

Defense & Security: Affordability Management

MAJOR CONTRACTOR'S USE OF PARAMETRIC ESTIMATING WITH TRUEPLANNING® FRAMEWORK EXPANDING TO ENABLE INNOVATION FOR FUTURE BUSINESS OPPORTUNITIES

Challenge: Engineering teams designing new product architectures for future business opportunities relied primarily on spreadsheet-based, bottom-up, cost estimating methods, which limited their affordability engineering capabilities in areas such as the costs they could verify, the number of design options they could price, and the life cycle costs they could forecast with confidence.

Solution: Increase the use of parametric estimating with PRICE® TruePlanning® for early cost estimates of conceptual designs that can provide viable solutions for future business opportunities. Leverage access to PRICE support on how to best approach new cost estimating challenges.

Results: Engineering teams are empowered to innovate and explore more design options with new capabilities to price analysis of alternatives and conduct CAIV trade studies faster and with more certainty. Concepts can be designed for affordability with data-driven estimates of projected life cycle costs such as for build, operation and maintenance.

Growing Business Advantage

The PRICE® TruePlanning® Framework for parametric estimating and life cycle cost forecasting is opening new opportunities for innovation at many Defense & Security organizations. One long-time user of PRICE parametric estimating tools went to unlimited licenses of the new integrated TruePlanning® framework to improve its affordability engineering of conceptual designs for future business development.

“Our goal is to increase the use of parametric estimating for early cost estimates of conceptual designs that can provide viable solutions for future business opportunities,” says a senior systems engineering specialist with the company. “This part of our business was doing some parametric estimating, but mostly bottom-up estimates. TruePlanning greatly expands our capabilities to accurately forecast costs across a range of activities for entire programs.”

The difference is that TruePlanning® is not just a point solution but an activity-based costing tool that can integrate data-driven parametric estimating for hardware, software, IT, assembly, operations, maintenance, and program management all within the same estimate.

“When you can easily utilize historical data, you can do much better verification of cost estimates,” says the engineer, an experienced parametrician who first trained on PRICE hardware and hardware lifecycle products more than 25 years ago.

Hooked on TrueMapper®

Among the new innovations introduced with TruePlanning® 2014, the engineer praises the TrueMapper® capability that provides dynamic mapping between a WBS (Work Breakdown Structure) and CERs (Cost Element Relationships).



CASE STUDY

“The PRICE TruePlanning framework improves enablement and process for innovation. It brings speed, accuracy, and flexibility to our cost estimating of potential architectures for future business opportunities. We can perform affordability engineering on new design concepts with analysis of alternatives, ‘similar to,’ and ‘scalable from’ scenarios that we couldn’t even consider with bottom-up estimating. Using PRICE, we enable our integrated product teams to set cost targets for concepts and collaborate on how best to achieve them.”

Senior Systems Engineering Specialist with Major Defense & Security Contractor (25+ years PRICE user)

“Customers will ask for information in specific ways. With TrueMapper, you can traverse your cost element structure any way you need,” she explains. “For example, if we’re asked to divide our cost estimating structure for a program according to the Department of the Army Cost Analysis Manual, we can easily segment costs to meet the Army requirement.”

Empowering Innovation

The engineer is leveraging her experience with PRICE parametric estimating and the new features of the TruePlanning® integrated framework to empower product teams conceptualizing new product architectures for future business opportunities.

“The beauty of TruePlanning is that you have a product-based WBS and product-based CERs to set accurate cost targets for guiding product teams. If SMEs want to do ‘similar to’ or ‘scalable from’ design scenarios, or to run CAIV [cost as an independent variable] trade studies, they can do things much quicker.”

She wins converts by sitting down with SMEs and estimators at their desks to show the value of TruePlanning® for their projects. She poses questions regarding development of a “similar to” structure or analysis and shows what can be done with TruePlanning®.

“It opens the eyes of SMEs for tradeoff possibilities that they wouldn’t have examined with bottom-up estimating. We’re not only talking architectural design but operation and maintenance costs within the same estimate. Integrated product teams can work with greater insight into the true costs of concepts and how to make them affordable, spurring innovation of viable solutions that can be used to capture future business opportunities.”

Winds of Change

The company still uses its ACEIT (Automated Cost Estimating Integrated Tools) spreadsheets for much of its current proposal development. For some projects, TruePlanning® cost targets and risk variances are interfaced with ACEIT, which the engineer envisions as part of a transitional phase while adoption of TruePlanning® grows within the business.

“Many people are accustomed to bottom-up estimating and entering data into ACEIT for proposals, but it’s manually intensive. Parametric estimating with TruePlanning is not only faster but more easily verifiable. Customers are also more conscious of affordability engineering over the entire life cycles of programs when evaluating proposals, so it’s just a matter of making people aware that we have TruePlanning and how it can help them ‘price to win’ business.”

To this end, the director of product operations for the division is inviting systems designers and cost analysts from locations across the U.S. to attend a joint TruePlanning® training session. By taking advantage of lessons learned with TruePlanning® and processes put into place by current users at the company, the entire division stands to improve its innovation and affordability management for capturing future business.

Value-added Expertise

When asked about PRICE support for TruePlanning®, the engineer quickly proclaims, “I love them! I couldn’t live without them.” She goes on to explain how she learns little tips and tricks whenever she speaks with PRICE and how PRICE representatives offer such a great deal of experience in parametric estimating. “If there’s a new challenge we need to overcome, I can just ask them about ways to approach it,” she says. “PRICE has even conducted specialized webinars for us to help accelerate our understanding of TruePlanning’s full capabilities, why we should want them, and how we can best put them to use.”

TruePlanning® Framework Benefits Summary

- Integrated, data-driven, activity-based cost estimating for hardware, software, IT, assembly, operations, maintenance, and program management
- TrueMapper® dynamic mapping between WBS and CERs to easily segment estimates to customer requirements
- Ability to set accurate cost targets for product design teams
- Ability to conduct “similar to” and “scalable from” design scenarios and trade studies that would be too costly, time consuming and impractical with bottom-up estimating
- PRICE parametric estimating expertise for consulting and TruePlanning® training

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1.800.43.PRICE

