



EARNED VALUE MANAGEMENT

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What is Earned Value?

- Earned Value (EV) is a method for translating Scope, Schedule and Budget into quantifiable measurement of a Project's progress
- Earned Value Management (EVM) is the oversight and coordination necessary to implement, maintain, and report from an EVMS
- An Earned Value Management System (EVMS) is the integration of tools and processes that satisfy the Electronic Industry Alliance (EIA) 32 criteria (EIA-748)



Why use Earned Value – Part I (It's required)

- **OMB Circular A-11, Part 7** states “Agencies must use a performance-based acquisition management or earned value management system”
- **FAR 34.201** EVMS is required for major acquisitions for development, in accordance with OMB Circular A-11
- **Assistant Secretary of Preparedness and Response (ASPR)** Biomedical projects may not meet the FAR’s “major systems” requirement and are unique in scope
 - ASPR implemented “**7 Principles of EVM**” deliverable requirements



EVM Application Tiers (Based on 7 Principles)

- **Tier 1***
 - HHS requirement of full EIA 748 compliance (Full EVM-Contracts greater than or equal to \$25M and must be a major systems investment (facility or IT))
- **Tier 2***
 - Contracts greater than or equal to \$25M and/or TRL less than 6, 7 Principles Tier 2 Implementation
- **Tier 3***
 - Contracts greater than or equal to \$10M but less than \$25M and/or TRL less than 6, is a “7 Principles” Tier 2 Implementation with reduced requirements

* Subject to change



Why Use Earned Value - Part II

Business Benefit

- To protect the Government's interests by monitoring and managing contract performance
- Earned Value Management supports this objective by
 - Ensuring a clear definition of Project scope
 - Providing an objective measure of contractor accomplishment
 - Ensuring the government has accurate, objective, and real time contract status
 - Early identification of trends and potential risks through variance analysis
 - Supporting the mutual goals of contractor and government by providing a tool for monitoring Project performance



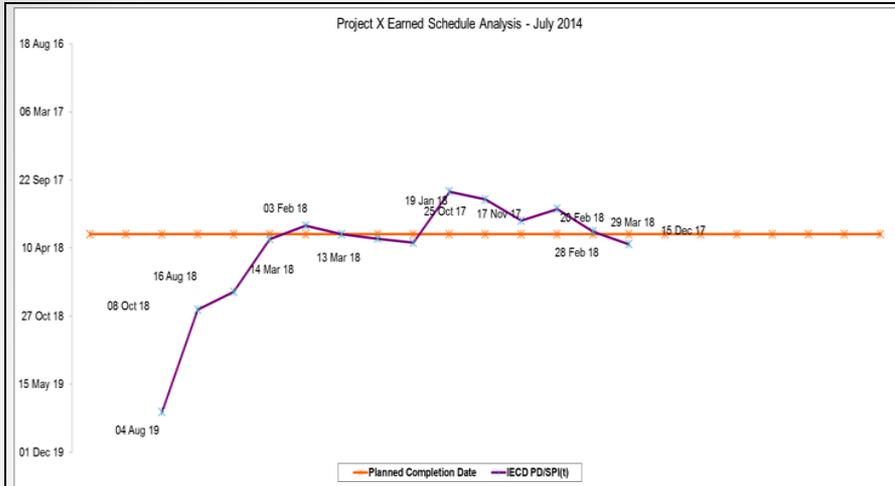
ASPR's Approach to EVM and Contractors

- We view the relationship as collaborative
- Support is always available
 - Process support*
 - Report templates and examples
 - Application of 7 principles of EVM
- EVM should not be cost prohibitive and a “chore”
- Ensure mutual understanding of policy and deliverables
- Misapplication of EVM policy can lead to unnecessary rigor resulting in inefficient use of time and resources

*Contractor may have to either internally staff or subcontract EVM consulting services depending on complexity/size of contract and contractor's internal business circumstances



Sample EVM Dashboard

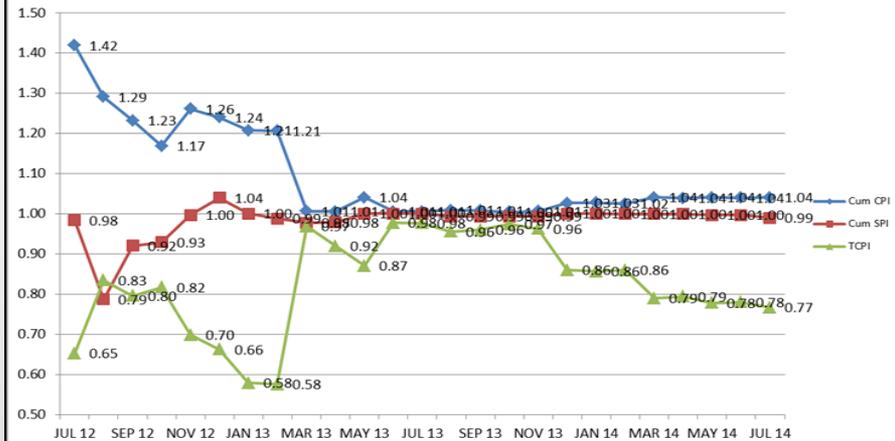


Contractor X

Earned Value Management Dashboard Through July 2014

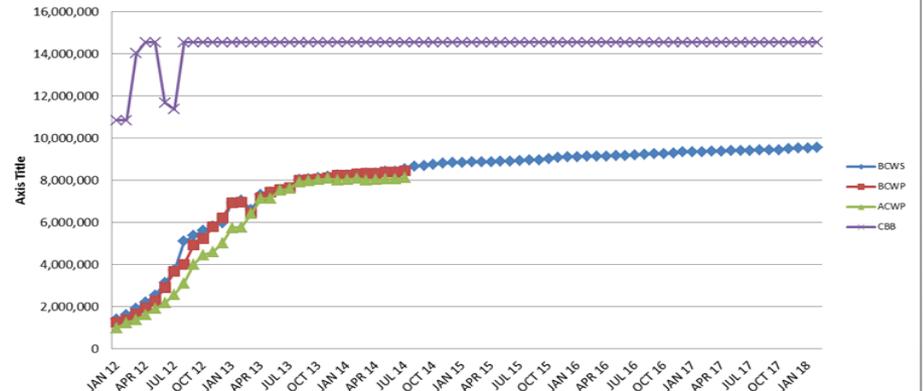
- Project X EV data through July 2014 shows Contractor X with a \$XXXX positive cost variance (positive change of \$XXK from last month) and a negative schedule variance of \$XXXX (a negative change of \$XXK from last month).
- The cum and the current negative schedule variances are due the IV Formulation and PEP Indication (-\$XXK). There was a delay in completing the analytical milestone associated with the 60 month stability samples. The work is expected to complete in August 14. The report is expected in June 2014. This current variance was offset by a positive variance in 2.6.4 Controls.
- The major reason for the cumulative cost variance is due to the NHP Efficacy Study #2 (\$XXK) final study report being submitted on December 24, 2013. The other large contributors to the variance are Technical/Program Management (\$86K), Risk Management (\$XXK) and EVMS (\$XXK).

Cum CPI/SPI/TCPI Chart thru July 2014



Performance Assessment- GREEN

SPA Graph



Questions

