Exhibit P-40, Budget Item Justification					Date: February 2007				
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number					P-1 Line Item 39				
Procurement, Defense Wide, Budget Activity 01 Major Equipment					Business Transformation Agency (BTA)				
(Dollars in Millions)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	To Complete	Total
BTA	0.0	16.226	7.330	8.490	7.540	5.060	3.430	2.140		50.216

Capital Asset Management System-Military Equipment (CAMS-ME) Through a joint DoD Comptroller (USD(C)) and Acquisition Technology & Logistics (USD(AT&L)) initiative, the CAMS-ME Program began development the summer of 2005 to support the Military Equipment Valuation initiative, positioning the Department to meet financial reporting and audit goals; and have management reporting data to support executive decision making. The purpose of CAMS-ME is to maintain and allow update of military equipment values that are used on the Department's financial statements. CAMS-ME is a critical piece of the Department's effort to achieve a clean audit opinion. Effective October 1, 2006, the CAMS-ME transferred from the Office of the Secretary of Defense (OSD) to the Business Transformation Agency (BTA) in accordance with the Deputy Secretary of Defense decision of October 7, 2005. Prior to FY 2007, the CAMS-ME budget is separately identified in OSD.

CAMS-ME is an enterprise system shared by the Components (i.e., Army, Navy, Air Force; U.S. Special Operations Command; Missile Defense Agency; and Joint Program Executive Officer for Chemical Defense Program). Each Component will continue to follow a consistent Military Equipment Valuation (MEV) methodology. This established enterprise capability will facilitate migration to the Component's long-term solutions.

CAMS-ME Increment 2 will be deployed starting in FY 2007. This increment will continue to leverage the primary capabilities of Increment 1 and additionally provide the capability to better segregate capital and non-capital costs an interface with DoD business systems to receive contract level, asset, and program information; and the capability to value ME based on contract costs (Contract Cost Methodology) which includes the cost of embedded Government Furnished Property (GFP). Increment 2 will feature interfaces for Acquisition Program Information: Acquisition Program Unique Identifier (APUID) Registry; Contract Line Item Detail Information: Demand Unique Identifier (DUID) Registry; and Asset Information: Item Unique Identifier (IUID) Registry.

The first planned spiral that will be implemented during FY 2007 will replace the manual process of updating asset status in CAMS-ME, with an automated data feed to CAMS-ME from the Component accountability systems thru leveraging the IUID Registry as a data broker. This spiral will improve audit readiness as it relates to existence and completeness. The second and third spirals will be implemented in FY 2008/FY 2009. These CAMS-ME spirals will interface with registry systems to receive and process program and contract level data. This data will be used to calculate the full cost of an asset

Funds will be used to procure DISA support for CAMS-ME. This includes the depreciation cost of servers; procurement of additional servers (in accordance with DISA recommendations), switches and other hardware components. Software and Seat License fees are due to SAP (the company whose ERP software we are using for CAMS-ME) each year to provide access to the system by the Components and to other companies (e.g., Oracle).

Standard Procurement System (SPS) DoD initiated the SPS in 1994 to enhance readiness and support to warfighters through standardization and optimization of procurement systems and activities. SPS is currently supporting over 21,000 users in the field and is the only standard business system in DoD. Effective October 1, 2006, the SPS transfers from the Defense Contracting Management Agency (DCMA) to the Business Transformation Agency (BTA) in accordance with the Deputy Secretary of Defense decision of October 7, 2005. Prior to FY 2007, the SPS budget is separately identified in DCMA.

   The Standard Procurement System (SPS) is a software product that automates the entire contracting process from procurement request through award, administration and payment, to final closeout which is currently used by all Services and 17 other organizations and Agencies world-wide.

Exhibit P-40, Budget Item Justification

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Exhibit P-40, Budget Item Justification (CONT)	Date February 2007
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number:	P-1 Line Item 39 Nomenclature
Procurement Defense-Wide, BA 01 Major Equipment, Item No. 39	Business Transformation Agency

The SPS enables business process modernization of procurement activities by providing automated capabilities such as concurrent or sequential electronic routing for approval, automatic workload assignment and even automatic placement of delivery orders which allow for streamlining and improving many paper-based business processes.

The SPS enables business process modernization of procurement activities by providing automated capabilities such as concurrent or sequential electronic routing for approval, automatic workload assignment and even automatic placement of delivery orders which allow for streamlining and improving many paper-based business processes. The SPS also provides standard processes, standard sharable data, policies, procedures, and a standard automated procurement system and automates non-automated procurement activities. At the DoD enterprise level, the Increment 3 modernization addresses net-centricity, FPDS-NG integration, and a common adapter strategy.

There are three versions of SPS in existence and in various programmatic stages. The JPMO provides sustainment support for two versions (Version 4.2.1 and Version 4.2.2) of the product, is fielding a version of the product (Version 4.2.2), and is developing the final version of the product (Version 4.2.3)

SPS Version 4.2.1, which continues to provide support to nearly 3,000 users, has been fully deployed and is currently in sustainment. SPS Version 4.2.2 is being both fielded and sustained as the replacement product for Version 4.2.1. Version 4.2.2 dramatically improves interfaces and data sharing capabilities, has added security enhancements, has added contract administration capabilities, and is fully compatible with Windows XP. SPS Version 4.2.3, the final Increment of the SPS product line, is in development and rapidly approaching a Milestone C decision. Version 4.2.3 will be the final product scheduled to be delivered by the JPMO. Version 4.2.3 further increases the user functionality as the product is web-based, it is scalable, adds archiving capabilities, allows for role based security, is data centric, and it provides an open architecture.

Performance Criteria and Evaluation:

Performance criteria and monitoring mechanisms are put in place for work performed by the contractor.   The contractor receives 70% of payment upon successful completion of the installation or upgrade. The remaining 30% of the payment is issued upon receipt of a favorable rating on the Exit Checklist. If the contractor exceeds the benchmark timeframe or receives an unfavorable rating on the Exit Checklist, penalties are appropriately applied.

Procurement Specific Costs:

The SPS is based on modification of a Commercial-Off-The-Shelf (COTS) item. The item is modified to support DoD requirements not met by the initial commercial product (i.e. requirements prompted by the Federal Acquisition Regulation (FAR) and the Defense Federal Acquisition Regulation Supplement (DFARS)). The SPS follows a spiral development approach, increasing the performance envelope of the existing system incrementally until the objective system is achieved. The SPS is predicated upon 299 functional requirements identified by an inter-service functional requirements team in 1995.

Exhibit P-40, Budget Item Justification
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	Date: February 2007									
Exhibit P-5 Cost Analysis							P-1 Line Item 39 Nomenclature			
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number:							CAMS-ME/SPS			
Procurement, Defense-wide/BA01, Major Equipment/Item No. 39										

WBS COST ELEMENTS	Prior Years Total Cost	Prior Years Unit Cost	FY 2006 Unit Cost	FY 2006 Total Cost	FY 2007 Unit Cost	FY 2007 Total Cost	FY 2008 Unit Cost	FY 2008 Total Cost	FY 2009 Unit Cost	FY 2009 Total Cost
Hardware (CAMS-ME)	N/A	N/A	N/A	N/A	N/A	1.294	N/A	0.640	N/A	0.732
Software (CAMS-ME)	N/A	N/A	N/A	N/A	N/A	1.748	N/A	2.342	N/A	2.290
Seat Licenses (CAMS-ME)	N/A	N/A	N/A	N/A	N/A	3.466	N/A	0.498	N/A	0.448
Installation/Licenses/Database Conversion (SPS)	N/A	N/A	N/A	N/A	N/A	4.225	N/A	1.463	N/A	2.370
Program Integration Support (SPS)	N/A	N/A	N/A	N/A	N/A	2.805	N/A	0.715	N/A	0.961
Implementation (SPS)	N/A	N/A	N/A	N/A	N/A	2.690	N/A	1.672	N/A	1.689
Gross-P-1 End Item Cost	0			0.000		16.226		7.330		8
Less PY Adv Proc (by PY FY)										
Net P-1 Full Funding Cost	0.000			0.000		16.226		7.330		8.490
Plus CY Non-P-1 Costs										
Other Non-P-1 Costs										
Initial Spares										
Total	0.000			0.000		16.226		7.330		8.490

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Exhibit P-5, Cost Analysis
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Exhibit P-5 Cost Analysis (Page 2)	P-1 Line Item 39 Nomenclature: CAMS-ME/SPS							
WBS COST ELEMENTS	FY 2010 Unit Cost	FY 2010 Total Cost	FY 2011 Unit Cost	FY 2011 Total Cost	FY 2012 Unit Cost	FY 2012 Total Cost	FY 2013 Unit Cost	FY 2013 Total Cost
Hardware (CAMS-ME)	N/A	0.730	N/A	0.766	N/A	0.731	N/A	0.451
Software (CAMS-ME)	N/A	2.287	N/A	2.366	N/A	2.254	N/A	1.410
Seat Licenses (CAMS-ME)	N/A	0.453	N/A	0.468	N/A	0.445	N/A	0.279
Installation/Licenses/Database Conversion (SPS)	N/A	1.783	N/A	0.239	N/A	0.000	N/A	0.000
Program Integration Support (SPS)	N/A	0.812	N/A	0.532	N/A	0.000	N/A	0.000
Implementation (SPS)	N/A	1.475	N/A	0.689	N/A	0.000	N/A	0.000
Gross-P-1 End Item Cost		7.540		5.060		3.430		2.140
Less PY Adv Proc (by PY FY)								
Net P-1 Full Funding Cost		7.540		5.060		3.430		2.140
Plus CY Non-P-1 Costs								
Other Non-P-1 Costs								
Initial Spares								
Total		7.540		5.060		3.430		2.140

Exhibit P-40, Budget Item Justification

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