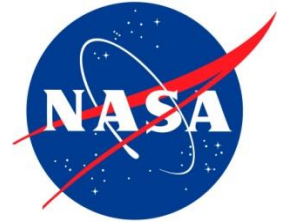


# Price Performance Trade-off (PPTO)

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# Price Performance Trade-Off (PPTO) Definition



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- **PPTO:**
  - Is a simplified best value source selection strategy
  - Permits trade-off between price and performance in reaching award decision
  - Applies to commercial and non-commercial acquisitions
  - Normally, conducted without discussions
- **PPTO is NOT:**
  - Sealed Bidding *or* Low-Price/Technically Acceptable
  - A “full trade” source selection with Mission Suitability



# PPTO versus SEB



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	<b>PPTO</b>	<b>SEB</b>
Technical Evaluation	Technical Acceptability (if desired)	Mission Suitability
Technical Proposal	No	Yes
Trade-off Factors	Past Performance and Cost/Price	Mission Suitability, Past Performance, and Cost/Price
Past Performance	Adjectival Confidence Rating	Adjectival Confidence Rating
Cost/Price Evaluation	Yes	Yes
Responsibility Determination	Yes	Yes
Rel Importance of Evaluation Factors	Yes	Yes



# When to use PPTO



- **Can be used for any competitive negotiated acquisition for which it is unnecessary to distinguish levels of technical merit**
  - **Appropriate PPTO acquisitions:**
    - **Service contracts with pass/fail technical requirements**
    - **Non-developmental Service or Supplies**
    - **Institutional acquisitions**



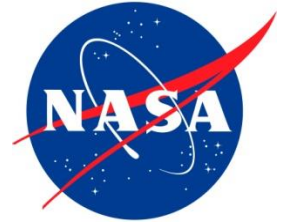
# PPTO Benefits



- **Recognition of good performer**
  - **Favors offerors with proven record of providing quality products and/or services on time at affordable prices**
  - **Allows for simpler technical acceptability criteria (if applicable)**
  - **SSA maintains best value discretion**
    - **PPTO permits trade-offs among cost/price and non-cost factors for technically acceptable offerors, and**
    - **Allows the Government to accept other than the lowest priced proposal**



# Technical Acceptability



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- **PPTO can be conducted with and without technical acceptability**
  - **Technical acceptability, if included, is NOT:**
    - Part of trade-off decision, and
    - Technical Volume
  - **Technical acceptability “gate”**
    - Ensures offerors can satisfy certain minimum requirements (evaluated as pass/fail)
    - Only technical proposals determined acceptable are then evaluated for price/past performance
      - ALL criteria must be passed to be considered technically acceptable





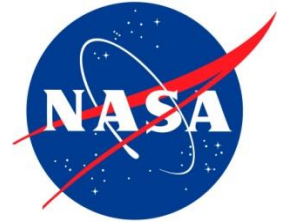
# PPTO Process



- **3 different “approaches” to PPTO evaluations:**
  - Selected approach will be clearly specified in proposal
  - Each approach has several common steps:
  
- **Common Steps:**
  1. Review offers for responsiveness
  2. Evaluate all remaining proposals for technical acceptability (if applicable)
  3. Evaluate price reasonableness (or, if applicable, price realism) of all technically acceptable proposals, then rank by price



# PPTO Process (con't)



4. **Assess past performance and determine a confidence level (using one of following):**
  - A. For each offeror, *or*
  - B. For a specified number of lowest priced proposals beginning with the lowest priced offeror and continuing through next lowest priced offeror until the number of offerors is reached, *or*
  - C. Evaluate lowest priced offeror's past performance. If past performance pre-defined level of confidence is reached evaluation is complete. If not, continue evaluations with next lowest priced offeror's past performance until this level of confidence is reached (or all offerors are evaluated)
5. **SSA proceeds to integrated assessment of evaluated offerors (if necessary)**





# PPTO Evaluation Example (w/oTech; seeking VH PP Conf)



Pricing	\$ Rank	PP Conf	Option 4A	Option 4B	Option 4C	SSA Decision
RR	2	VH	X <sup>2</sup>	X <sup>2</sup>	X <sup>2</sup>	
U						
RR	3	H	X <sup>3</sup>	X <sup>3</sup>		
RR	5	VH	X <sup>5</sup>			
RR	1	H	X <sup>1</sup>	X <sup>1</sup>	X <sup>1</sup>	
RR	4	M	X <sup>4</sup>			

RR: Reasonable & Realistic; U: Unreasonable and/or Unrealistic pricing; VH: Very High Past Perf Conf; H: High Past Perf Conf; M: Moderate Past Perf Conf; X: Evaluated (# indicates in what order)

NOTE: Option 4B limits evaluation to 3 lowest priced offers



# PPTO Evaluation Example (w/Tech; seeking VH PP Conf)



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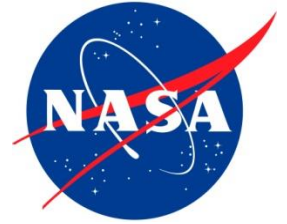
Tech Accept	Pricing	\$ Rank	PP Conf	Option 4A	Option 4B	Option 4C	SSA Decision
Acceptable	RR	2	VH	X <sup>2</sup>	X <sup>2</sup>	X <sup>2</sup>	
Acceptable	U						
Acceptable	RR	3	H	X <sup>3</sup>	X <sup>3</sup>		
Acceptable	RR	5	VH	X <sup>5</sup>			
Acceptable	RR	1	H	X <sup>1</sup>	X <sup>1</sup>	X <sup>1</sup>	
Acceptable	RR	4	M	X <sup>4</sup>			
Un-acceptable							

RR: Reasonable & Realistic; U: Unreasonable and/or Unrealistic pricing; VH: Very High Past Perf Conf; H: High Past Perf Conf; M: Moderate Past Perf Conf; X: Evaluated (# indicates in what order)

NOTE: Option 4B limits evaluation to 3 lowest priced offers



# PPTO Evaluation Example (w/Tech; seeking H PP Conf)



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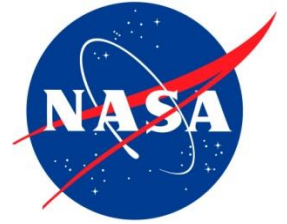
Tech Accept	Pricing	\$ Rank	PP Conf	Option 3A	Option 3B	Option 3C	SSA Decision
Acceptable	RR	2	VH	X <sup>2</sup>	X <sup>2</sup>		
Un-acceptable							
Acceptable	RR	3	H	X <sup>3</sup>	X <sup>3</sup>		
Acceptable	RR	5	VH	X <sup>5</sup>			
Acceptable	RR	1	H	X <sup>1</sup>	X <sup>1</sup>	X <sup>1</sup>	NA
Acceptable	RR	4	M	X <sup>4</sup>			
Un-acceptable							

RR: Reasonable & Realistic; U: Unreasonable and/or Unrealistic pricing; VH: Very High Past Perf Conf; H: High Past Perf Conf; M: Moderate Past Perf Conf; X: Evaluated (# indicates in what order)

NOTE: Option 4B limits evaluation to 3 lowest priced offers



# Basis for Award



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## **BASIS FOR AWARD**

**This competitive acquisition will be conducted in accordance with FAR 15 and NASA FAR Supplement (NFS) 1815. A best value tradeoff process, following a determination of technical acceptability, will be performed between the factors of Price and Past Performance. In accordance with FAR 15.304(e), the relative importance of these factors is:**

**Eligibility for award will be contingent upon the contracting officer's affirmative determination of responsibility in accordance with FAR 9.104.**

**Any clarifications conducted to resolve minor or clerical errors or respond to adverse past performance information will not constitute discussions.**

**The evaluation process will proceed as follows:**

**Step 1: The Government will review offers to determine acceptability. Offers may be determined to be unacceptable if they omit or do not reasonably address the requirements of the solicitation. Offers determined to be unacceptable will not be further evaluated.**



# Basis for Award (con't)



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## **BASIS FOR AWARD (con't):**

**Step 2: The Government will evaluate offers remaining from Step 1 in accordance with the Section M provision entitled *Technical Factor Evaluation* to ensure offer compliance with the stated technical acceptability requirements. Offers rated as technically “Unacceptable” will not be further evaluated.**

**Step 3: The Government will evaluate all offers remaining from Step 2 in accordance with the Section M provision entitled *Price Factor Evaluation*. Offers determined to be not reasonable (or, if applicable, not realistic) will not be further evaluated.**

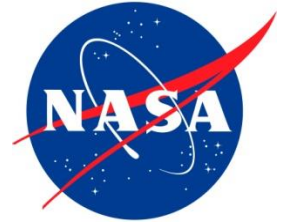
**Step 4: The Government will rank the offers remaining after Step 3 in order of lowest to highest total price.**

**Step 5: The Government will evaluate the past performance of the lowest priced offer from Step 4 in accordance with the Section M provision entitled *Past Performance Factor Evaluation*. The evaluation will continue in order of lowest to highest total price until an offer is assigned a “Very High Level of Confidence” rating, or until all offers are evaluated. Once an offer is rated with a “Very High Level of Confidence,” no additional offers will be evaluated. All offers evaluated under past performance will be forwarded to the Source Selection Authority (SSA).**

**Step 6: The SSA will make a best value award decision most advantageous to the Government.**



**Thank you!**



**Questions?**