinking ability. Today, AI is specialized in specific tasks and specific outcomes. The human brain is designed to adapt to many different environments and has the social skills and emotional intelligence that even the most intelligent computer does not have.

Key Take-Away: Machines are programmed to solve specific problems, not be diversified in coming up with creative solutions.

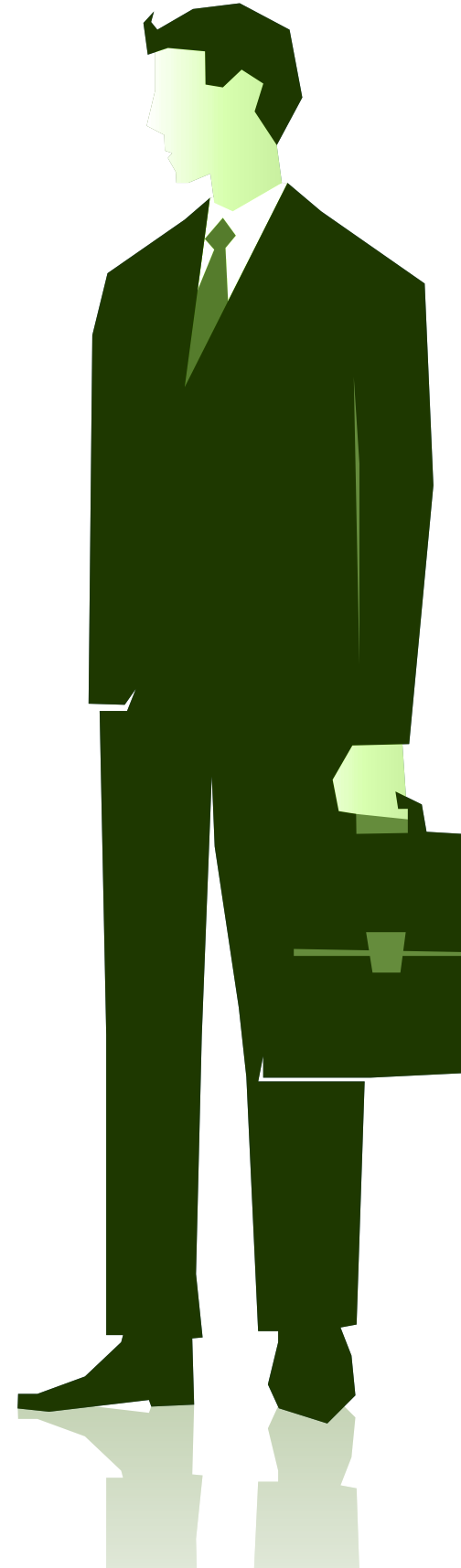
3 MYTH

PEOPLE & BOTS CANNOT CO-HABITATE...

Machine learning, AI, and robotics are all around us. We are already living with one another effectively. AI experts predict that the technology by itself will not be at the optimal level to take over completely, and there will always be a need for human decision making that cannot be handed over to a machine. This hybrid model of problem solving and decision making between human and a machine is a powerful combination that will serve us in a positive way, particularly as each side learns more and more about how to best co-exist together. A good example of this relationship is the semi-driverless car—it requires both participants to actively be involved in the experience.

Algorithms are only good for specific situations and problem-solving steps, so when a new piece of information is introduced, a machine might not be good at assessing the new situation, thus causing a failure, accident, or mistake. Just remember a time when Google maps took you to the wrong location and you blindly followed its direction without thinking that something might be off.

Key Take-Away: We can live in the same environment as bots. However, humans have a responsibility to pay attention to the results machines are producing to ensure things are aligned.



4 MYTH BOTS AUTOMATICALLY INCREASE EFFICIENCY AND PRODUCTIVITY WITHIN ORGANIZATIONS...

The impact of AI has been felt across many industries, from acquisition to healthcare to finance to customer service and retail. Workplace AI is making a difference in individual ability and performance. What is the catch then? The catch is that humans need to know how to utilize the technology effectively and incorporate it into the workflow. AI can impact your workday in just about every aspect. As employees and leaders, we need to be proactive in understanding how our respective area of work is being affected by technology. Are we taking advantage of these innovations or are we lagging behind and creating a threat of being dissolved? Continuous learning is something that must be actively practiced because the world of work and technology is not slowing down. Ultimately, we have a choice, to keep up or be left behind. Where can you save time, money, and effort by utilizing the latest technology or automation tools?

How are you preparing for the future of work?

Key Take-Away: *Keep pace with AI technology and learn how to leverage it most effectively and efficiently within your organization.*

5 MYTH THE BOT IS CAPABLE OF SOLVING ALL MY PROBLEMS...

The bot is only capable of solving what you direct the tool to solve. Is a task repetitive? Is it one that does not require human interaction? Is it subject to human errors, like large data entry? Based on your answers to these questions, you can then choose to

automate the task. We have been automating tasks that we do everywhere to become more efficient. Even getting fresh orange juice is automated. The bot is just another tool that should be used wisely to allow humans to work more efficiently. Bots don't make decisions that require the social and emotional aspects of decision making. Bots and AI can apply pre-determined logic and even learn on that basis. But at the end of the day we need human IQ, thinking, emotions, and operational environment understanding to solve problems. We know how to adapt; bots and machines don't. We know how to consider emotion; bots don't. We either solve problems or employ bots to solve problems.

Key Take-Away: *Automated tasks are ideal candidates for a bot, but problems are solved by humans.*

6 MYTH AI LEARNS ON ITS OWN...

When it comes to machine learning, we might assume that after some time, it starts to learn on its own. But that is not completely correct. In fact, the data preparation, removal of biases, and basic input of the problem is done by a human.

Key Take-Away: *There needs to be continuous improvement and updates to AI software to ensure new knowledge and data are integrated accordingly.*

7 MYTH COMPANIES DON'T NEED AN AI STRATEGY...

Machine learning and AI are going to impact businesses globally, even further than they already have. The notion that your business does not need a strategy to effectively navigate the changing waters of business and

technology is worrisome. How much and how fast they change are two considerations we need to keep in mind. Not every company is going to be able to implement all new technology or implement new technology all at once. But there needs to be a continuous flow of consideration when it comes to AI and its impact on business from operations to sales to the performance and productivity of the workforce. If done right, the integration of AI—particularly RPA—can help us redesign the way we work and automate many processes, leaving humans with more time on their hands and increased productivity across board.

Key Take-Away: *Don't fear the bot! What does your AI strategy look like?*



Help!

THE GOVERNMENT HAS PRICING QUESTIONS! WHAT NOW?

About the author:

Michael Gallo is Partner and Principal Consultant at Federal Pricing Group, a consulting firm focused on providing expert contracts pricing to small and mid-sized federal government contractors and cost-related acquisition support services to federal agencies.



Learn more at www.federalpricinggroup.com

Common Issues

Generally, cost and pricing questions fall into four broad issue areas:

- **Omission** The Government believes something is missing from your price proposal. It could be something as simple as a sub-total calculation error or something more serious such as unpriced tasks that are identified in your technical volume but not included in your price.
- **Necessity** The Government believes something priced into the proposal is not relevant or 'in-scope'. Sometimes a lack of a clear explanation of how costs were derived and or calculated can also lead the Government to question certain costs. Lump sum costs, without underlying details and explanation, are a great example of this.
- **Consistency** The Government believes something in your pricing doesn't align with your technical volume. This can occur when last minute pricing drills shave costs (such as staff hours), but the change is not reflected in the technical volume (or vice versa).
- **Reasonableness/Realism** If the Government says a particular cost appears 'unreasonable', they're saying they think it's too high. Conversely, if the Government says a particular cost appears 'unrealistic', they're concerned it's too low.

HOW SHOULD COMPANIES RESPOND TO THESE QUESTIONS?

1 Talk to the right people.

Even if you disagree with the evaluator's question, keep in mind there's something unclear in your proposal that created ambiguity and doubt in the evaluator's mind. Don't take it personally. Avoid argumentative language in your responses that just serves to aggravate the evaluators and doesn't help you to address the issues raised. The fact that the Government may think a proposed cost might be too high (or too low) doesn't necessarily mean you should revise your price. Often the Government uses terms such as 'Justify', 'Substantiate', 'Clarify', 'Explain', etc. to describe their need for additional information.

2 Fortify answers with facts and data, not more unsubstantiated assertions.

The four main issues: Omission, Necessity, Consistency, and Reasonableness/Realism almost always boil down to a lack of adequate documentation and substantiation as a root cause. Provide corroborating evidence to justify unit costs and rates. Clearly explain how costs were derived and/or calculated.

3 Make it easy for the evaluator.

Assuming the Government has also requested a final pricing revision and if you elect to revise your pricing, clearly track those changes in your pricing model. This is especially important when there are numerous and significant changes to price. The Government needs to understand how and why your price changed. Highlight cost elements that were added to your proposal. Identify unit cost and rates that were revised. Flag items that were removed from your revised proposal. Also, ensure to provide a brief narrative summarizing what has changed in your revised proposal pricing.



Conclusion

Breathe a little sigh of relief. Your firm has progressed through 1st cut. While your firm hasn't won the contract (yet), the Government believes your proposal has enough merit and deems it worthy enough for additional consideration.

Remember, the Government is evaluating MANY proposals in addition to your proposal. Contracting officers want to progress to contract award, now! Help them by clearly, accurately, and comprehensively responding to evaluator pricing questions. Give the evaluators the missing pricing facts and data they need so they can demonstrate they evaluated your winning proposal objectively, fairly, and consistently.


Peer to Peer Interview

Heather Nakagawa joined Nammo in 2012 as a Senior Pricing Analyst for the Nammo Talley Inc site in Mesa, AZ. Including her time with Nammo Talley, Mrs. Nakagawa has over 20 years of experience in cost/price analysis and management. Throughout her career, Mrs. Nakagawa has had the opportunity to work as a Cost Estimator, Pricing Analyst, Supply Chain Manager, and Financial Analyst. Since she has worked on both the front and back end of programs, she has an appreciation for how these departments need to work together for a company to be successful. Mrs. Nakagawa understands the value of establishing and maintaining effective, cooperative relationships, as well as adapting to changes in the work environment.

1. Tell us a little bit about your day-to-day responsibilities, specifically what's your role in helping your company reach its full proposal potential?

In my day-to-day responsibilities here at NDS, I oversee all pricing for this location. We have hundreds of contracts and proposals that come through our office. Ultimately, I am responsible for rolling up all cost and pricing data.

I'd like to think I play a role in our company's success. However, we have an amazing proposal team and a remarkable group of engineering professionals that contribute to our proposal development and success. As the Senior Pricing Analyst – and ProPricer Power User and Trainer- I work hard to make sure everyone puts their best foot forward and is trained to the best of my abilities. The more knowledgeable our people are, the better the quality and the higher the volume of proposals our team can put out. Learning and education are so key.



*with Heather Nakagawa,
Senior Pricing Analyst, Nammo Defense Systems Inc.*

2. Tell us about some of the key priorities during the pre-award stage?

Making sure we are staying on top of all compliant issues is a big priority for us. With everything constantly changing, making sure you are meeting all requirements ahead of time is important.

Once you have that buttoned-up, early communication and collaboration can make huge difference when first diving into the exchange of cost and pricing data. Being able to have key conversations early on has helped us build trust, avoid misunderstandings, and expedite negotiations on numerous occasions.

At least for us, prioritizing relationship building – whether you are a prime or sub, keeping that constant communication and relationship - has helped our proposal process go smoothly.

3. There is a lot of discussion lately about acquisition practices that support the need for speed-to-contract. What can organizations do to help get to contract award faster, while preserving the integrity of their pricing methods?

The earlier the communication and the more communication the better. Proactive communication early in the process can provide so much insight at the very beginning. The more business intelligence information that can be provided, the better. This helps reduce so much time from an administration standpoint.

After communication, I'd say documentation and reporting. Documentation is key; anything from clarifying the Statement of Work, to thorough Cost and Pricing Analysis, to detailed BOEs based on past performance. All these things will help expedite the process.

Lastly, I think that it's important to pay attention to the details. Get the pricing right the first time and avoid revisions. Know your product, know your customer, and ensure your prices are in line with your past proposals. If the prices vary drastically from your last proposal, as they very well might given the current state of things, provide a detailed analysis as to what has affected the cost & pricing. These details justify the changes the customer will see, which provides them the support needed to audit the pricing.

4. Another hot topic is synergy and collaboration between government and industry. What are some key impacts that businesses can do to enhance and evolve their collaboration efforts?

Things are changing at a much more rapid pace than they

have in the past. Things shift with every new administration, too.

I'm a big proponent of looking at new technologies my company has in place to see how we can use that to make us more successful in execution, especially because of the new regulations that come out. It's amazing, when (and if) you can take a step back and reevaluate your current systems and how big of a difference new technology can make.

Especially after 2020, I feel like there are now, more than ever, so many platforms that are specifically designed to make both parties' lives easier- more collaborative. I highly suggest anyone take the time to see if they can enhance what they are currently using to spearhead more collaborative efforts. The technology is out there.

I'll take ProPricer, for example. We were working on two different proposals; one customer had ProPricer, and one did not. The proposal in ProPricer took days, maybe a week to negotiate. The proposal without similar platforms took almost eight months of back and forth.

5. What is one thing you enjoy the most in the government contracting industry?

There are many things I enjoy, so it's hard to nail down just one thing. One of the reasons why I like pricing so much is because I get to tackle routine challenges and new challenges every day. Each day is always different. Sometimes there's a new spin on an old challenge—that's never the same twice.

I enjoy my team and the collaborative nature my position brings. We've worked hard – and continue to work hard, of course - on our proposal efforts. It's fun to celebrate our wins, confront challenges, and reflect and regroup on any misses that may occur together as well.

I've really enjoyed all of that and it's probably why I've stayed in not only this career field but at this company so far.

6. Any final thoughts or anything you are looking forward to for the remainder of 2022?

I'm just excited about what the rest of the year holds. Don't be afraid of change. I think the last couple of years, though difficult, has made me more appreciative of so many things and open to change.

I'm really looking forward to the opportunity to attend this year's (GCP) Summit. It's exciting to be back in person again, connecting with industry and government professionals.

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The Procurement & Acquisition Center of Excellence (PACE) LLC is a US Small Business Administration 8(a) certified and Service Disabled Veteran Owned Small Business (SDVOSB) entity. Our knowledge and experience with Federal acquisition regulations, policies and procedures, systems, and processes positions us as the premier choice for meeting client requirements in the procurement and acquisition services and training. Set your PACE for excellence!

Procurement & Acquisition Training

Acquisition Support Services and Consulting

Coaching & Leadership Development

Event & Conference Planning

Creating Powerful Platforms to Foster Synergy

Cultivating the habit of synergistic relationships is a key element to the foundation of pricing and procurement.

Dear Reader,

I hope you enjoyed this special issue of Pricing Magazine.

I joined ProPricer a few months ago, and I am humbled to be part of the gold standard in proposal pricing software. In this issue, we focused on the impact of creating synergy, and we have three takeaways for not losing on price alone:

1. Acquisition success is greatly dependent on agile and adaptive leadership.
2. Collaboration and communication with your entire proposal staff will help uncover both good and bad examples of your bids.
3. It's important to take the time to find synergies between your BOE and the rest of the proposal.

I believe teamwork is the catalyst that fosters success and innovation. One of the most powerful ways in which we can all contribute unique, strategic value is through open communication. Through a collaborative spirit, our team continues to invest in insights and solutions to better serve our customers' growth. We succeed when you succeed.

We've taken great strides to enhance product functionality that meets your needs. This month, we will release ProPricer 9.4 Build 103 and a Cashflow Reporting Tool to help you streamline your cashflow-related information in any proposal. You also asked for a BOE Writer Tool, and we aim to deliver it by the end of the year.

More good news! We're excited to announce a new partnership with Deltek, whose Marketplace will now contain ProPricer, which includes upcoming integrations with Deltek's Costpoint and Cobra. We hope these integrations increase your productivity and efficiency while creating seamless workflows.

There are so many ways we can help our customers and add value to this community. I'm grateful for this leadership opportunity that our Board, team, and community have entrusted me with, and I invite you to take advantage of all we have to offer.

Thank you for your continued commitment to the GovCon pricing community. I hope to meet you in person at the Government Contract Pricing Summit in San Diego.



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Are you interested in contributing to the next issue?

Learn More at

www.propricer.com/pricing-magazine

Future Issues of Pricing Magazine for 2022

- September 2022
- December 2022

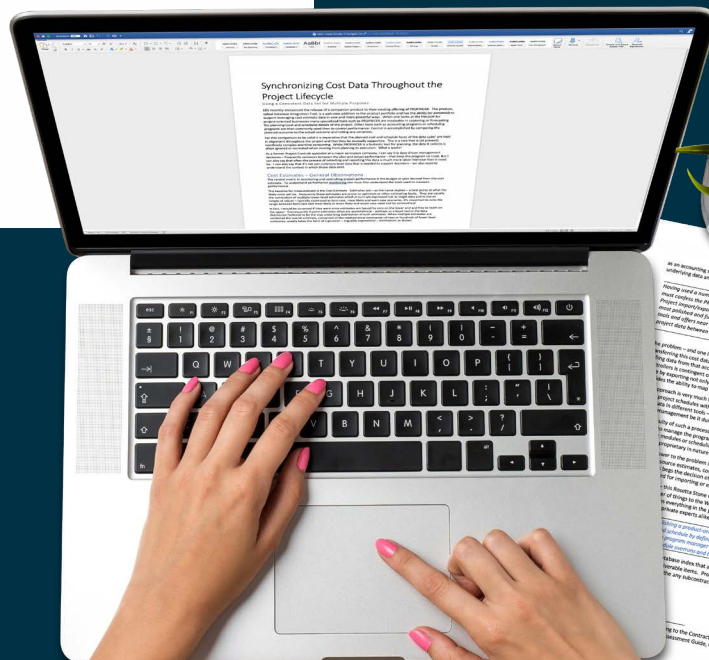
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Do You Want to Write for Pricing Magazine?

As a pricing and procurement professional, your knowledge and Individual experiences in the field are invaluable to our readers.

We welcome—and encourage—the submission of original articles on all relevant pricing topics!

To learn more about writing for Pricing Magazine, visit www.propricer.com/pricing-magazine, or submit your manuscripts and ideas for potential articles directly to hdehesa@propricer.com. We look forward to hearing from you.



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SCAN ME