INNOVATING FOR AEROSPACE & DEFENSE EXCELLENCE

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Solution Brief
Cognitus' Industry Solution for Government Contractors in Aerospace and Defense (CIS-GovCon for A&D)

Agile and sustainable technologies shape the promising future of aerospace and defense

As A&D organizations position themselves for global sales, they need global support for compliance, regulations, and local specifications. Maintaining compliance while facing less risk is dependent upon an enterprise-wide business platform that provides insights into all data sources – the digital core.

Built on 20+ years of experience, the Cognitus Industry Solution for Government Contractors in Aerospace and Defense (CIS-GovCon for A&D) is co-innovated with SAP to help enterprises realize improved operational efficiency, reduce operating costs, and support rapid growth.

BID PLANNING, EXECUTION & FORECASTING	GOV CONTRACTS & BILLING	GOV. PRICE MANAGEMENT	WORKFORCE AUTOMATION	CONTRACT FLOW DOWN	INCURRED COST REPORTING	GOVERNMENT & CUSTOMER PROPERTY
LOGISTICS EXECUTION & GTS	EARNED VALUE MANAGEMENT	GPD/PMMO (ACTUAL COSTING)	SECURE SUPPLIER OPERATIONS	REVENUE RECOGNITION	LEASE ACCOUNTING	DATA MIGRATION
PROCUREMENT	AI/ML PLATFORM	INVOICE AUTOMATION	CONTRACT AUTOMATION	WARRANTY MANAGEMENT	REAL TIME BILLING	

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Unleashing the Power of Data, Analytics and End-to-End Compliance for Aerospace and Defense

CIS-GovCon for A&D expands and enhances the native SAP S/4HANA environment with custom solutions built specifically for Aerospace & Defense. Built into the SAP Core, **CIS-GovCon for A&D** is completely configurable to support compliance and security needs giving visibility into real-time data, thus addressing the unique requirements of midmarket and large enterprise A&D customers. It combines the power of SAP S/4HANA, the speed of SAP Analytics Cloud, the intelligence of SAP BTP, the ease of SAP Fiori, and the connectivity of the SAP Cloud Platform.

This solution was built with international contracts and handling multiple regulations and compliance factors in mind. **CIS-GovCon for A&D** helps organizations thrive within a "best value" framework by reshaping indirect rates for competitive alignment, conducting continuous competitor and agency evaluations, sustaining value-driven contracts, comprehending DCAA prerequisites for client operations, and addressing the deficiency in the adoption of advanced technology tools by government agencies.

As the first SAP-Qualified Intelligent Enterprise Partner-Packaged Solution worldwide Co-Innovated with SAP, **CIS-GovCon for A&D** provides contractors, suppliers, and manufacturers with the power and insight they need to seamlessly support their government contracting compliance requirements.

SAP® Co-innovation Partner
For the Aerospace & Defense Industry Cloud Solutions

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Benefits of CIS-GovCon for A&D

Objectives | Solution | Benefits | Product Portfolio

Improve reporting and analytics while meeting Department of Defense compliance with a proven, SAP industry cloud solution in a secure and compliant environment.

End-to-end compliance including DoD compliance and DCAA and DCMA audit support.

Leverage SAP S/4HANA to transform your company seamlessly with prebuilt, integrated end-to-end processes.

Supports bid planning with the ability to do margin analysis in online mode.

Supports billing of all government contract types.

Contract flow down for procurement, production planning, customer delivery, and billing processes.

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Bid Planning, Execution & Forecasting

Streamline and enhance the process of preparing project bids and quotations in the aerospace and defense sector. Users can quickly duplicate and generate new project proposals or bids, saving time in adapting plans to different opportunities. It assists in organizing project cost and effort estimates, allowing for detailed and comprehensive project plans. It also supports the creation of multiple bid versions, enabling flexibility and optimization in pricing and resource allocation during negotiations.

Once a bid is accepted, it seamlessly transitions to contract setup, ensuring efficient and error-free contract terms and conditions. Integrated with government-compliant contracts, it aligns project obligations with government regulations.

It facilitates the flow-down of contract terms to project-related procurement, ensuring adherence to agreed-upon conditions. Moreover, it retains the baseline project plan for accurate Earned Value calculation.

This component has real time dashboards that help you monitor the project KPI's, status, utilizations, margins, earned value, etc. The invoicing and accounting are GAAP compliant.

Key Features:

- Copy, create, structure and plan
- Multi-version quoting and bidding
- Seamless contract setup and execution
- Government-complaint integration

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Government Contracts & Billing

The Government Billing and Contracting component of CIS-GovCon for A&D is a comprehensive module tailored to the specific needs of aerospace and defense companies involved in government contracts and billing. It accommodates a diverse range of contract types and billing methods commonly used in the industry, including cost-plus and fixed-price contracts. Additionally, it simplifies the often-complex paperwork associated with government contracting by offering pre-delivered forms that align with government regulations, reducing the administrative burden.

The module also boasts robust reporting capabilities crucial for maintaining compliance with the rigorous standards of the Defense Contract Audit Agency (DCAA) and Defense Contract Management Agency (DCMA). Its focus on DCAA and DCMA compliance helps businesses adhere to regulations and minimize audit-related challenges.

Key features:
- Contract award funding and thresholds
- Contract flow down
- Contract modifications
- Validations for cost and fee funding
- Comprehensive inception-to-date billing

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Government Price Management (including Forward Pricing)

Objectives | **Solution** | **Benefits** | **Product Portfolio**

The Government Price Management solution unifies in a single application for all government pricing needs, including Forward Pricing in FPRR/FPRA scenarios while enabling the generation of necessary ACO documentation. This solution is also supported by advanced analytics and what-if analysis for proposal simulations.
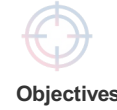
Key features:

Contract Pricing Management

End-to-end compliance including DoD compliance and DCAA and DCMA audit support

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Workforce Automation

Objectives

Solution

Benefits

Product Portfolio

CIS-GovCon for A&D leverages workforce automation to optimize labor costing, time collection, and resource allocation processes. By automating the segregation of labor costs, differentiating pay components, enabling native time collection, optimizing   resource allocation, and integrating external time collection systems, the solution empowers organizations to enhance workforce efficiency, accuracy, and data integration.

This comprehensive approach supports aerospace and defense companies in efficiently managing their workforce, improving cost control, and making informed decisions.

Key features:

Integrated and mobile-ready project timesheet

Comprehensive labor costing elements

Alignment of resource and task certification requirements

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Contract Flowdown

Objectives | Solution | Benefits | Product Portfolio

U.S. Government contractors must flow down some or all clauses in the prime contract with the government to each of their subcontracts. The Contract Flow Down suite is a fully configurable solution embedded in the SAP S/4HANA solution built to meet all FAR/DFARS requirements. It enables required contract information to flow down to all associated documents and objects such as purchase requisitions, purchase orders, production orders, outbound deliveries, and STOs. Our Contract Flow Down module expertly addresses comprehensive flow down requirements:

Federal Acquisition Regulation (FAR) clauses

Product or service specifications

Government or customer designated material or property identification

Quality instructions or inspection criteria

Packaging requirements

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Incurred Cost Reporting

The incurred cost reporting (also known as the Incurred Cost Submission or ICS) is the annual reconciliation of actual costs incurred by a government contractor. The requirement to submit an ICS is found in Federal Acquisition Regulation (FAR) Clause 52.216-7, Allowable Cost and Payment. If this clause is included in one of your contracts, you are required to submit an ICS. Late submissions can be subject to a unilateral decision by the Contracting Officer (CO) to apply a decrement factor which will reduce reimbursement of incurred costs. Project accounting and incurred cost reporting involve segregating, analyzing, and reporting direct and indirect costs in detail to generate properly formatted incurred cost submissions with greater automation.

The Incurred cost reporting component of CIS-GovCon for A&D has the following capabilities:

Enables the creation and submission of all 16 (SCHEDULE A- O) DCAA required schedules.

Ensures version authenticity by generating a unique QR code for every schedule.

Improves compliance in project accounting and cost reporting with clearly developed policies and procedures.

Adheres to regulatory guidelines using functionality aligned with federal defense acquisition requirements (FAR/DFARS).

Generates compliant incurred cost submissions through real-time views of allowable and unallowable costs and direct and indirect spend.

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Government & Customer Property

Objectives   **Solution**   **Benefits**   **Product Portfolio**

Government property includes all property owned or leased by the government including government-furnished and contractor-acquired property, and material, equipment, special tooling, special test equipment, and real property. While managing government property, the contractor must have a system of internal controls to manage (control, use, preserve, protect, repair, and maintain) government property in its possession. The system shall be adequate to satisfy the requirements of *FAR 52.245-1 – Government Property Definition, FAR – Part 45 – Government Property, and DFARS – Part 245 – Government Property* compliance standards.

The Government & Customer Property component of CIS-GovCon for A&D solution is built to meet all FAR 52.245-1 compliance standards. It addresses all aspects of managing government property from acquisition, receipt and identification, physical inventory tracking, subcontractor control, reports, forms and labels DD1149, preventative maintenance, Unique item identification (UID) of the property record, and property contract closeout.

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Logistics Execution & GTS

The Logistics Execution & GTS component of CIS-GovCon for A&D offers enhanced logistics execution functionality including Wide Area WorkFlow (WAWF), Bonded Stock, Shipping forms and labels (DD250, DD1149), and UID Registry. CIS-GovCon for A&D in conjunction with GTS (Global Trade Services) will ensure EAR and ITA compliance, sanctioned party lists, embargo checks, and customs management. **The Logistics Execution & GTS component of CIS-GovCon for A&D addresses the following aspects of logistics:**

- Contract Flow Down Requirements
- Wide Area Workflow Submissions
- Customer Property Management
- PIEE – GFP Module Integration
- Government and Commercial Shipments
- UID Registry Submissions
- Shipping Forms and Labels
- MSL, UID, and RFID Labels
- Commercial Forms and Labels
- Batch Managed and Serialized Requirements
- Global Trade Compliance
- Integration with Carriers and 3PL
- MRO and Subcontract Management

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Earned Value Management (EVM)

Objectives | **Solution** | **Benefits** | **Product Portfolio**

The Earned Value Management component of the CIS-GovCon for A&D solution is completely SAP Fiori enabled and has base functionality to enable all customers to perform EVM in an SAP A&D environment. This component performs all EVM system processes – metrics, base components, and indices - directly in SAP S/4HANA, therefore eliminating data latency and the need for interfaces. The EVM component allows root cause analysis in the system of record. EVM enables a robust and intuitive user experience by merging the capabilities of SAP S/4HANA, CDS views, and SAP Analytics Cloud.

The Earned Value Management component of the CIS-GovCon for A&D solution provides the Dashboard Concept to calculate Earned Value directly in SAP S/4HANA. It removes the need for a 3rd party tool – allowing real-time data and eliminates the need to extract interface data.

The CIS-GovCon for A&D S/4HANA Earned Value Dashboard has the following features:

| Base components utilizing project data | Meta reporting for project evaluation | Indices refecting performance | Variance analysis for ongoing insights |

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GPD/PMMO (Actual Costing)

The GPD component (grouping, pegging, and distribution) provides actual project-based manufacturing costs, and non-valuated project stock rollup for make and buy parts.

The features of the GPD component are:

Enhanced Pegging functionality to provide a holistic view of the current pegged replenishments.

Incorporates real-time insight into the MRP driver of the replenishments, including contract flow down information as well as unit costing information.

Provides extended unit costing reporting directly on the replenishment.

Gives visibility into contractual information on the replenishment from a single source.

GPD/PMMO Cost Adjustments

According to Cost Type Contracts and DCAA requirements, billing specifications are determined by the payment terms established with the supplier. In certain instances, the purchase order cost to the supplier needs to be reclassified as billable/nonbillable based on the payment terms.

Allows for execution by company, plant, purchase order, supplier, and contract type to reclassify invoiced cost to a billable/non-billable GL.

Ability to map material expense to various GLs for reporting.

Ensures government contracting compliance.

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CIS SHIELD

CIS-Shield, Cognitus' solution for secure supplier operations, caters to procure-to-pay automation needs while ensuring adherence to regulatory and federal compliance mandates. Operating within SAP's Intelligent Spend Business Network (ISBN), it harnesses intelligent, time-saving capabilities and tools that revolutionize procurement processes.

With CIS-Shield, organizations in the aerospace and defense sector can achieve heightened spend visibility, exercise greater control over expenses, and ensure robust compliance across their supplier network. This solution empowers businesses with the tools they need to navigate complex procurement landscapes efficiently, all the while optimizing spending practices and maintaining strict regulatory adherence.

Key features:

- The only ISBN industry solution for A&D
- Helps A&D companies stay DCMA and DCAA compliant
- Makes Ariba accessible to the highly regulated A&D industry with a compliant hosting solution
- Offers accelerators and differentiators that meet A&D compliance

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Revenue Recognition

CIS-GovCon for A&D is designed to accommodate the complexities of IFRS 15 and ASC 606 standards, which outline guidelines for recognizing revenue from contracts with customers. These standards require organizations to follow specific rules for recognizing revenue based on the transfer of goods or services to customers.

CIS-GovCon for A&D streamlines and automates the revenue recognition process in accordance with these standards. By integrating contract data, automating revenue calculations, and offering real-time reporting, the solution enhances accuracy, transparency, and compliance in revenue recognition practices within the aerospace and defense sector.

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Lease Accounting

IFRS 16 and ASC 842 lease accounting standards require organizations to record leases on the balance sheet, affecting how leases are recognized, measured, and disclosed in financial statements. CIS-GovCon for A&D ensures that lease accounting is aligned with these standards, promoting accurate financial reporting.

This solution centralizes lease-related data, including lease contracts, terms, payments, and asset details. By aggregating this information, organizations can maintain a comprehensive overview of their lease portfolio, enabling efficient lease management and accounting.

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Data Migration with Alchemy

Objectives | Solution | Benefits | Product Portfolio

Alchemy by Cognitus is a powerful solution that simplifies the data migration process by leveraging cutting-edge technology for advanced data matching, granular insight generation, predictive analytics, data integrity validation, progress tracking, and workflow optimization, among others. Alchemy connects multiple data sources, simplifies transformations, and makes data migration from your legacy system to SAP S/4HANA a breeze with automated data validation.

Some of the key features are:

| A&D industry-specific rule templates | Comprehensive reports (pre-load and post-load) | Extensive logging and auditing capabilities | Intuitive UI/UX |

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Procurement

CIS-GovCon for A&D revolutionizes procurement by seamlessly integrating with SAP S/4HANA, offering QSD functionality for effortless purchase order setup with approved suppliers. Its advanced approval workflow automates purchase requisitions, orders, and procurement documents through predefined hierarchies, reducing delays.

CIS-GovCon for A&D elevates procurement with automated 2-way and 3-way matching, ensuring invoice and receipt accuracy. This boosts financial precision and minimizes overpayments.

The CIS-GovCon for A&D Electronic Subcontracting Reporting System (eSRS) report meets Small Business Administration requirements for government contracts as defined by FAR Clause: 52.2.19, tracking spending by supplier classification. It breaks down subcontract allocations in fiscal years.

Additionally, CIS-GovCon for A&D covers CPSR requirements comprehensively, from vendor selection to material delivery, ensuring compliance with DCMA and DCAA standards.

Key features:

- Mandatory FAR and DFARS Flow Downs

- Compliance with Truthful Cost or Pricing Data and the Truth in Negotiations Act (TINA)

- Small Business Subcontracting Plans

- Defense Priorities and Allocation System (DPAS) Rating

- Flow-down of product or service quality specifications through the Clause Workbench

- Government or customer-designated material or property identification on purchasing documents.

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λambdaX AI/ML Platform

LambdaX provides a cutting-edge and secure Contract Lifecycle Management (CLM) solution tailored for the complex needs of modern organizations. One of our standout features is the flexibility of on-premise deployment, offering your organization complete control over your data and systems. This is especially valuable for handling sensitive or classified contracts. Additionally, our platform excels in rapid data extraction capabilities, allowing you to pull headers, line items, and clauses from standard forms like SF33, SF30, SF1449, DD1155, and SF1419 within minutes. Moreover, we offer seamless integration with SAP S/4HANA, enhancing your existing contract management processes.

Key Features:
- **Bidirectional Integration:** Real-time data synchronization with SAP S/4HANA.
- **Automated Processes:** Proprietary APIs and BAPIs developed by Cognitus to automate critical tasks.
- **Seamless Synchronization:** Consistent and efficient contract management synchronization with SAP S/4HANA.

Business Benefits:
- **Single Source of Truth:** All your contract management needs are met in one integrated ecosystem.
- **Data Integrity:** Ensures that contract modifications are updated automatically across both platforms.
- **Operational Efficiency:** Reduces manual errors and streamlines operational tasks.
- **AI/ML Based Extraction:** Automatically and accurately extract header, line items, and clauses from Standard Forms.

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lambdaX **Invoice Automation**

The Invoice automation component within lambdaX, a Contract Lifecycle Management (CLM) solution by Cognitus, is a powerful tool designed to streamline and enhance the invoice handling process. It leverages Artificial Intelligence (AI) and Machine Learning (ML) technologies to automate invoice processing, recognizing and extracting data from invoices in various formats with precision and efficiency. This versatility extends to its capability to handle invoices in diverse formats, such as PDFs, Excel files, and scanned images, reducing the need for manual data entry and minimizing associated errors.

A key advantage lies in its direct integration with SAP, ensuring a seamless data flow for processing and posting invoices. This integration eliminates manual data transfer, significantly expediting the invoice processing cycle. Ultimately, this cutting-edge solution enhances accuracy, reduces manual effort, and optimizes financial operations for organizations seeking efficient accounts payable management.

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lambdaX Contract Automation

Objectives | Solution | Benefits | Product Portfolio

LambdaX is a comprehensive contract automation and lifecycle management suite, seamlessly integrated with SAP S/4HANA and SAP's cloud offerings including Ariba and Fieldglass. This suite extends its connectivity to encompass other platforms like Microsoft Dynamics, Salesforce, and Twenty5. Employing advanced AI capabilities, it proficiently extracts data from both standardized government forms and organization-specific forms.

Key benefits:

Seamlessly augment extracted data with SAP fields.

Automatically translate government contracts into SAP sales operational fields, including contracts, pricing conditions, FAR clauses, and flow down fields.

Reduce contract entry time in SAP from 3 days to just 3 minutes with 95% accuracy.

Answer questions about your contract with a language-based interface

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Warranty Management

The Warranty Management component of CIS-GovCon for A&D empowers users to efficiently handle warranty-related processes.

Key features:

1   **Warranty Contracts Module:** This module allows for the creation and management of warranty contracts, enabling organizations to define and administer warranty terms and conditions for their products and services, including aspects like maintenance and repair.

2   **Induction Module (Customer and Internal-Facing):** Serving both customers and internal teams, the Induction module offers a user-friendly interface for customers to initiate warranty claims and notifications, while internally, it aids in the efficient management of the induction process, ensuring the systematic processing and tracking of warranty claims.

3   **Induction Dashboard and Analytics:** The system provides an intuitive dashboard and analytics tools that visually represents warranty-related data. This allows users to monitor and analyze warranty claims, evaluate performance, and make well-informed decisions based on real-time insights.

4   **Warranty Determination on Notifications and Claims:** This feature automates the assessment of whether a notification or claim falls within the scope of warranty coverage, reducing the need for manual evaluation and ensuring precise handling of warranty cases.

5   **Inspection Workbench:** The tool offers a dedicated workbench for the assessment of products or components submitted for warranty claims. It streamlines the inspection, evaluation, and decision-making processes regarding repairs, replacements, or other necessary actions.

6   **Integration with Notification Engine:** Seamless integration with a notification engine ensures that warranty-related notifications and claims are efficiently processed and communicated within the organization. This fosters smooth collaboration among teams involved in warranty management.

7   **Contract Flow Down Values and Clauses into Subsequent MRO Documents:** The system facilitates the automatic transfer of warranty contract values and clauses into various subsequent documents within the maintenance, repair, and operations (MRO) workflow. These include repair sales orders, inbound deliveries, repair work orders, purchase requisitions, purchase orders, outbound deliveries, billing documents, and accounting documents. This integration guarantees consistent application of warranty terms and conditions throughout the entire product or service lifecycle.

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Real-Time Billing™

Streamline and enhance billing operations, especially in scenarios involving high data volumes, such as complex project billing and service ticketing. The component supports the efficient management of extensive datasets with higher scalability. The system's remarkable speed in processing billing data ensures timely invoicing and revenue recognition, critical for maintaining financial health and customer satisfaction. Furthermore, its high-volume billing support caters to organizations dealing with more than 1-million rows of data per month.

What sets CIS-GovCon for A&D apart is its seamless integration with government contracts and billing functionality, encompassing essential aspects like flow down, clause management, and accounting elements such as CLIN, ACRN, and FMS. Additionally, the system facilitates voucher numbering for compliance and transparency and offers predefined output forms, saving time and ensuring consistency in customer-facing documents.

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SAP FIORI Applications

The end-to-end functionality for the CIS-GovCon for A&D solution is available on the user-friendly SAP FIORI UI. The custom FIORI launchpad built for CIS-GovCon for A&D solution has tiles such as contract management, approvals, engagement dashboard, reports and outputs, administration, WIP, and billing dashboard.

Project Dashboard

The project dashboard built on the SAP Cloud Platform provides all the insights of the project. This dashboard displays project details, project KPIs, and other important information of a project.

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WHEN YOU ARE.

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