



12.0 INVESTMENT STRATEGY

Our investment strategy establishes a reasonable funding profile for US-VISIT by projecting a significant return on investment (ROI) for each US-VISIT increment, utilizing existing funds, and providing innovative funding options. In addition, our strategy shares risk through performance-based funding approaches.

Our investment strategy is based on our understanding of US-VISIT program goals and our experience successfully implementing large-scale complex Government and commercial programs whose success depend on consistent funding. Figure 12-1 illustrates our experience implementing different types of investment strategies. An effective

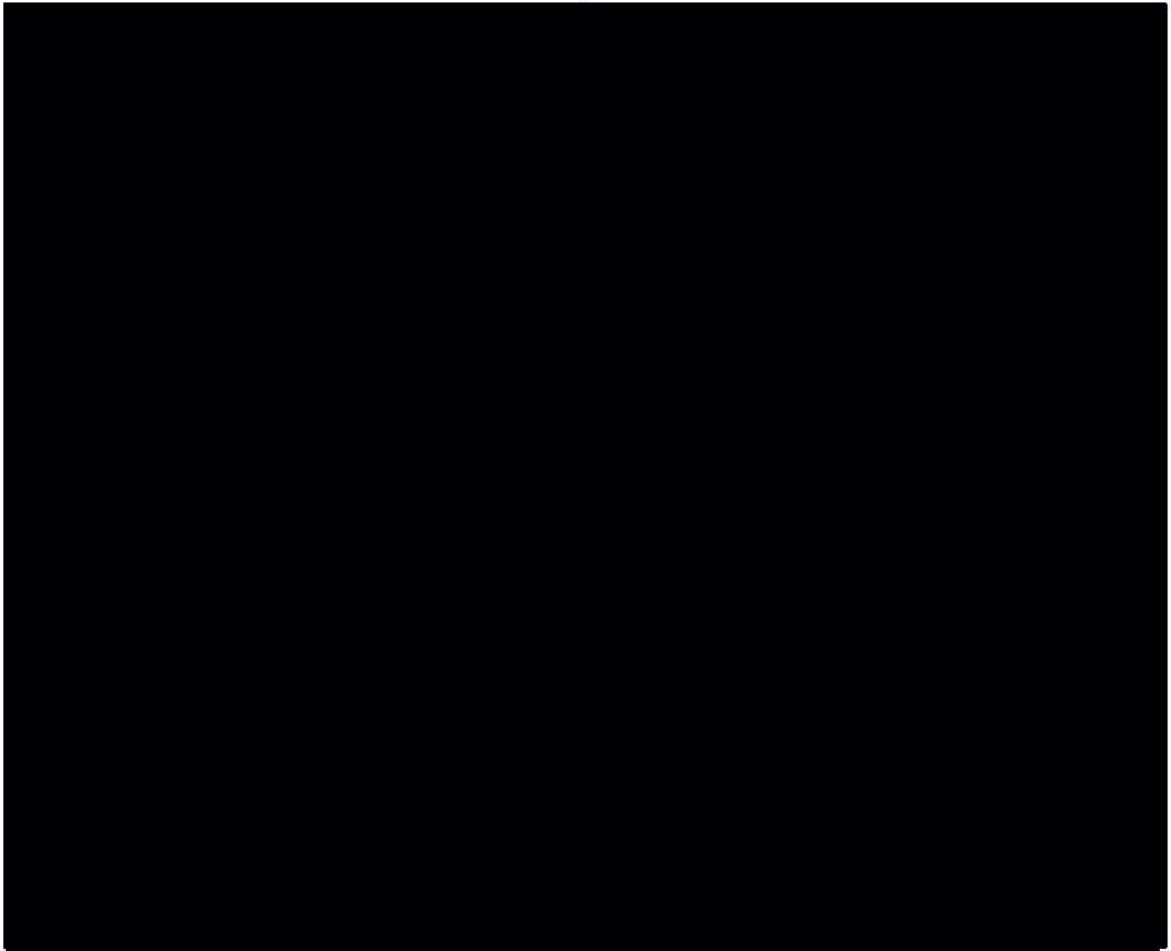
investment strategy is based on the following key factors:

- Link investments with long-term goals, objectives, and performance measures
- Establish a governance structure to institute investment policies and procedures
- Generate returns by prioritizing investments that create the most impact
- Manage risk versus return ratio
- Optimize available sources of funds

12.1 Recommended Investment Strategy

Our US-VISIT investment strategy focuses on achieving overall program goals while generating significant returns early in the program. We partner with the Government

b(4)



b(4)

Figure 12-1. We offer a variety of partnering models, risk sharing, and performance-based incentives plans

USVP 045



b(4) [redacted] We utilize existing DHS funds for US-VISIT Task Orders 001 and 002, which are integral initial elements of our overall End Vision investment plan. We also propose innovative self-funding options, generating additional revenue sources for the program.

Reasonable Funding of End Vision and Incremental Releases. Our investment strategy provides a reasonable funding profile by generating more than

b(4) [redacted] and a return on investment of [redacted] for the first ten years of the program, and by

b(4) [redacted] One of the concerns expressed by GAO in its public US-VISIT report is the lack of defined and measurable benefits for the program. As indicated in Section 8.0 Business Case, we use OMB-approved methods to conduct cost-benefit analysis when defining the specific capabilities to introduce in each increment of our End Vision. We use an economic model

b(4) [redacted] to drive the overall program cost-benefit analysis and measurable benefits in each increment. In our business case, each increment generates positive ROI of

b(4) [redacted] As described in Section 5.0 US-VISIT Transition and Sequencing Strategy, we follow the Capital Planning and Investment Control (CPIC) process so that funds are approved for future program task orders.

Utilization of Existing Funds. Task Order 001 supports our End Vision strategy through the creation of a Program Management Office (PMO) that is maintained throughout the US-VISIT program to increase management efficiency of future End vision task orders.

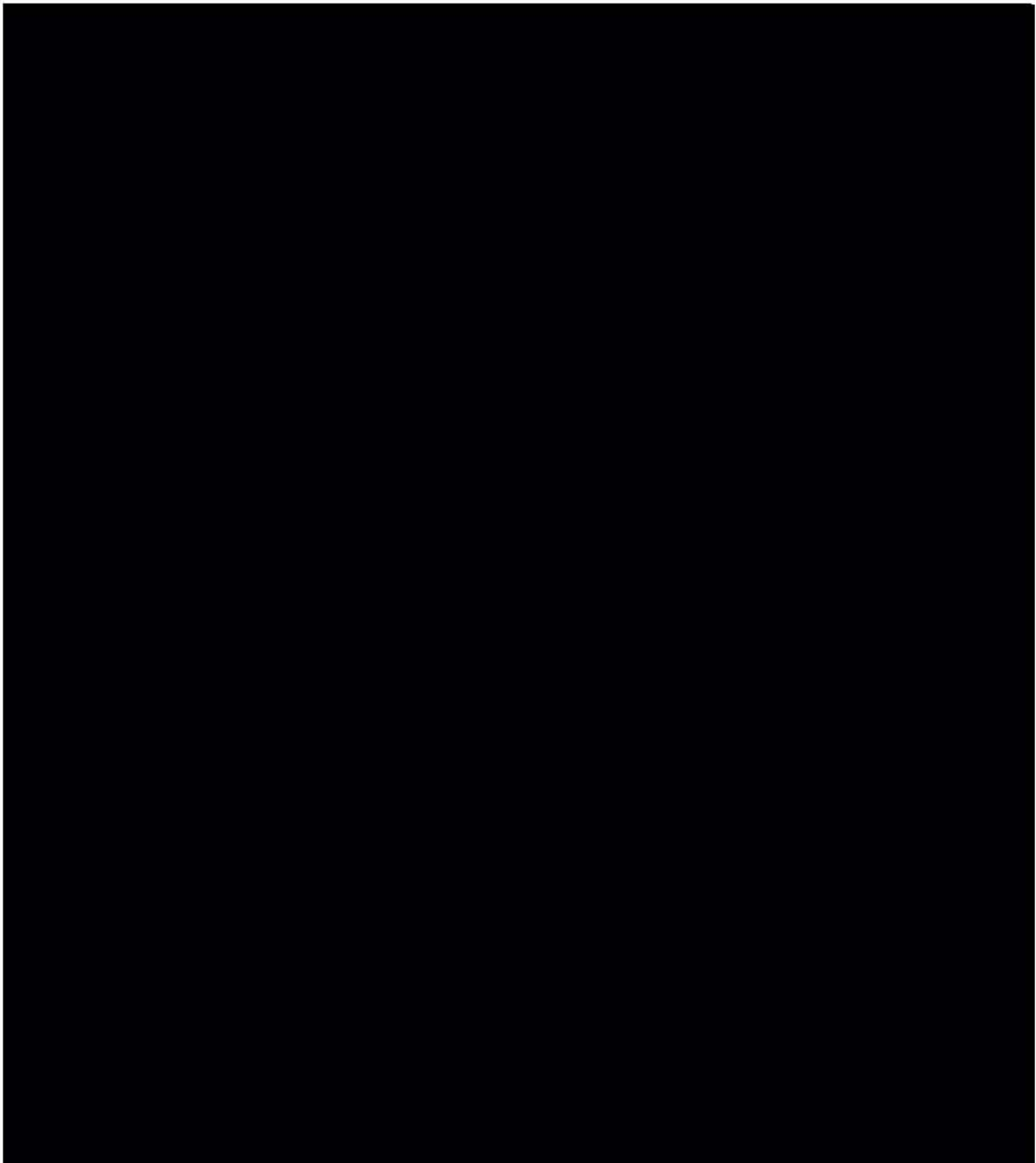
Task Order 002 establishes a foundation for several key elements of our End Vision solution, including the [redacted] the Mission Operations Center, and RFID capability. Thus, we utilize existing funding for these task orders including \$60 million allocated for deployment of RFID technology -- to begin building our End Vision solution. In addition, our End Vision business case includes savings of [redacted] by year 2010 by retiring and replacing legacy systems. This is an additional source of existing funds that is incorporated into our overall End Vision business case that provides [redacted] savings to the Government.

Alliance Funding Innovation. Figure 12-2 illustrates Alliance examples of self-funding options to assist in funding our End Vision solution. These innovative options are based on

[redacted]

Performance-Based Funding. We put our fees at risk based on

[redacted] Our investment strategy closely links each increment with the End Vision, defining desired business results and associated performance metrics that result in the achievement of US-VISIT program goals. Our performance metrics are objective, measurable, and meaningful. This approach results in a long-term, mutually beneficial relationship between the Government and the Smart Border Alliance.



USV P 242

Figure 12-2. We create innovative self-funding options to generate additional revenue sources