Value Engineering Change Proposals VECPs

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• Contractual method to share savings
  
  • Improve DoD supplies and/or equipment
  • Savings shared between Contractor and DoD
  • Described in FAR Clause 52.248.1

• Improvements include any price savings
  
  • Processes
  • Materials
  • Manufacturing techniques
  • Other
Rules and Tools

- VECP clause in all DLA contracts > $25K (SAT)
- Clause can be added by modification (< $25K)
- VECP can only be received on an instant contract
- Typical share ratio: 50/50
- Collateral lifecycle savings may be negotiated
Conclusion