



ACQUISITION AND
TECHNOLOGY

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OFFICE OF THE UNDER SECRETARY OF DEFENSE

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MEMORANDU FOR DIRECTORS OF DEFENSE AGENCIES
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SUBJECT: Parametric Estimating

In my memorandum on parametric cost estimating dated August 28, 1995, I indicated my support for increased application of parametric estimating techniques. Properly calibrated parametric models can estimate costs accurately while reducing bid and proposal costs and cycle time and expediting the government evaluation process.

My initial memorandum attached a copy of the Parametric Cost Estimating Handbook developed by a government/industry team. That team has updated the Handbook to reflect suggestions from industry and government participants. Case data and related policy considerations have been integrated throughout. I believe the Handbook provides the basic policy considerations and practical applications needed to take advantage of parametric cost estimating opportunities. I strongly encourage you to use parametric estimating as a substitute for obtaining voluminous cost or pricing data whenever you can.

You can access this Handbook on <http://www.ispa-cost.org/peiweb/newbook.htm>. It is available in Microsoft Word 97 and HTML.

I am grateful for the substantial efforts and dedication of the International Society of Parametric Analysts (ISPA), the Society of Cost Estimating and Analysis (SCEA), the Space Systems Cost Analysis Group (SSCAG), and the many government organizations that contributed to the Parametric Cost Estimating Handbook.

Eleanor R. Spector
Director, Defense Procurement

