

L-3 Mission Integration (L-3 MID)

Data Driven Estimates for Fast, Accurate Bid and Proposal Generation

Challenge:

Before PRICE's software estimation model was implemented, L-3 MID's estimating process suffered from common weaknesses such as: inconsistent process for estimating, estimates that lack visibility into justification, time consuming data collection for estimates, wide ranges of accuracy levels, multiple estimating methodologies that erode the credibility of estimates.

Solution:

L-3 MID has embedded PRICE Systems' estimating framework in key business processes in order to achieve substantial returns. With reduced time and effort to generate estimates as well as increasing accuracy, L-3 MID has been able to establish credibility with customers that have more confidence in parametric modeling.

Data Driven Analysis for Speed

Since 1986 PRICE Systems' software models were used as a "second opinion" to the existing system of bottom-up estimating. For two years, the models served as a crosscheck for the cost engineering department. In 1988, the process of systematically collecting actual results and comparing them against the original PRICE estimates began. This unique and powerful capability of PRICE estimating solutions, known as calibration, allows the accuracy of the model to increase over time. As data is collected and calibrated over many projects L-3 MID has been able to consistently improve their bidding and proposal process by increasing the credibility and accuracy of estimates for new software systems.

L-3 MID produces approximately 200 estimates for bid & proposal decisions each year. The speed needed to generate that volume of estimates on a weekly basis is achieved through a standardized and repeatable process that evolves by collecting data on previous estimates, comparing them to actual results and then using that data as the basis for future estimates.

Shortly after the initial calibration, PRICE's software estimation model became the Basis of Estimate for all L-3 MID software bids and has remained embedded in the process for the past 20 years. The estimates generated from PRICE models are a key input into L-3 MID's internal bid and proposal application.

Data Driven Analysis for Accuracy

Once a Request For Proposal for a software system has been received it is the responsibility of the software engineers and cost engineering department to develop, approve and submit the estimate for the proposal. After the software engineers determine the scope of the bid and identify the environmental and technical metrics, a bottoms-up estimate is produced. Cost engineering then uses the PRICE estimate as the Basis of Estimate using the bottoms-up as a sanity check. Later, the actual results of the project are used to calibrate the model, so that as more estimates are generated over time the accuracy of the model increases.

Ultimately, the Finance department uses the estimate of effort to determine the cost required to satisfy the proposal and win the contract.

The Results

Through the power of the PRICE estimating solution, L-3 MID has been able to increase the speed with which they are able to develop estimates for proposals and increase their new business opportunities. The ability to calibrate the model has significantly increased the accuracy of L-3 MID's estimates and established credibility for repeat business.

CASE STUDY



Mission Integration

"Before we used PRICE the estimating process was inconsistent; estimates would vary wildly, which made defending estimates a challenge. Gathering the necessary data for estimates was a slow process and there wasn't a framework for estimating, collecting, and analyzing data for future estimates."

Melody Jolly
Senior Cost Engineer, L-3 MID

About L-3 MID

L-3 Mission Integration in Greenville, Texas, is a division of L-3 Communications that specializes in the development and integration of complex electronic systems for Intelligence, Surveillance and Reconnaissance (ISR) missions.

Parent company, L-3 Communications, is a leading supplier of ISR products, secure communications systems, avionics and ocean products, microwave components and telemetry, instrumentation, space and wireless products. Its customers include the Department of Defense, selected U.S. government agencies, aerospace prime contractors and commercial telecommunications and wireless customers.

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