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COST ASSESSMENT AND PROGRAM EVALUATION

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Cost Data Collection from Non-Traditional Vendors

or "Just How Flexible is the FlexFile?"

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Daniel Germony, MCEA, CCEA
Operations Research Analyst
OSD CAPE
Land & Naval Warfare Cost Analysis Division (LNWCAD)
NIPR: Daniel.R.Germony.civ@mail.mil
Cell: (703) 901-8678

The overall classification of this briefing is: UNCLASSIFIED

Agenda and Purpose

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Agenda

- **The Changing Landscape of Acquisition & Cost Data Collection**
- **CSDR Collection From Non-Traditional Defense Vendors**
- **Examples of CSDR Tailoring**
  - Defense Logistics Agency
  - Army Depots
  - Use of Allocation Tables
  - Unit Level Reporting
- **Looking Forward: "Becoming Better Customers"**

Purpose

1. Provide insights & examples of recent successes using FlexFile with non-traditional vendors.
2. Identify apparent correlations between successful and unsuccessful FlexFile adoption.
3. Highlight recent/current efforts to make FlexFile adoption easier.

The Changing Landscape of Acquisition & Cost Data Collection

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Summary Statistics

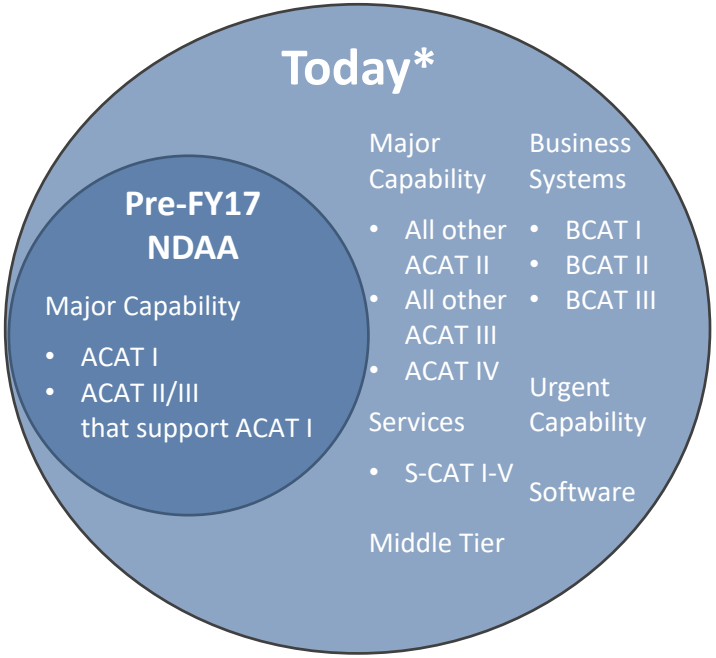
Pre-FY17 NDAA

- **1.5** ACQUISITION PATHWAYS COVERED
- **9** DATA DELIVERABLES COLLECTED
- **1,374** SUBMISSIONS DUE 2016
- **120** PROGRAMS REPORTING 2016
- **88** CONTRACTORS REPORTING 2016
- **1,100** DATA RECORDS PER TYPICAL COST REPORT

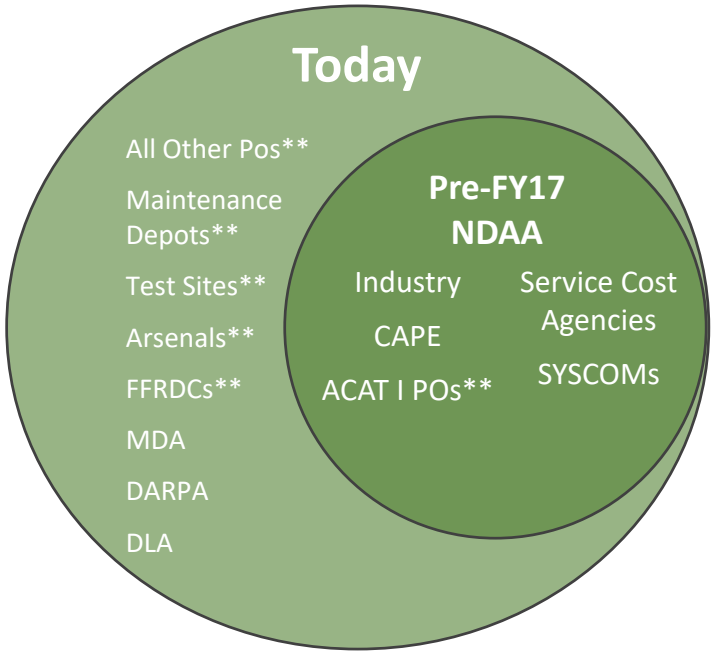
Today

- ↑ **15** ACQUISITION PATHWAYS COVERED
- ↑ **15** DATA DELIVERABLES COLLECTED
- ↑ **1,990** SUBMISSIONS DUE 2021
- ↑ **221** PROGRAMS REPORTING 2021
- ↑ **182** CONTRACTORS REPORTING 2016
- ↑ **85,000** DATA RECORDS PER TYPICAL COST REPORT

Acquisition Pathways Covered



Stakeholders Supported



* For DoD acquisition programs over $100 million, then-year dollars
** When meeting/exceeding reporting threshold

CSDR Collection From Non-Traditional Defense Vendors

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Over 16,000 CSDRs deliverables have been successfully provided by ~250 different contractor and government organizations

CSDR has been successfully collected…

- From both traditional and non-traditional vendors
- Prime contracts, subcontractors, government organizations
- From vendors with and without CAS accounting systems
- On FAR 12, FAR 15, and OTA contracts
- On contracts released by Defense Logistics Agency, Missile Defense Agency, and Space Development Agency

Copious amounts of CSDR training is available

- Online videos/webinars & direct company training
- Pre-submission reviews of deliverables
- Guides, handbooks, examples files, automated submission validation software

Resent examples of CSDR requirements on contracts with non-traditional defense vendors (randomly selected and ordered)**:**

Microsoft Corporation
- *Integrated Visual Augmentation System (IVAS)*

Space-X
- *Evolved Expendable Launch Vehicle (EELV)*

Cerner and Henry Schein
- *DoD Healthcare Management System Modernization (DHMSM)*

EO Vista
- *EO/IR Weather System*

Sierra Nevada
- *Light Attack Aircraft (LAA)*

General Motors
- *Infantry Squad Vehicle (ISV)*

CSDR Collection From Defense Logistics Agency (DLA)

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Overview: DLA executes contracts differently than more traditional development or production contracts

- The hardware (i.e., a list of NIINs) that will be procured may not be known at the time of solicitation. Actual ordered NIINs won't be known until a Delivery Order is issued against a contract
- DLA contracts are often 10-years in duration with 100+ Delivery Orders, each behave like a stand alone contract.

Problem: How to prepare, and keep current, the CSDR plan's End Item and Order Lot ID tables?

Solution

- *Order or Lot ID* == Unique Delivery Order Numbers
- *End Item ID* == Each NIIN Actually Ordered (can exceed 1,000 end item ids)
- Neither Order/Lot or End Item tables are kept up to date in the CSDR plan; actual Order/Lot and End Items tables are kept current only in data deliverables.
- Minimally compliant WBS are included within the CSDR plan & only 3-5 WBS are actually used by vendors.

Take Aways:

- A long list of End Item IDs (and a short WBS) can better align to many aspects of a contract, both its execution and tracking in vendor accounting systems.
- Keeping an End Item and Oder/Lot tables "current" can be more trouble than it is worth.

CSDR Collection From Army Depots (1 of 2)

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Overview

- Many depot level efforts now require/qualify for CSDR reporting either directly or as part of Public-Private Partnership agreement.
- Army depots all utilize a standard Enterprise Resource Planning (ERP) system known as Logistics Modernization Program (LMP).

Problem: How should Army depots become compliant with CSDR?

Potential COAs

- **COA 1**: Prepare CSDR plans for each qualified action. Have Army depot employees for each depot and/or program take FlexFile training and prepare three-part template submissions.
- **COA 2**: Have a small group of DCARC & depot SMEs identify relevant fields within the ERP system; identify ERP data export procedures; automate mapping into the FlexFile data model. Minimize overall employee involvement (particularly recurring involvement).

Which COA does your program office/company use today? Which COA would you prefer?

CSDR Collection From Army Depots (2 of 2)

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FlexFiles Data Sourced from Standard LMP Reports:

- Via "Sailor" Report (S_ALR_87013543)
- Via Master Schedule Report (KPI) (Z_ZOP_M01_SCHCOMP_RPT)
- Via Metrics Report (ZCN41)
- Not required

Cost and Hour Report (FlexFile)

Data Group A

Report Metadata

Approved Plan Number
Period of Performance
Submission Event
Reporting Organization
As of Date
(see DID for full list)

Data Group B

DD Form 2794 Data Elements

~~WBS Element~~
~~Order/Lot~~
~~End Item~~

Data Group C

Definitions and Remarks

WBS Element Definitions
Remarks by WBS Element
Summary Remarks

Data Group G

Forecasts At Completion (FAC)

~~FAC (Dollars)~~
~~FAC (Labor Hours)~~

Data Group D

Summary Elements

~~Order/Lot Subtotals~~
~~General and Administrative~~
~~Undistributed Budget~~
~~Management Reserve~~
~~Facilities Capital Cost of Money~~
~~Contract Fee~~
~~Contract Price~~

Data Group E

Actuals To Date (ATD)

~~Account~~
~~Reporting Period~~
~~CLIN~~
~~Nonrecurring or Recurring~~
~~Functional Category / Overhead~~
~~Standard Functional Category~~
~~Unit/Sublot~~
~~WBS Element~~
~~Order/Lot and End Item~~
~~ATD (Dollars and Labor Hours)~~

Data Group F

Allocation Methodology

~~Allocation Method~~

Quantity Data Report

Data Group A

Report Metadata

Approved Plan Number
Submission Event
Period of Performance
Reporting Organization
As of Date
(see DID for full list)

Data Group B

Government Furnished Equipment (GFE)

~~WBS Code/Level/Name~~
~~Order/Lot~~
~~End Item~~

Data Group C

Quantity at Completion

~~Delivered Quantity At Completion~~
~~Internal Quantity At Completion~~
~~Co-production or Concurrent~~
~~Quantity At Completion~~
~~GFE At Completion~~
Remarks

Data Group D

Assessed Quantity to Date

~~Quantity Completed To Date~~
~~Quantity In Process~~
Remarks

Data Group E

Sequencing (as required by Plan)

~~First Unit Number~~
~~Last Unit Number~~
~~Is Internal~~

Take Away:

- Initial, non-recurring work by a few SMEs can minimize recurring work for many employees.

CSDR Data Collection When The Vendor Has Few Control Accounts

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Overview

A non-traditional vendor is awarded a contract with CSDR requirements. The vendors ERP system is not CAS approved and only one control account exists to accumulate cost and hours for internal labor (material costs and ODC costs are essentially IAW CAS). The contract's total value is heavily skewed to material costs.

Problem: How does this vendor report internal labor against the CSDR plan's WBS?

Potential COAs

- **COA 1:** CWIPT digs in its heels, requires the vendor change its accounting system to track costs by WBS. The vendor submits a Request For Equitable Adjustment to cover the costs to change their accounting system or protests the requirement or [many other potential bad things for both USG and the vendor].
- **COA 2**: CWIPT and vendor agree to utilized FlexFile's Allocation Methods & Components tables to allocate internal labor to WBS, updating the allocations multiple times during execution based on vendor assessment of workload distribution.

Which COA is better for the vendor, for the cost analyst, for the program, for the warfighter?

CSDR Data Collection When "Unit" Level Reporting is Required

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Overview

A non-traditional vendor is awarded a firm-fixed price contract to produce ~300 units of system X per year. The CSDR requirement on contract has unit and sequencing requirements. At the CSDR Post Award Conference, the vendor admits they did not understand the meaning of block "18. OPTIONAL REQUIREMENTS" on their CSDR Plan but their production process is setup for runs of 20-30 units at a time, not one unit per run.

Problem: How does this vendor comply with the CSDR plan's unit level reporting requirement?

Potential COAs

- **COA 1:** The unit level reporting requirement should be removed and replace with LOT reporting (i.e., all costs for all ~300 annual units combined).
- **COA 2**: The vendor signed the contract, they owe unit level reporting, even if it means retooling their entire production process, causes costs to increase, and/or delivery delays.
- **COA 3**: The vendor has found runs of 20-30 units are the most efficient way to produce end item X, these run sizes are expected to continue for the duration of the contract, and the level at which data is available in the vendor's accounting system. CWIPT and vendor agree that data will be provided at the production run level rather than UNIT == 1 or LOT == ~300.

Which COA is better for the vendor, for the cost analyst, for the program, for the warfighter?

Looking Forward: "Becoming Better Customers"

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Apparent correlations between successful FlexFile adoption:

Successful Adoption	More Difficult Adoption
Competitively Awarded	Sole Source Award
Partial FlexFile (FAC/EAC data) Required with Proposals	CSDR Plan Not Reviewed Until After Award
Data Item Descriptions & Training Materials Reviewed Pre-Award	Reliant on Meetings to Gain Understanding
Longer, One Day Post Award Conference/Readiness Review	Short, Weekly CSDR Check-Ins

New training materials

- CADE Webinar Series are held weekly, open to both USG and vendors.
- Example "Cerberus Program" Deliverables
  - Example deliverables of FlexFile, QDR, SRDR-D, M/R, TDR, RDT, CFSR, and Select Acquisition Reports
  - "Real world" representative size and links between reports (e.g., M/R maps into FlexFile)
- Advanced CSDR deliverable validation training
  - Training & tooling to perform detailed submission reviews (could be performed by contractor prior to submission or USG analyst at the time of submission).
  - Tooling used to perform reasonableness reviews, automatically.
- Updated DoDI 5000.73 and Implementation Guide(s) (with an increased emphasis on pragmatism and/or how to use FlexFile flexibility)

Updated Policy

- CSDR DFARS clauses and provisions are in work.
- Updates to DoDI 5000.73 and Implementation Guide(s) are anticipated.

Backup

Non-Traditional Defense Contractor

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10 USC 2302 (9) - A non-traditional defense contractor is an entity that is not currently performing and has not performed, for at least the one-year period preceding the solicitation of sources for the other transaction, any contract or subcontract for the DoD that is subject to full coverage under the cost accounting standards (CAS)

This briefing use "Non-Traditional Defense *Vendor*" to distinguish that it is using a broader definition than "Non-Traditional Defense Contractor".