

PEO STRI

Contracting Officer

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What's the Best Value?

- **Best Value**
 - Trade-Off
 - Lowest Price Technically Acceptable (LPTA)
 - Current Statistics
- **Tradeoff Decision**
 - Who makes it?
 - How is it made?
- **Better Buying Power Initiative 2.0**
 - Better Define Value



Tradeoff vs. LPTA

Governing Parameters

Tradeoff

- Subjective
- SSA compares offers
- Award other than lowest price
- Award other than highest rated
- SSA broad discretion-not unlimited
- Decision based on rational and informed judgment

LPTA

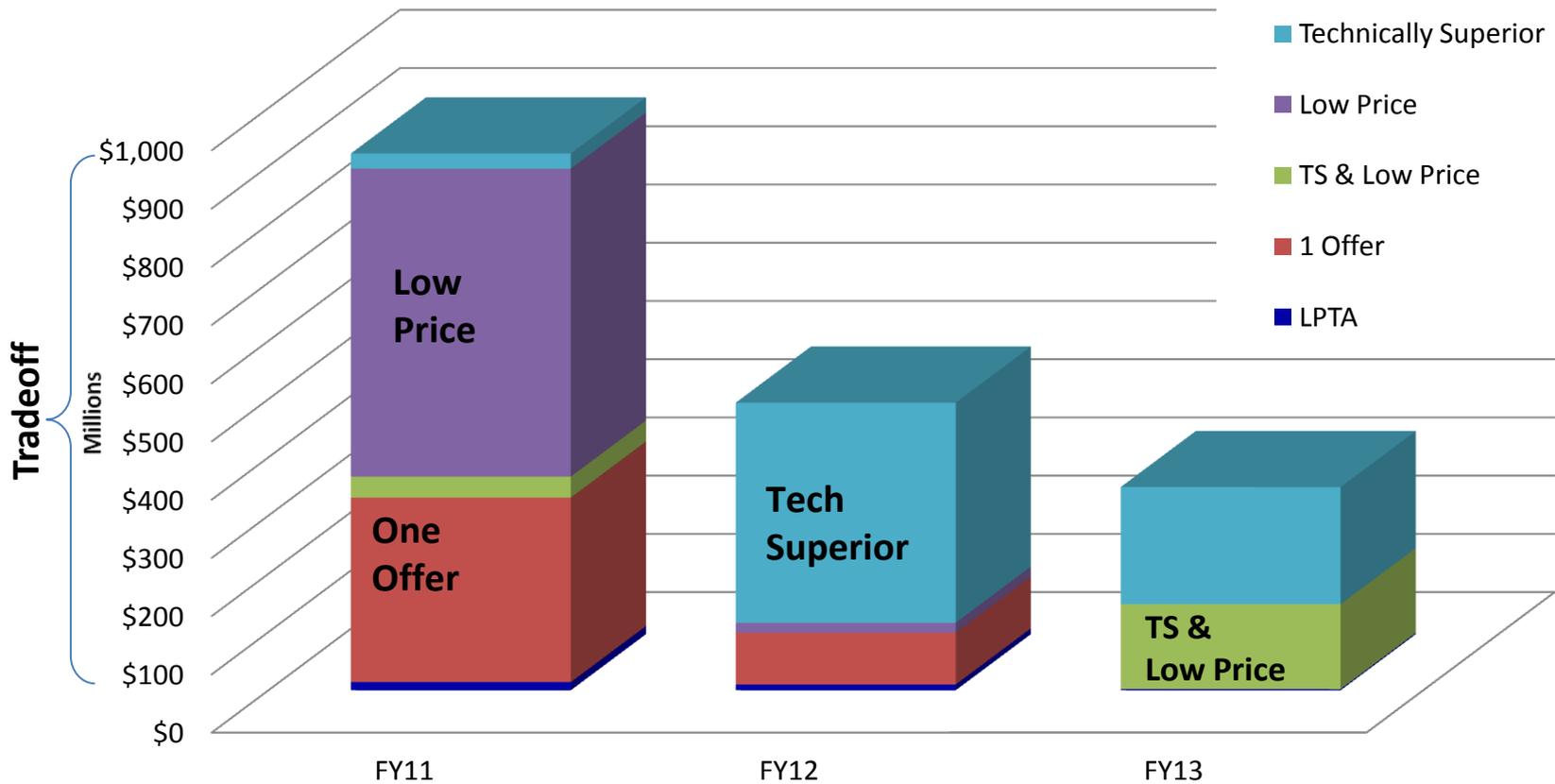
- Objective
- No comparative analysis
- Award lowest price
- Award to technically* acceptable only

***Non cost/price factors**



Best Value Stats

Contract \$





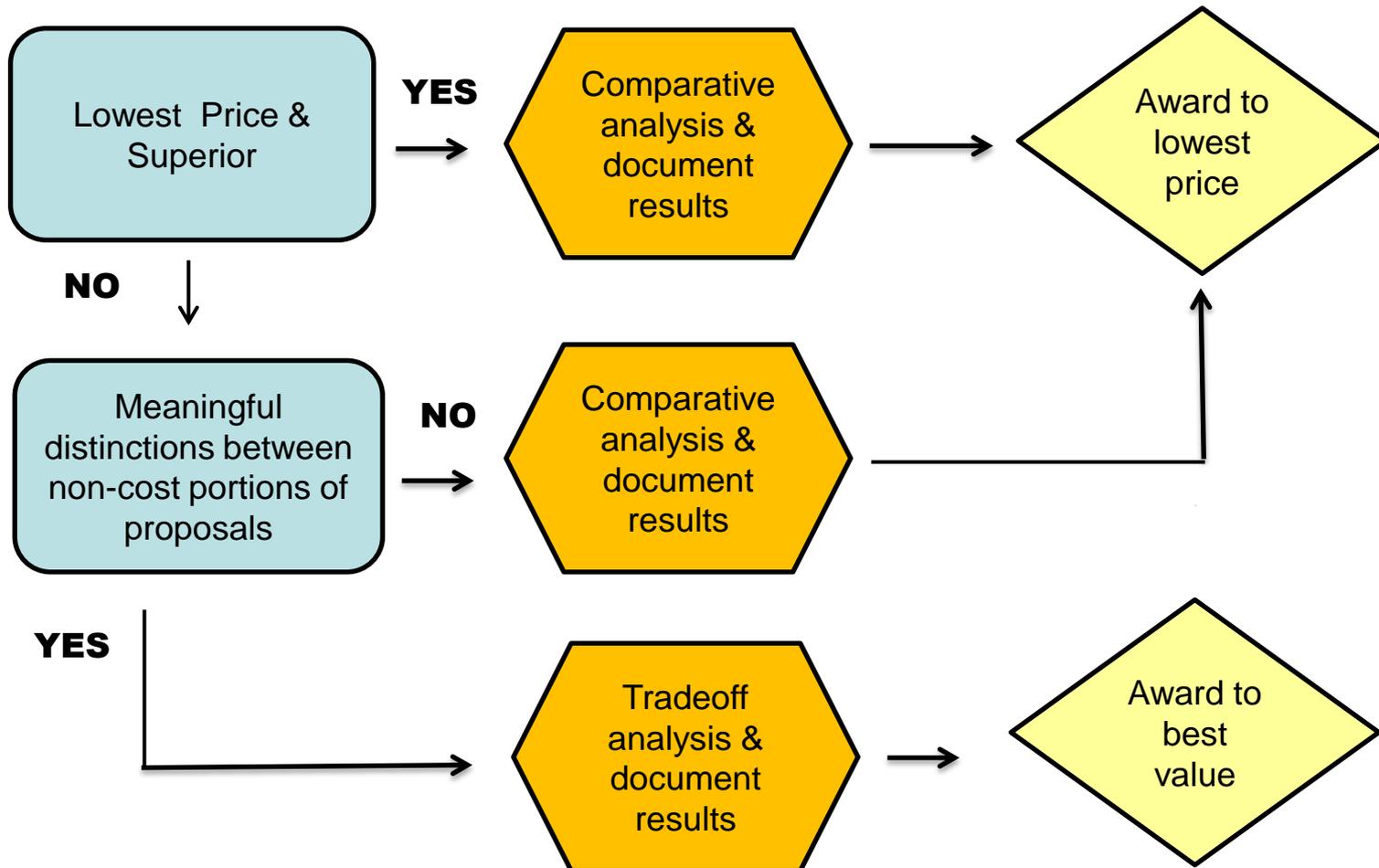
Tradeoff Decision Process

- Who performs the tradeoff?
 - Source Selection Advisory Counsel (SSAC), if applicable, and
 - Source Selection Authority (SSA)

- Comparative/tradeoff Analysis Steps
 1. Identify strengths and weaknesses from evaluation results.
 2. Analyze impact on acquisition objectives
 3. Compare offers to identify substantive differences
 4. Apply the relative order of importance-differences found in factor/sub-factor with more importance given more consideration.
 5. Assess best mix of cost/price and non-cost benefits and if higher-rated proposal warrants the price premium (determined by quantitative or qualitative means).



Award Decision Model





Better Buying Power Initiative

- Better Define Value
 - OSD has directed that solicitations quantify the “Price Premium” (ie., 5%, 10%, 15%...) for greater performance.
 - Increases industry’s decision making ability to offer higher quality/performance.
 - Provides a sound basis for the SSA decision.
- LPTA
 - OSD has directed that solicitations describe the characteristics of a technically acceptable solution.

Note: Dates for implementation by the component services is TBD.



Better Buying Power Initiative

- Better Define Value- Concerns
 - Will result in less innovation
 - Decision makers have less flexibility
 - The more you define, the closer you move to LPTA
- Tradeoff- Innovation vs Limit Price Premium



Key Take-Aways

- Award decision not based solely on the adjectival rating.
- Differences between proposals must be explained in terms of strengths, weaknesses and risks.
- Relative order of importance must be considered.
- Must answer why? Why or why not, pay additional cost for the technically superior proposal.
- SSA decision based on good judgment versus perfect decision.