One Pass Pricing (OPP) Overview

DLA Strategic Partners Conference

March 19, 2009

✓ Definition

✓ Process

✓ Benefits

✓ Way Forward

✓ FY 08 Accomplishments

✓ Sustainment

- ✓ One Pass Pricing is a method where the primary stakeholders (i.e. DLA, Contractor, DCMA) agree upon a process to price DLA managed items.

- ✓ OPP promotes efficiency by eliminating duplication, streamlining administrative actions and empowering decision makers.

- ✓ OPP is underpinned by a Memorandum of Agreement which speaks to; collaboration in determining appropriate cost or pricing inputs (i.e. supported by data / information as appropriate), rates and factors (E.g. Forward Price Rate Agreement or similar document) and profit.

✓ How?　　Develop pricing model (i.e. rates, factors, profit, and applied variable cost)

✓ What?　　Identify prioritized items to be priced (i.e. Cost/ Demand Drivers, Weapon System, SMS)

✓ When?　　Parties agree on a schedule after OEM gathers supporting documentation and develops preliminary price.

✓ Where?　　At OEM site, conduct OPP session, evaluate results, schedule next session. As comfort level matures move to WebEx sessions
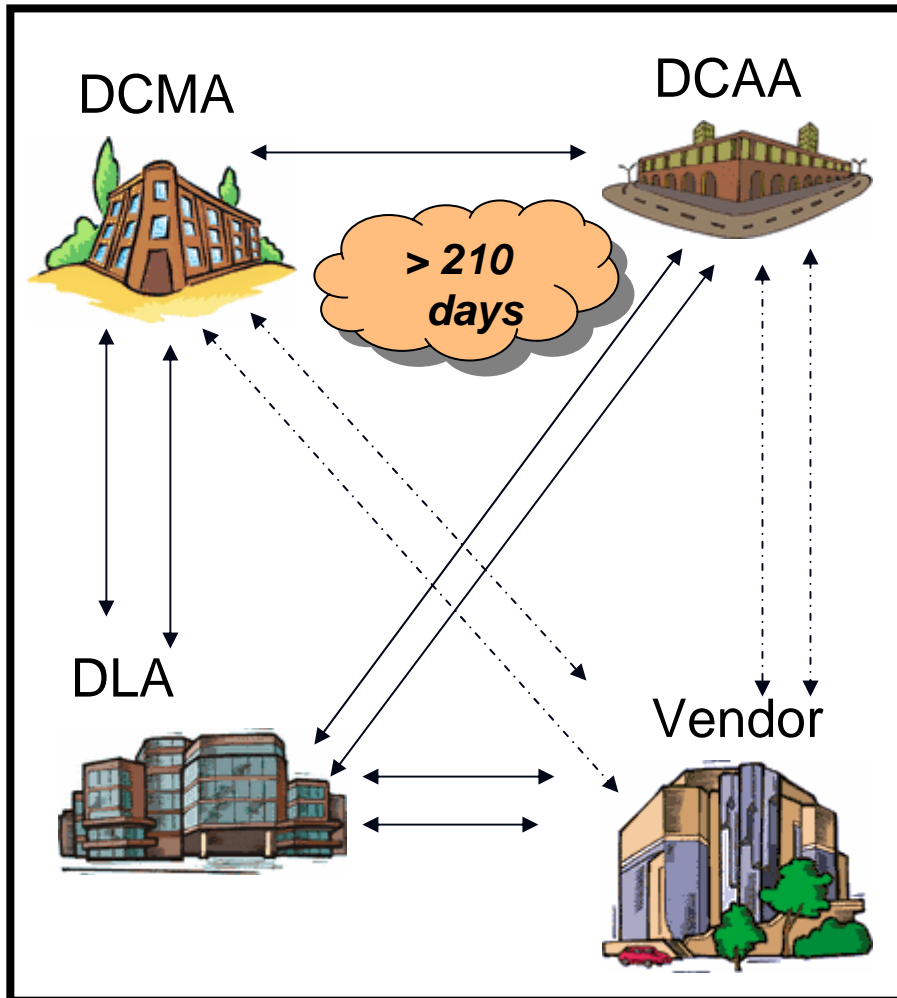
Before

After

DCMA

DCAA

> 210 days

DLA

Vendor

Joint Collaboration
DLA, Vendor, DCMA, *DCAA, DoDIG

< 30 days

*Not a sitting member during OPP

✓ A "Bridging the Gap" process improvement that promotes vendor compliance in providing adequate cost & pricing data as required under TINA.

✓ Stimulates LTC Growth by joint collaboration between all parties on candidate item(s) identification.

✓ Conduit for information sharing leading to reduction of awards at other than fair & reasonable prices.

✓ Delivers real-time decisions / results

✓ Promotes pricing between 100 & 200 items per week

✓ Average reduction in associated ALT of more than 75%

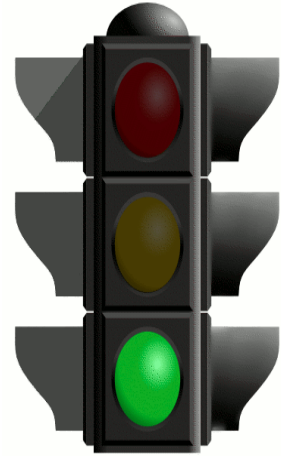| FY08 SSA Partners Performance by Obs	
	Obligation $'s
Total	$786 M
LTC (Delivery Orders)	$570 M
POs/BOAs (Transactional Orders)	$216 M

✓ 72% of obligation $'s are against LTCs

✓ FY09 - target the $216M (28%) transactional orders

✓ Focus - Partners with greatest transactional dollars

FY08 OPP Accomplishments

SSA	NSNs	ADV
Boeing	949	$2.4M
Honeywell	339	$2.1M
Sikorsky	72	$1.2M
General Electric	101	$30.9M
Lockheed Martin	217	$5.4M
TOTALS	1,678	$42.0M
* Existing Engagements (pre-SEPRT 12, Apr 08)		
* New Engagements (post-SEPRT 12, Apr 08)		

✓ Fully implement One Pass Pricing within the SSA community

✓ Populate and sustain long term contract coverage with strategic parts

✓ Mainstream the process so items can be added quickly to produce flexible - robust contracts

✓ Consider using this tool to price: contracts, contract options, add-ons, redeterminations

✓ Develop engagement plan

BACKUP

One Pass Pricing Outlook

Leading DLA's Aviation Supply & Demand Chain

	1	2	3	4	5	
Contractor	CUM FY 08 LTC Delivery Order $	CUM FY 08 Transactional $ OPP Potential	CUM FY 08 LTC & Transactional $	FY08 LTC Cum %	% of total potential $	Engaged
GE	$168,568,083	$31,884,130	$200,452,213	84%	15%	Yes
Goodrich	$11,355,557	$23,492,569	$34,848,126	33%	11%	
Lockheed Martin	$4,199,242	$18,270,691	$22,469,933	19%	8%	Yes
Parker Hannifin	$18,464,491	$17,468,865	$35,933,355	51%	8%	Planned
Hamilton Sundstrand	$18,530,250	$17,291,736	$35,821,987	52%	8%	
Northrop Grumman	$4,179,230	$17,189,293	$21,368,524	20%	8%	Planned
Honeywell	$59,443,075	$13,212,850	$72,655,924	82%	6%	Yes
Textron/Bell	$55,336,955	$13,176,466	$68,513,421	81%	6%	Planned
Boeing	$50,749,240	$12,722,718	$63,471,958	80%	6%	Yes
ABS	$3,107,079	$8,436,606	$11,543,685	27%	4%	
BAE	$1,550,533	$8,002,641	$9,553,174	16%	4%	
CCC	$4,264,459	$7,724,758	$11,989,218	36%	4%	
Eaton	$7,894,374	$5,947,413	$13,841,787	57%	3%	
Moog	$6,108,264	$5,760,307	$11,868,572	51%	3%	
Rolls Royce	$54,819,254	$4,767,772	$59,587,026	92%	2%	
Pratt & Whitney	$49,039,272	$4,390,632	$53,429,904	92%	2%	Planned
Sikorsky	$45,344,599	$4,003,531	$49,348,129	92%	2%	Yes
Smiths	$6,471,002	$2,474,348	$8,945,349	72%	1%	
Total	$569,424,958	$ 216,217,326	$785,642,283	72%		

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