

Credibility & Profitability: The PRICE-to-Win Philosophy

As a relative newcomer to the field of capable Command & Control (C2) system developers, the contractor knew that his bid for this system needed a discriminator to win. The competitors were all more experienced and eager to win this business. The strategy was to prepare a solid technical proposal that was priced to win. "But-in" was not an option, however. The bid had to be low, but also credible and profitable. Because the system was software intensive, the focus of cost control was placed here. Knowing the danger of pricing the software development after the proposed design had been established, the contractor decided to adopt a novel approach: impose the software development price to win (target cost) on the design before the proposal development team has an opportunity to fall in love with a specific solution.

How to do this?

Merge a software savvy cost estimator with the Technical Program Director to produce realistic estimates for as many top-level design alternatives as needed to meet the target constraint. After no more than 2 weeks, the solution emerged: a common core software package that met common requirements of the six different processors of the air defense C2 system and unique additional software packages pertinent to each of the six processors. Though the solution resulted in more software functionality than was needed for many of the six processors, it greatly reduced the amount of creation associated with six unique developments. In this case, more was truly less; not what the Technical Director had ever dreamed, and only realized due to the establishment of an early target. All of the analysis was conducted with PRICE S. Once the proposal preparation began, the software team was given not only a cost target, but also a development approach that could meet it.

The result was a proposal preparation and review that was far smoother, more consistent in technical and cost content, and with less wear and tear on the nerves and morale of the proposal team than the norm for this contractor.



CASE STUDY

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