

Visibility into Indirect Rates

Your indirect rates are a key part of a unified pricing strategy that achieves your most important business goals—attract more agency clients and generate a healthy return.

If you currently view indirect rates as more of a conundrum than a competitive advantage, our indirect rate model can sharpen your visibility into a more profitable process:

- Gain the insights you need to calculate indirect costs for the current period, year-to-date, and projected year-end.
- Define rate structures for future bids and rate impact assessments.
- Create strategies to align with rate targets.

See next page for the solution

Visibility into Indirect Rates (cont.)

The Solution

Our 3-Point Plan to Set Rates That Support Your Goals

Your indirect rates are based on indirect costs—the fringe, overhead, general & administrative, and other allowable indirect pool costs that apply across all government contracts your firm has already won or expects to win for the fiscal year.

Our indirect cost model allows you to crunch company data for a clear view of current business and nimbly pivot as government market conditions shift:

- 1 Establish a baseline budget for existing business, anticipated new business awards, and realistic operating expenses.
- 2 Calculate provisional rates and bill customers for their share of indirect costs.
- 3 Run upside/downside scenarios to project how anticipated contract wins or losses might affect your bid strategy and overall rate structure. Forecast data-based forward-pricing indirect rates and bid accordingly.

Stay in Good Standing with Regulators

A solid data set that supports accurate indirect rate calculations will put you in good standing with the Defense Contract Audit Agency (DCAA) and other regulators that enforce Federal Acquisition Regulations (FAR). Here are a few examples of how putting a sound indirect rate strategy in place can help ensure you follow the rules:

- Backup calculations and commentary if you are required to submit rates to the DCAA for approved provisionals.
- Incurred cost submissions to DCAA that reconcile your actual indirect (as well as direct) rates with those provisionally billed during your fiscal year.
- Verification of contract proposal adequacy during DCAA proposal audits and reviews conducted at the pre- or post-contract award stage.