

**PADDS REGULATION REFERENCE TEXT
SEQUENCE: REGREF CLAUSE TEXT**

PCN: P10C9154R
PRINT DATE: 10/15/2004
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**REGULATION
CODE:** HS7045

**REGULATION
REFERENCE:** 52.248-4701

DATE: 08/01/2001

TITLE: TECHNOLOGY INSERTION ENGINEERING CHANGE PROPOSAL STATEMENT OF WORK (USAAMCOM)

TEXT

1. The contractor is encouraged to develop and submit Technology Insertion (TI) proposals. The following instructions prescribe the requirements for implementing a TI program and submitting TI Engineering Change Proposals (ECP).

2. The contractor should consider submitting TI proposals when they will result in:

a. The replacement of the existing design with a design that is less costly, more efficient to manufacture, more reliable, or more readily available.

b. The reduction of Operating and Sustainment (O&S) costs during the life of the system.

TI may be targeted at different levels of the system, such as individual components, assemblies, modules and subassemblies.

3. TI Engineering Change Proposals shall be voluntarily submitted in accordance with paragraph 6. below.

a. Contractor Benefit. The contractor shall be entitled to up to 50% of any savings to the Government, to include any collateral costs (see paragraph 4) associated with O&S reduction or any savings on the instant contract (See paragraph 4).

4. Definitions.

a. Current Contract Savings refer to the net cost reductions on this contract. These savings are equal to the unit cost reduction multiplied by the number of contract units affected by the TI-ECP, minus the contractor's allowable development and implementation costs.

b. Collateral Savings (as used herein) applies to the reduction in O&S costs, e.g., cost operation, maintenance, logistic support, Government-Furnished property or future and concurrent acquisition savings.

5. Settlement of TI-ECP Benefits. The Amount which may be due to the contractor as a result of an approved TI-ECP shall be determined within the sole discretion of the Government and shall not be subject to the "Disputes" provision of this contract.

6. Instructions for Submitting TI-ECPs. When the contractor submits a TI-ECP in accordance with this provision, the TI-ECP, regardless of the classification, will be prepared and submitted on DD Form(s) 1692-1 through 1692-6. Each TI-ECP submitted will be identified by stamping or printing TI-ECP on the top of each page.

a. Sufficient supporting cost details to determine the change in price of each individual item involved and of the total contract increase as well as expected savings will be provided. Cost information for actions over \$550,000 must conform with the instructions at FAR 15.403-5(b)(1) and Table 15-2. If the TI-ECP requires that changes be made to the Technical Publication(s), these changes will be described in the TI-ECP and the supporting cost details will be included. In addition, the cost of proposal preparation shall be included in the supporting cost data. Proposal cost shall only be allowed on TI-ECPs that are accepted and implemented by the Government.

b. The contractor shall provide an estimate of the cost of technical data to adequately describe the item. This cost will be considered in evaluating the potential savings to the Government.

c. The contractor shall forward the original and one copy of the TI-ECP to the Procuring Contracting Officer. One copy will also be forwarded to the Administrative Contracting Officer.

SPECIAL NOTE CONCERNING VECP. The contractor shall not be permitted to seek reimbursement for savings under a VECP subsequent to acceptance of a TI-ECP incorporating those savings. The contractor shall likewise not be permitted to seek reimbursement under a TI-ECP subsequent to acceptance of a VECP incorporating those savings.

7. The contractor shall not stop work or delay performance of this contract during the evaluation of a TI-ECP. If the TI-ECP is approved, units affected shall be identified as part of the TI-ECP.

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(End of Clause)