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Testimony of
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Before

**THE UNITED STATES HOUSE
COMMITTEE ON ARMED SERVICES
OVERSIGHT AND INVESTIGATIONS
SUBCOMMITTEE**

on

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Chairman Snyder, Congressman Akin, Members of the Subcommittee, thank you for the opportunity to provide information on the progress the Department of Defense (DoD) has made with the Defense Travel System (DTS).

Before turning to the specifics of DTS, I'd like to place it in the larger context of business transformation within the Department of Defense. The Department's mission requires that its business operations adapt so that the organization can react with precision and speed to support our Armed Forces in an ever-changing global security environment. In support of this mission, the Department is currently engaged in a massive effort to transform the way it does business and fulfill its commitment to the American people and the Warfighter to deliver enhanced defense business capabilities effectively and efficiently.

Over the past few years, DoD has built the foundation for improving and modernizing its business operations by strengthening its governance and engaging its leadership through the establishment of the Defense Business Systems Management Committee (DBSMC) and Investment Review Board (IRB) structure. In 2005, DoD established the Business Transformation Agency (BTA), to drive implementation of enterprise standards and business capabilities as defined in the Business Enterprise Architecture (BEA) and its associated Federation Strategy, and by issuing the Enterprise Transition Plan (ETP). Deputy Secretary of Defense Gordon England has made business transformation a central focus of his tenure, devoting extensive time and energy to the effort to improve the business operations of the Department. Under his leadership, the Department has made significant progress over the past three years, and, with the guidance of the Office of the Secretary of Defense (OSD)-level Business Transformation Office, BTA has been instrumental in enabling much of that progress. The Agency remains committed to maintaining that momentum of continuous improvement, especially the successful deployment of enterprise-level systems such as the Defense Travel System (DTS), and today I would like to share with you some of our accomplishments.

Business Transformation Agency (BTA)

With the recognition by the Department's leadership that the Business Mission Area (BMA) needed to enhance support to the Warfighter and provide better financial accountability to the American people, on October 7, 2005, Secretary England issued a memorandum directing the standup of BTA to lead and coordinate business transformation efforts across DoD. Since its inauguration, BTA has been a key participant in achieving the Department's business transformation goals by ensuring consistency and continuity across the core business missions of DoD and delivering enterprise-level capabilities that align to Warfighter needs.

Since a business enterprise by its nature is not a functional, stovepiped organization, but an integrated operating entity focused on optimal end-to-end performance, BTA seeks to enable an enterprise-view of Defense business performance and serve the collective corporate needs of the Defense business enterprise. Additionally, BTA directly oversees 27 information technology programs and initiatives, including the Defense Integrated Military Human Resources System (DIMHRS), the Defense Agencies Initiative (DAI), and DTS. BTA also facilitates operation of the IRBs; produces the BEA (the enterprise architecture for the DoD BMA that includes activities, processes, data standards, business rules, operating requirements, and information exchanges); and produces the Department's ETP (an integrated and executable roadmap which is aligned to the BEA). The Agency also provides expertise to the Components for best practices as they implement Enterprise Resource Planning (ERP) programs and develop transformation initiatives that improve business operations specific to their organizations.

In the span of only two and a half years, the BTA has gained a robust, organic capability to manage and oversee the Department's enterprise-level transformation efforts. In February 2006, I was named as the first permanent Director of the BTA, providing a constancy of leadership and a focus for Enterprise-wide decision making across the Department. Needing special expertise in the planning and implementation of ERPs, BTA has taken advantage of the Congressional special hiring authority for highly qualified

experts (HQEs) to seed its government work force with these hard-to-find skills. We appreciate Congress' recognition of the need to develop a multi-dimensional workforce and the continued support for hiring HQEs as an integral part of maintaining transformation momentum. We are rightly proud of BTA's outstanding workforce composed of career civilians, term-appointed civilians, HQEs, military members and contractors who drive progress in assuring standardization and mitigating the risk associated with large business systems implementations across the DoD.

Defense Travel System (DTS)

Turning to the subject of today's hearing, DTS provides Department of Defense military and civilian travelers with an end-to-end business solution, automating the defense travel processes. The vision for such an all-encompassing travel system began over a decade ago in an effort to standardize DoD's travel processes and systems. DTS allows travelers to create travel orders, validate authorizations, make travel reservations, receive approvals, generate travel vouchers, and directly deposit payment to the traveler's personal account and the government charge card vendor for reimbursement.

At its contractual inception in 1998 as an OSD Special Interest Initiative, DTS was a vendor-supplied, commercial-off-the-shelf (COTS) product. However, as the DTS focus transitioned from automating the financial infrastructure associated with travel to a robust, end-to-end travel management system, it became necessary to modify the existing COTS product, and its associated contract. Steps were taken that eventually led to an Acquisition Decision Memorandum signed in December 2003 that approved DTS fielding to nearly 250 high-volume travel sites across the Department. In April 2006, a significant new release was deployed that increased system usability with simplified processes, redesigned modules, enhanced maintenance features, and improved accounting and system audit capabilities.

As DTS evolved, the Defense Travel Management Office (DTMO) was established by the Office of the Under Secretary of Defense for Personnel and Readiness

(USD (P&R)) to serve as the single focal point for commercial travel within DoD. Among the responsibilities for the DTMO are to establish strategic direction, set policy, centrally manage commercial travel programs, and provide functional oversight for DTS. In addition, the DTS Program Management Office (PMO) was officially realigned in late 2006 from the Defense Finance and Accounting Service (DFAS) to the newly established BTA to continue its role to develop and sustain the Department's automated travel system. In addition, a well-defined governance structure, put in place by the DTMO, has formalized the implementation of the commercial travel concepts. Changes to the travel enterprise go through a strong governance process to ensure their downstream impacts are fully considered. This structure includes the executive-level Defense Travel Steering Committee (DTSC) and the Colonel/GS-15 level Defense Travel Improvement Board (DTIB), which are both co-chaired by P&R and the BTA. Thus, it is through a well-nourished partnership that the DTMO and the PMO are able to implement travel recommendations and explore forward-thinking and technologically sophisticated initiatives. This partnership also recognizes the joint environment required for an enterprise-level system like DTS to flourish into a fully integrated, electronic financial-management and travel system, uniquely tailored to meet the needs of the DoD community while concurrently operating within Federal and DoD travel guidelines.

As the DTMO and PMO received customer feedback in 2006, the BTA focused on the travel experience by honing in on system usability, identified as a primary impediment to the system, and the functionality of DTS. In a major new release in February 2007, the DTS reservation process was completely reengineered, incorporating vital improvements such as the ability to access the airline flight inventory, and modern and user-friendly functionality coupled with an enhanced reservation process. The "Reservation Refresh" resolved many of the issues that had prompted Congress to mandate an independent study of DTS, and the benefits were recognized by the Institute for Defense Analysis (IDA) in its March 2007 assessment: "...we believe the DTS reservation module can consistently find the least-cost airfare to meet mission needs while in compliance with DoD policy, regulations, and business rules. Reservation

Refresh essentially solves the difficulties with flight inventory and selection of lowest-cost fares cited in previous studies as well as can be done today.” Specifically, IDA noted the following improvements to DTS as a result of Reservation Refresh:

- Provides lowest-cost routing consistent with DoD policy.
- Accesses a more complete airline flight inventory.
- Improves usability by pricing all flights as displayed, allowing various sort options (including cost), grouping flight choices into easy-to-understand categories, securing reservations at the point of selection, and providing potential policy violation notices at the point of selection.

In its recommendations, IDA determined that DoD should continue to use the Reservation Refresh version of DTS, and that it should be given a chance to work in the interim while additional improvements to DTS usability are pursued. In the longer term, IDA also recommended that DoD explore a Service Oriented Architecture (SOA) approach for DTS after the primary risks associated with such a migration have been sufficiently mitigated.

DTS not only enhances the quality of the travel experience by saving the time and effort required to arrange, execute, and receive travel reimbursements, the system allows for regulatory engagement through the tracking and monitoring of DoD travel dollars. The multiple functions of DTS are performed via a single web portal which is accessible 24 hours a day, 7 days a week. As a result of these capabilities, including the significant enhancements enabled by Reservation Refresh, DTS usage for voucher processing has increased exponentially. In fiscal year 2006, nearly 1.4 million vouchers were processed in DTS, and 2.4 million were processed in fiscal year 2007. As we reported to Congress in our current Enterprise Transition Plan, this translates into a 72.4% increase in voucher processing from fiscal year 2006 to fiscal year 2007. In the month of February alone of this year, DTS processed 281 thousand travel authorizations, and 245 thousand travel

vouchers. At the current pace, DTS will process more than 3 million travel vouchers in FY 2008.

In terms of moving forward, consistent with the IDA report findings, the DTMO and BTA continue to plan for and add capabilities that will bring value and utility to the defense traveler, and to identify and implement improvements to usability and functionality to support the DTS economic model of maximizing transactions through the system. To flesh out the DTS roadmap for Fiscal Years 2008 and 2009, BTA will examine the upcoming results of DTMO's usability study, currently underway, and will augment the functionality with additional types of travel. For example, already planned for release in the second quarter of FY 2009 is the implementation of Special Circumstances Travel which will provide DTS with the ability to conduct TDY travel scenarios which fall outside the category of "normal" training, deployment, or assignment related travel. Utility to the military traveler will be further enhanced in the third quarter of FY 2009 with the addition of the Permanent Duty Travel (PDT) capability.

As for IDA's longer-term recommendation to examine eventual migration of DTS to a SOA environment, the BTA acknowledges the advantages SOA may eventually bring to systems such as DTS and has taken some initial steps to address this opportunity. A SOA approach breaks functionality into discrete services. As a modular concept, SOA allows identified services to be provided by organizations external to the program itself, including both private-sector and other government organizations. A federated SOA approach can also reduce the complexity of enterprise IT management through the use of commercial products; fewer development, management and sustainment costs; and the elimination of duplicative systems. Successful SOA implementations are predicated on the adoption of data and technology standards in the overall solution environment. As DoD continues to move toward a more standards-based environment through the implementation of the requirements in its Business Enterprise Architecture, opportunities for broad-based SOA deployments become more viable.

As for SOA and DTS, the pending release of “Technical Refresh,” a software enhancement designed to improve utility and introduce new system functionality to the solution, establishes an initial framework for this strategy by enabling the technical capability for future integration via web services. Web service enablement allows the program the flexibility to further decompose the DTS solution set into more modular elements. However, as IDA pointed out in its recent study, there are both business and technical risks associated with that approach, especially in light of the significant enhancements that were introduced with the release of Reservation Refresh last year. From a pure technical standpoint, Technical Refresh will provide the opportunity to utilize modern technology to provide the programmers with increased flexibility and potentially enable lower cost maintenance of the IT system. From a business standpoint, any move to new services would need to be accompanied by a business case that clearly identifies how the benefits outweigh the costs and risks, and ensure that the capability provided by the new service is superior to the current service being provided.

Because SOA is relatively untested within the DoD, and is not without some risk at this juncture, we are adopting a phased approach across our enterprise-level IT portfolio. This approach allows for deliberate and methodical conceptual validation accompanied by a strategic roadmap, as we evolve to the opportunities that are available SOA environment. BTA is conducting several pilots across its portfolio that are designed to test, and thus mitigate risk associated with, the maturity of the SOA infrastructure within the DoD. DTS is part of this overall SOA pilot solution set. The results of each of these pilot programs will inform decision-makers on the appropriate next steps to pursue in terms of widespread adoption of SOA within the Department of Defense.

Conclusion

Although we are pleased that we are showing progress in our business transformation efforts and that this progress has been recognized by our oversight bodies, much work remains to be done. Transformation of an entity the size of the Department of Defense will likely never end, but it must be pushed forward by a shared sense of

intolerance for the status quo. Large private sector organizations are constantly changing, adapting, and transforming themselves to adjust to rapidly changing commercial markets. The Department of Defense should be no different despite the fact that it is orders of magnitude greater in size and complexity than any other large commercial organization.

We appreciate and value the support of Congress over the last several years as we have established new governance and discipline to our business transformation efforts. We are anxious to demonstrate that this support will reap benefits for both the taxpayers who fund our efforts and for the Warfighters who defend this nation. Mr. Chairman, we thank you and the members of the subcommittee for your continued support and I would be pleased to answer any questions you may have at this time.