Activity group Capital Investment Summary
Component: Defense Finance and Accounting Service
Activity Group: Financial Operations
Date: February 2007
($ in Millions)

Line Number	Item Description	FY 2006 Quantity	FY 2006 Total Cost	FY 2007 Quantity	FY 2007 Total Cost	FY 2008 Quantity	FY 2008 Total Cost	FY 2009 Quantity	FY 2009 Total Cost
	Prior Year Requires Line Items detail for all categories								
	Equipment Capabilities								
	- Replacement								
	- Productivity								
	- New Mission								
	- Environmental								
	ADPE & Telecommunications Equipment *Capabilities*								
	Computer Hardware (Production)		16.9		16.0		10.7		11.1
	Computer Software (Operating System), Telecoms, Other Computer & Telecom Sup Equip.								
	Software Development *List Separately*		**41.8**		**37.2**		**29.4**		**26.9**
	Internally Developed		34.7		24.2		11.8		10.1
	Externally Developed		7.1		13.0		17.6		16.8
	Minor Construction *Capabilities*								
	- Replacement		0		1.4		1.1		.8
	- Productivity								
	- New Mission								
	- Environmental								
	TOTAL		58.7		54.6		41.2		38.8
	Total Capital Outlays		83.1		67.7		56.1		38.0
	Total Depreciation Expense		144.2		103.9		85.3		74.2

Activity group Capital Investment Summary
Component: Defense Finance and Accounting Service
Activity Group: Information Services
Date: February 2007
($ in Millions)

Line Number	Item Description	FY 2006 Quantity	FY 2006 Total Cost	FY 2007 Quantity	FY 2007 Total Cost	FY 2008 Quantity	FY 2008 Total Cost	FY 2009 Quantity	FY 2009 Total Cost
	Prior Year Requires Line Items detail for all categories								
	Equipment Capabilities								
	- Replacement								
	- Productivity								
	- New Mission								
	- Environmental								
	ADPE & Telecommunications Equipment *Capabilities*								
	Computer Hardware (Production)		0.4		0.0		0.0		0.0
	Computer Software (Operating System),								
	Telecoms, Other Computer & Telecom Sup Equip.								
	Software Development *List Separately*								
	Internally Developed								
	Externally Developed								
	Minor Construction *Capabilities*								
	- Replacement								
	- Productivity								
	- New Mission								
	- Environmental								
	TOTAL		0.5		0.0		0.0		0.0
	Total Capital Outlays		0.5		0.4		0.1		0.1
	Total Depreciation Expense		1.0		0.0		0.0		0.0

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)												
							A. Fiscal Year (FY) 2008 / 2009 Budget Estimates: DFAS Financial Operations					
B. Component / Business Area / Date Defense Finance and Accounting Service February 2006				C. Line No. & Description ADP Equipment			D. Activity Identification DFAS Sites					
	FY 2006			FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Security (SEC)			1,465			1,535			2,970			924

Narrative Justification:

The purpose of the security initiative is to protect the DFAS communications and computing infrastructure assets on the DFAS enterprise local area network from internal and external threats manifested as unauthorized access attempts, electronic viruses, hacks, cracks, or automated scripts. Government and contracted expertise monitor and manipulate this equipment to ensure the DFAS Enterprise Local Area Network (ELAN) is a safe computing environment. FY06 funds were used to support global domain name services management server, enterprise vulnerability scanning capability, and encryption redundancy. Funds also supported myPay redundancy, redesign, and optimization efforts and forensics hardware. FY07 funds will be used for new automated intrusion detection capabilities, firewall upgrades, and anomaly detection devices along with continued refresh of encryption devises, forensics nodes, web media content caching, and filtering. FY08 funds will be used for continued refresh of protection sensors, anomaly detection, site load balancing, upgrading firewalls, and software upgrades in conjunction with the fluid threat to DFAS. Additionally, the increased funding is required for new intrusion detection sensors and the Mobile Code desktop enforcement. FY09 requires threat detection and monitoring software updates with a significant emphasis on forensics nodes.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)													A. Fiscal Year (FY) 2008 / 2009 Budget Estimates: DFAS Financial Operations
B. Component / Business Area / Date Defense Finance and Accounting Service February 2006				C. Line No. & Description ADP Equipment									D. Activity Identification DFAS Sites
	FY 2006			FY 2007			FY 2008			FY 2009			
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	
Imaging Program (EDM)			1,034			1,130			565			565	

Narrative Justification:

The Electronic Document Management (EDM) Program is a comprehensive business process improvement initiative designed to enhance automation of paper processes. The EDM program is intended to meet identified capability requirements to reduce dependence on paper through converting thousands of paper documents used in payment processing and associated data to an electronic format that can be accessed from a desktop workstation. Electronic Document Management (EDM) is used in support of payment entitlement processing within commercial pay and currently is in production at multiple DFAS Vendor Pay locations. EDM is also used by all of the Contract Pay Mechanization of Contract Administration Services (MOCAS) processing users. FY06 funds were used for redundant Array of Indexed Disks (RAID) / Server Hardware. FY07 funds are for hardware refresh of scanners and RAID. These risk mitigation actions will increase available space to ensure sufficient capacity to meet EDM expansion and maintain reliability and uptime requirements. To mitigate risk to the production system, scanners are scheduled to be refreshed and RAID increased to ensure workload and capacity requirements are met. FY08 and FY09 funds will support the continuation of risk mitigation actions to ensure the proper performance of imaging equipment in support of payment entitlement processing within Commercial Pay and Vendor Pay locations.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)												
							A. Fiscal Year (FY) 2008 / 2009 Budget Estimates: DFAS Financial Operations					
B. Component / Business Area / Date Defense Finance and Accounting Service February 2006				C. Line No. & Description ADP Equipment			D. Activity Identification DFAS Sites					
	FY 2006			FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Enterprise Local Area Network System (ELAN)			13,308			13,331			7,200			9,600

Narrative Justification:

The Enterprise Local Area Network (ELAN) is the digital communications infrastructure that connects all DFAS sites around the world. The ELAN is the medium that carries all the email to internal and external users, provides DFAS employees with connectivity to accounting and pay systems, allows DFAS customers visibility of their respective information, and enable the distributed DFAS entity to work towards the same vision and goals. FY06 funds were used to complete the ELAN re-engineering initiative including the storage area network (additional storage), Rightfax servers, and COOP capability. FY07 funding will provide technical refreshments for routing equipment, networking backbone, mid-tier/web production environment, web servers, and storage area network (additional storage). FY08-FY09 funding will support encryption interface upgrades, global Domain Nave Server (DNS) management server services, remote access services, and refresh of Windows web servers.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)													A. Fiscal Year (FY) 2008 / 2009 Budget Estimates: DFAS Financial Operations
B. Component / Business Area / Date Defense Finance and Accounting Service February 2006				C. Line No. & Description Software Dev / Mod									D. Activity Identification DFAS Sites
	FY 2006			FY 2007			FY 2008			FY 2009			
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	
Automated Time Attendance Production (ATAAPS)			991			991			991			991	

Narrative Justification:

ATAAPS provides an automated, single-source input for reporting the collection of time and attendance (T&A), reporting labor data, and passing the information to interfacing payroll and accounting systems for more than 150,000 employees. ATAAPS is a legacy system and is required to make legislative, regulatory and policy changes mandated by higher authorities to increase the functionality of the system to support agency and customer requirements. ATAAPS is also responsible for adherence to new legislative requirements upon enactment in support of the Defense Civilian Pay System (DCPS) T&A Interface. FY06 funding supported software changes for the migration of additional applications from GUI to WEB enabled, supported required capability to enter and pass Base Realignment and Closure (BRAC) Leave to DCPS, necessary modifications to Reviewer/Certifier Retroactive Changes, provided capability for Hazard/Reason Codes on Defaults, supported the capability for entry of Remote Site Pay required by the Standard Operations and Maintenance Army Research and Development (SOMARD) Accounting System, and supported expedited tracking of employees Retroactive Labor Changes and Team/Rosters during reorganizations. The software changes will provide an estimated annual cost avoidance of $5.4M in staffing for timekeepers within the agencies' serviced population. FY07-FY09 funds will be used to fulfill future requirements similar to those identifed for FY06.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)							A. Fiscal Year (FY) 2008 / 2009 Budget Estimates: DFAS Financial Operations					
B. Component / Business Area / Date Defense Finance and Accounting Service February 2006				C. Line No. & Description Software Dev / Mod			D. Activity Identification DFAS Sites					
	FY 2006			FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Defense Civilian Pay System (DCPS)			5,900			4,000			5,000			5,000

Narrative Justification:

The Defense Civilian Pay System (DCPS) provides timely and accurate biweekly payroll services to approximately 800K Defense and non-Defense agency civilian employees throughout the world and provides high quality and timely payroll system software support to the Departments of Army, Navy, Air Force, Energy, and Health and Human Services; other Defense Agencies; the Executive Office of the President; and the Environmental Protection Agency. FY06 funding supported software changes for eight various federally mandated initiatives and acts. Manual workaround for these initiatives is prohibitive both financially and because of workload; it would require an additional 54 full-time equivalents (FTE) at approximately $15.6 million. Without these capital investments, DFAS would be in violation of federal mandates and untimely, inaccurate payments would be made. During FY07 DCPS will incorporate necessary system changes to support employee elected withholdings for Health Savings Accounts (HSAs) in accordance with federal mandates. FY08-FY09 funds will support future software changes similar to those described above as necessary to ensure all civilian employees receive timely and accurate payments.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)							A. Fiscal Year (FY) 2008 / 2009 Budget Estimates: DFAS Financial Operations					
B. Component / Business Area / Date Defense Finance and Accounting Service February 2006			C. Line No. & Description Software Dev / Mod			D. Activity Identification DFAS Sites					
	FY 2006			FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
myPay			2,192			2,000			2,480			2,480

Narrative Justification:

myPay is a web-based software application that provides Government personnel with a paperless business environment that safeguards information. myPay supports the capability to submit financial transactions and receive statements via the Government's electronic commerce. Initiative benefits include saving over $1M in mailing costs and compliance with the White House requests and the Government's Paperwork Elimination Act of 1999 and H.R. 2458 of the E-Government Act of 2002. Each year, myPay saves the government over $6M in mailing costs. During FY06 myPay implemented software releases to rewrite/update state tax transactions, add Savings Deposit Account statements, update its software for 2005 tax statements, provide tax statement notifications, and, at the direction of the Office of Management & Budget (OMB), implement E-Authentication as part of the President's Management Agenda. During FY07, the funds will create 2006 tax statements, extend myPay's E-Authentication functionality, add Broadcasting Board of Governors, and display the government's contributions on the Leave and Earnings Statement (LES). myPay will also initiate the review/rewrite of its Master PIN Database to improve efficiency and ensure its integrity. During FY08 myPay will complete the Master PIN Database review/rewrite & continue to add new E-Payroll customers. FY09 funds will continue adding new E-Payroll customers, update the tax statements, and implement legislation.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)												
B. Component / Business Area / Date Defense Finance and Accounting Service February 2006				**C. Line No. & Description** Software Dev / Mod				**A. Fiscal Year (FY) 2008 / 2009 Budget Estimates:** DFAS Financial Operations **D. Activity Identification** DFAS Sites				
	FY 2006			**FY 2007**			**FY 2008**			**FY 2009**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Def Joint MilPay Sys - Active Component (DJMS-AC)			899			4,515			0			0

Narrative Justification:

DJMS-AC provides top quality payroll and accounting service by delivering a military pay system that is accurate, timely and cost efficient. DJMS-AC was placed in a brownout in 2003 and was scheduled to be replaced in 2005 by the Forward Compatible Pay (FCP) System. DJMS central design activity (CDA) was reduced to minimal maintenance for DJMS-AC beyond FY06. With the termination of FCP, DFAS and its customers have reinvigorated DJMS and DJMS-AC has to remain a viable pay system until 2010 when replaced by DIMHRS. Funding during FY06-FY07 will allow for enhancements to the system as customer priorities are determined, improving the software in order to reduce manual workarounds and reduce the risks associated with continued use in its degraded state. Above amounts are based on customer requirements identified from the April and August 2006 Configuration Control Board meetings. Without the capital investment, DJMS-AC will not be able to provide the increased functionality to support the military Warfighter pending DIMHRS implementation.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)													A. Fiscal Year (FY) 2008 / 2009 Budget Estimates: DFAS Financial Operations
B. Component / Business Area / Date: Defense Finance and Accounting Service, February 2006				C. Line No. & Description: Software Dev / Mod									D. Activity Identification: DFAS Sites
	FY 2006			FY 2007			FY 2008			FY 2009			
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	
MilPay Systems Transition Program Office (MSTPO)			0			3,603			0			0	

Narrative Justification:

The program (MSTP) and related program office (MSTPO) were chartered to provide dedicated support to the design, development, and implementation of DIMHRS (Pers/Pay) pay functionality. FY07 funds will be used to provide engineering and technical support to DIMHRS (Pers/Pay) for final system testing and initial implementation and deployment. In addition, technical support will be necessary for program close-out, ensuring that technical documentation is complete and all requirements have been addressed by the new system.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)												
							A. Fiscal Year (FY) 2008 / 2009 Budget Estimates: DFAS Financial Operations					
B. Component / Business Area / Date Defense Finance and Accounting Service February 2006				C. Line No. & Description Software Dev / Mod			D. Activity Identification DFAS Sites					
	FY 2006			FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Defense Military Pay Office (DMO)			1,489			2,048			759			200

Narrative Justification:

The DMO is the principal input system for DFAS's Defense Joint Military Pay System (DJMS) for all components of the military. With the cancellation of Forward Compatible Payroll (FCP) and the reinvigoration of the DMO system, web development efforts have begun. During FY07, DMO will continue its transition to a web-enabled environment. Due to performance and cost issues associated with the current data download and the need for centralized control of Privacy Act protected data, this web initiative also involves the transition of DMO from a DB2 to a MySQL or Oracle database environment. In addition, DMO has assumed technical and financial responsibility for the Staging Database (SDB) which will be linked as a module to the DMO software suite and require Privacy Act compliance updates among others. During FY08, DMO will make system modifications to become 508 Compliant, to evolve to event-based transaction processing capabilities, to improve audit features, and to develop an interface with the Air Force Uniformed Training Administration Process System (UTAPS). FY09 changes will be driven by legislation. Initiative benefits include: More secure data & exchanges, increased security, http protocol data-in-transit and Lightweight Directory Access Protocol (LDAP), decreasing information processing center data replication costs, reduced footprint for Army DMOs, reduced DB2 licenses/costs.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)												
							A. Fiscal Year (FY) 2008 / 2009 Budget Estimates: DFAS Financial Operations					
B. Component / Business Area / Date Defense Finance and Accounting Service February 2006				C. Line No. & Description Software Dev / Mod			D. Activity Identification DFAS Sites					
	FY 2006			FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Defense Retiree and Annuitant Pay System (DRAS)			1,100			7,248			12,367			12,367

Narrative Justification:

The DRAS is a pay entitlement system that establishes and maintains payment to approximately 2.5 million military retirees, former spouses, survivor beneficiaries and annuitant customers. DRAS changes are performed to support adherence to legislative requirements and DFAS management directed projects, to avoid costly manual workarounds, and to avoid the potential of incorrect payments to our 2.5 million customers. FY06 DRAS capital system funding is being used to support legislative (e.g., Veteran's Administration Retro Project) and DFAS management directed changes. FY07 funds will be used to continue legislative and DFAS management directed changes. The additional funding is required to support the initial stages of the DRAS modernization initiative directed at redesign of the DRAS system. The current DRAS system is outdated and a new system is required in order to maintain system efficiency and compliance with required mandates. Initial funding will support Analysis of Alternatives (AoA) that is required to identify necessary system changes to update DRAS with new technology. Development will be coordinated with the Business Transformation Agency (BTA). FY08-FY09 funding supports implementation of DRAS system upgrade and integration resulting from the AoA.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)												
B. Component / Business Area / Date Defense Finance and Accounting Service February 2006				**C. Line No. & Description** Software Dev / Mod			**A. Fiscal Year (FY) 2008 / 2009 Budget Estimates:** DFAS Financial Operations **D. Activity Identification** DFAS Sites					
	FY 2006			**FY 2007**			**FY 2008**			**FY 2009**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Deployed Disbursing System (DDS)			1,163			1,234			2,061			1,803

Narrative Justification:

The DDS provides disbursing support to the Army and Marine Corps forward deployed finance personnel. It replaces manual, non-standard processes with automated DoD Financial Management Regulation (FMR), Vol. V compliant processes. DDS supports the President's Management Agenda (PMA). DDS facilitates military payments and check cashing, pays contracts in U.S. currency, uses electronic funds transfer and is used by more than 1,000 paying agents spread over the area of operations in Operation Iraqi Freedom alone. Additionally, as a part of the Nation Building effort, DDS is being utilized as one of several tools to reduce U.S. currency on the battlefield. During FY06, DDS was enhanced and implemented throughout the Marine Corps Logistical Groups. FY07 funds will provide for systems enhancements requested by the deployed forces, sustainment and further Marine Corps implementation. We are anticipating deployment to other services in FY08 due to the past and current successes. By FY09, we expect to be fully deployed and funds would be used for enhancements and refreshes.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)												
A. Fiscal Year (FY) 2008 / 2009 Budget Estimates: DFAS Financial Operations												
B. Component / Business Area / Date Defense Finance and Accounting Service February 2006				**C. Line No. & Description** Software Dev / Mod			**D. Activity Identification** DFAS Sites				
	FY 2006			**FY 2007**			**FY 2008**			**FY 2009**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Defense Debt Management System (DDMS)			685			685			685			685

Narrative Justification:

There is a current effort to implement changes required to comply with requirements for out of service debt collections and there is no work around option available. Dept of Treasury continues to change interface file requirements and to mandate use of new interface files and programs in implementing the next phase of the Federal Debt Collection Mission. Benefits include: $35M per year in tangible benefits through DDMS Treasury collections, legislative compliance, streamlined process flow, customer benefits of timeliness and accuracy, and increased employee satisfaction. This initiative is required for the DDMS to be in compliance with the Treasury debt collection modules. Without these processes, more than $35 Million in Treasury collections would be lost and the mission of debt collections would be vastly compromised. The funding will be used to satisfy the continued requirement to modify the system to process debts into DDMS, obtain collections through system partners such as Treasury Collection Agencies, and work in conjunction with Treasury Cross-Servicing initiatives with the new FedDebt system.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)													A. Fiscal Year (FY) 2008 / 2009 Budget Estimates: DFAS Financial Operations
B. Component / Business Area / Date Defense Finance and Accounting Service February 2006				C. Line No. & Description Software Dev / Mod									D. Activity Identification DFAS Sites
	FY 2006			FY 2007			FY 2008			FY 2009			
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	
NAVAIR Industrial Financial Mgt System (DIFMS)			0			0			962			1,000	

Narrative Justification:

The DIFMS is a financial management/accounting system supporting the Navy and Navy Research and Development (R&D) business areas. DIFMS replaced legacy systems with a migratory system that meets Federal and DoD regulations and requirements. Capital funding will be used as additional investments are identified such as policy / mandated changes, interfaces (e.g. Wide Area Workflow (WAWF), Mechanization of Contract Administration Services (MOCAS), additional Defense Travel System (DTS) releases, etc.), Defense Information Systems Agency (DISA) and DoD Security Requirements, Security Technical Implementation Guide (STIG) updates, and expanded Security Accreditation Requirements. Customers have confirmed that replacement systems will not be in place until FY11 and beyond. During FY08-09, funding will be used for Financial Improvement Plan (FIP) initiatives – currently Navy and Marine Corps customers using DIFMS are pursuing Assertion and Financial Improvement Plans (FIP) that will result in system enhancement /modernization efforts. Without funds available in the DIFMS budget, we will not be able to accomplish these efforts in support of reaching the “Unqualified Audit Opinion” goal for the Navy and Marine Corps customers using DIFMS.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)													A. Fiscal Year (FY) 2008 / 2009 Budget Estimates: DFAS Financial Operations
B. Component / Business Area / Date Defense Finance and Accounting Service February 2006				C. Line No. & Description Software Dev / Mod									D. Activity Identification DFAS Sites
	FY 2006			FY 2007			FY 2008			FY 2009			
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	
Columbus Commercial Off-the-Shelf System (eBiz)			250			250			250			250	

Narrative Justification:

Funds are required for Defense Finance and Accounting Service (DFAS) lease-to-purchase option for the Web Methods Perpetual license. Use of the software is critical for the agency's official accounting system, eBiz. The software specifically allows user access through the internet.

Exhibit Fund-9b – Activity Group Capital Purchase Justification

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)												
							A. Fiscal Year (FY) 2008 / 2009 Budget Estimates: DFAS Financial Operations					
B. Component / Business Area / Date Defense Finance and Accounting Service February 2006				C. Line No. & Description Software Dev / Mod			D. Activity Identification DFAS Sites					
	FY 2006			FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Standard Accounting and Reporting System (STARS)			3,200			3,000			1,945			1,250

Narrative Justification:

Standard Accounting and Reporting System Field Level (STARSFL) and Headquarters (STARHQ) are the principal general fund accounting systems for the Department of the Navy (DoN) and Financial Departmental Reporting/Major Command Reporting (STARSFDR/MCR). Investment is required to reach the DoN business transformation goals. FY06 funds initiated STARS Program Changes to support FY2007 clean audit opinion, initiated program changes for the DoN Mid-Range Financial Improvement Plan, and initiated OSD and Treasury mandated changes (e.g. Cash Donations). FY07 funds will support labor transaction processing change to utilize payroll records to identify exact lines of accounting and establish tables to automate, control, and ensure processing of all transactions. Cash transaction controls change will enable STARS to support the requirements of the Defense Cash Accountability System Business Enterprise Architecture initiative and the Navy Financial Improvement Plan. FY08-09 funds will support the second phase of Accounts Payable, to address real-time update of the ledgers consistent with the existing accounts receivable database.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)												
B. Component / Business Area / Date Defense Finance and Accounting Service February 2006				**C. Line No. & Description** Software Dev / Mod			**A. Fiscal Year (FY) 2008 / 2009 Budget Estimates:** DFAS Financial Operations **D. Activity Identification** DFAS Sites					
	FY 2006			**FY 2007**			**FY 2008**			**FY 2009**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Defense Working Capital Accounting System (DWAS)			0			500			500			500

Narrative Justification:

DWAS is the operational, migratory system selected to replace the Defense Automated Printing Service's (DAPS) Printing Resources Management Information System (MIS), the Naval Public Works Center's (PWC) MIS, the Naval Facilities Engineering Service Center's (NFESC) Financial MIS, the Defense National Stockpile Center's (DNSC) accounting processes, and the Information Services Activity Group's (ISAG) Industrial Fund Accounting System (IFAS). FY07 funds will support development of an interface with Wide Area Workflow (WAWF), the Department of Defense Receipts & Acceptance system, to electronically post Accounts Payable records and invoices from WAWF to the accounting system. Currently the Air Force, Navy, and DLA customers using DWAS are pursuing Assertion and Financial Improvement Plans (FIP) that may result in system enhancement/modernization efforts to support an "unqualified audit opinion." Funding will also support mandated changes. FY08 - FY09 funds will continue to support DWAS customers' pursuit of Assertion and Financial Improvement Plans (FIP). As additional investments are identified, such as Policy/Mandated changes, interfaces, DISA and DoD Security Requirements, STIG updates, and expanded Security Accreditation Requirements, capital funding will be used to modify and standardize critical processes within DWAS to improve system processes and efficiencies, correct critical interface deficiencies, and establish new interfaces.

Exhibit Fund-9b – Activity Group Capital Purchase Justification

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)												
A. Fiscal Year (FY) 2008 / 2009 Budget Estimates: DFAS Financial Operations												
B. Component / Business Area / Date Defense Finance and Accounting Service February 2006				**C. Line No. & Description** Software Dev / Mod			**D. Activity Identification** DFAS Sites				
	FY 2006			**FY 2007**			**FY 2008**			**FY 2009**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Def Cash Accountability Reporting System (DCAS)			3,823			1,368			0			0

Narrative Justification:

DCAS was started to support the decision to develop a single cash accountability system to reduce operating costs and to streamline DoD finance and accounting operations. The goal is to provide a complete DoD cash accountability system with reengineered processes that incorporates new technology and improved efficiency and effectiveness of cash reporting for the DoD. The Defense Cash Accountability System (DCAS) supports the enterprise capability of Cash Reporting and will be the single cash accountability system for DoD. DCAS will meet the need to consolidate cash systems under the larger enterprise-level initiative by collecting, reporting and distributing all disbursements and collections by a single system. As DCAS evolves to full functionality, the many legacy and interim migratory systems now supporting cash accountability and Treasury reporting functions within DoD will be systematically phased out. DCAS will also address the DoD material weakness regarding the Fund Balance with Treasury through the reconciliation functionality. Funding will be used to re-engineer cash processes for Army, Air Force, and Defense Agencies to implement a standard cash accountability system and to develop a reconciliation function that will support Fund Balance with Treasury.

NOTE: DCAS has migrated from DFAS to the BTA. The future of DCAS is currently under review by the BTA.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)												
B. Component / Business Area / Date Defense Finance and Accounting Service February 2006				**C. Line No. & Description** Software Dev / Mod			**A. Fiscal Year (FY) 2008 / 2009 Budget Estimates:** DFAS Financial Operations **D. Activity Identification** DFAS Sites					
	FY 2006			**FY 2007**			**FY 2008**			**FY 2009**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Defense Departmental Reporting System (DDRS)			4,030			2,800			0			0

Narrative Justification:

The DDRS standardizes the departmental reporting process for all DoD Fund Types. This modern web-based system is used to produce the DoD Audited Financial Statements and budgetary reports, provide data query and report generation tools, eliminate the need for manual reconciliation, and operate within the DFAS Corporate Information Infrastructure environment (DCII). FY06 funds were used to update DDRS Audited Financial Statements / Federal Agencies' Centralized Trial-Balance System (AFS/FACTS I) annual reporting, deploy the Army Defense Working Capital Fund and select DoD agencies general fund reporting, and to achieve full rate production approval. FY07 funds will be used for annual updates to the DDRS AFS/FACTS I reporting capabilities.

NOTE: DDRS has migrated from DFAS to the BTA. The future of DDRS is currently under review by the BTA.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)												
							A. Fiscal Year (FY) 2008 / 2009 Budget Estimates: DFAS Financial Operations					
B. Component / Business Area / Date Defense Finance and Accounting Service February 2006				C. Line No. & Description Software Dev / Mod			D. Activity Identification DFAS Sites					
	FY 2006			FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Garnishment Support System (GARNS)			450			450			200			200

Narrative Justification:

GARNS processes garnishment orders for the entire DoD population and non-DoD E-Payroll personnel. The Integrated Garnishment System (IGS), a subsystem of GARNS, is a prompt driven system to review and determine legal validity of documents, court orders and wage garnishments received in the Garnishment Operations Directorate. The Garnishment application Kids 1st,, another subsystem of GARNS, is on-site at 18 participating States and provides court documents for Garnishment processing. The Garnishment FY07 modernization initiative supports the Federal Paperwork Elimination Act of 1999 and H.R. 2458 of the E-Government Act of 2002. These investments will eliminate problems with the current software and the need for legally mandated additional staff - $2M per year. FY06 funding initiated a software rewrite to transition IGS to a web-based application and a rewrite of Kids 1st, established a successful pilot telework program, and converted Environmental Protection Agency (EPA) personnel to IGS for garnishment support. FY07 funds will replace the current software that is no longer supported, prepare for interfacing with the Defense Integrated Military Human Resources (DIMHRS), and support the expansion of E-Payroll communities. FY08 funding completes the transition to web-based technology, bring on new communities and focus on software enhancements that were deferred during the rewrite process. FY09 funding will continue software enhancements and bring on new communities.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)													A. Fiscal Year (FY) 2008 / 2009 Budget Estimates: DFAS Financial Operations
B. Component / Business Area / Date Defense Finance and Accounting Service February 2006				C. Line No. & Description Software Dev / Mod									D. Activity Identification DFAS Sites
	FY 2006			FY 2007			FY 2008			FY 2009			
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	
Imaging Program (EDM)			86			0			500			0	

Narrative Justification:

The Electronic Document Management (EDM) Program is a comprehensive business process improvement initiative designed to enhance automation of paper processes and meet identified capability requirements to reduce dependence on paper. EDM was implemented in support of the President's Directive of the 1993 National Performance Review. FY06 funding was used to complete the installation of EDM Release 5.06 begun with FY05 Capital funding. FY 08 funding will help implement a solution to identify and remove all documents and associated history released by regulatory document retention standards. This solution would include a method to monitor document history according to contractual terms and regulation by providing an identification tool to mark contracts with an identifier upon contract closeout or payment completion.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)												
A. Fiscal Year (FY) 2008 / 2009 Budget Estimates: DFAS Financial Operations												
B. Component / Business Area / Date Defense Finance and Accounting Service February 2006				**C. Line No. & Description** Software Dev / Mod			**D. Activity Identification** DFAS Sites				
	FY 2006			**FY 2007**			**FY 2008**			**FY 2009**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
E-Commerce/E-Data Interchange System (EC/EDI)			676			530			530			100

Narrative Justification:

The EC/EDI data maps at the Global ExChange (GEX) is one of the major EC initiatives in the DFAS EC Strategy. The data maps enable the entitlement and accounting systems to post all financial transactions electronically (i.e., commitments, obligations, accounts payables, invoices, and disbursements) using industry Electronic Data Interchange (EDI) standards, American National Standards Institute (ANSI) X12 and eXtensible Markup Language (XML). FY06 funding was used to support DFAS GEX mapping requirements for DFAS systems: MOCAS, SOMARDS, STARS, GAFS, EC/EDI, STANFINS, DWAS, E-Biz, DJAS, DBMS, SABRS, CCSS, SIFS, DJMS, IAPS & IAPS-E, CAPS-W, ONE Pay, BSM and SAMMS. FY07-09 funding is for continued GEX mapping development in support of the above systems.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)												
							A. Fiscal Year (FY) 2008 / 2009 Budget Estimates: DFAS Financial Operations					
B. Component / Business Area / Date Defense Finance and Accounting Service February 2006				C. Line No. & Description Software Dev / Mod			D. Activity Identification DFAS Sites					
	FY 2006			FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
DFAS Corporate Database (DCD)			517			501			0			0

Narrative Justification:

The (DCD) / DFAS Corporate Warehouse (DCW) is a centralized database / warehouse that captures data, ensures its integrity, and supports online analytical processing, information storage, and retrieval. The DCD/DCW initiative significantly contributes to the consolidation of financial management information and provides an interoperability mechanism to standardize and share financial information. DCD/DCW core functionality consists of Corporate Electronic Funds Transfer (CEFT) processes and Cross-Services Financial Information Support (FIS) that supports standardization and consolidation while also providing the analysis and reporting capabilities for USSOCOM and other customers. The DCD/DCW integrates applications to enable information sharing and it forms the single, unified, standard, Federal Financial Management Improvement Act (FFMIA) compliant environment. FY06-FY07 funds will be used to migrate interfaces to secure FTP and to implement PKI for warehouses and COGNOS reports.

NOTE: DCD has migrated from DFAS to the BTA. The future of DCD is currently under review by the BTA.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)													A. Fiscal Year (FY) 2008 / 2009 Budget Estimates: DFAS Financial Operations
B. Component / Business Area / Date Defense Finance and Accounting Service February 2006				C. Line No. & Description Software Dev / Mod									D. Activity Identification DFAS Sites
	FY 2006			FY 2007			FY 2008			FY 2009			
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	
Operational Data Storage (ODS)			250			1,300			0			0	

Narrative Justification:

Operational Data Store (ODS) is an Oracle based system operating on a UNIX Operating System on a mid-tier platform at the Defense Enterprise Computing Center located at Rock Island (DECC-RI). ODS serves as a 'Traffic Cop' and a 'Central Data Repository.' ODS is a 'Traffic Cop' in that it directs data between various automated systems, and a 'Central Data Repository' in that it stores financial transactions and makes them available via Army Shared Knowledge – Financial Management (ASK-FM), a web based business intelligence tool. In addition, the Navy, Air Force, and Defense Agencies financial communities use ODS' financial data in the areas of Foreign Military Sales (FMS), cross-disbursing, and general accounting. FY06 funding supported the establishment of web-enabled ODS. FY07 funding will support programming required to populate additional data on the DFAS Dashboard for the Army.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)													A. Fiscal Year (FY) 2008 / 2009 Budget Estimates: DFAS Financial Operations
B. Component / Business Area / Date Defense Finance and Accounting Service February 2006				C. Line No. & Description Software Dev / Mod									D. Activity Identification DFAS Sites
	FY 2006			FY 2007			FY 2008			FY 2009			
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	
Imaging System - Civilian Garnishments (IGARN)			200			200			150			100	

Narrative Justification:

The IGARN system digitally images documents submitted by State Child Support Agencies, courts and private attorneys for use by paralegals in processing garnishment orders for the entire DoD population and non-Dod E-Payroll personnel. During FY06, IGARN incorporated bankruptcy functionality to generate automatic notifications. FY07 funds will establish an assured computing capability at DFAS Indianapolis because there is no backup server. Plans are underway for IGARN to share a COOP server with the Defense Civilian Pay System (DCPS) imaging module at Indianapolis. IGARN will also make system modifications necessary to support legislative, regulatory and policy changes that impact the functionality of the system, as well as make changes required to keep it technologically current. During FY08 and FY09, IGARN will improve cross-access between the GARN and IGARN applications and continue to incorporate system changes to increase productivity. FY09 funding will make IGARN system modifications necessary to support legislative, regulatory and policy changes that impact the functionality of the system, as well as make changes required to keep it technologically current.

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION ($ in Thousands)												
B. Component / Business Area / Date Defense Finance and Accounting Service February 2006				**C. Line No. & Description** Minor Construction				**A. Fiscal Year (FY) 2008 / 2009 Budget Estimates:** DFAS Financial Operations **D. Activity Identification** DFAS Sites				
	FY 2006			**FY 2007**			**FY 2008**			**FY 2009**		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Minor Construction			0			1,427			1,110			750

Narrative Justification:

Minor construction projects are for the purposes of maintaining property at an acceptable standard where the need for maintenance is due to fair wear and tear caused by weather and aging. Minor construction funds are also used to upgrade facilities in accordance with federally mandated guidance. FY07 projects include emplacement of vehicle barrier in Rome and Indianapolis. During FY08, DFAS will repair / replace plumbing / heating ventilation and air conditioning systems and fund anti-terrorism / force protection requirements at various sites; replace the front doors in Columbus, the restroom facilities in Limestone, and the roofs in Rome and Limestone; and install fragment reduction film as a force protection measure in Rome. FY09 funding includes repair/replacement of plumbing / heating ventilation and air conditioning systems, and anti-terrorism / force protection requirements at various sites; a mass notification system in Columbus; replacement of carpet in Limestone; and resurfacing of parking lot in Limestone.

NOTE: BRAC consolidation from 21 DFAS sites to five sites will reduce requirements in out-years.

DEFENSE FINANCE AND ACCOUNTING SERVICE
ACTIVITY GROUP: DWCF
FY 2007
($000)
Projection on the DFAS Fiscal Year (FY) 2008 - FY 2009 Budget Estimates

Equipment – ADPE and Telecom

Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Enterprise Lan System Maintenance - 9817	0	0	0	0		

DEFENSE FINANCE AND ACCOUNTING SERVICE
ACTIVITY GROUP: DWCF
FY 2008
($000)
Projection on the DFAS Fiscal Year (FY) 2008 - FY 2009 Budget Estimates

Equipment – ADPE and Telecom

Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Enterprise Lan System Maintenance - 9817	0	0	0	0		

DEFENSE FINANCE AND ACCOUNTING SERVICE
ACTIVITY GROUP: DWCF
FY 2009
($000)
Projection on the DFAS Fiscal Year (FY) 2008 - FY 2009 Budget Estimates

Equipment – ADPE and Telecom

Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Enterprise Lan System Maintenance - 9817	0	0	0	0		

DEFENSE FINANCE AND ACCOUNTING SERVICE
ACTIVITY GROUP: DWCF
FY 2007
($000)
Project on the DFAS Fiscal Year (FY) 2008 - FY 2009 Budget Estimate

Equipment – ADPE and Telecom

Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Enterprise Lan System Maintenance	13,331	0	13,331	13,331		
Imaging Program	1,130	0	1,130	1,130		
Security	1,535	0	1,535	1,535		
Total for FY2007	**15,996**	**0**	**15,996**	**15,996**		

DEFENSE FINANCE AND ACCOUNTING SERVICE
ACTIVITY GROUP: DWCF
FY 2007
($000)
Project on the DFAS Fiscal Year (FY) 2008 - FY 2009 Budget Estimate

Software Development and Modification (SW DEVMOD)

Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Automated Time Attendance And Production System	991	0	991	991		
Columbus Cots (Ebiz)	250	0	250	250		
Defense Cash Accountability Reporting System	1,368	0	1,368	1,368		
Defense Civilian Payroll System	4,000	0	4,000	4,000		
Defense Debt Management System	685	0	685	685		
Defense Departmental Reporting System	2,800	0	2,800	2,800		
Defense Joint Military Pay System - Active Compone	4,515	0	4,515	4,515		
Defense Milpay Office	2,048	0	2,048	2,048		
Defense Retiree And Annuitant Pay System	7,248	0	7,248	7,248		
Defense Working Capital Accounting System	500	0	500	500		

ACTIVITY GROUP: DWCF
FY 2007
($000)
Project on the DFAS Fiscal Year (FY) 2008 - FY 2009 Budget Estimate

Software Development and Modification (SW DEVMOD) (continued)

Deployed Disbursing System	1,234	0	1,234	1,234
DFAS Corporate Database	501	0	501	501
Electronic Commerce/Electronic Data Interchange System	530	0	530	530
Garnishment Support System	450	0	450	450
Imaging - Civilian Garnishments	200	0	200	200
Milpay Systems Transition Program Office	3,603	0	3,603	3,603
Mypay	2,000	0	2,000	2,000
Operational Data Storage	1,300	0	1,300	1,300
Standard Accounting And Reporting System	3,000	0	3,000	3,000
Total for FY2007	**37,223**	**0**	**37,223**	**37,223**

DEFENSE FINANCE AND ACCOUNTING SERVICE
ACTIVITY GROUP: DWCF
FY 2007
($000)
Project on the DFAS Fiscal Year (FY) 2008 - FY 2009 Budget Estimate

Minor Construction

Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Minor Construction	1,427	0	1,427	1,427		
Total for FY2007	**1,427**	**0**	**1,427**	**1,427**		

DEFENSE FINANCE AND ACCOUNTING SERVICE
ACTIVITY GROUP: DWCF
FY 2008
($000)
Project on the DFAS Fiscal Year (FY) 2008 - FY 2009 Budget Estimate

Equipment – ADPE and Telecom

Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Enterprise Lan System Maintenance	7,200	0	7,200	7,200		
Imaging Program	565	0	565	565		
Security	2,970	0	2,970	2,970		
Total for FY2008	**10,735**	**0**	**10,735**	**10,735**		

DEFENSE FINANCE AND ACCOUNTING SERVICE
ACTIVITY GROUP: DWCF
FY 2008
($000)
Project on the DFAS Fiscal Year (FY) 2008 - FY 2009 Budget Estimate

Software Development and Modification (SW DEVMOD)

Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Automated Time Attendance And Production System	991	0	991	991		
Columbus Cots (Ebiz)	250	0	250	250		
Defense Civilian Payroll System	5,000	0	5,000	5,000		
Defense Debt Management System	685	0	685	685		
Defense Milpay Office	759	0	759	759		
Defense Retiree And Annuitant Pay System	12,367	0	12,367	12,367		
Defense Working Capital Accounting System	500	0	500	500		
Deployed Disbursing System	2,061	0	2,061	2,061		
Electronic Commerce/Electronic Data Interchange System	530	0	530	530		

DEFENSE FINANCE AND ACCOUNTING SERVICE
ACTIVITY GROUP: DWCF
FY 2008
($000)
Project on the DFAS Fiscal Year (FY) 2008 - FY 2009 Budget Estimate

Software Development and Modification (SW DEVMOD) (continued)

Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Garnishment Support System	200	0	200	200		
Imaging - Civilian Garnishments	150	0	150	150		
Imaging Program	500	0	500	500		
Mypay	2,480	0	2,480	2,480		
Navair Industrial Financial Management System	962	0	962	962		
Standard Accounting And Reporting System	1,945	0	1,945	1,945		
Total for FY2008	**29,380**	**0**	**29,380**	**29,380**		

DEFENSE FINANCE AND ACCOUNTING SERVICE
ACTIVITY GROUP: DWCF
FY 2008
($000)
Project on the DFAS Fiscal Year (FY) 2008 - FY 2009 Budget Estimate

Minor Construction

Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Minor Construction (Projects > $100K)	1,050	0	1,050	1,050		
Minor Contrsuction (Projects $20K - $100K)	60	0	60	60		Rome - Fragment Reducing Film
Total for FY2008	**1,110**	**0**	**1,110**	**1,110**		

DEFENSE FINANCE AND ACCOUNTING SERVICE
ACTIVITY GROUP: DWCF
FY 2009
($000)
Project on the DFAS Fiscal Year (FY) 2008 - FY 2009 Budget Estimate

Equipment – ADPE and Telecom

Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Enterprise Lan System Maintenance	9,600	0	9,600	9,600		
Imaging Program	565	0	565	565		
Security	924	0	924	924		
Total for FY2009	**11,089**	**0**	**11,089**	**11,089**		

DEFENSE FINANCE AND ACCOUNTING SERVICE
ACTIVITY GROUP: DWCF
FY 2009
($000)
Project on the DFAS Fiscal Year (FY) 2008 - FY 2009 Budget Estimate

Software Development and Modification (SW DEVMOD)

Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Automated Time Attendance And Production System	991	0	991	991		
Columbus Cots (Ebiz)	250	0	250	250		
Defense Civilian Payroll System	5,000	0	5,000	5,000		
Defense Debt Management System	685	0	685	685		
Defense Milpay Office	200	0	200	200		
Defense Retiree And Annuitant Pay System	12,367	0	12,367	12,367		
Defense Working Capital Accounting System	500	0	500	500		
Deployed Disbursing System	1,803	0	1,803	1,803		
Electronic Commerce/Electronic Data Interchange System	100	0	100	100		
Garnishment Support System	200	0	200	200		

DEFENSE FINANCE AND ACCOUNTING SERVICE
ACTIVITY GROUP: DWCF
FY 2009
($000)
Project on the DFAS Fiscal Year (FY) 2008 - FY 2009 Budget Estimate

Software Development and Modification (SW DEVMOD) (continued)

Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Imaging - Civilian Garnishments	100	0	100	100		
Mypay	2,480	0	2,480	2,480		
Navair Industrial Financial Management System	1,000	0	1,000	1,000		
Standard Accounting And Reporting System	1,250	0	1,250	1,250		
Total for FY2009	**26,926**	**0**	**26,926**	**26,926**		

DEFENSE FINANCE AND ACCOUNTING SERVICE
ACTIVITY GROUP: DWCF
FY 2009
($000)
Project on the DFAS Fiscal Year (FY) 2008 - FY 2009 Budget Estimate

Minor Construction

Initiative	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ Deficiency	Explanation
Minor Construction-8334	750	0	750	750		
Total for FY2009	**750**	**0**	**750**	**750**		

Activity Group Capital Investment Summary
Component: Defense Information Systems Agency
Activity Group: CS - Computing Services
February 2007
(Dollars in Millions)

Proj No.	Item Description	FY 2006 Quantity	FY 2006 Total Cost	FY 2007 Quantity	FY 2007 Total Cost	FY 2008 Quantity	FY 2008 Total Cost	FY 2009 Quantity	FY 2009 Total Cost
	Equipment								
	Replacement Equipment								
CE0300	Facilities Equipment	4	$17.200	15	$10.600	13	$16.940	14	$15.700
	ADPE & Telecom								
	ADPE & Telecom								
CC0100	IBM - Tech Refresh	9	$16.954	5	$5.850	1	$1.000	1	$1.000
CE0100	Systems Management / ADP	6	$7.334	3	$9.371	3	$7.160	3	$7.970
CE0400	Communications	2	$7.508	2	$4.000	2	$3.000	2	$2.000
CS0100	Server - Tech Refresh	1	$6.500	0	$0.000	0	$0.000	0	$0.000
CS0200	Server - Customer	14	$34.474	1	$1.000	1	$1.000	1	$1.000
CX0100	Storage - Tech Refresh	0	$0.000	2	$4.000	2	$4.000	2	$3.000
	Software								
	Externally Developed Software								
CV0200	Other - New Financial System	1	$0.725	1	$3.524	0	$0.000	1	$0.900
	Minor Construction								
	Minor Construction								
CE0200	Facilities	1	$2.018	2	$1.000	1	$0.500	1	$0.700
	Total	**38**	**$92.713**	**31**	**$39.345**	**23**	**$33.600**	**25**	**$32.270**
	Total Capital Outlays		$41.565		$41.784		$57.931		$46.974
	Total Depreciation Expense		$71.963		$68.508		$59.602		$45.019

Activity Group Capital Investment Justification

($ in thousands)

A. President's Budget

B. CS/February 2007

C. CE0300 Facilities Equipment

D. Defense Information Systems Agency

	FY 2006			FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Facilities Equipment	4	$4,300.00	$17,200.00	15	$706.67	$10,600.05	13	$1,303.08	$16,940.04	14	$1,121.43	$15,700.02
Total	**4**	**$4,300.00**	**$17,200.00**	**15**	**$706.67**	**$10,600.05**	**13**	**$1,303.08**	**$16,940.04**	**14**	**$1,121.43**	**$15,700.02**

Narrative Justification:

Description and Purpose:
Replacement of facilities equipment (at eleven sites in FY07, nine sites in FY08 and ten sites in FY09) consists of the following:

Install or replace humidification systems at Chambersburg, Dayton, Warner Robins, and DECC Pacific in FY07; and Montgomery, Ogden, Oklahoma City, Columbus, San Antonio and St Louis in FY08. Humidification systems provide humidity control to the raised floor areas in computer data centers.

Replace uninterrupted power supply (UPS) equipment in Ogden in FY07; in Columbus and San Antonio in FY08. Additionally, UPS replacement design work will be done at Oklahoma City, Chambersburg, and DECC Pacific in FY08. The existing systems will be at or past the end of their projected useful life.

Install vibration monitoring equipment in Mechanicsburg, Ogden, Oklahoma City, Columbus, and St Louis in FY07; and in Montgomery, San Antonio, Chambersburg, Dayton, DECC Europe and DECC Pacific in FY09. Vibration monitoring equipment is located in data center mechanical rooms and is used to track and evaluate vibrations emanating from the mechanical equipment. Increased vibration can signal age and deterioration.
Replace generators in San Antonio in FY08 and Columbus in FY09. Additionally, generator replacement designs will be done at Mechanicsburg in FY07; at DECC Pacific in FY08; and at St Louis in FY09.
Install or replace building automation system controls in Columbus and San Antonio in FY07, Montgomery and St. Louis in FY08, and Oklahoma City and Warner Robins in FY09.
Replace chillers, pumps and tower in Montgomery and San Antonio in FY09. Additionally, design work for replacing chiller systems will be done at Montgomery and San Antonio in FY07 and at Warner Robins in FY09. The existing systems are beyond their projected useful life.

Current Deficiency and/or Problem:
Many of DISA's facilities are in need of cyclical upgrades to equipment. These upgrades are necessary to ensure adequate reliability and redundancy to support customer workload. The acquisition timetable for equipment design, manufacture and replacement is 18-30 months. To maintain operational capability, we must plan and invest now to ensure future viability.

Impact:
If these investments are not funded, safety hazards will result. Age-related equipment deficiencies may result in unplanned data center downtime. DISA's ability to provide redundancy to enable 24x7 operations will be jeopardized. This will have a negative impact on DISA's operational capability, efficiency and future business.

Activity Group Capital Investment Justification

($ in thousands)

A. President's Budget

B. CS/February 2007

C. CC0100 IBM - Tech Refresh

D. Defense Information Systems Agency

	FY 2006			FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
IBM - Tech Refresh	9	$1,883.78	$16,954.02	5	$1,170.00	$5,850.00	1	$1,000.00	$1,000.00	1	$1,000.00	$1,000.00
Total	**9**	**$1,883.78**	**$16,954.02**	**5**	**$1,170.00**	**$5,850.00**	**1**	**$1,000.00**	**$1,000.00**	**1**	**$1,000.00**	**$1,000.00**

Narrative Justification:

Description and Purpose:
Over this budget period, DISA CS must replace and upgrade critical hardware infrastructure in order to continue to meet increasing customer data storage and disaster recovery (assured computing) needs. As the IBM (OS 390) compatible central processors become non-supported equipment they are upgraded/replaced in tandem with the channel support system. There is also a requirement to replace aging tape drive equipment, some of which is over 11 years old. Our capacity-on-demand services contract will ensure the replacement of the majority of central processor upgrades/replacements. However, it will not provide the associated channel support system (and tape subsystem) upgrades that will be required. The replacement mainframe equipment will comply with DoD security requirements and provide for more efficient processing capabilities and reduced system maintenance. The new equipment will be utilized to host Air Force, Army, DFAS, USMC and Navy customers.

The requested resources will be used to replace and upgrade mainframe equipment in Mechanicsburg, PA, Ogden, UT, and St. Louis, MO. Funding will be used to replace tape drives, upgrade consoles and communications equipment to provide assured computing capability, and convert channel technology from Enterprise System Connection (ESCON) to Fiber System Connection (FICON) for the tape subsystems.

Current Deficiency and/or Problem:
The existing equipment is aging and will be non-supported by the vendor. The newer technology allows for faster processing which in turn prevents operational impacts in customer application processing times. To address the problem, we will upgrade our mainframe processors utilizing our managed services contract. However, the associated upgrades will not be covered under that contract. During FY 2006, we began the process of migrating to this new technology by executing two capital projects that provided SMC Ogden and SMC Mechanicsburg with FICON director-class switches and four (4) mainframes at SMC Ogden with FICON channel card upgrades. As a result, we will need to upgrade the channels within our processors to FICON channels to provide the FICON directors that connect the processors to storage peripherals. Our tape subsystems will also need to be upgraded/replaced in order to fully integrate with the new processors/channels. The requested funding in FY 2007 will continue this technology migration, ensuring DISA CS is able to meet its customers needs.

Impact:
Without this capital investment, DISA would not be able to provide assured computing (and associated disaster recovery / COOP) capability. Without this funding, our IBM enterprise infrastructure will contain outdated and unsupported hardware. The resulting technology gap in our infrastructure will significantly degrade our assured computing capability. This will leave DISA and their customers without a way to reconstitute applications and associated data in the event of an emergency.

Activity Group Capital Investment Justification

($ in thousands)

A. President's Budget

B. CS/February 2007

C. CE0100 Systems Management / ADP

D. Defense Information Systems Agency

	FY 2006			FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Systems Management / ADP	6	$1,222.33	$7,333.98	3	$3,123.67	$9,371.01	3	$2,386.67	$7,160.01	3	$2,656.67	$7,970.01
Total	**6**	**$1,222.33**	**$7,333.98**	**3**	**$3,123.67**	**$9,371.01**	**3**	**$2,386.67**	**$7,160.01**	**3**	**$2,656.67**	**$7,970.01**

Narrative Justification:

Description and Purpose:
The DISA mission, as an enterprise computing service provider, is to deliver world-class service at the lowest possible cost. To accomplish this, we require funding for three projects in FY07, three projects in FY08 and three projects in FY09. The Customer Service Management (CSM) toolset consists of knowledge management, trouble management, reports management and a web-based access control point. The Helpdesk Improvement initiative of the CSM Program focuses on providing world-class post deployment call center/technical support service to its customers at the lowest possible cost. The Knowledge Management System is the central repository for the enterprise's intellectual assets; it needs to be easily accessible by anyone requiring the information using a method that is most appropriate for that person. The Trouble Management System provides the tools and processes for documenting, tracking, analyzing and managing problem events throughout the enterprise using a DISA standard tool. The Reports Management System provides the tools and processes for defining, scheduling and publishing integrated management and customer reports utilizing data from multiple enterprise sources. The E-mail management system provides rules for email sent to the helpdesk that can automatically provide answers quickly and efficiently. This tool suite gives DISA CS the ability to meet today's customer service needs and also to support future business requirements such as Army server workload, NCES and organizational virtualization while maintaining the highest levels of customer satisfaction with the DISA post deployment support structure as rated by an annual external Gartner survey. Enterprise System Management (ESM) tools provide situational awareness and operational support to the System Management Centers (SMCs), Processing Elements (PEs) and remote sites. As workload increases at all sites, there will be more reliance in managing and monitoring the multitude of customer applications in both the unclassified and classified environments. DISA CS conservatively manages over 4000 servers, communications devices and mainframe computers. In addition, CS uses over 2300 personal computers, printers, laptops and personal computing devices. DISA CS employs a variety of geographically dispersed mainframes and distributed computing systems. Redundant, functionally equivalent and excessively expensive products must be eliminated. Standard Operating Environment (SOE) projects will eliminate functionally equivalent products, streamline the DISA CS inventory and create the most efficient processing environment for the CS customer at the least possible cost.

Current Deficiency and/or Problem:
The core CSM/ESM tools have been deployed in the unclassified environment; additional capabilities are required to address automation of Helpdesk email traffic, collaboration and situational awareness in the call center environment. Also, the CSM unclassified hardware components are nearing end-of-life and require replacement. Only basic integrated support capabilities have been provided for classified processing. Rapidly growing classified requirements will demand the capabilities of the full core set of CSM tools to ensure appropriate support for critical DoD workload and maintain functional compatibility with the principles of NETOPS and Net Centric Enterprise Systems (NCES). To monitor and manage this vast amount of computing capability, CS must continue to implement and maintain system management tools as the inventory increases and manpower is held at minimum levels. DISA CS has engineered and implemented an initial operating capability to host the situational awareness and operational support tools.

Activity Group Capital Investment Justification

A. President's Budget

($ in thousands)

B. CS/February 2007

C. CE0400 Communications

D. Defense Information Systems Agency

Element of Cost	FY 2006 Quantity	FY 2006 Unit Cost	FY 2006 Total Cost	FY 2007 Quantity	FY 2007 Unit Cost	FY 2007 Total Cost	FY 2008 Quantity	FY 2008 Unit Cost	FY 2008 Total Cost	FY 2009 Quantity	FY 2009 Unit Cost	FY 2009 Total Cost
Communications	2	$3,754.00	$7,508.00	2	$2,000.00	$4,000.00	2	$1,500.00	$3,000.00	2	$1,000.00	$2,000.00
Total	**2**	**$3,754.00**	**$7,508.00**	**2**	**$2,000.00**	**$4,000.00**	**2**	**$1,500.00**	**$3,000.00**	**2**	**$1,000.00**	**$2,000.00**

Narrative Justification:

Description and Purpose:
DISA manages, maintains and upgrades the Computing Services data center communication equipment across the Enterprise. In FY07-09, DISA will add switches and routers to the existing infrastructure in order to increase network security (Information Assurance (IA) Closed Architecture). Network management tools will be installed to support remote management and strengthen network security by increasing situational awareness.

This capital requirement will be to add switches and routers to support the IA Architecture and replace switches and routers that are at the end of their lifecycle. These switches and routers are part of the core infrastructure. The switches and routers in the production as well as Out-of-Band network with redundant capabilities, will need to be replaced.

Current Deficiency and/or Problem:
The next generation of Computing Services IA Architecture needs to be installed. It leverages the use of distributed enclaves so that all information flows are consolidated to maximize performance, security and availability. As existing and new customer workloads migrate to the Out-of-Band Network, we will need to provide additional ports to accommodate the migration. Additionally, in order to secure un-migrated customer systems, local firewalls and Network Access Control tools are necessary to maintain the security of the network.

We need to mitigate some of the security risks in the Out-of-Band network. Network Access Control tools and devices will provide the risk mitigation capability necessary to maintain the integrity of the network. These products will allow us to introduce enhanced security policies (e.g. Dynamic Host Configuration Protocol and Domain Name Server services) and management (e.g. Internet Protocol Address Management across the entire enterprise).

Impact:
If DISA is unable to procure and install tools and devices, we will not be able to support new workload. We will not have sufficient infrastructure to safeguard the network. We will not have an acceptable level of situational awareness in order to enable active computer network defense. In addition, this capability will alleviate network congestion and outages.

Activity Group Capital Investment Justification

($ in thousands)

A. President's Budget

B. CS/February 2007

C. CS0200 Server - Customer

D. Defense Information Systems Agency

	FY 2006			FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Server - Customer	14	$2,462.43	$34,474.02	1	$1,000.00	$1,000.00	1	$1,000.00	$1,000.00	1	$1,000.00	$1,000.00
Total	**14**	**$2,462.43**	**$34,474.02**	**1**	**$1,000.00**	**$1,000.00**	**1**	**$1,000.00**	**$1,000.00**	**1**	**$1,000.00**	**$1,000.00**

Narrative Justification:

Description and Purpose:
This investment is to acquire new server hardware components to accommodate new applications that DISA's customers are placing into production in DISA Enterprise Computing Centers. This equipment has a three- to five-year technical life and a three-year financial life (five-year on higher-end systems). Components include items such as Intel and Unix servers, networking switches, fiber channel cabling, and software products packaged with equipment. These capital requests support workloads that include the Air Force Knowledge System, Military Health Systems, and the Air Force Depot Maintenance Systems Integration, along with systems supporting the Army, DFAS, DISA, DLA and other major customers.

Current Deficiency and/or Problem:
DISA is currently experiencing a situation where a significant number of components, such as servers, disk storage and operating systems have reached their maximum capacity and require replacement. The Server Line of Business' Capacity-On-Demand Services Contract will enable us to utilize mainstream server hardware, certain peripherals, and operating systems for computer systems running the Unix, Linux, and Windows operating systems without making capital investments which explains why the budget request significantly decreases after FY 2006. This contract, however, does not cover every server vendor's hardware (e.g., Tandem and some dedicated firewalls) or every operating system (e.g., NonStop and SecureOS). To support our customers whose applications demand "non-standard" servers, additional capital funds are required.

Impact:
As a full-service IT provider, DISA would obtain IT equipment on behalf of its customers to satisfy their requirements. DISA can use pre-competed contracts to obtain equipment for less cost to the customer. Purchasing the equipment directly, DISA can eliminate future issues associated with transferring customer-obtained hardware and software. Without the requisite capital authority, DISA cannot satisfy new non-standard customer requirements.

Activity Group Capital Investment Justification

A. President's Budget

($ in thousands)

B. CS/February 2007

C. CX0100 Storage - Tech Refresh

D. Defense Information Systems Agency

	FY 2006			FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Storage - Tech Refresh	0	$0.00	$0.00	2	$2,000.00	$4,000.00	2	$2,000.00	$4,000.00	2	$1,500.00	$3,000.00
Total	**0**	**$0.00**	**$0.00**	**2**	**$2,000.00**	**$4,000.00**	**2**	**$2,000.00**	**$4,000.00**	**2**	**$1,500.00**	**$3,000.00**

Narrative Justification:

Description and Purpose:
Storage requirements for unclassified processing systems using server based operating systems is the fastest growing segment of the DISA CS infrastructure. The increasing deployment of online web based systems, the redeployment of mainframe systems to open systems, expanding requirements of existing systems and increasing requirements as a result of new regulatory requirements, such as DoD 5015, are all factors in the rapidly increasing demand for storage resources. DISA CS conservatively estimates that our current inventory of approximately 600 Terabytes will need to grow at a rate of 25% a year. As these resources come to the end of life, they must be replaced. Assuming a 5-year technical life, 20% of existing resources need replacement each year. There are also storage requirements for classified processing systems using server-based operating systems. Increasingly, requirements being presented to DISA CS contain a classified SIPRNET based component. Because of the classified nature of the data, it must, for security reasons, be hosted on physically separate resources. Like the unclassified NIPRNET resources, DISA CS conservatively estimates that the capacity requirements for these systems will need to grow at a rate of 25% a year. This estimated growth and technical refreshment represent approximately 20 disk arrays, 8 fiber channel switches and 7 tape libraries all of various capacities.

Current Deficiency and/or Problem:
Major customers such as Global Combat Support, Military Healthcare System, Defense Finance & Accounting Service, Electronic Business, etc. have stated additional workload requirements that exceed what current storage resources could accommodate via upgrades. Additionally, many of the existing storage systems have either reached or are reaching the end of their useful life. DISA has the responsibility of providing life cycle sustainment of these storage resources. Sustainment means replacing a portion of these resources on an annual basis to meet customers' SLAs. Maintenance support of old equipment is extremely limited, hindering the operations of priority applications and customers. Existing DISA storage resources are either nearing the end of their useful life or are not capable of being upgraded sufficiently to meet these growth requirements. Our storage enterprise architecture states the necessity of tech refresh at the end of its useful life, no later than every 5 years. Every year equipment/storage resources reach the end of their life cycle and a tech refresh is necessary in order to accommodate existing and new customer workload.

Impact:
Failure to fund these projects means DISA would not be able to provide the storage capacity needed to meet its customer requirements. The requirements include new application system functionality, increased growth in data volumes and other regulatory or mission requirements, all of which translate into the need for more storage capacity.

Activity Group Capital Investment Justification

($ in thousands)

A. President's Budget

B. CS/February 2007

C. CV0200 Other - New Financial System

D. Defense Information Systems Agency

	FY 2006			FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Other - New Financial System	1	$725.00	$725.00	1	$3,524.00	$3,524.00	0	$0.00	$0.00	1	$900.00	$900.00
Total	1	$725.00	$725.00	1	$3,524.00	$3,524.00	0	$0.00	$0.00	1	$900.00	$900.00

Narrative Justification:

Description and Purpose:
The primary mission of DISA is to provide command, control, communications and information systems support to the warfighters. The Chief Financial Executive (CFE)/Comptroller is the financial steward of the organization responsible for providing timely, accurate and reliable financial information enabling efficient and effective decision making. Currently, DISA uses three separate legacy financial systems, the Washington Headquarters Services Allotment Accounting System (WAAS-DISA) for Appropriated Funds and two versions of the Financial Accounting Management Information System (FAMIS) for Defense Working Capital Funds (DWCF). This budget line is to fund the capital investment required for Computing Services' portion of a replacement accounting system.

Current Deficiency and/or Problem:
FAMIS is not compliant with regulations, uses outdated technology and capabilities, and has inconsistent level of data details between general ledger and payment system. DISA is the only DoD user of FAMIS making it costly to support. The deficiencies of DISA's financial management systems translate to a failure of the agency to support its primary mission in a cost efficient manner. The DISA Standard Finance and Accounting System (DSFAS) is DISA's implementation of the DoD Business Transformation Agency Enterprise Resource Planning System. This initiative has been recently approved by the FM/IRB but additional approvals are necessary prior to implementation. This initiative is targeted for most DoD agencies and when fully implemented, this commercial off-the-shelf solution will be an example of a cross-service application of the DoD Business Enterprise Architecture and will reflect the best practices in financial management. DSFAS will serve as the financial management system for the DISA DWCF and General Fund operations. The system will provide the following functions: General Ledger, Budget Distribution, Control and Execution, Customer Order and Customer Billing, Collections, Purchase Requests, Obligations and Receipt and Acceptance. DSFAS will interface with other systems such as travel, payroll, disbursing and non-core accounting support systems, to address financial activities. Expected benefits to DISA include: reduction in manual intervention; optimized reporting capabilities that capture standardized data that is more readily compared and consolidated across the organization and other Defense Agencies; increased performance processing times; transition from transaction entry to analytical roles and responsibilities; reduction in reconciliation efforts and an improved transaction and paperwork routing through the use of workflows.

Timeline schedules are being worked by the Business Transformation Agency, but projected development is expected to be completed during FY 07 and FY 08 with implementation targeted for 1 Oct 2008.

Activity Group Capital Investment Justification

($ in thousands)

A. President's Budget

B. CS/February 2007

C. CE0200 Facilities

D. Defense Information Systems Agency

Element of Cost	FY 2006 Quantity	FY 2006 Unit Cost	FY 2006 Total Cost	FY 2007 Quantity	FY 2007 Unit Cost	FY 2007 Total Cost	FY 2008 Quantity	FY 2008 Unit Cost	FY 2008 Total Cost	FY 2009 Quantity	FY 2009 Unit Cost	FY 2009 Total Cost
Facilities	1	$2,018.00	$2,018.00	2	$500.00	$1,000.00	1	$500.00	$500.00	1	$700.00	$700.00
Total	**1**	**$2,018.00**	**$2,018.00**	**2**	**$500.00**	**$1,000.00**	**1**	**$500.00**	**$500.00**	**1**	**$700.00**	**$700.00**

Narrative Justification:

Description and Purpose: Several facility enhancements are required for each various sites in the enterprise. These enhancements primarily involve upgrading/renovating existing infrastructure. There are also some costs that are associated with installing equipment that is movable and not affixed as an integral part of existing real property-facilities.

Current Deficiency and/or Problem:
New customers now occupy space previously used as the facility staging areas. There is a need for a designated staging area for equipment to be received and securely stored until it is moved onto the raised floor. CSD personnel now also have a need to have a secure storage area for existing buildings. Large amounts of high-dollar value equipment are currently stored behind partitions wrapped together. The CSD staff requires an area where they can safely store these items.
Various facilities are in need of renovations to bring the buildings into current standards. The original concepts for CSD buildings did not include housing large quantities of system administration personnel. DISA Facilities is proposing to renovate buildings and modernize the existing facilities increase operational efficiency.
Renovations in 2007 include:
- Equipment staging area upgrade at SMC Mechanicsburg ($700k)
- Air conditioning upgrade at DECC Pacific ($300k)

Renovations in 2008 include:
- Fire suppression system upgrade at DECC Pacific ($500k)

Renovations in 2009 include:
- SMC Montgomery: New raised floor upgrades to include tiles and support grids, drop ceilings, fire sprinkler and detection system, under floor water detection system, air handling units to provide house air for occupants, cleaning and sealing concrete floor before new raised floor system is installed, paint, energy efficient lighting, cable trays, and grounding grid ($700k)

Impact:
If these infrastructure investments are not funded, safety hazards and mission failure will result. Age-related infrastructure and equipment deficiencies will result in unplanned data center downtime. DISA's ability to provide redundancy to enable 24x7 operations will be jeopardized. This will have a negative impact on DISA's operational capability, efficiency and future business.

Capital Budget Execution
Component: Defense Information Systems Agency
Activity Group: CS
February 2007
(Dollars in Millions)

Projects in the FY 2007 President's Budget

FY	Approved Project	2007 PB	Reprogrammings	Approved Proj. Cost	Current Proj. Cost	(Asset)/Deficiency	Explanation
FY 2007	IBM - Tech Refresh	16.154	0.000	16.154	5.850	10.304	Services Contract vs investment
	Systems Management/ADP	11.871	0.000	11.871	9.371	2.500	Reduced requirements
	Facilities	0.000	0.000	0.000	1.000	(1.000)	Emerging requirements
	Facilities Equipment	6.400	0.000	6.400	10.600	(4.200)	Increased requirements
	Communications	6.038	0.000	6.038	4.000	2.038	Projects postponed
	Server - Customer	6.537	0.000	6.537	1.000	5.537	Services Contract vs investment
	Other - New Financial System	0.600	0.000	0.600	3.524	(2.924)	Services Contract vs investment
	Storage - Tech Refresh	18.100	0.000	18.100	4.000	14.100	Services Contract vs investment
	Total FY 2007	**65.701**			**39.345**		

Activity Group Capital Investment Summary
Component: Defense Information Systems Agency
Activity Group: TSEAS
February 2007
(Dollars in Millions)

Proj No.	Item Description	FY 2006 Quantity	FY 2006 Total Cost	FY 2007 Quantity	FY 2007 Total Cost	FY 2008 Quantity	FY 2008 Total Cost	FY 2009 Quantity	FY 2009 Total Cost
	Equipment								
	Replacement Equipment								
TO0005	UPS System for Command Section	1	$0.350	0	$0.000	0	$0.000	0	$0.000
TR0016	EMSS Primary Gen/Tank/Switch Gear Repl	0	$0.000	0	$0.000	1	$1.400	0	$0.000
TR0017	EMSS Telephone Key Sys Replacement	0	$0.000	0	$0.000	1	$0.110	0	$0.000
TR0019	EMSS Ops Center HVAC Replacement	0	$0.000	0	$0.000	1	$0.400	0	$0.000
TR0021	EMSS NC Notification Center	0	$0.000	1	$0.400	0	$0.000	0	$0.000
TR0022	EMSS RWIF Red Interworking Function	0	$0.000	1	$6.000	0	$0.000	0	$0.000
	Productivity Equipment								
TR0018	EMSS ECS (Earth Terminal Contr Comm Sub)	0	$0.000	0	$0.000	1	$1.600	0	$0.000
	New Mission								
TR0024	EMSS Customer Support Lab	0	$0.000	1	$0.110	0	$0.000	0	$0.000
	ADPE & Telecom								
	ADPE & Telecom								
EE0002	Enterprise Business Modernization	1	$0.200	0	$0.000	1	$0.000	0	$0.000
TO0016	Wandl IP Tool	0	$0.000	1	$0.185	0	$0.000	0	$0.000
TO0017	Wandl Optical Tool	0	$0.000	1	$0.244	0	$0.000	0	$0.000
TO0018	Network Modeler and Circuit Spy	0	$0.000	1	$0.102	0	$0.000	0	$0.000
TR0008	JWICS - Telecommunications Equipment	1	$8.600	1	$9.200	0	$0.000	0	$0.000
TR0009	HITS/JHITS ASM DRM Swtch Tech Refr.	1	$0.922	0	$0.000	1	$4.610	0	$0.000
TR0010	HITS/JHITS Switch Expansion & Ancil Equi	0	$0.000	0	$0.000	1	$2.000	1	$2.000
TR0011	EMSS Operational Spares Augmentation	0	$0.000	1	$0.500	0	$0.000	0	$0.000
TR0012	EMSS Ericsson AXE-10 Switch	0	$0.000	1	$1.700	0	$0.000	0	$0.000
TR0014	EMSS NOC Display System Enhancement	0	$0.000	1	$0.150	0	$0.000	0	$0.000
TR0020	EMSS MOC (Msg Orig Controller)	0	$0.000	1	$0.500	0	$0.000	0	$0.000
TR0023	EMSS Equipment Rm HVAC Enhancement	0	$0.000	1	$0.700	0	$0.000	0	$0.000
TT0027	Equipment > $100k < $250k	1	$2.000	1	$2.000	1	$1.900	1	$1.900

Activity Group Capital Investment Summary
Component: Defense Information Systems Agency
Activity Group: TSEAS
February 2007
(Dollars in Millions)

Proj No.	Item Description	FY 2006 Quantity	FY 2006 Total Cost	FY 2007 Quantity	FY 2007 Total Cost	FY 2008 Quantity	FY 2008 Total Cost	FY 2009 Quantity	FY 2009 Total Cost
	Software								
	Internally Developed Software								
EE0001	Telecom Inventory & Billing Application	1	$0.080	0	$0.000	0	$0.000	0	$0.000
	Externally Developed Software								
EE0001	Telecom Inventory & Billing Application	1	$0.215	0	$0.000	0	$0.000	0	$0.000
EE0002	Enterprise Business Modernization	1	$5.798	1	$0.758	1	$0.000	0	$0.000
EE0003	Standard Financial System	1	$4.615	1	$2.967	1	$0.000	1	$0.900
	Minor Construction								
	Minor Construction								
TO0014	Bldg 1930 Renovations, Scott AFB	1	$0.450	0	$0.000	0	$0.000	0	$0.000
TR0015	EMSS Building Electrical Dist Enhancemen	0	$0.000	0	$0.000	1	$0.400	0	$0.000
	Total	**10**	**$23.230**	**15**	**$25.516**	**11**	**$12.420**	**3**	**$4.800**
Total Capital Outlays			$95.522		$61.729		$63.450		$23.175
Total Depreciation Expense			$0.604		$1.782		$6.242		$7.574

Activity Group Capital Investment Justification

($ in thousands)

A. President's Budget

B. TSEAS/February 2007

C. TR0016 EMSS Primary Gen/Tank/Switch Gear Repl

D. Defense Information Systems Agency

	FY 2006			FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
EMSS Primary Gen/Tank/Switch Gear Re	0	$0.00	$0.00	0	$0.00	$0.00	1	$1,400.00	$1,400.00	0	$0.00	$0.00
Total	**0**	**$0.00**	**$0.00**	**0**	**$0.00**	**$0.00**	**1**	**$1,400.00**	**$1,400.00**	**0**	**$0.00**	**$0.00**

Narrative Justification:

Description and Purpose:
The existing generators have been in operation since the 1988 timeframe and provide contingency power to EMSS operations during commercial power failures. The UPS system provides the initial uninterrupted power for up to ten minutes. This provides the time for the generators to come on-line and provide the long-term power to continue operations in the event of power failure or fluctuations.

Current Deficiency and/or Problem:
The existing generators, tank and switch gear are beyond end-of-life and require replacement. The generators are beginning to fail completely. The switch gear has become increasingly difficult to maintain. The tanks are failing EPA requirements. Complete replacement of the backup power system is required to avoid loss of service during commercial power interruption.

Impact:
If not funded, the risk of a backup power system failure will increase significantly with time. Upon system failure, we will not be able to sustain continuous operations during a local power outage which will potentially have grave operational consequences to our global mission.

Activity Group Capital Investment Justification

($ in thousands)

A. President's Budget

B. TSEAS/February 2007

C. TR0017 EMSS Telephone Key Sys Replacement

D. Defense Information Systems Agency

	FY 2006			FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
EMSS Telephone Key Sys Replacement	0	$0.00	$0.00	0	$0.00	$0.00	1	$110.00	$110.00	0	$0.00	$0.00
Total	**0**	**$0.00**	**$0.00**	**0**	**$0.00**	**$0.00**	**1**	**$110.00**	**$110.00**	**0**	**$0.00**	**$0.00**

Narrative Justification:

Description and Purpose:
The existing key system provides internal phone communications within the EMSS Gateway, connecting disparate EMSS segments and operations to support the overall mission. The system has been in place since the 1997 timeframe and needs to be updated in FY 2008 to ensure reliability and maintainability.

Current Deficiency and/or Problem:
The existing system is approaching end-of-life and needs to be replaced.

Impact:
If not funded, a failure of the existing key system will cause a severe degradation of internal call capabilities within the gateway. This will adversely affect the gateway's ability to coordinate its various operations and respond to mission issues.

Activity Group Capital Investment Justification

($ in thousands)

A. President's Budget

B. TSEAS/February 2007

C. TR0019 EMSS Ops Center HVAC Replacement

D. Defense Information Systems Agency

	FY 2006			FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
EMSS Ops Center HVAC Replacement	0	$0.00	$0.00	0	$0.00	$0.00	1	$400.00	$400.00	0	$0.00	$0.00
Total	**0**	**$0.00**	**$0.00**	**0**	**$0.00**	**$0.00**	**1**	**$400.00**	**$400.00**	**0**	**$0.00**	**$0.00**

Narrative Justification:

Description and Purpose:
The existing HVAC system provides the critical cooling to the systems on the EMSS Operations floor. The EMSS Operations floor, located in the EMSS Gateway, is supported by electronics equipment that provides operational awareness to the operations personnel. Replacing the aging AC units will mitigate potential failure of the units and avoid impact to operations.

Current Deficiency and/or Problem:
The existing HVAC system has been operating continuously (24x7) for over 8 years. These aging units need to be replaced before excessive wear causes a mechanical failure.

Impact:
If not funded, a failure of any one of the HVAC units would cause a sharp increase in temperatures on the operations floor and damage critical network management equipment resulting in a loss of management of EMSS services supporting warfighter operations worldwide.

Activity Group Capital Investment Justification

($ in thousands)

A. President's Budget

B. TSEAS/February 2007

C. TR0021 EMSS NC Notification Center

D. Defense Information Systems Agency

Element of Cost	FY 2006 Quantity	FY 2006 Unit Cost	FY 2006 Total Cost	FY 2007 Quantity	FY 2007 Unit Cost	FY 2007 Total Cost	FY 2008 Quantity	FY 2008 Unit Cost	FY 2008 Total Cost	FY 2009 Quantity	FY 2009 Unit Cost	FY 2009 Total Cost
EMSS NC Notification Center	0	$0.00	$0.00	1	$400.00	$400.00	0	$0.00	$0.00	0	$0.00	$0.00
Total	**0**	**$0.00**	**$0.00**	**1**	**$400.00**	**$400.00**	**0**	**$0.00**	**$0.00**	**0**	**$0.00**	**$0.00**

Narrative Justification:

Description and Purpose:
The Notification Center is a server that provides alphanumeric text messaging - short message service (SMS) to EMSS Mobile phones. It also communicates directly with the D900 to provide the capability for Mobile phone users to originate numeric SMS messaging. Because of this critical service, purchasing hardware/software replacement and redundancy is essential to ensure reliable and redundant NC capability.

Current Deficiency and/or Problem:
Current system has a history of reliability issues causing unscheduled outages of the messaging service. These outages average five a year, each lasting between fifteen to forty-five minutes, the longest lasting for seventeen hours. A system replacement will correct these issues. In addition to unscheduled outages, maintenance on this system requires a quarterly shutdown of the Notification Center - which lasts on average for forty-five minutes. A redundancy of this system will allow continued operations in the event of scheduled or unscheduled outages.

Impact:
If not funded, reliability issues will continue to cause unscheduled outages that directly impacts mission critical global operations. There is an increasing possibility of system failure causing a loss of the alphanumeric text messaging (SMS) services to our customers. Additionally, redundancy would not only help to mitigate unscheduled outages, but ensure continued operations during scheduled maintenance. This capability directly supports critical missions and combat operations globally.

Activity Group Capital Investment Justification

($ in thousands)

A. President's Budget

B. TSEAS/February 2007

C. TR0022 EMSS RWIF Red Interworking Function

D. Defense Information Systems Agency

	FY 2006			FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
EMSS RWIF Red Interworking Function	0	$0.00	$0.00	1	$6,000.00	$6,000.00	0	$0.00	$0.00	0	$0.00	$0.00
Total	**0**	**$0.00**	**$0.00**	**1**	**$6,000.00**	**$6,000.00**	**0**	**$0.00**	**$0.00**	**0**	**$0.00**	**$0.00**

Narrative Justification:

Description and Purpose:
The Red Interworking Function (RIWF) provides the Secure Voice services functionality located at the Gateway. The secure service provided is up to the Top Secret level. The current system utilizes encryption devices (STUs) and Excel switches that are approaching end-of-life. The system also has limited redundancy and does not support Future Narrow Band Data Terminal (FNDBT) compatibility with other secure devices as required. Replacing the existing RIWF will ensure redundancy, reliability, supportability and will also ensure FNBDT capability.

Current Deficiency and/or Problem:
The current system utilizes STUs that are reaching end-of-life. The system also does not support FNDBT compatibility with other secure devices as mandated. This limits the interoperability of the EMSS secure sleeves to STU-only devices, hindering secure voice capability until replacement at the EMSS Gateway.
Replacement will include:
1) Updating the Excel switch software to the current version
2) Extract the call translation functionality out of the Excel switch and into an external host
3) Modifying RIWF to integrate the FNBDT functionality
4) Replace all STU equipment with FNBDT compliant encryption equipment

Impact:
If not funded, our customers will be unable to make secure calls over the EMSS network once the STUs are phased out. There would also be no compatibility with FNBDT devices which directly impacts interoperability with next generation secure devices. This secure communications capability directly supports critical missions and combat operations globally

Activity Group Capital Investment Justification

($ in thousands)

A. President's Budget

B. TSEAS/February 2007

. TR0018 EMSS ECS (Earth Terminal Contr Comm Sul

D. Defense Information Systems Agency

	FY 2006			FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
EMSS ECS (Earth Terminal Contr Comm	0	$0.00	$0.00	0	$0.00	$0.00	1	$1,600.00	$1,600.00	0	$0.00	$0.00
Total	**0**	**$0.00**	**$0.00**	**0**	**$0.00**	**$0.00**	**1**	**$1,600.00**	**$1,600.00**	**0**	**$0.00**	**$0.00**

Narrative Justification:

Description and Purpose:
The Earth Terminal Controller Communicatins Subsystem is a critical gateway component that interfaces with the earth terminal and supports the call processing functions required for establishing, maintaining and releasing all connections to the subscriber through the D900 switch. It was originally installed in 1997. However, it does not have the redundancy and reliability necessary to ensure continuous operations.
ECS consists of:
1) Four ECS Motorola equipment cabinets that consists of transcoder cards
2) One set of interconnection cables
3) A sun server
4) and a workstation (with software)

Current Deficiency and/or Problem:
This system does not have the redundancy required to ensure continuous operation of EMSS services. Any software upgrade requires the reboot of the system for ten to twenty minutes. However, a recent software upgrade caused a four hour outage in the voice call services. Redundancy would mitigate hardware failure as well as provide the ability to continue operations during schedule maintenance. This capability supports critical missions and combat operations globally.

Impact:
Failure of this system will significantly impact the EMSS call processing capability globally. This means that users will not be able to initiate any voice or data calls during the outage. If not funded, there will be no redundancy to support operations and there exists a risk for extended global outage that will leave operational users isolated and without a means of communication.

Activity Group Capital Investment Justification

($ in thousands)

A. President's Budget

B. TSEAS/February 2007

C. TR0024 EMSS Customer Support Lab

D. Defense Information Systems Agency

	FY 2006			FY 2007			FY 2008			FY 2009		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
EMSS Customer Support Lab	0	$0.00	$0.00	1	$110.00	$110.00	0	$0.00	$0.00	0	$0.00	$0.00
Total	**0**	**$0.00**	**$0.00**	**1**	**$110.00**	**$110.00**	**0**	**$0.00**	**$0.00**	**0**	**$0.00**	**$0.00**

Narrative Justification:

Description and Purpose:
The EMSS gateway provides troubleshooting support to customer mission requirements. This is to purchase equipment (INETS, STE, Sectera, Omni, ISDN line, Reachback, etc) to significantly enhance the troubleshooting ability of the EMSS gateway.

Current Deficiency and/or Problem:
Without this test suite, it becomes difficult, if not impossible to support the effective troubleshooting of customer problems.

Impact:
If not funded, the ability to respond and resolve critical customer issues will continue to remain limited. Timely resolution of customer problems is crucial to maintaining operations.

Activity Group Capital Investment Justification

($ in thousands)

A. President's Budget

B. TSEAS/February 2007

C. TO0016 Wandl IP Tool

D. Defense Information Systems Agency

	FY 2006			FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Wandl IP Tool	0	$0.00	$0.00	1	$185.00	$185.00	0	$0.00	$0.00	0	$0.00	$0.00
Total	**0**	**$0.00**	**$0.00**	**1**	**$185.00**	**$185.00**	**0**	**$0.00**	**$0.00**	**0**	**$0.00**	**$0.00**

Narrative Justification:

Description and Purpose:
The Global NetOps Support Center (GNOSC) includes support for NIPRNet, NIPRNet COIN, SIPRNet, DISN Core P, Unclassified-Provider Edge, and Secure-Provider Edge, ALTHA, PushKey, and IP Convergence networks. To comply with the TRANSCOM CONOPS, the GNOSC has responsibility to manage and operate its portion of the Theater Information Grid including the CONUS Theatre of the IP Networks. Furthermore, to gain the efficiencies needed to meet objectives, the GNOSC is managing these networks with cross-utilized personnel, tools, and procedures. As the integration of the networks and supporting resources continues, it is clear that we lack a modeling tool required to place customer circuits on the IP networks quickly and efficiently. A modeling tool will allow the GNOSC to actively manage new and changing customer requirements, to assess the impact and optimize when integrating existing IP networks, and determine adequacy of backbone resources to support requirements in the subscription-billing environment.

Current Deficiency and/or Problem:
The Global NetOps Support Center does not have the capability to engineer and provision customer requirements, assess network impacts and engineer the DISN CORE IP network to meet current DoD and customer requirements.

Impact:
Without the funding to purchase this requirement, the GNOSC will be unable to provide the following for the mission: Outage studies & reports, disaster recovery preparation, automated path determination, automated diversity planning, outage/failure analysis, network optimization, automated network integrity testing, network upgrade/change studies, what-if scenarios, trunk utilization reports, etc A modeling tool will allow the GNOSC to actively manage new and changing customer requirements, to assess the impact and optimize when integrating existing IP networks, and determine adequacy of backbone resources to support requirements in the subscription-billing environment. It is also imperative to have a modeling tool as DISA increases it's reliance on IP services with programs such as DVS-II and DSN using video and voice over IP (VOIP), which create the need for IP Quality of Service and implementation of IPV6. The acquisition of the WANDL IP tool will dramatically reduce the processing time by automating this time consuming processes.

Activity Group Capital Investment Justification

($ in thousands)

A. President's Budget

B. TSEAS/February 2007

C. TO0017 Wandl Optical Tool

D. Defense Information Systems Agency

	FY 2006			FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Wandl Optical Tool	0	$0.00	$0.00	1	$244.00	$244.00	0	$0.00	$0.00	0	$0.00	$0.00
Total	**0**	**$0.00**	**$0.00**	**1**	**$244.00**	**$244.00**	**0**	**$0.00**	**$0.00**	**0**	**$0.00**	**$0.00**

Narrative Justification:

Description and Purpose:
The DISN Global NetOps Support Center (GNOSC), located at Scott AFB, currently has no means of supporting optical network modeling for the DISN Core Optical Transport Network. A modeling tool is the best solution to facilitate the operations, provisioning and management of the complex multi-layered optical network technical solution employed in the New DISN Core. Both DISA-Europe and DISA-Pacific are using the WANDL modeling tool for DISN Asynchronous Transfer Mode Services (DATMS), Integrated Digital Network Exchange, Optical Transport and IP. The WANDL modeling tool being requested will provide the following for the GNOSC mission: Authorized outage studies & reports, disaster recovery preparation, automated path determination, automated diversity planning, outage/failure analysis, network optimization, automated network integrity testing, network upgrade/change studies, what-if scenarios, trunk utilization reports, etc.

Current Deficiency and/or Problem:
This tool is required in order to meet the requirements of the TRANSCOM NetOps CONOPs and to decrease the amount of time required to provision transport requirements. One of our goals is to reduce the circuit action processing time [TSO] from the current 2 or more week process to less than 5 days. The acquisition of the WANDL tool will dramatically reduce the processing time by automating the time-consuming process of circuit provisioning.

Impact:
Without the funding to purchase this requirement, the GNOSC will be unable to provide the following for the mission: Outage studies & reports, disaster recovery preparation, automated path determination, automated diversity planning, outage/failure analysis, network optimization, automated network integrity testing, network upgrade/change studies, what-if scenarios, trunk utilization reports, etc. During the next three years the GNOSC team will be tasked with the transition of DTSC, Enhanced Synchronous Optical Network, DATMS circuits/trunks and ~50 new circuit requirements per month. This will encompass approximately 8,000 circuit actions during the next three years. One of our goals is to reduce the circuit action processing time [TSO] from the current 2 or more week process to less than 5 days. The acquisition of the WANDL Optical tool, will dramatically reduce the processing time by automating the time consuming process of circuit provision.

Activity Group Capital Investment Justification

($ in thousands)

A. President's Budget

B. TSEAS/February 2007

C. TO0018 Network Modeler and Circuit Spy

D. Defense Information Systems Agency

	FY 2006			FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Network Modeler and Circuit Spy	0	$0.00	$0.00	1	$102.00	$102.00	0	$0.00	$0.00	0	$0.00	$0.00
Total	**0**	**$0.00**	**$0.00**	**1**	**$102.00**	**$102.00**	**0**	**$0.00**	**$0.00**	**0**	**$0.00**	**$0.00**

Narrative Justification:

Description and Purpose:
The Network Modeler will facilitate the operations, provisioning and management of the complex multi-layered optical network technical solution employed in the New DISN Core. Currently, the Global NetOps Support Center (GNOSC)at Scott AFB, Illinois, does not have the tools necessary to correctly and effectively model the Broadleaf software. Due to the unique qualities of Sycamore's Broadleaf software, it is essential that we procure a tool that can successfully model the Sycamore Optical Digital Cross Connect (ODXC) meshed network of Broadleaf Trunks and Circuits. The Network tool provides the following for DISA CONUS' mission at the circuit level: Authorized outage studies and reports, disaster recovery preparation, automated path determination, automated diversity planning, outage/failure analysis, network optimization, automated network integrity testing, network upgrade/change studies, what-if scenarios and trunk utilization reports. This tool will also provide the GNOSC the data necessary to make real-time decisions in the event of a real world crisis, natural disaster, or exercise scenarios.

Current Deficiency and/or Problem:
The GNOSC does not have the capability to engineer and provision customer circuits to support customer requirements, assess network impacts, and engineer the DISN CORE optical network to meet DoD and customer's requirements.

Impact:
During the next three years the DISA CONUS will be tasked with the transition of DTSC, Enhanced Synchronous Optical Network, DISN Asynchronous Transfer Mode Services circuits/trunks and approximately 50 new circuit requirements per month. This will encompass approximately 8,000 circuit actions during the next three years. One of our goals is to reduce the circuit action processing time of Telecommunications Service Orders from the current 2 or more week process to less than 5 days. The acquisition of the Network Modeler and Circuit Spy tools will dramatically reduce the processing time by automating the time consuming process of circuit provisioning.

Activity Group Capital Investment Justification

($ in thousands)

A. President's Budget

B. TSEAS/February 2007

C. TR0008 JWICS - Telecommunications Equipment

D. Defense Information Systems Agency

	FY 2006			FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
JWICS - Telecommunications Equipment	1	$8,600.00	$8,600.00	1	$9,200.00	$9,200.00	0	$0.00	$0.00	0	$0.00	$0.00
Total	**1**	**$8,600.00**	**$8,600.00**	**1**	**$9,200.00**	**$9,200.00**	**0**	**$0.00**	**$0.00**	**0**	**$0.00**	**$0.00**

Narrative Justification:

Description and Purpose:
The current JWICS ATM network is integrating into the Core IP based network to support transformational customers. This initiative is part of the technology transformation in the delivery of services to the warfighter and is required as part of ASD/NII architecture for the future. This capital procurement will be used to integrate the existing JWICS network with the Core program seamlessly. The purchase of switches along with the purchase of IP interface cards will enable the JWICS program to meet the ASD/NII's vision of taking bandwidth out of the equation for communications in the future. (Note: The program is funded in Procurement, Defense-Wide beginning in FY 2008.)

Current Deficiency and/or Problem:
In FY06, the SCI portion of the Core program will be implemented and become the responsibility of DIA in the JWICS program or SCI portion of the Core. This capital procurement will improve the performance of this technology worldwide. Currently the DISN uses legacy equipment and low bandwidth leases to provide service to the sites being upgraded. These sites will require the installation of switches and IP router cards to connect Core TPE routers with the existing JWICS nodes, as well as connecting with Multi Service Provisioning Platform (MSPP) interface units to properly interface all requirements into the JWICS portion of the Core. Migration of these DTS circuits to a government system will reduce the workload needed to transition circuits off the DTS-C when it expires. The JWICS Network will be able to offer an increased range of data rates for its customers without having to wait for commercial leases to be awarded.

Impact:
If not funded, these newly installed Core assets will operate without carrying current JWICS DISN customers and redundant bandwidth will continue to be leased for those requirements.

Activity Group Capital Investment Justification

A. President's Budget

($ in thousands)

B. TSEAS/February 2007

C. TR0009 HITS/JHITS ASM DRM Swtch Tech Refr.

D. Defense Information Systems Agency

	FY 2006			FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
HITS/JHITS ASM DRM Swtch Tech Ref	1	$922.00	$922.00	0	$0.00	$0.00	1	$4,610.00	$4,610.00	0	$0.00	$0.00
Total	**1**	**$922.00**	**$922.00**	**0**	**$0.00**	**$0.00**	**1**	**$4,610.00**	**$4,610.00**	**0**	**$0.00**	**$0.00**

Narrative Justification:

Description and Purpose:
Administrative Service Module/Distinctive Remote Module provides an efficient and cost effective method to upgrade the ten Government-owned HITS/JHITS 5ESS switches to the next major software release, e.g., Version 5E17 and 5E18, which are required to maintain mandatory Joint Interoperability Test Command certification for security and network interoperability for the HITS switches/network as mandated by DoD Instruction 8100.3, DoD Voice Networks. Other benefits include enhanced network management capabilities and high speed features for managing the HITS network.

Current Deficiency and/or Problem:
The current JITC certification for HITS switches expires in November, 2008.

Impact:-
All future switch upgrades for next major 5ESS version release will cost significantly more money if ASM/DRM is not incorporated for HITS/JHITS network. With ASM/DRM, total cost estimate is $110K for all ten switches, e.g., 5E17 cost est. is $110K, 5E18 cost est. is $110K, etc. Without ASM/DRM, total cost estimate for all ten HITS switches is $2M per switch release, e.g., 5E17 cost est. is $2M, 5E18 cost est. is $2M, etc.

Activity Group Capital Investment Justification **A. President's Budget**

($ in thousands)

B. TSEAS/February 2007 **C. TR0010 HITS/JHITS Switch Expansion & Ancil Equ** **D. Defense Information Systems Agency**

	FY 2006			FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
HITS/JHITS Switch Expansion & Ancil E	0	$0.00	$0.00	0	$0.00	$0.00	1	$2,000.00	$2,000.00	1	$2,000.00	$2,000.00
Total	**0**	**$0.00**	**$0.00**	**0**	**$0.00**	**$0.00**	**1**	**$2,000.00**	**$2,000.00**	**1**	**$2,000.00**	**$2,000.00**

Narrative Justification:

Description and Purpose:
HITS/JHITS switch expansion is required to provide additional service at the HITS switches due to the increasing customer base in Hawaii as the military shifts more functions to the Pacific area, and to fund ancillary equipment to maintain operating systems and provide rapid replacement of mission critical equipment. Network expansions allow continued connection of other DoD communication systems to fund rapid replacement of mission critical equipment, e.g., Joint Communications Support Element, Mobile User Objective System, Teleport, DVS-II, to the only two DSN gateway switches in Hawaii--the HITS switches at Hickam AFB and Schofield Barracks.

Current
Deficiency and/or Problem:
Limited line capacity exists for some of the HITS/JHITS switches requiring hardware expansion to provide service to additional customers. Without switch hardware expansion, customers in Hawaii cannot obtain telephone service. The Schofield HITS switch also has limited trunk/port capacity available to connect new communications systems being deployed to Hawaii requiring DSN connectivity.

Impact:
Serious military DSN, FTS and local commercial telephone service degradation could occur for Hawaii DoD military and civilian agencies and if the HITS DSN gateway switches suffered failure. The ability to accommodate an increasing customer base will be limited by insufficient switch capability.

Activity Group Capital Investment Justification

A. President's Budget

($ in thousands)

B. TSEAS/February 2007

C. TR0011 EMSS Operational Spares Augmentation

D. Defense Information Systems Agency

	FY 2006			FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
EMSS Operational Spares Augmentation	0	$0.00	$0.00	1	$500.00	$500.00	0	$0.00	$0.00	0	$0.00	$0.00
Total	**0**	**$0.00**	**$0.00**	**1**	**$500.00**	**$500.00**	**0**	**$0.00**	**$0.00**	**0**	**$0.00**	**$0.00**

Narrative Justification:

Description and Purpose:
The government currently maintains a set of critical spare parts on-site to minimize gateway downtime. Since the initial spares purchase, it was discovered that key spares critical to gateway operations exist in insufficient quantities. A standard package of gateway spares (which includes interface cards, radome shielding, and CPU cards) is to be purchased from the vendor to complete the current spares package. These spares come packages as a kit and cost more than $100 thousand per kit.

Current Deficiency and/or Problem:
The set of current government spares is incomplete and needs to be brought current to ensure minimal downtime of the gateway.

Impact:
Without the additional onsite spares, failure of a critical element will cause a total global outage of all services until the replacement component arrives - which would take no less than forty-eight hours. A gateway outage of this magnitude will have significant impact on critical global operations.

Activity Group Capital Investment Justification

($ in thousands)

A. President's Budget

B. TSEAS/February 2007

C. TR0012 EMSS Ericsson AXE-10 Switch

D. Defense Information Systems Agency

	FY 2006			FY 2007			FY 2008			FY 2009		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
EMSS Ericsson AXE-10 Switch	0	$0.00	$0.00	1	$1,700.00	$1,700.00	0	$0.00	$0.00	0	$0.00	$0.00
Total	**0**	**$0.00**	**$0.00**	**1**	**$1,700.00**	**$1,700.00**	**0**	**$0.00**	**$0.00**	**0**	**$0.00**	**$0.00**

Narrative Justification:

Description and Purpose:
The AXE-10 serves as the primary interface between the EMSS phones - through the D900 - and the terrestrial phone network. Additionally, it provides the translation between foreign protocols and U.S. protocols. It also provides the interface between the gateway functionalities and several critical communications capabilities such as secure voice, COMSEC Monitoring, and netted Iridium. Without the AXE-10, these systems would not be able to communicate with each other and would severely limit the overall gateway capability.

Current Deficiency and/or Problem:
Current system is beyond end-of-life. Replacement parts are extremely scarce and support from the vendor is limited. During previous hardware failures, the vendor had to pull cards from equipment within their labs to repair the EMSS Gateway AXE-10. Continued maintenance and repair of the AXE-10 has become problematic.

Impact:
If not funded, there is an increasing possibility of system failure of the AXE-10. In the event of failure, all communications between the EMSS Gateway and terrestrial networks will be lost. This causes an outage between the EMSS users and the rest of the world which operates on the terrestrial network. Only handset-to-handset calls will be possible. Repair is currently impossible, as no replacement components are available. This capability directly supports critical missions and combat operations globally.

Activity Group Capital Investment Justification

($ in thousands)

A. President's Budget

B. TSEAS/February 2007

C. TR0014 EMSS NOC Display System Enhancement

D. Defense Information Systems Agency

	FY 2006			FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
EMSS NOC Display System Enhancemer	0	$0.00	$0.00	1	$150.00	$150.00	0	$0.00	$0.00	0	$0.00	$0.00
Total	**0**	**$0.00**	**$0.00**	**1**	**$150.00**	**$150.00**	**0**	**$0.00**	**$0.00**	**0**	**$0.00**	**$0.00**

Narrative Justification:

Description and Purpose:
The EMSS Operations Center manages the systems and services to provide critical EMSS services to the warfighter. Currently, the operators review multiple system displays to assess EMSS system status. Adding large screen displays and matrix switching capabilities will increase situational awareness and improve the operator's ability to assess and resolve problems.

Current Deficiency and/or Problem:
Due to mission growth from increased users, it is becoming more and more difficult to access operational impact of EMSS problems from the various workstation views on the operations floor.

Impact:
If not funded, Operations will not have the increased situational awareness necessary to effectively manage the critical elements of the gateway.

Activity Group Capital Investment Justification

($ in thousands)

A. President's Budget

B. TSEAS/February 2007

C. TR0020 EMSS MOC (Msg Orig Controller)

D. Defense Information Systems Agency

	FY 2006			FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
EMSS MOC (Msg Orig Controller)	0	$0.00	$0.00	1	$500.00	$500.00	0	$0.00	$0.00	0	$0.00	$0.00
Total	**0**	**$0.00**	**$0.00**	**1**	**$500.00**	**$500.00**	**0**	**$0.00**	**$0.00**	**0**	**$0.00**	**$0.00**

Narrative Justification:

Description and Purpose:
The primary function of the MOC is to provide alphanumeric text messaging and voice messaging services to our global customers. It consists of a server with voice and data interfaces that maintains and stores messages in account files and provides delivery through the D900 switch and the Message Termination Center. It also interfaces with the Notification Center to provide alphanumeric text messaging to mobile phones. Because of this critical service, purchasing hardware/software replacement as well as system redundancy is essential to ensure reliable MOC capability.

Current Deficiency and/or Problem:
Current system was initially installed in 1998 and is currently beyond end-of-life. The MOC has become increasingly difficult to maintain and support. Replacement parts are difficult to find, if at all. The MOC itself must be replaced before it becomes completely unsupportable or outright fails. Additionally, no redundancy capability exists for this mission critical system. As a result, a global outage of at least ten minutes occurs anytime maintenance is conducted on the MOC.

Impact:
System is at end-of-life and replacement parts are scarce. If not funded, there will be an increasing possibility of a catastrophic system failure causing an extended outage of alphanumeric text, and voice messaging services that directly impacts mission critical global operations.

Activity Group Capital Investment Justification

($ in thousands)

A. President's Budget

B. TSEAS/February 2007

C. TR0023 EMSS Equipment Rm HVAC Enhancement

D. Defense Information Systems Agency

	FY 2006			FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
EMSS Equipment Rm HVAC Enhancem	0	$0.00	$0.00	1	$700.00	$700.00	0	$0.00	$0.00	0	$0.00	$0.00
Total	**0**	**$0.00**	**$0.00**	**1**	**$700.00**	**$700.00**	**0**	**$0.00**	**$0.00**	**0**	**$0.00**	**$0.00**

Narrative Justification:

Description and Purpose:
The equipment room Central Air Conditioning (CAC) system provides the cooling for all critical EMSS gateway systems and services. There are currently three independent air conditioning systems to provide cooling for the equipment. The existing units were originally installed in 1998. Since then, additional equipment has been installed in the Gateway and the CAC is currently operating at capacity. They are unable to sufficiently support current and future mission requirements, and storm fans are being employed to assist the current system in maintaining adequate heat levels. By replacing the existing units, the system will have sufficient capacity to support the current mission as well as provide for adequate capacity in the event of a single CAC unit failure.

Current Deficiency and/or Problem:
The heat load has reached a point where all three units must be operational to keep the communications electronics room cooled at a sufficient level. This means that the failure of a single unit will cause the shutdown of all of Gateway equipment within one hour. Gateway operations will not be able to be restarted until the CAC unit is replaced.

Impact:
If not funded, a HVAC failure could cause insufficient cooling and result in damage to mission critical equipment.

Activity Group Capital Investment Justification

($ in thousands)

A. President's Budget

B. TSEAS/February 2007

C. TT0027 Equipment > $100k < $250k

D. Defense Information Systems Agency

	FY 2006			FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
Equipment > $100k < $250k	1	$2,000.00	$2,000.00	1	$2,000.00	$2,000.00	1	$1,900.00	$1,900.00	1	$1,900.00	$1,900.00
Total	**1**	**$2,000.00**	**$2,000.00**	**1**	**$2,000.00**	**$2,000.00**	**1**	**$1,900.00**	**$1,900.00**	**1**	**$1,900.00**	**$1,900.00**

Narrative Justification:

Description and Purpose:
The Defense Information Systems Network (DISN) is a worldwide fee-for-service system providing telecommunications connectivity required to plan, implement and support operational missions. Beginning in FY 2006, capital investments, $250 thousand or more, in DISN subscription services programs are financed in appropriated procurement accounts. The equipment upgrades which exceed the DWCF capital investment threshold of $100 thousand but are less than the appropriated procurement threshold of $250 thousand will be funded with this budget line.

Activity Group Capital Investment Justification

($ in thousands)

A. President's Budget

B. TSEAS/February 2007

C. EE0002 Enterprise Business Modernization

D. Defense Information Systems Agency

Element of Cost	FY 2006 Quantity	FY 2006 Unit Cost	FY 2006 Total Cost	FY 2007 Quantity	FY 2007 Unit Cost	FY 2007 Total Cost	FY 2008 Quantity	FY 2008 Unit Cost	FY 2008 Total Cost	FY 2009 Quantity	FY 2009 Unit Cost	FY 2009 Total Cost
EBM - ADPE	1	$200.00	$200.00	0	$0.00	$0.00	1	$0.00	$0.00	0	$0.00	$0.00
EBM - External Software Development	1	$5,798.00	$5,798.00	1	$758.00	$758.00	1	$0.00	$0.00	0	$0.00	$0.00
Total	**2**	**$5,998.00**	**$5,998.00**	**1**	**$758.00**	**$758.00**	**2**	**$0.00**	**$0.00**	**0**	**$0.00**	**$0.00**

Narrative Justification:

Description and Purpose:

DISA Enterprise Acquisition Service (EAS) developed a plan to significantly enhance business environment. The project objectives are:

-Identify an operational to-be architecture that includes: mission; business functions; processes and systems; and as-is baseline.

-Identify, develop, acquire, test and deploy systems and processes that conform to the to-be architecture.

-Plan, budget and implement a formal enterprise architecture function and organization.

This project will realize several tangible and intangible benefits: (1)Reduce the number of systems thereby eliminating data re-entry and reducing the number of user ID's and passwords; (2) Better system integration to improve accuracy of information, and (3) improve visibility of requirements processed and improve the ability to retrieve management reports in a timely manner. Replacing the current "green screen" systems with modern state-of-the-art COTS products will reduce the six month to one year learning curve of existing systems and further result in improved job satisfaction, increased productivity and the ability to service additional customers. This system has been approved by the Defense Business Systems Management Council.

Current Deficiency and/or Problem:

EAS provides procurement and acquisition logistics services for a wide variety of government customers. In order to support the DISA acquisition and financial management mission in an efficient and effective manner; EAS manages, operates, and in many cases, has developed, a group of complex software applications that over time independently evolved into disparate systems.

Impact:

EAS functions support DISA's management of the Global Information Grid and degradation of this critical support system places critical communications and missions at risk. Mission degradation due to system failure becomes more likely as a result of aging, unsupported and poorly integrated software.

Activity Group Capital Investment Justification

($ in thousands)

A. President's Budget

B. TSEAS/February 2007

C. EE0003 Standard Financial System

D. Defense Information Systems Agency

	FY 2006			FY 2007			FY 2008			FY 2009		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Standard Financial System	1	$4,615.00	$4,615.00	1	$2,967.00	$2,967.00	1	$0.00	$0.00	1	$900.00	$900.00
Total	**1**	**$4,615.00**	**$4,615.00**	**1**	**$2,967.00**	**$2,967.00**	**1**	**$0.00**	**$0.00**	**1**	**$900.00**	**$900.00**

Narrative Justification:

Description and Purpose:
The primary mission of DISA is to provide command, control, communications and information systems support to the warfighters. The Chief Financial Executive (CFE)/Comptroller is the financial steward of the organization responsible for providing timely, accurate and reliable financial information enabling efficient and effective decision making. Currently, DISA uses three separate legacy financial systems, the Washington Headquarters Services Allotment Accounting System (WAAS-DISA) for Appropriated Funds and two versions of the Financial Accounting Management Information System (FAMIS) for Defense Working Capital Funds (DWCF). This budget line is to fund the capital investment required for Telecommunications Services Enterprise Acquisition Services (TSEAS) portion of a replacement accounting system.

Current Deficiency and/or Problem:
FAMIS is not compliant with regulations, uses outdated technology and capabilities, and has inconsistent level of data details between general ledger and payment system. DISA is the only DoD user of FAMIS making it costly to support. The deficiencies of DISA's financial management systems translate to a failure of the agency to support its primary mission in a cost efficient manner. The DISA Standard Finance and Accounting System (DSFAS) is DISA's implementation of the DoD Business Transformation Agency Enterprise Resource Planning System. This initiative has been recently approved by the FM/IRB but additional approvals are necessary prior to implementation. This initiative is targeted for most DoD agencies and when fully implemented, this commercial off-the-shelf solution will be an example of a cross-service application of the DoD Business Enterprise Architecture and will reflect the best practices in financial management. DSFAS will serve as the financial management system for the DISA DWCF and General Fund operations. The system will provide the following functions: General Ledger, Budget Distribution, Control and Execution, Customer Order and Customer Billing, Collections, Purchase Requests, Obligations and Receipt and Acceptance. DSFAS will interface with other systems such as travel, payroll, disbursing and non-core accounting support systems, to address financial activities. Expected benefits to DISA include: reduction in manual intervention; optimized reporting capabilities that capture standardized data that is more readily compared and consolidated across the organization and other Defense Agencies; increased performance processing times; transition from transaction entry to analytical roles and responsibilities; reduction in reconciliation efforts and an improved transaction and paperwork routing through the use of workflows.

Timeline schedules are being worked by the Business Transformation Agency, but projected development is expected to be completed during FY 07 and FY 08 with implementation targeted for 1 Oct 2008.

Activity Group Capital Investment Justification

($ in thousands)

A. President's Budget

B. TSEAS/February 2007

C. TR0015 EMSS Building Electrical Dist Enhancemen

D. Defense Information Systems Agency

	FY 2006			FY 2007			FY 2008			FY 2009		
Element of Cost	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**	**Quantity**	**Unit Cost**	**Total Cost**
EMSS Building Electrical Dist Enhancem	0	$0.00	$0.00	0	$0.00	$0.00	1	$400.00	$400.00	0	$0.00	$0.00
Total	**0**	**$0.00**	**$0.00**	**0**	**$0.00**	**$0.00**	**1**	**$400.00**	**$400.00**	**0**	**$0.00**	**$0.00**

Narrative Justification:

Description and Purpose:
The Gateway electrical distribution is used to provide power to all EMSS related activities and services. It was originally installed in the Gateway in the 1988 timeframe. The electrical distribution within the building needs to be replaced and expanded to support the current equipment load as well as any growth required to support growing usage.

Current Deficiency and/or Problem:
The Gateway electrical distribution has reached capacity. As the amount of equipment and services in the building continues to increase, electrical distribution will not be able to support the additional growth.

Impact:
If not funded, the gateway will reach a point where there will not have enough panels, outlets and breakers to support implementation of additional mission critical equipment, services, or even circuits to support expanding operational usage in various regions.

Capital Budget Execution

Component: Defense Information Systems Agency

Activity Group: TSEAS

February 2007

(Dollars in Millions)

Projects on the FY 2007 President's Budget

FY	Approved Project	2007 PB	Reprogrammings	Approved Proj. Cost	Current Proj. Cost	Asset/Deficiency	Explanation
FY 2007	Enterprise Business Modernization	0.000	0.000	0.000	0.758	(0.758)	Cost of testing at MRTFB facility
	Telecommunications Equipment	9.200	0.000	9.200	9.200	0.000	
	Standard Financial System	0.600	0.000	0.600	2.967	(2.367)	Update based on DBSMC aprvd plan
	Earthen Berms	0.200	0.000	0.200	0.000	0.200	Cancelled
	Building Exterior Enhancement	0.150	0.000	0.150	0.000	0.150	Cancelled
					12.925		
FY 2007 Projects Not in FY 2007 President's Budget							
	EMSS NC Notification Center				0.400	(.0.400)	Program requirement
	EMSS RWIF Red Interworking Function				6.000	(6.000)	Program requirement
	EMSS Customer Support Lab				0.110	(0.110)	Program requirement
	Wandl IP Tool				0.185	(0.185)	Program requirement
	Wandl Optical Tool				0.244	(0.244)	Program requirement
	Network Modeler and Circuit Spy				0.102	(0.102)	Program requirement
	EMSS Operational Spares Augmentation				0.500	(0.500)	Program requirement
	EMSS Ericsson AXE-10 Switch				1.700	(1.700)	Program requirement
	EMSS NOC Display System Enhancement				0.150	(0.150)	Program requirement
	EMSS MOC (Msg Orig Controller)				0.500	(0.500)	Program requirement
	EMSS Equipment Room HVAC Enhancement				0.700	(0.700)	Program requirement
	Equipment >$100<$250				2.000	(2.000)	DISN equipment <$250 unit cost
					12.591		
	Total FY 2007				**25.516**		

Activity Group Capital Investment Justification

(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2007

C. Line Number & Item Description
REP and NEW 100 Non-ADP Equipment

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP and NEW 100 Material Handling/Storage Space Utilization	1	148	148	2	165	330	5	242.4	1,217	2	236	472

Narrative Justification:

These investments are for material handling equipment, mobile material handling equipment, and miscellaneous warehouse equipment or systems. Replacement of equipment is for existing items that have reached or exceeded the useful life established for these categories. Based on guidance contained in various Department of Defense (DoD) governing polices, the Defense Logistics Agency (DLA) has established replacement and life expectancy/productivity enhancements standards for all categories of investment equipment. The standards are based on life expectancy with consideration given to condition, usage hours, and/or repair costs. DLA establishes age, utilization and repair standards based on industry information and experience in the absence of DoD acquisition and replacement criteria relative to unusual categories of equipment. Equipment may also support new mission or productivity related projects for which DLA has established policies and procedures to ensure that the ultimate goals of providing cost savings in terms of reduced man-hours to complete mission oriented tasks, new systems or equipment to meet the requirements for attaining DLA strategic goals, and modification to enhance safety of the operators or environment are met. All productivity related projects normally provide a payback of not more than five years and savings to investment ratio of greater than one.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2007

C. Line Number & Item Description
REP 100 Replacement Non-ADP Equipment

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 100 Quality Control				1	112	112				1	155	155

Narrative Justification:

This equipment is utilized by Defense Supply Center Columbus (DSCC) in the performance of industrial radiographic evaluation for assessment of material conformance to procurement specifications and diagnosis of non-conforming stocks with radiographic detectable attributes.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2007

C. Line Number & Item Description
NEW and REP 100 New Mission Non-ADP Equipment

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP and NEW 100 Installation Security	1	526	526	1	400	400	2	375	750	2	612.5	1,225

Narrative Justification:

This program involves providing installation security related items. Security items include entrance card readers, intrusion detection devices, closed circuit television systems, threat annunciating devices, etc. Equipment of this type will provide security of the items stored in the depots as well as safety and security for the DLA employees. This equipment is in accordance with security guidance provided by the Department of Defense and in order to rectify identified security deficiencies.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2007

C. Line Number & Item Description
TEL 100 Telecommunications Equipment

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
TEL 100 Telecommunications	2	596	1,192	6	220.3	1,322	4	552.3	2,209	4	403.3	1,613

Narrative Justification:

This investment for telecommunications equipment is in support of the Defense Supply Center Columbus (DSCC), Defense Supply Center Richmond (DSCR), Defense Logistics Information Service (DLIS), and the Defense Automated Addressing System Center (DAASC). This equipment will ensure that data transmissions from voice to video are successful. Requirements include telephone switches, cabling, Local Area Network (LAN) upgrades, and video teleconferencing hardware, voice mail replacement, and a trunked radio system.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2007

C. Line Number & Item Description
TEL 200 Telecommunications $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
TEL 200-01 Telecommunications Headquarters Complex Upgrade							1	3,600	3,600			

Narrative Justification:

This investment is to upgrade the telecommunications backbone at the DLA Headquarters Complex enabling the expanded use of on-line system technologies including Internet Protocol Version 6 (IPv6) and IP Telephony.

The backbone will be upgraded using the latest telecommunication and network technology, such as Smartswitch. Such technology provides for a robust system that affords us the ability to eliminate collision domains by reducing the amount of traffic competing for the same space on the backbone. Any data received at the center will move faster over the local area network (LAN) as a result of system being able to transport data packets much faster with greater volume and reliability. This upgrade we allow us to support more users and more telephones at HQC. In addition, the current 1 gigabyte backbone will be increased to a 10 gigabyte backbone to meet the growth needs of the ever changing network environment. The goal is seamless connectivity, increased reliability, functionality and throughput.

IPv6 is a federal mandate for completion in FY 2008. This purchase allows DLA HQC to become IPv6 compliant.

IP Telephony gives the ability to exercise the latest technologies, such as; call forwarding and fax forwarding to remote sites and will be more advantageous for teleworkers, and will lesson the time for add moves and changes to the existing phone switches. Voice over IP will also become possible with such an upgrade and can be used to reduce terrestrial communications costs.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2007

C. Line Number & Item Description
TEL 200 Telecommunications $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
TEL 200-02 Telecommunications DSCR LAN Upgrade				1	542	542	1	1,588	1,588			

Narrative Justification:

DoD has mandated that all network infrastructures comply with Internet Protocol Version 6 (IPv6) by June 8, 2008. This means approximately ninety-five percent of the network equipment and cabling at the Defense Supply Center Richmond (DSCR) will have to be replaced prior to June 2008. The FY 2006 capital will not be executed but carried over to FY 2007. The carry over and the FY 2007 and FY 2008 programmed funding will be used to accomplish the replacement.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2007

C. Line Number & Item Description
PRD 100 Production ADP Equipment

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 100 Production Hardware	2	477.5	955	4	603.3	2,413	2	728.5	1,457	11	282.6	3,109

Narrative Justification:

Over the past few years, DLA has undertaken an aggressive program to reduce its production hardware footprint. There are two aspects to this program. First, DLA has partnered with DISA to take over management and operations of its Enterprise mission critical processing at the Business Processing Center (BPC) under Business Systems Modernization (BSM). When BSM is fully operational, many DLA production hardware systems will sun set and be eliminated, such as site specific DPACS instances, and processing hosted at BPC. This will result in DLA production hardware no longer being required and processing provided via payment to DISA. Second, DLA is moving significant internal processing from its geographic locations to the Enterprise Data Centers. This will result in a further reduction in DLA's production hardware footprint, and move costs from capital hardware buys and operations maintenance costs to paying for a commercial hosting service. When these two initiatives reach full operational capability, DLA will be left with the following production hardware footprint:

1. File servers
2. Print servers
3. Low volume storage area networks for backup/restore
4. IA servers for authentication, firewalls, routers, scanning, etc.
5. Domain and active directory access control support servers
6. Process control equipment required by DAPS, DDC, and DRMS
7. Minor upgrades to existing equipment such as storage module increments, replacement backup media drives, expansion network cards, server memory upgrades, console replacement.

Funding requested in the production hardware area is purely replacement of obsolete equipment currently performing these functions that cannot be transferred to DISA or taken over by the EDC.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2007

C. Line Number & Item Description
PRD 200 Production Hardware $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 200-03 Production Hardware Logistics Data Gateway COOP				1	1,289	1,289						

Narrative Justification:

This initiative will provide for an alternate location during a catastrophic event or emergency for an extended period of time to carry out Mission Essential Information Technology (IT) Operations and Services. The proposed Logistics Data Gateway (LDG) Continuity Of Operations (COOP) initiative will create a mirror image of LDG at the Defense Automated Addressing System Center (DAASC) western site for complete fail over protection in the event of any downtime at either site. This includes additional hardware, software, and professional services. Either side of this architecture would be sized to handle the entire mission plus a 25% burst. This design will also enhance system performance during normal times, with the workload shared between the two sites. This initiative also addresses a technology refresh of the existing LDG equipment. LDG is the exclusive portal for all processed data at DAASC. The Defense Logistics Agency (DLA) Integrated Data Environment (IDE) will depend on LDG to feed data to it. LDG is also a primary data feed to the Air Force Data Warehouse (AFDW) and to USTRANSCOM's GTN21. Furthermore, the IDE-AV Query-on-Demand will be querying LDG. Therefore LDG and its COOP capabilities are identified as mission critical to facilitate IDE Core Capabilities as well as other critical DOD logistics applications. Considering the above requirements, DAASC will have the increased capability to support the expanding customer demands for web and network access to DAASC maintained logistics data. The LDG provides an integrated source of data to fulfill Component, Headquarters and COCOM level organizations requirements for aggregate logistics data. The LDG is vital, supplying logistics data from a central authoritative source that will support aggregate logistics reporting requirements for the DoD. The LDG initiative supports the needs of DoD customers and provides visibility of the numerous types of formatted data and their associated data elements among the users of the LDG. The ultimate goal is to work more effectively to increase the quality of service provided to the modern day war fighter by improving the capability to track the movement of critical spare parts, identify logistics bottlenecks, misdirected shipments and processing errors by using the data provided by the LDG.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2007

C. Line Number & Item Description
PRD 200 Production Hardware $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 200-04 Production Hardware SOMA Servers							1	1,907	1,907			

Narrative Justification:

Service Oriented Messaging Architecture (SOMA) performs a core, mission critical function of the Defense Automated Addressing System Center (DAASC) and directly services the vast MQ Series, File Transfer Protocol (FTP) and Simple Mail Transfer Protocol (SMTP) customer base. SOMA processes over 3.7 billion logistics transactions per year. FY 2008 projections indicate SOMA will process nearly 5 billion transactions per year and FY 2013 projections indicate nearly 7 billion transactions per year. The SOMA servers will need to be refreshed in FY 2008 because they will have met their end of life cycle of five years.

SOMA is the front end component of the DAASC ADPE Replacement Program (DARP) II. It processes MILSTRIP and MILS like transactions which it may send to the DAASC Routing Control System (DRCS) for routing and distribution. The DRCS passes the transactions to DAASC Micro Automated Routing System (DMARS) for edits, validation, and routing rules applied. The DRCS receives routed transactions back from DMARS, which are then batched for each customer and sent back to the SOMA system for final delivery or pickup.

The impact of not replacing these hardware platforms will lead to degradation of services leading to mission failure.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2007

C. Line Number & Item Description
PRD 200 Production Hardware $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 200-05 Production Hardware DAASC Enterprise Infrastructure							1	1,296	1,296	1	3,146	3,146

Narrative Justification:

Defense Automated Addressing System Center (DAASC) enterprise infrastructure provides the common services environment for DAASC consisting of all infrastructure components needed for data exchange, storage, facility and security and DAASC's diverse external customer base. This infrastructure encompasses numerous applications that support the DAASC Routing Control System (DRCS), Service Oriented Messaging Architecture (SOMA), DAASC Micro Automated Routing System (DMARS), Logistics Data Gateway (LDG) and other mission critical systems. The Integrated Data Environment (IDE) Asset Visibility (AV) application development, test and production environments recently installed at DAASC are utilizing the enterprise infrastructure.

Increased transaction workload brought about by IDE/AV, MILS to DLMS conversion and RFID initiatives and the growing data retention and replication requirements for applications such as LDG and WEB/SDR have driven the requirement for an enterprise disk storage solution, enterprise tape solution and enhancements to the current network infrastructure. By consolidating the UNIX and Windows external disk storage and the UNIX and Windows backup hardware into one solution and replacing aging storage equipment, DAASC will increase storage reliability, improve disk storage performance, avoid multiple maintenance contracts, and fulfill Information Assurance requirements. The consolidation of the entire UNIX and Windows disk and tape storage solutions at DAASC reduces the need for valuable computer room floor space and provides scalability for projected workload.

Increasing requirements have also driven the need for dependable network resources and infrastructure. By providing redundant core switches at both locations (Dayton and Tracy), the chance for service interruption is greatly reduced. The goal is to increase service availability and allow for easier network modifications. Deploying these switches enables the support staff to remain at current levels while improving performance.

The additions that are described within this analysis are required by Federal guidelines, and are not intended to produce a savings, Return On Investment (ROI).

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2007

C. Line Number & Item Description
PRD 200 Production Hardware $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 200-06 Production Hardware Integrated Data Environment	1	1,110	1,110				1	1,000	1,000	2	1,647.5	3,295

Narrative Justification:

The end-state Integrated Data Environment (IDE) will provide an environment that enables the extended DLA enterprise to execute practices, processes, applications, and decision support tools to achieve logistics interoperability and allow for information sharing within DLA and between internal and external DLA business partners. In order to support the development of IDE services and support of data sharing services and interfaces, the IDE program requires adequate servers, memory, and associated peripheral equipment.

In FY 2008 and FY 2009, funding is required to augment the production, staging, and Continuity of Operations (COOP) environments being operated at the Defense Information Systems Agency (DISA) Defense Enterprise Computing Center (DECC) Mechanicsburg (production/staging) and Ogden (COOP) to support increased processing requirements resulting from establishment of the IDE/Global Transportation Network (GTN) Convergence program in FY 2008. IDE will be providing the data and information sharing services required by USTRANSCOM; increasing memory, web-service processing, metadata repository management, interface processing support, etc. In FY 2006, due to the inability of DISA to meet IDE schedule requirements, IDE acquired the initial ADP equipment supporting the production, staging, and COOP environments and established a “customer-owned, DISA operated (CO/DO)” service level agreement with DISA. DISA recommended that the IDE program continue with this CO/DO paradigm for the additional ADP equipment required to support the expanded IDE mission.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2007

C. Line Number & Item Description
SWD 100 Software Development

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 100 Supply Chain Management ARN VPV			198			630			156			160

Narrative Justification:

The Apparel Research Network (ARN) Virtual Prime Vendor (VPV) initiative is a supply chain integration system based on a balanced inventory flow replenishment concept. This project will allow the Defense Supply Center Philadelphia (DSCP) to assume the ownership of inventory at Army, Marine, Navy and Air Force Recruit Training Centers (RTCs) and retail clothing stores. This project is essential to the success of the DSCP initiative to take ownership of all retail clothing inventory at RTCs, immediately draw down inventory levels, and maintain optimum inventory control with total asset visibility of the recruit clothing supply chain. The ARN -VPV will provide tools to support every aspect of supply chain management:

Integration - ARN Asset Visibility System through the Virtual Item Manager (VIM) Interface

Wholesale - Balanced Inventory Flow Replenishment System and Integrated Retail Management (IRM)

Retail – Integrated Retail Management (IRM) and 3-D Full Body Scanning for Recruit Clothing Issues

Manufacturing – ARN Supply chain Automated Processing (ASAP)

The design of the ARN-VPV system is built on a foundation of Commercial-off-the-Shelf Software (COTS) tools and standard web-based technologies. In FY 2000 development began under the Logistics Research and Development (Log R&D) program with the Army RTC's as the prototype. The prototype successfully achieved an overall inventory reduction of $25 million at the 6 Army RTC's. Since then the Army RTC was completed with rollout to the Marine Corps MCRDs at San Diego and Parris Island and the Air Force RTC at Lackland AFB. In 2006, the ARN supply chain management system will be implemented at the Kentucky Logistics Operations Center (KYLOC). Coordination with the BSM implementation team will continue to ensure a smooth transition as new items are added to the transition schedule. The Return on Investment (ROI) is 1.38 with a payback period of < 1.0 year. All software development will be performed externally.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2007

C. Line Number & Item Description
SWD 200 Software Development $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-01 Supply Chain Management eProcurement						15,600			2,200			3,200

Narrative Justification:

The approved Blueprint for Business Systems Modernization (BSM) Release 2 will provide the functionality required to run the business, achieve business improvements, and sustain reengineering. DLA has started planning for improvements to BSM that will occur during the Operations and Support phase, beyond full operational capability. Planned improvements include replacing the legacy bolt-on procurement systems including DLA Pre and Post Award Contracting System (DPACS) with the SAP eProcurement module with integration activities starting in FY 2007.

SAP Public Sector Supplier Relationship Management (SRM) COTS solution will be integrated into existing DLA BSM ERP COTS architecture as a replacement to DLA's legacy procurement systems. The program includes all associated support activities including program management, knowledge transfer & training, business process design and reengineering, technical design, configuration and development, testing, site readiness and transition activities, and post-deployment support and sustainment. The expected outcomes of the activity include: increase in service level, decrease in cycle time, increase in horizontal integration, increase in financial accountability, and an increase in business alignment to the warfighter. The impact of not funding would result in the need to continue support and maintenance of DPACS at approximately $10 million a year and maintain interfaces between DPACS and BSM.

Funds in 2007-09 will be used to integrate the SAP SRM module into the DLA BSM architecture. This will include the design/build/test of necessary RICE objects, configuring the SAP SRM module to DLA specifications, change management and training of the user community.

The ROI is 1.83 and the payback period is FY 2011. eProcurement received an FY 2007 Annual Review by the Investment Review Boards (IRBs) in July 2006 and was previously certified by the Defense Business Systems Management Committee (DBSMC) in accordance with the National Defense Authorization Act of 2005 and the Business Enterprise Architecture.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2007

C. Line Number & Item Description
SWD 200 Software Development $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-02 Supply Chain Management Common Food Management System (CFMS)			18,766			16,807			19,695			18,259

Narrative Justification:

The Common Food Management System (CFMS), a DLA-financed and DLA-managed system, will replace the various military food management systems with a single retail system for the DoD. It will incorporate all food management functions performed by the Service legacy systems, in addition to the catalog, order, receipt, and management information currently provided by DLA wholesale systems. CFMS will utilize commercial off the shelf software, with some customization to address the special requirements of a system that must operate in peace and in war. CFMS will be the automation tool for total supply chain integration for Class I and will support DLA's role as Executive Agent. CFMS will extend BSM's functionality from DLA to the customer.

Moving to a DLA-financed single retail system for Class I will reduce system maintenance costs across the DoD and will assure that the Military Services continue ordering their garrison feeding from DLA. An economic analysis was conducted in 2004 to identify the full scope of the anticipated savings. The analysis showed at that time an ROI of 1.88 with an estimated payback in two years. The economic analysis is being updated to include additional benefits likely to be accrued from more efficient inventory management and financial compliance across the Military Services. This initiative satisfies the BMMP requirements and emerging information assurance and financial regulations such as the Standard Financial Information Structure (SFIS).

FY 2007 funding is to support initial deployment to the field of the CFMS system. FY 2008 and FY 2009 funding is for continued rollout of CFMS. CFMS will be deployed to over 700 fixed location dining facilities for all Military Services worldwide and to nearly 300 Navy ships.

CFMS received an FY 2007 Annual Review by the Investment Review Boards (IRBs) in July 2006 and was previously certified by the Defense Business Systems Management Committee (DBSMC) in accordance with the National Defense Authorization Act of 2005 and the Business Enterprise Architecture.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2007

C. Line Number & Item Description
SWD 200 Software Development $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-03 Supply Chain Management Business Systems Modernization (BSM)			97,327			5,000			8,575			15,240

Narrative Justification:

Business Systems Modernization (BSM), provided for the integration of business processes with a new enterprise business system based on Commercial-off-the-Shelf (COTS) software and best business practices. BSM provided an IT foundation that allows for both continuous process and continuous technology insertion. It is the IT foundation which will allow DLA to fully implement electronic business, web-based technologies, and an integrated data environment, as well as other innovations to be compliant with the Joint Technical Architecture (JTA) and the data exchange standards (e.g. ANS X.12 and XML), necessary for DLA to interoperate with its customers and suppliers. DoD and DLA are aligning our current business practices with best practices by re-engineering logistics processes at all echelons, using the installed BSM system.

Releases 2.2 and 2.2.1 (December 2005 and September 2006 respectively) will complete the BSM Approved Blueprint and provide the functionality required to run the business. BSM will achieve Full Operational Capability (FOC) in FY 2007.

$5 million per year in FY 2007 – FY 2009 is planned for System Change Requests (SCRs) for the system already in production including SAP Business Warehouse and BSM Management Information Center. A major technical upgrade to bring BSM current with new SAP functionality is planned for FY 2008 and FY 2009.

Return-on-investment (ROI) has been calculated for each of the releases through 2.2.1, and the ROI for the total program is 11.57 and payback will occur in FY 2009, as documented in the October 2005 economic analysis based on future costs and expected mission area benefits of inventory and personnel reductions.

BSM received an FY 2007 Annual Review by the Investment Review Boards (IRBs) in July 2006 and was previously certified by the Defense Business Systems Management Committee (DBSMC) in accordance with the National Defense Authorization Act of 2005 and the Business Enterprise Architecture.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2007

C. Line Number & Item Description
SWD 200 Software Development $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-04 Supply Chain Management Customer Relationship Management (CRM)			11,611			2,000			2,000			

Narrative Justification:

The Defense Logistics Agency (DLA) exists to support the logistics needs of it's Department of Defense (DoD) customers. Because DLA's customers are war fighters, the majority of the material is military-specific and requirement for satisfying these military requirements are world-wide. The Customer Relationship Management (CRM) capability will provide DLA with the information and processes necessary to better understand customers, understand their needs, and effectively build improve the services DLA provides to its customer base. As a result, DLA must better meet the needs of major customer segments and improve operational effectiveness, so that military readiness is maintained and improved. CRM will significantly improve customer satisfaction by providing the enhanced capability to anticipate and act on customer demands. This capability is not possible in a diverse corporate environment without a unifying corporate customer master data, which is a key functional component of CRM. Further, CRM will provide the customer intelligence that will complement DLA's Business Systems Modernization (BSM) effort in supply chain management/financial management.

CRM achieved Initial Operational Capability (IOC) in March 2006 after Release 1.0 which included the Sales and Marketing modules. The Analytics Reports and Service modules were deployed in April 2006. Investment dollars for FY 2007 and FY 2008 are for systems integration contractor services. Integration costs include minor enhancements and System Change Requests (SCRs). The Economic Analysis was developed by consulting with industry experts with regard to the potential operational requirements and incorporating cost estimating relationships discovered through research. Potential CRM benefits are estimated at $79.0M over the life of the program (FY 2018). The expected Return-on-Investment (ROI) of the program is 1.72.

CRM received an FY 2007 Annual Review by the Investment Review Boards (IRBs) in July 2006 and was previously certified by the Defense Business Systems Management Committee (DBSMC) in accordance with the National Defense Authorization Act of 2005 and the Business Enterprise Architecture.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2007

C. Line Number & Item Description
SWD 200 Software Development $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-05 Supply Chain Management Defense Medical Logistics Standard System (DMLSS) Wholesale			4,974			5,091			5,192			5,296

Narrative Justification:

The Defense Medical Logistics Standard System-DLA (DMLSS-DLA) is an integrated system supporting the medical logistics needs of the Services and the Warfighter. While the program directly funds the business process improvements and Management Information System (MIS) enhancements at the Defense Supply Center Philadelphia (DSCP) Medical Directorate, the benefits and savings cascade down the entire DoD medical logistics supply chain. In FY08-09 the DMLSS-DLA program will focus on software redesign improvements to enhance the overall effectiveness of DMLSS-DLA support and to measure this effectiveness through the design, deployment, and reporting of Prime Vendor Key Performance indicators (PKI), Gen III Contract Option metrics, shipment tracking performance metrics for logistics response time, and other comparative PV and DSCP metrics. To support the receiving of orders, DMLSS-DLA will re-engineer software to enable business customers to order contingency items directly from the electronic catalogs and to order items by commercial identifiers. Catalogs will be integrated to allow customers to research contingency requirements and place orders within a single system, and the electronic Medical Catalog will be reengineered to support added customer search features. Software will be redesigned to develop identification capability to support multiple package configurations to better support commercial product identification and ordering in support of contingency related products. A prototype to determine the requirements for non-NSN contingency items will be developed. Software improvements will support real time price updates in the Medical Catalog and near real time price updates in the readiness data. Critical order tracking software will be changed to add carrier tracking via XML Data Stream and expand RFID tracking receipt capability. Enhancements to Price Adjudication software will enable daily price verification, and related enhancements to sales reporting software will enable daily sales updates. Vendor Payment and Vendor Status architecture will be reengineered to interface with DoD Wide Area Workflow (WAWF). Changes in the overall DMLSS-DLA System Architecture will support technology insertion including enhanced Internet Protocol (IP). The BSM financial interface will be designed and developed to support the free flow of product, sales, and price data between DMLSS-DLA and BSM. The Return on Investment for the DMLSS Program is almost 6 to 1. The benefits estimate is over $3.6 billion across the Department of Defense from FY 2002 through FY 2012. These savings were identified as part of the Milestone IIIC decision. All savings are aggregated for the retail and wholesale components because DMLSS is an integrated partnership between these components.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2007

C. Line Number & Item Description
SWD 200 Software Development $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-06 Supply Chain Management DoD EMALL			1,600			1,600			1,600			1,600

Narrative Justification:

The DoD EMALL is an advanced, web-based government procurement application designed much like commercial applications. The site provides a personalized experience where each user can initiate transactions right from their desktop. DoD EMALL allows users to search or browse for commercial and government off-the-shelf products and services through a single interface and then to purchase those products or services in an easy to use online format.

Requirements for the DoD EMALL are submitted to a Joint Requirements Board. This board is chaired by the OSD Supply Chain System Transformation (SCST) Division. Members include Defense Logistics Agency (DLA), Defense Information Systems Agency (DISA), Army, Navy, Air Force and Marine Corp representatives. The JRB evaluates requirements in terms of some general goals i.e., consolidation of DLA eCommerce websites, integration of GSA Advantage and DoD EMALL, enabling FMS commercial orders, utilizing PKI on the website, enabling our Suppliers to use RFID tagging for commercial orders, etc. Based on these and other guiding principles, the JRB decides which requirements will be addressed in future EMALL releases. Those requirements not selected will remain as open candidates for future Board selections and will be reprioritized as new or higher priority requirements emerge.

In FY 2006 and FY 2007 funding supports the integration of 25 tailored vendor web sites including Warfighter.net for clothing and textile and Foreign Military Sales. FY 2007 funding also includes Navy ERP, Army Off-line Ordering, and AF contracts integration, integration with RDE to provide daily catalog updates on NSNs, and integration with Manufacturers data into the Master Data files for commercial items. FY 2008 and FY 2009 changes include enabling orders for GSA items (NSN and Part Numbers) to be paid for with Government Purchase Card (GPC), allowing GPC users to document their buying decisions on the DOD EMALL for orders over $2,500, enabling a single order to be split and shipped to multiple addresses based on user requirements, and, for contractors that are using DOD EMALL, enabling the Government to limit the NSNs that can be ordered to only those within the scope of the contract.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2007

C. Line Number & Item Description
SWD 300 Software Development $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 300-01 Net-Centric Hubs Integrated Data Environment (IDE)			15,763			3,399			3,887			1,047

Narrative Justification:
The end-state IDE will provide an environment that enables the extended DLA enterprise to execute practices, processes, applications, and decision support tools to achieve logistics interoperability and allow for information sharing within DLA and between internal and external DLA business partners. IDE will employ a COTS based information technology service-oriented architecture that will provide industry-proven logistics transaction processing, data sharing, and state-of-the-art central data brokering capabilities. The IDE objectives are to make logistics information visible, interoperable, and accessible for authorized users from a single point of entry; improve the quality of data/information through use of authoritative sources and coordinated application of business rules; incrementally modernize common information services that support DoD logistics operations (peacetime and contingency/wartime) and DLA and DoD transformation efforts. The expected benefits of the IDE include reduced time to implement new business processes, increased sharing of information using net-centric strategy principles to support discovery, ensure interoperability, and assure information security in accordance with DoD policies; reduction in cost through reuse of interfaces, elimination of unnecessary redundancies, and increased productivity from use of modern COTS development/integration tools; continued reliable, available and responsive support for data exchange needs among the Services, Agencies and commercial suppliers. In FY 2008 and FY 2009 funding will be used to expand the IDE data and information sharing services developed in FY 2006 and FY 2007 to support the needs of DLA and USTRANSCOM as the IDE/Global Transportation Network (GTN) Convergence (IGC) program commences. IGC will provide common integrated data services to assist development of applications that will give Combatant Commands, the Military Services/Agencies, DOD, and other Federal Agencies a cohesive solution to manage supply chain, distribution, and logistics information. IGC will provide a single point of systems data integration within and among DLA and USTRANSCOM and other systems; will ensure consistent access to common, authoritative logistics data, business rules, and will provide reliable information for DLA, USTRANSCOM, and their customers from a single access point (IDE). IGC supports the Distribution Process Owner (DPO).
An update of the IDE Economic Analysis (IDE Phase II (IDE Post-AV Deployment)) is in process and expected to be approved in early FY 2007. The Return on Investment (ROI), as cited in the approved June 2003 Economic Analysis, is 4.13 and the estimated payback period is 2 years.
IDE received re-certification approval for the remainder of FY 2006 by the Defense Business Systems Management Committee (DBSMC) during the July 2006 in accordance with the National Defense Authorization Act of 2005 and the Business Enterprise Architecture.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2007

C. Line Number & Item Description
SWD 300 Software Development $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 300-03 Net-Centric Hubs eWorkplace			1,124			204						

Narrative Justification:

The DLA e-Workplace program is a Business-to-Employee (B2E) program focused on serving DLA employees with tools and resources necessary for them to work efficiently and effectively. All of the web-based content and services delivered via the program's employee portal is specific to DLA programs, strategies, and processes. The eWorkplace will create value at the DLA by reducing the cost of delivering enterprise-wide employee services and by improving employee productivity. eWorkplace is a business model embracing knowledge as an organizational asset and delivering this asset to individuals responsible for decision-making to ensure mission success. Through the eWorkplace environment, DLA knowledge workers will be able to search for content through a user-friendly interface that is accessible from any duty location. Users will be able to review, edit and approve documents through automated processes within eWorkplace. The purpose is to empower knowledge-enabled Communities of Practice (CoPs), largely through an effective knowledge management program throughout DLA. Phased implementation has allowed e-Workplace to achieve an initial set of capabilities and begin to familiarize the customer base in the use of basic e-Workplace principles and methodologies (e.g., collaboration and workflow) and to advance uses of supporting technologies. Subsequent releases will expand eWorkplace capabilities, and, more importantly, broaden the use of collaboration, resource sharing and information sharing with individuals, subject matter experts, CoPs and other advanced users of technology.

Work in FY 2006 and early FY 2007 will extend the capabilities of that software upgrade, and will enable content managers across DLA to independently manage their own content in the new environment. The introduction of workflow in FY 2006 will complete the functionality promised in the Functional Requirements Document and take the program to Full Operational Capability, where it will fully enter the sustainment phase.

The DLA e-Workplace program offers cost avoidance benefits in workforce productivity, training effectiveness, elimination of redundant data repositories and websites, and in several other areas. The total program Return on Investment (ROI) is 1.57. Payback period is 2012.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2007

C. Line Number & Item Description
SWD 300 Software Development $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 300-04 Net-Centric Hubs Enterprise Operations Accounting System (EOAS)									7,368			

Narrative Justification:

The Enterprise Operations Accounting System (EOAS) will leverage the DLA Business Systems Modernization (BSM) (software configuration, licenses and infrastructure) to deploy a common integrated system solution across all DLA activities and business areas. The EOAS will facilitate the transformation of DLA financial management by providing a true enterprise-wide Enterprise Resource Planning (ERP) solution, with financial management functionality and data supported by a single Commercial Off The Shelf (COTS) solution. The EOAS will provide an integrated system which is compliant with the Federal Financial Management Improvement Act (FFMIA) and the DoD Business Enterprise Architecture.

EOAS/BSM will completely replace DLA's use of the Defense Business Management System (DBMS), Defense Property Accountability System (DPAS), and Defense Working-Capital Accounting System (DWAS) while partially replacing the Base Operations Support System (BOSS) with a single COTS solution which incorporates best business practices. A single COTS solution ensures the use of standard business practices, including cost elements and standard general ledger, and strong internal controls ensuring the consistency and integrity of financial data. A single agency-wide COTS solution will ensure financial management information will be readily available to decision makers and for consolidation for financial reporting and analysis.

In FY 2007 DLA will begin a gap analysis between BSM functionality and any unique requirements of the DLA non-Inventory Control Point activities and business areas. The investment is for the blueprint/design, configuring, testing, and training for deployment of EOAS. This work was planned to begin in FY 2006 but was deferred due to delays in contract award. The FY 2006 capital will not be executed but DLA plans to carryover the authority to FY 2007. Rollout and deployment of the completed software package will begin in FY2008 requiring the one time purchase of additional Software licenses for support of the new system users.

The ROI is 1.58 and Payback period is 7 years after initial development assuming a gradual phase-out of current systems.

EOAS received an FY 2007 Annual Review by the Investment Review Boards (IRBs) in July 2006 and was previously certified by the Defense Business Systems Management Committee (DBSMC) in accordance with the National Defense Authorization Act of 2005 and the Business Enterprise Architecture.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2007

C. Line Number & Item Description
SWD 300 Software Development $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 300-05 Net-Centric Hubs DAASC LDG						1,161						

Narrative Justification:

This initiative will provide for an alternate location during a catastrophic event or emergency for an extended period of time to carry out Mission Essential Information Technology (IT) Operations and Services. The proposed Logistics Data Gateway (LDG) Continuity Of Operations (COOP) initiative will create a mirror image of LDG at the Defense Automated Addressing System Center (DAASC) western site for complete fail over protection in the event of any downtime at either site. This includes additional hardware, software, and professional services. Either side of this architecture would be sized to handle the entire mission plus a 25% burst. This design will also enhance system performance during normal times, with the workload shared between the two sites. This initiative also addresses a technology refresh of the existing LDG equipment. LDG is the exclusive portal for all processed data at DAASC. The Defense Logistics Agency (DLA) Integrated Data Environment (IDE) will depend on LDG to feed data to it. LDG is also a primary data feed to the Air Force Data Warehouse (AFDW) and to USTRANSCOM's GTN21. Furthermore, the IDE-AV Query-on-Demand will be querying LDG. Therefore LDG and its COOP capabilities are identified as mission critical to facilitate IDE Core Capabilities as well as other critical DOD logistics applications. Considering the above requirements, DAASC will have the increased capability to support the expanding customer demands for web and network access to DAASC maintained logistics data. The LDG provides an integrated source of data to fulfill Component, Headquarters and COCOM level organizations requirements for aggregate logistics data. The LDG is vital, supplying logistics data from a central authoritative source that will support aggregate logistics reporting requirements for the DoD. The LDG initiative supports the needs of DoD customers and provides visibility of the numerous types of formatted data and their associated data elements among the users of the LDG. The ultimate goal is to work more effectively to increase the quality of service provided to the modern day war fighter by improving the capability to track the movement of critical spare parts, identify logistics bottlenecks, misdirected shipments and processing errors by using the data provided by the LDG.
For FY 2007 this funding is for Oracle and locally developed software. The application software will maximize the use of COTS software as well as integrating the unique value added services that DAASC provides to our customer base.

Activity Group Capital Investment Justification

(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2007

C. Line Number & Item Description
SWD 300 Software Development $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 300-06 Net-Centric Hubs DAASC DRCS									2,836			1,199

Narrative Justification:

DAASC Routing Control System (DRCS), identified in the Office of the Secretary of Defense (OSD) Information Technology (IT) Registry as a Mission Assurance Category (MAC) I, is an integral part of the DAASC core services which must support the readiness of today's War fighter. The DAASC is responsible for providing logistics solutions, processing, and management to its worldwide customers. It provides DoD components and participating agencies with network and data interoperability, logistics information services, and report generation. The DAASC provides transaction images to support Asset Visibility (AV) and a gateway for Electronic Business (EB) between DoD components, participating agencies and private sector trading partners, effectively helping to provide a uniform DoD supply system.

Currently, DRCS operates in an Open VMS environment. The 2005 DLA IT Solutions document has identified the Open VMS operating system as "plan for removal". DRCS must continue to provide a highly reliable, available and extensible mission critical core logistics processing services. These services facilitate the receipt, transmission, retransmitting, editing, validation, interception, and storage of logistics transaction data. Based on its role as a mission critical core logistics processing service, DRCS is required to provide peacetime availability at or above 99.5%.

The DAASC shall comply with the Defense Logistics Agency (DLA) Information Technology (IT) Solutions document and remove the Open VMS platform and rehost the DRCS service on a UNIX platform. This will also ensure the DAASC's ability to provide agile, responsive, best value, and interoperable solutions to the DoD and other customers and sustain the Defense Information Infrastructure/Common Operating Environment (DII/COE) in accordance with the DLA-IT Enterprise architecture.

The additions that are described within this analysis are required by Federal guidelines, and are not intended to produce a savings, Return On Investment (ROI).

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2007

C. Line Number & Item Description
SWD 300 Software Development $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 300-07 Net-Centric Hubs Asset Visibility						1,080			2,420			3,680

Narrative Justification:

Asset Visibility (AV) provides Combatant Commands (COCOMs) with timely and accurate information including location, movement, and status of units, equipment, and supplies. AV also provides vital logistics information to consuming systems, e.g. Global Combat Support System (GCSS), National Level Ammunition Capability (NLAC), and Battle Command Sustainment and Support System (BCS3). The Joint Staff J4 is the AV functional sponsor.

The funding programmed is to support both functional enhancements. The COCOMS and Military Services request that AV provide a broader data view of requisition information (Service-specific and Foreign Military Sales), enhanced In Transit Visibility, role-based access for coalition and multinational partners, BSM-Energy data feed, and customized improvements to the application user interface.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2007

C. Line Number & Item Description
SWD 400 Software Development $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 400-01 Master Data Hazardous Material Information Resource System						200			200			200

Narrative Justification:

FY 2006 capital in conjunction with FY 2007 capital funds are needed to design and further develop the capability to allow the configurable import of Extensible Markup Language (XML) documents into the Hazardous Material Information Resource System (HMIRS). This capability is required because the sizes of scanned images are creating challenges for the system. XML documents will alleviate these challenges while positioning us for the best possible interface with SAP/BSM for procurement interfaces. The Material Safety Data Sheets in XML format will not only take up less space, while maintaining the manufacturer/provider as the legal responsible party for the data, it will also allow for the automated data transfer from the MSDS to the value added data fields which will save manual input and alleviate input error.

FY 08 and FY 09 capital is targeted for HMIRS interfaces with Global Combat Support System Army (GCSS-A), Enterprise Environmental, Safety, & Health Management Information System (EESOH MIS), and Joint Acquisition CBRN Knowledge System (JACKS). HMIRS contains Material Safety Data Sheets (MSDS) and related government value-added information on hazardous material in the DOD inventory. Providing an interface with these systems will make it possible to systemically populate MSDS data fields within HMIRS and to allow the provider system access to image of actual MSDS. The interfacing systems are used by their activities to capture and report environmental compliance information and to track related personnel exposure issues. For their purpose a web-based architecture, integrating a thin client standard, robust middleware and common data repository interface is required.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2007

C. Line Number & Item Description
SWD 400 Software Development $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 400-02 Master Data Cataloging Re-Engineering System (DLIS)			735			750			750			750

Narrative Justification:

The Cataloging Re-Engineering System (CRS) provides DoD with a standard cataloging system that fully supports the centralization of all cataloging functions under DLA responsibility. CRS went into production June 2003 and includes interfaces with Federal Logistics Information System (FLIS), DLA's Business Systems Modernization (BSM) and the Marine Corps remote users. In addition, CRS will provide interfaces to all of the Service Enterprise Resource Planning Systems (ERPs). CRS increases the productivity of catalogers and reduces the number of errors in cataloging batch transactions. CRS stores business logic not data. Systems that encapsulate knowledge, rather than merely store data, reduce processing time and free users to process other transactions that pose more intricate problems and require technical decisions. FY2007 funding will be used to continue System Change Requests (SCR's) to support variations in Service interfaces, to web-enable CRS for migration to the Enterprise Data Center (EDC) and to CAC/PKI (Common Access Card) enable CRS. Funding in FY 2008 and 2009 is required for redesigns to bring in new customer workloads (GSA cataloging, Federal Aviation Cataloging, Joint Strike Fighter) and to implement new technology.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2007

C. Line Number & Item Description
SWD 400 Software Development $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 400-03 Master Data Federal Logistics Information System (FLIS)						1,010			1,010			1,010

Narrative Justification:

The FLIS is identified as the authoritative source system to broadcast the logistics data for numerous processes that support DoD ERP implementations. Current gaps in the SAP system (In use by the Defense Logistics Agency (DLA), Army and Navy) will require Defense Logistics Information Service (DLIS) to handle many of these processes in FLIS. Additionally, Air Force is also embarking on and ERP effort and DLIS is collaborating with them discuss reuse of what has been developed for DLA and Army ERPs (BSM and LMP, respectively) as well as unique data requirements that will require FLIS changes. DLIS currently uses proprietary data exchange formats for FLIS queries and non-MILS, non-ANSI, FLIS specific formats for output transition processing. This is changing as work is done with the Services to reengineer their process as they implement their ERPs. Given the increased emphasis on commercial practice (ANSI, EDI, XML) DLIS understands the need and OSD mandates to migrate data to environment that is open and current standards based rather than on a pseudo proprietary standard. These changes position DLIS to satisfy customer information needs and to prepare for inclusion in commercial products.

Federal Item Identification Guides (FIIG) automation will engineer FIIG processes into an XML environment that will facilitate reduced maintenance costs and provide FIIG users with systems access to the Cataloging Taxonomy in the most efficient manner. The second phase of this project will include any remaining software development (including total automation of edit guides) to support the FIIG automation. It will also include milestones for the deployment throughout the US and NATO cataloging community and extends the capability to interface with commercial sectors through industry standard cataloging capabilities (such as Electronic Commerce Code Management Association's (ECCMA's) electronic Open Technical Dictionary (eOTD)). The successful completion of this project will streamline both customer interfaces and internal processing, allowing the automated interchange of data via XML standards. This work will begin in FY 2007 and continue through FY 2008.

DLIS has also been contacted to begin discussion with GCSS-Army and USAMMA on data needs for their enterprise programs. Changes to FLIS to accommodate these ERP requirements are planned for the FY 2007 – FY 2009 timeframe.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2007

C. Line Number & Item Description
SWD 400 Software Development $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 400-04 Master Data Product Management Data Initiative (PDMI)			7,625			2,000						

Narrative Justification:

The primary objective of the Product Data Management Initiative (PDMI) is to implement automated capabilities to manage and use engineering support and product data within the Defense Logistics Agency (DLA). Specific objectives include increased accuracy and accessibility of product data needed to make informed engineering, technical and quality decisions in support of procurement actions; provide easy location and access of product data for authorized users; and link to the SAP application being developed and implemented, where required, to support ongoing business processes. PDMI builds on the accomplishments of the Engineering Support Automation (ESA) project. It is an enhancement of the capability already resident in the product data management tool developed for the ESA project.

FY 2006 funds were used for Initial Operational Capability (IOC) with integration of PDMI to Business System Modernization (BSM) Release 2.2.1 in October 2006. The integration of PDMI to BSM will involve the interface of the COTS application to the BSM SAP Enterprise Resource Planning application. In addition, this increment will include the implementation of initial document management and critical item management functionality into the COTS application. Upon deployment in FY 2007, the program will enter into sustainment which will be assumed by Defense Supply Center Columbus (DSCC) and Defense Supply Center Richmond (DSCR). FY 2007 funding will be used for deployment activities and SCR's over $100,000.

An Economic Analysis (EA) was completed in December 2005. The Return on Investment (ROI) is 10.05 and the payback period is expected to begin in FY09. An EA is currently being rewritten as part of the Milestone C documentation preparations.

PDMI received an FY 2007 Annual Review by the Investment Review Boards (IRBs) in July 2006 and was previously certified by the Defense Business Systems Management Committee (DBSMC) in accordance with the National Defense Authorization Act of 2005 and the Business Enterprise Architecture.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management – Non Energy Activity Group February 2007

C. Line Number & Item Description
Rep 200 Minor Construction

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 200 Minor Construction			1,042			3,350			3,367			2,501

Narrative Justification:

The minor construction investment for projects (costing between $100,000 and $750,000 each) will construct new, replace existing, or modify current facilities to enhance mission performance and increase the level of protection of the workforce and the mission stock. These projects include:

1. Renovation and alteration of administrative facilities. An example is the conversion of a portion of a Pearl Harbor warehouse to administrative space to replace that in the buildings at Camp Smith, Hawaii which are scheduled for demolition.
2. Upgrading security facilities (gates, fences, security lighting). An example is the upgrade of two existing entrance gate facilities at the Headquarters Complex, Fort Belvoir, Virginia to comply with current Anti-Terrorism/Force Protection (AT/FP) standards.
3. Upgrades to utility systems to comply with environmental and fire protection standards.
4. Additional paving for road networks and personnel parking to comply with the new AT/FP standoff distances
5. Incidental improvements associated with facilities repair projects

All of these projects are required to allow existing missions to continue in safe, compliant and efficient facilities.

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NON ENERGY ACTIVITY GROUP
FISCAL YEAR (FY) 2008/2009 BUDGET ESTIMATES
ACTIVITY GROUP CAPITAL INVESTMENT SUMMARY
($ IN MILLIONS)

Line Number	Item Description/Capability	FY 2006		FY 2007		FY 2008		FY 2009	
				Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
REP 100	Material Handling/Storage Space Utilization	1	0.1	2	0.3	3	0.9	1	0.2
NEW 100	Material Handling/Storage Space Utilization					2	0.3	1	0.3
REP 100	Quality Control			1	0.1			1	0.2
REP 100	Installation Security	1	0.5					1	0.5
NEW 100	Installation Security	0	0.0	1	0.4	2	0.8	1	0.7
	TOTAL EQUIPMENT (Non ADP/T)	2	0.7	4	0.8	7	2.0	5	1.9
TEL 100	Telecommunications	2	1.2	6	1.3	4	2.2	4	1.6
TEL 200	Telecommunications $1.0M and Over	0	0.0	1	0.5	2	5.2		
PRD 100	Production Hardware	2	1.0	4	2.4	2	1.5	11	3.1
PRD 200	Production Hardware $1.0 and Over	3	8.8	1	1.3	3	4.2	3	6.4
	TOTAL EQUIPMENT (ADP/T)	7	10.9	12	5.6	11	13.1	18	11.2
SWD 100	Supply Chain Management		0.2		0.6		0.2		0.2
SWD 200-01	Supply Chain Management - eProcurement		0.0		15.6		2.2		3.2
SWD 200-02	Supply Chain Management - Common Food Management System		18.8		16.8		19.7		18.3
SWD 200-03	Supply Chain Management - Business Systems Modernization		97.3		5.0		8.6		15.2
SWD 200-04	Supply Chain Management - Customer Relationship Management		11.6		2.0		2.0		
SWD 200-05	Supply Chain Management - Defense Medical Logistics Standard System		5.0		5.1		5.2		5.3
SWD 200-06	Supply Chain Management - DoD EMALL		1.6		1.6		1.6		1.6
SWD 300-01	Net-Centric Hubs - Integrated Data Environment		15.8		3.4		3.9		1.0
SWD 300-02	Net-Centric Hubs - Logistics On-line Tracking System		0.0						
SWD 300-03	Net-Centric Hubs - eWorkplace		1.1		0.2				
SWD 300-04	Net-Centric Hubs - Enterprise Operations Accounting System		0.0				7.4		
SWD 300-05	Net-Centric Hubs - Logistics Data Gateway				1.2				
SWD 300-06	Net-Centric Hubs - DAASC Routing Control System						2.8		1.2
SWD 300-07	Net-Centric Hubs - Asset Visibility				1.1		2.4		3.7
SWD 400-01	Master Data - Hazardous Material Information Resource System		0.0		0.2		0.2		0.2
SWD 400-02	Master Data - Cataloging Re-Engineering System		0.7		0.8		0.8		0.8
SWD 400-03	Master Data - Federal Logistics Information System		0.0		1.0		1.0		1.0
SWD 400-04	Master Data - Product Data Management Initiative		7.6		2.0				
	TOTAL SOFTWARE DEVELOPMENT		159.7		56.5		57.9		51.6
REP 200	Minor Construction $100,000 - $750,000		1.0		3.4		3.4		2.5
	TOTAL MINOR CONSTRUCTION		1.0		3.4		3.4		2.5
	TOTAL AGENCY CAPITAL INVESTMENTS	9	172.3	16	66.3	18	76.3	23	67.2
	Total Capital Outlays		82.0		98.7		68.0		66.7
	Total Depreciation Expense		90.4		100.5		126.0		126.1

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NON ENERGY ACTIVITY GROUP
FISCAL YEAR (FY) 2008/2009 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
February 2007
(DOLLARS IN MILLIONS)

PROJECTS ON THE FY 2007 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
2006	Equipment except ADPE & TELCOM:	0.5	1.1	0.7	0.5	
	DSCR Front End Loader	0.1	0.2	0.1	0.1	
	DSCR Audio Visual System	(0.1)	0.5	0.5	(0.1)	
	HW Duress Communication System	0.5	0.5	0.0	0.5	Requested carryover to FY 2007
2006	Equipment - ADPE & TELCOM:	3.6	14.5	10.9	3.6	
	DSCR LAN and Telecommunications	1.0	1.3	0.3	1.0	Requested $771K carryover to FY 2007
	DSCC LAN and Telecommunications	1.6	6.6	5.0	1.6	Requested $1.0M carryover to FY 2007
	IDE Production Hardware	(0.4)	0.7	1.1	(0.4)	Additional hardware required
	EMALL Production Hardware	0.9	0.9	0.0	0.9	Requirement cancelled
	Business Systems Modernization (BSM) Hardware	(1.0)	2.5	3.5	(1.0)	Additional COOP requirement
	Defense Automatic Addressing System Tech Refresh	1.6	2.5	1.0	1.6	Requested $2.1M carryover to FY 2007
2006	Software Development:	13.3	173.0	159.7	(3.0)	
	National Inventory Management Strategy	0.1	0.1	0.0	0.1	Requirement cancelled
	Hazardous Material Information Resource System	0.2	0.2	0.0	0.2	Requested carryover to FY 2007
	Program Budget Reporting System (PBRS)	0.3	0.3	0.0	0.3	Project cancelled
	Cataloging Reengineering System (CRS)	0.0	0.8	0.7	0.0	
	Apparel Research Network (ARN) VPV	0.6	0.8	0.2	0.6	Reduced requirements
	Defense Medical Logistics Standard Sys (DMLSS)	0.0	5.0	5.0	0.0	
	Business Systems Modernization (BSM)	(3.2)	94.1	97.3	(3.2)	Ermergent development requirements
	Customer Relationship Management (CRM)	0.0	11.6	11.6	0.0	
	Common Food Management System (CFMS)	0.0	18.8	18.8	0.0	
	Integrated Data Environment (IDE)	(3.6)	12.2	15.8	(3.6)	Project accelerated due to IDE/GTN Convergence
	eWorkplace (formerly Knowledge Management)	1.1	2.2	1.1	1.1	Project downsized
	Federal Logistics Information System	1.6	1.6	0.0	1.6	Requested carryover to FY 2007
	Product Data Management Initiative	0.0	7.6	7.6	0.0	
	EMALL	0.0	1.6	1.6	0.0	
	Pre-Planned Product Improvement - eProcurement	12.2	12.2	0.0	12.2	Requested carryover to FY 2007; project delayed
	Enterprise Operational Accounting System (EOAS)	3.0	3.0	0.0	3.0	Requested carryover to FY 2007
	Logistics On-line Tracking Systems (LOTS)	1.0	1.0	0.0	1.0	Requested carryover to FY 2007
2006	Minor Construction:	2.5	3.5	1.0	2.5	Requested $1.4M carryover to FY 2007
	Total FY 2006	**19.8**	**192.1**	**172.3**	**3.6**	

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
SUPPLY MANAGEMENT - NON ENERGY ACTIVITY GROUP
FISCAL YEAR (FY) 2008/2009 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
February 2007
(DOLLARS IN MILLIONS)

PROJECTS ON THE FY 2007 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
2007	Equipment except ADPE & TELCOM:	0.0	0.8	0.8	0.0	
	DSCR Trucks	0.0	0.3	0.3	0.0	
	DSCC Unit Length Measuring Machine	0.0	0.1	0.1	0.0	
	HQ Entry Control System	0.0	0.4	0.4	0.0	
2007	Equipment - ADPE & TELCOM:	0.0	5.6	5.6	0.0	
	DSCR LAN and Telecommunications	0.0	1.5	1.5	0.0	
	DSCC LAN and Telecommunications	0.0	0.7	0.7	0.0	
	DSCP Voice Mail Replacement	0.0	0.3	0.3	0.0	
	eWorkplace Production Hardware	0.0	0.9	0.9	0.0	
	EMALL Production Hardware	0.0	0.9	0.9	0.0	
	Defense Automatic Addressing System Tech Refresh	0.0	1.3	1.3	0.0	
2007	Software Development:	12.7	69.2	56.5	12.7	
	National Inventory Management Strategy	0.4	0.4	0.0	0.4	Requirement cancelled
	Hazardous Material Information Resource System	0.0	0.2	0.2	0.0	
	Cataloging Reengineering System (CRS)	0.0	0.8	0.8	0.0	
	Apparel Research Network (ARN) VPV	0.0	0.6	0.6	0.0	
	Defense Medical Logistics Standard Sys (DMLSS)	0.0	5.1	5.1	0.0	
	Customer Relationship Management (CRM)	7.4	9.4	2.0	7.4	No further development after release 1.
	Common Food Management System (CFMS)	0.0	16.8	16.8	0.0	
	Integrated Data Environment (IDE)	0.0	3.4	3.4	0.0	
	Asset Visibility	0.0	1.1	1.1	0.0	
	eWorkplace (formerly Knowledge Management)	0.0	0.2	0.2	0.0	
	Federal Logistics Information System	0.0	1.0	1.0	0.0	
	Product Data Management Initiative (PDMI)	5.3	7.3	2.0	5.3	No further development after release 1.
	EMALL	0.0	1.6	1.6	0.0	
	Pre-Planned Product Improvement - eProcurement	0.0	15.6	15.6	0.0	
	Business Systems Modernization (BSM) (was P3I)	0.0	5.0	5.0	0.0	
	Logistics Data Gateway	(0.4)	0.8	1.2	(0.4)	Requirement increase
2007	Minor Construction:	0.0	3.4	3.4	0.0	
	Total FY 2007	**12.7**	**78.9**	**66.3**	**12.7**	

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management - Energy Activity Group February 2007

C. Line Number & Item Description
NEW 100 and 200 New Mission Equipment

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
NEW 100/200-01 Fuel Terminal Automations	2	1000	2,000	3	2795	8,385	2	1,790	3,580	3	2410	7,230

Narrative Justification:

The fuel terminal automation projects will include automation of valves, fuel transfer pumps, tank gauging, fuel metering systems, and pipeline instrumentation. As the integral component of the Automated Fuel Handling Equipment (AFHE) system, the Supervisory Control and Data Acquisition (SCADA) systems will be installed in the computers at the Operations Control Center (OCC) optimally located in the base. The SCADA system will provide remote control of fuel transfer operations and alarms in response to abnormal conditions; enhanced capabilities for inventory control and accounting; enhanced leak detection capabilities; remote monitoring and data exchange. The new AFHE system architecture will ensure connectivity to the existing Fuel Accounting System. The entire operations of the terminal, such as, receiving and issuing fuel will be controlled from the central OCC. The communication infrastructure and other devices required for the transfer of signals from the equipment to the OCC will also be provided.

The primary cost benefit of these automation projects is the prevention of oil spills and costly cleanup expenses.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management - Energy Activity Group February 2007

C. Line Number & Item Description
REP 200 Replacement Equipment $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 200-01 Inventory Accuracy Automated Tank Gauging (ATG)	1	1,163	1,163	1	6,715	6,715	1	12,782	12,782	1	12,700	12,700

Narrative Justification:

These investments include replacement of existing Automated Tank Gauging (ATG) systems that have reached or exceeded the useful life established for these categories. Based on guidance contained in various Department of Defense (DoD) governing polices, the Defense Logistics Agency (DLA) has established replacement and life expectancy/productivity enhancements standards for all categories of investment equipment. The standards are based on life expectancy with consideration given to condition, usage hours, and/or repair costs. DLA establishes age, utilization and repair standards based on industry information and experience in the absence of DoD acquisition and replacement criteria relative to unusual categories of equipment. There are more than 400 fuel terminals worldwide for which DLA is the DoD Executive agent. In all of these terminals there are various types of fuel tanks, each with Automated Tank Gauges (ATG) to measure and monitor the fuel level in the tanks. In addition, these gauges have connectivity to the Business Systems Modernization (BSM) Energy system, which will capture all the data with regard to fuel in the tank and maintain accurate inventory records. The various Service Stations in DoD facilities have equipment to capture the quantity of fuel dispensed and also have connectivity to the same BSM Energy system. A study was completed in 2005 that provided final recommendations with regards to the type and corresponding sites where ATG systems will be installed. The budgeted amount also includes design and review costs in conjunction with implementation.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management - Energy Activity Group February 2007

C. Line Number & Item Description
SWD 200 Software Development $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200-01 Supply Chain Management BSM/BSM Energy Convergence						18,075			13,892			9,799

Narrative Justification:

In order to completely address the Energy supply chain, additional functions must be automated, converged, and standardized in Business Systems Modernization (BSM)/ Energy. The BSM/BSM Energy Analysis of Alternatives was completed in May FY 2006 and concluded that converging BSM Energy with BSM through the implementation of SAP is the preferred alternative and provides a positive Return on Investment (ROI). SAP will provide improved efficiencies which will enable the Defense Energy Support Center (DESC) to process the increased workload associated with the overall DoD energy mission. Benefits will include reduced inventory; reduced demurrage, transportation, facilities, and interest penalty costs; as well as savings from use of the same software suite.

DLA is currently working on the Economic Analysis and Acquisition Plan. As part of a two step acquisition process, the FY 2007 capital, in conjunction with the FY 2006 carryover capital, will be used on initial development activities to include, scripted demos, use case development, development/test infrastructure, and resolution of the SAP Public Sector/SAP Oil and Gas co-existence issue. A milestone decision is planned for first quarter FY 2008 to begin system integration and demonstration. Funds in FY 2009 will be used to fully implement BSM Energy business processes and systems to the desired end-state.

There is also a requirement to support an acquisition and tailoring of an automated contract writing system for BSM Energy. This system will facilitate an end-to-end procurement cycle from requirements definition/initiation, solicitation, evaluation, contract award, contract administration and closeout. DLA is assessing Commercial Off The Shelf (COTS) packages to include SAP Supplier Relationship Management (SRM) to determine the overall applicability to the various Energy commodities, to include but not limited to missile fuels, natural gas and electricity.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Supply Management - Energy Activity Group February 2007

C. Line Number & Item Description
Rep 200 Minor Construction

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 200 Minor Construction			10,852			25,500			25,500			24,500

Narrative Justification:

The minor construction investment for projects (costing between $100,000 and $750,000 each) will construct new, replace existing, or modify current facilities to enhance mission performance and increase the level of protection of the workforce and the mission stock. These projects include:

1. Upgrading fuel receipt, storage, pipeline, pumping, and filtration facilities.
2. Upgrades to utility systems to comply with environmental and fire protection standards.
3. Incidental improvements associated with facilities repair projects

All of these projects are required to allow existing missions to continue in safe, compliant and efficient facilities.

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
SUPPLY MANAGEMENT - ENERGY ACTIVITY GROUP
FISCAL YEAR (FY) 2008/2009 BUDGET ESTIMATES
ACTIVITY GROUP CAPITAL INVESTMENT SUMMARY
($ IN MILLIONS)

Line Number	Item Description/Capability	FY 2006		FY 2007		FY 2008		FY 2009	
				Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
NEW 200	Fuel Terminal Automation $1.0 and Over	2	2.0	3	8.4	2	3.6	3	7.2
REP 200	Inventory Accuracy $1.0 and Over	1	1.2	1	6.7	1	12.8	1	12.7
	TOTAL EQUIPMENT (Non ADP/T)	3	3.2	4	15.1	3	16.4	4	19.9
SWD 200	Supply Chain Management - BSM/BSM Energy Convergence		0.0		18.1		13.9		9.8
	TOTAL SOFTWARE DEVELOPMENT		0.0		18.1		13.9		9.8
REP 200	Minor Construction $100,000 - $750,000		10.9		25.5		25.5		24.5
	TOTAL MINOR CONSTRUCTION		10.9		25.5		25.5		24.5
	TOTAL AGENCY CAPITAL INVESTMENTS	3	14.0	4	58.7	3	55.8	4	54.2
	Total Capital Outlays		30.7		48.4		57.2		59.6
	Total Depreciation Expense		16.6		16.4		21.6		27.1

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
SUPPLY MANAGEMENT - ENERGY
FISCAL YEAR (FY) 2008/2009 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
February 2007
(DOLLARS IN MILLIONS)

PROJECTS ON THE FY 2007 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
2006	Equipment except ADPE & TELCOM:	9.3	12.5	3.2	9.3	
	DESC AFHE/ATG Equipment	9.3	12.5	3.2	9.3	Requested $9.0M carryover to FY 2007
2006	Equipment - ADPE & TELCOM:	1.5	1.5	0.0	1.5	
	DESC BSM/BSM Energy Convergence	1.5	1.5	0.0	1.5	No requirement; program delayed
2006	Software Development:	18.4	18.4	0.0	18.4	
	Pre-Planned Product Improvement - BSM/BSM Energy Convergence	18.4	18.4	0.0	18.4	Requested carryover to FY 2007; program delayed
2006	Minor Construction:	14.6	25.5	10.9	14.6	Requested $13.2M carryover to FY 2007
	Total FY 2006	**43.9**	**57.9**	**14.0**	**43.9**	

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
SUPPLY MANAGEMENT - ENERGY
FISCAL YEAR (FY) 2008/2009 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
February 2007
(DOLLARS IN MILLIONS)

PROJECTS ON THE FY 2007 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
2007	Equipment except ADPE & TELCOM:	0.0	15.1	15.1	0.0	
	ATG Equipment	0.0	12.5	12.5	0.0	
	Fuel Terminal Automation	0.0	2.6	2.6	0.0	
2007	Equipment - ADPE & TELCOM:	0.0	0.0	0.0	0.0	
2007	Software Development:	0.0	18.1	18.1	0.0	
	Pre-Planned Product Improvement - BSM/BSM Energy Convergence	0.0	18.1	18.1	0.0	
2007	Minor Construction:	0.0	25.5	25.5	0.0	
	Total FY 2007	**0.0**	**58.7**	**58.7**	**0.0**	

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2007

C. Line Number & Item Description
REP and PRD 100 Replacement and Productivity Non-ADP Equip

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP and PRD 100 Material Handling/Storage Space Utilization	18	184.3	3,317	10	279.3	2,793	21	284.5	5,975	10	446.6	4,466

Narrative Justification:

These investments include the replacement of existing items that have reached or exceeded their useful life. Based on guidance contained in various Department of Defense (DoD) governing polices, the Defense Logistics Agency (DLA) has established replacement and life expectancy/productivity enhancement standards for all categories of investment equipment. The standards are based on life expectancy with consideration given to condition, usage hours, and/or repair costs. DLA establishes age, utilization and repair standards based on industry information and experience in the absence of DoD acquisition and replacement criteria relative to unusual categories of equipment. FY 2007 – FY 2009 includes investments for trucks, forklifts, front end loaders, a baler, street sweeper, unitary power systems, narrow aisle rack systems, and other material handling equipment.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2007

C. Line Number & Item Description
NEW 100 New Mission Non-ADP Equipment

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
NEW 100 Installation Security	2	15.5	31	7	459.1	3,214	4	342.5	1,370	4	308	1,232

Narrative Justification:

This program involves providing installation security related equipment. Security items include entrance card readers, intrusion detection devices, closed circuit television systems, threat annunciating devices, etc. This equipment will provide depot security as well as safety and security for DDC employees.

Activity Group Capital Investment Justification

(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2007

C. Line Number & Item Description
PRD 200 Productivity Equipment $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 200-01 Material Handling/Storage Space Utilization Active Item Conveyor	1	730	730									

Narrative Justification:

With the implementation of Defense Distribution Depot San Joaquin, California (DDJC) Plan 2000, the majority of binable receipts and issues will be processed and stored within Building 15, 16, 17, 18, 19 and 20 at the Tracy site. Currently, material is moved between buildings on the intra-depot transporter system. In an effort to increase productivity, the Active Item Conveyor will provide a mechanized link between buildings 18 and 19, which store binable material, and the Mechanized Distribution Hub in building 16. This project will provide the package/tote conveyor system transporting binable material to the Mechanized Distribution Hub in a more productive manner. The conveyor system will consist of powered belt and live roller conveyor. Material issued from buildings 18 and 19 will be placed on the conveyor system at designated locations within the building. The project also includes installation of a cross over tunnel between buildings in which the conveyor system will be installed. Status quo is to continue the method of moving material between buildings 18 and 16 utilizing the intra-depot transporter conveyors/trucks, however, current handling capabilities and system capacities will not be able to meet the future workload and will not allow DDJC to meet the one day processing goal instituted by DLA.

The payback is 3.29 years and the savings to investment ratio is 2.78

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Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2007

C. Line Number & Item Description
PRD 200 Productivity Equipment $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 200-02 Material Handling/Storage Space Utilization Material Processing Center	1	1,970	1,970									

Narrative Justification:

Defense Distribution Depot, Norfolk, VA (DDNV) will assume the responsibility of processing material for large deck ships in FY 2005. The existing material processing center (MPC) in building Y109 does not have the sorting capacity or staging floor space to handle the extra workload. A new sortation system is planned to be installed on a mezzanine above the existing system in building Y109. It will have the necessary stortation lanes with an automated scanning system. Each sortation lane will be setup to hold material for a specific store room in a ship. Binable and package material for the sorter will be provided from building W143 using the new overhead conveyor system or from existing or new storage in building Y109. The proposed system will also have a pallet handling system which will transport material to and from the mezzanine. The other alternative considered is to upgrade the existing system in building W135, however, this building is very old and needs considerable repair and the automated out-loading system to the ships is not available as it is in building Y109. If not funded the mission will continue in building W135 at increasing operating and handling costs.

The payback is 3.4 years and the savings to investment ratio is 2.70

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2007

C. Line Number & Item Description
REP 200 Replacement Equipment $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 200-01 Material Handling/Storage Space Utilization Refurbish Bin Storage	1	1,380	1,380									

Narrative Justification:

Defense Distribution Depot Cherry Point (DDCN) has eighteen SPS Technologies Cranes in building159, designed to handle binable material, that are approximately 20 years old. Some of the parts are difficult and sometimes impossible to replace because the original crane manufacturer is out of business. Additionally, the need for package rack size storage locations has increased and DDCN needs a minimum of 11,250 new locations to relocate material from Building 155. Building 155 requires considerable repair and DDCN needs alternate storage space so that Building 155 can be vacated. Most of the bin racks in building 159 will be replaced with 30 ft. high x 6 ft. wide x 36 in. deep package racks. Cranes will be replaced with guided narrow aisle stock selectors, which are much cheaper to purchase, but have the same functionality and enough capacity to handle the workload. The stock selectors are not aisle captive and therefore flexible and easier to maintain. Replacing old cranes with newer ones was among the various alternatives considered, however that option was determined to be uneconomical and therefore rejected. If the project is not funded, the cranes will eventually recede to a non-performing mode. Material storage and retrieval will continue in manual mode using a pick ladder which is unsafe at 30 ft. clear stack height resulting in increased material handling costs with lower output.

The payback is 1.91 years and the savings to investment ratio is 4.71

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2007

C. Line Number & Item Description
REP 200 Replacement Equipment $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 200-02 Material Handling/Storage Space Utilization EDC High-Rise Vehicles	1	5,291	5,291									

Narrative Justification:

The Eastern Distribution Center (EDC) at Distribution Depot Susquehanna (DDSP) is the primary distribution facility on the east coast. The largest storage area in the EDC is located in the southwest corner of the facility. The high bay storage area contains 65 foot racks that hold 70,248 pallet storage and 242,688 bin/package locations. These racks are serviced by personnel onboard hybrid high rise vehicles. They have a single mast design, with an onboard compartment that traverses the mast vertically using a lift motor and cable. Cracks have been found in the mast and the annual maintenance costs are continually increasing. The vehicles were originally installed in 1989 and have exceeded their useful life of 10 years. For both economics and safety reasons, it is time to replace these vehicles. The equipment replacement will be accomplished in two phases (FY 2005/FY 2006) providing the ability to remain operational during the replacement process.

The savings to investment ratio is 3.9 and the discounted payback for this project is 2.4 years.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2007

C. Line Number & Item Description
REP 200 Replacement Equipment $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 200-04 Material Handling/Storage Space Utilization Narrow Aisle Pallet Racks				1	3,800	3,800						

Narrative Justification:

The North Island Complex at Defense Distribution Depot San Diego (DDDC) consists of six 600 x 200 x 18 foot clear stack height buildings. The buildings are 656, 657, 658, 659, 660 and 662. In FY 2007, DDDC must vacate Building 662 and return the building to the Navy. The stock which is currently in building 662 must be consolidated within the remaining five buildings. The racks that were originally installed in the North Island Complex by the Navy are substandard for the following reasons: 1) They are not rated for seismic zone 4, 2) the racks are severely damaged from forklift impact, 3) multiple vendors have installed these racks making it difficult to replace the damaged components, 4) the racks have different ratings from 600 pounds to 2,000 pounds, 5) most of the racks do not have crossbars or back to back ties, and 6) in-rack sprinkler fire protection as required by the National Fire Protection Association was never installed. To maximize cube utilization and correct serious fire protection and safety violations of the present rack systems, existing racks will be replaced in sections 1, 2 and 3 of buildings 659 and 660 with 18 foot high narrow aisle rail guided pallet racks. This will yield 10,400 new pallet rack locations. To meet fire code, an in-rack sprinkler system will be installed and all racks will be designed and installed for seismic zone 4. The only alternative to installing pallet racks in these warehouses is to double or triple stack pallet material on the floor where possible. This alternative will not solve the problem of overcrowding and will not permit DDDC to vacate building 662. If the project is not funded, stacking height will be limited, available cube will not be properly utilized and the consolidation of material in fewer buildings will not be possible.

The payback period for the project is 3.27 years and the savings to investment ratio is 2.80

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2007

C. Line Number & Item Description
REP 200 Replacement Equipment $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 200-05 Material Handling/Storage Space Utilization High Density Bin Storage							1	2,000	2,000			

Narrative Justification:

The consolidation of all active items at Defense Distribution Depot San Joaquin (DDJC) Tracy site, has increased the number of National Stock Numbers (NSNs) being stored at the depot. In addition, the number of binable candidates currently being stored in a significant number of bulk storage locations has necessitated the development of long range storage planning for binable items. Sound storage management principles dictate that higher popularity items be stored together in close proximity to the operational hub, with lower priority item storage moving to the outermost storage locations. This project will provide another warehouse section of high density bin storage within the small parcel operations hub, Building 16. The project proposes a storage system of double deck bins with push carts, a reconfigured package conveyor system and radio frequency Distribution Standard System terminals. High density storage, coupled with a manual selection process, will provide optimum resource utilization for storage and/or issuance of high demand material. Among the other alternatives considered was a High-Rise Narrow Aisle Bin Shelving with Rail Guided Stock Selectors in Building 16B-3. This alternative was dismissed as being more expensive with little or no improvement in storage density or in processing time. The impact of not providing this project would be that a significant amount of bulk storage space in other warehouses, not closer to the operations hub, would continue to be dedicated to hold unit packs of binable NSNs resulting in lower productivity. High popularity items could not be consolidated in high density storage to effect optimum resource and storage space utilization.

The discounted payback for this project is 2.28 years and the savings to investment ratio is 3.95

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2007

C. Line Number & Item Description
REP 200 Replacement Equipment $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 200-06 Material Handling/Storage Space Utilization Storage System Upgrade							1	2,500	2,500			

Narrative Justification:

Defense Distribution Depot San Joaquin (DDJC) is designated as a primary distribution center within the Defense Logistics Agency's Defense Distribution Center. At the present time, Building 16 at DDJC's Tracy site is the operations hub and storage policy calls for all active items to be stored within the operational hub. The upgrade/replacement of the carousels, which are currently past their economic life, will provide high-density storage; it will also provide optimum resource utilization for storage and issuance of high demand material. The main purpose of this project is to upgrade and replace the existing carousel storage in Warehouse 16A-3. The project will refurbish the upper level carousel storage system to provide new motor controllers and necessary mechanical components, replace the lower level carousel storage system with bin storage and complete any necessary modifications to the package/tote conveyor system in building16A-3. It will also provide a vertical carousel storage system in Warehouse 15-1 to rewarehouse slow moving material from the existing carousels in Building 16A-3 to increase productivity. The existing carousel storage units in building 16A-3 were installed in two increments (in 1984 and 1988) and need replacement/refurbishment in order to be available to meet future operational requirements. Among alternatives considered were using the existing equipment/systems without replacement/refurbishment as well as replacing the system with a manual walk and pick storage system. These alternatives were rejected due to the fact that they will not meet necessary requirements—operations will be negatively impacted resulting in multiple handling of material and misplaced/damaged material. If this project is not funded, the impact will be reduced productivity and higher material handling costs.

The discounted payback for this project is 4.92 years and the savings to investment ratio is 1.89.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2007

C. Line Number & Item Description
REP 200 Replacement Equipment $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 200-07 Material Handling/Storage Space Utilization Bin Storage System Replacement							1	4,600	4,600	1	1,930	1,930

Narrative Justification:

This project will provide a new high density package-rack storage system and an in-rack sprinkler for storage of 70,000 small stock items each in Defense Distribution Depot Oklahoma City, Oklahoma (DDOO), Building 416, Bay H and Bay J. Recent Defense Distribution Center safety inspections raised concerns about safety and long-term stability of the shelves produced in-house in Bays H and J 15 years ago. At that time, the shelves were produced by stacking 3 sets of 6 foot high uni-strut shelves on top of one another, welding them together, and then also welding support members from one row of shelves/bins to the next to enhance stability. Total replacement, rather than attempted repair of these existing shelves/bins, is preferred due to concerns for potential domino-effect collapse of several adjacent rows. Alteration of even a single row, either by attempted repair or by collision from heavy material handling equipment vehicles that continually operate among these rows of shelves/bins, could cause collapse. New racks will also provide required in-rack sprinkler piping for fire protection that cannot be provided with the existing shelving system. Among alternatives considered in place of installing a new package-rack system was renting 140,000 commercial small item stowage locations off-base near DDOO and transporting, by truck, all of those issued/received stock items to/from DDOO building 416 for processing. It was found that providing new racks is more economical.

The discounted payback is 4.94 years and the savings to investment ratio is 1.89.
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Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2007

C. Line Number & Item Description
REP 200 Replacement Equipment $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 200-08 Material Handling/Storage Space Utilization Package Receiving Upgrade										1	2,500	2,500

Narrative Justification:

This project provides the material handling equipment/systems required to replace and/or refurbish the existing receipt processing area to include the Preservation, Packaging, Packing and Marking area, package conveyor system, programmable process control system and associated workstation equipment. The existing conveyor system equipment was installed in 1997 and will need replacement/refurbishment in order to continue meeting operational requirements. This is primarily due to an increase in workload caused by transferring all package receiving operations to the Tracy Facility from the Sharpe Facility in 2000 as well as a constant three-shift operation since 2001. Replacement of the new material handling equipment will lower overall material handling costs, reduce maintenance costs and decrease overall processing times. Alternatives to this project that were considered was continuing to use the existing equipment/system without replacement/refurbishment as well as using manual methods where the system is unusable/obsolete. These alternatives were determined to be unacceptable from the point of providing consistent, quality service to the customer. If this project is not fully funded, the impact will be increased material handling costs and decreased system production capabilities as the maintainability and reliability of the system continue to diminish.

The discounted payback for this project is 2.0 years and the savings to investment ratio is 4.67.

Activity Group Capital Investment Justification

(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2007

C. Line Number & Item Description
REP 200 Replacement Equipment $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 200-09 Material Handling/Storage Space Utilization Equipment for General Purpose Warehouse (GPW)										1	3,500	3,500

Narrative Justification:

Construction of a new 420,000 square foot general purpose warehouse is planned for Defense Distribution Depot Susquehanna Pennsylvania (DDSP) in FY 2008. This warehouse will be located on the site of two World War I era warehouses at the DDSP (Buildings 1 and 2). This is part of the process to eliminate all substandard facilities at DDSP. The proposed project to equip the MILCON building will provide a rail-guided, narrow-aisle, high-rise pallet storage system that will take advantage of the 20 foot clear stack height in the new warehouse and will compliment the bulk storage also planned to be accomplished in this building. The proposed scope also includes the procurement of material handling equipment with chargers capable of accessing pallet storage locations at the top levels. Transporter docks will also be provided to interface with the existing depot-wide transporter system. An alternative to the proposed project would be to operate in a totally bulk storage mode with storage levels of no more than an 8 foot stacking height. This alternative is unacceptable since it would not provide efficient use of the storage space. If funding for this storage system is not provided, DDSP will not be able to accommodate anticipated increases in storage requirements.

The discounted payback is 4.17 years and savings to investment ratio is 2.22.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2007

C. Line Number & Item Description
REP 200 Replacement Equipment $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 200-10 Material Handling/Storage Space Utilization Narrow Aisle Rack System										1	3,710	3,710

Narrative Justification:

The North Island Complex at Defense Distribution Depot San Diego, CA (DDDC) consists of six 600 x 200 x 18 foot clear stack height buildings. The buildings are 656, 657, 658, 659, 660 and 662. The buildings have an average percentage occupancy rate of 93. In FY 2007 DDDC must vacate Building 662 and return the building to the Navy. The stock which is currently in Building 662 must be consolidated within the remaining five buildings. The racks that were originally installed in the North Island Complex by the Navy are substandard for the following reasons: 1) They are not rated for seismic zone 4, 2) the racks are severely damaged from forklift impact, 3) multiple vendors have installed these racks making it difficult to replace the damaged components, 4) the racks have different ratings from 600 pounds to 2,000 pounds, 5) most of the racks do not have crossbars or back to back ties, and 6) in-rack sprinkler fire protection as required by the National Fire Protection Association (NFPA) was never installed. These serious safety and fire protection issues must be resolved before serious injuries and or loss of millions of dollars of Government supplies results from collapse of substandard racks. To maximize the cube utilization and correct the serious fire protection and safety violations of the present rack systems, recommend that the existing racks be replaced in sections 1, 2 and 3 with 18 foot high narrow aisle rail guided pallet racks. This will yield 10,400 new pallet rack locations. These locations will be used to consolidate the material from Building 662 when the building is turned over to the Navy in FY 2007 and will alleviate the overcrowded storage conditions in the North Island Complex. To meet NFPA code, an in-rack sprinkler system will be installed and all racks will be designed and installed for seismic zone 4. The only alternative to installing pallet rack or nestainers in these warehouses is to double or triple stack pallet material on the floor where possible. If the material is oddly shaped or cannot be stacked, single pallets must be stored at floor level. Stacking height will be limited to 12 feet high and available cube will not be properly utilized if this project is not funded. The discounted payback is 3.21 years and the savings to investment ratio is 2.84.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2007

C. Line Number & Item Description
NEW 200 New Mission Equipment $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
NEW 200-01 Material Handling/Storage Space Utilization Equipment for GPW, DDJC				1	4,100	4,100	1	4,300	4,300			

Narrative Justification:

An FY 2006 MILCON project providing a new warehouse at Defense Distribution Depot San Joaquin (DDJC) will replace four World War II era warehouses located at the Tracy site. This MILCON project will also eliminate improperly stored mission stock in various locations and provide for workload increases. A new General Purpose Warehouse (GPW) will be constructed west of building 56, the new active bulk warehouse complex. This is part of the process to eliminate substandard facilities and reduce infrastructure at DDJC. This investment will provide equipment for the new 480,000 square foot GPW with cube efficient, easily accessible material storage. This equipment will consist of a high rise narrow aisle pallet rack storage system, turret trucks including batteries and chargers, guidance system for material handling equipment, floor level pallet conveyor, intra-depot transporter conveyors and work stations. Installation of this new equipment will lower overall material handling costs, reduce facility space requirements and decrease warehouse receiving, storage and shipping times. In an effort to coordinate installation of the equipment with MILCON, the entire project will be installed in two phases. The first phase will be installed in FY 2007 at an estimated cost of $6.0M and the second phase in FY 2008 at a cost of $4.3M.

The estimated payback period is 4.50 years and the savings to investment ratio is 2.05.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2007

C. Line Number & Item Description
NEW 200 New Mission Equipment $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
NEW 200-02 Material Handling/Storage Space Utilization Equipment for GPW, DDSP				1	4,000	4,000						

Narrative Justification:

An FY 2005 MILCON project providing a new 412,000 square foot General Purpose Warehouse at Defense Distribution Depot Susquehanna Pennsylvania (DDSP) will replace two World War II era warehouses. The MILCON project was originally planned for FY 2004 but was deferred to FY 2005. The construction is expected to be completed by January 2007. Phase one of the equipment project, funded in FY 2005, will provide a rail-guided, narrow-aisle, high-rise pallet storage system that will take advantage of the 26' clear stack height in the new warehouse and will compliment the bulk storage planned for this building. Funding in FY 2007 is for phase two which will provide a walk and pick system with flow racks and work stations for streamlining the pick and issue operations in connection with the clothing and textile mission. Additional mechanization to improve the efficiency of operations will also be provided. The equipment will increase the pick rates compared to the existing bulk warehouse system. Inventory accuracy will also increase due to discrete location assignments and increased automated processing. This project is part of a plan to eliminate all substandard facilities at DDSP.

The discounted payback is 3.36 years and SIR is 2.73.

Activity Group Capital Investment Justification

(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2007

C. Line Number & Item Description
NEW 200 New Mission Equipment $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
NEW 200-03 Material Handling/Storage Space Utilization Upgrade Automatic Storage and Retrieval System										1	3,500	3,500

Narrative Justification:

The purpose of this project is to provide for refurbishment of the 18 Automated Storage and Retrieval Systems (AS/RS). The 18 AS/RS currently service 18 double deep pallet rack aisles and approximately 42,268 material locations. The project consists of upgrading and/or replacing existing drive and lifting motors, the various lifting and drive components, all worn parts, and replacement of on-board controls and diagnostics with the latest state-of-the-art equipment. This will increase productivity, reduce material handling costs and improve system maintainability/reliability. As with all AS/RS, there is an inherent system dependence on cranes for material movement attributable to basic system design. Movement of the material within the aisles cannot practically be accomplished without the use of the cranes or an equivalent piece of equipment. Therefore, after the cranes have exceeded their economically useful life, they will either have to be refurbished or replaced. Past experience indicates that it is far more expensive to purchase new cranes than to refurbish existing cranes. If this project is not funded, continued utilization of the existing AS/RS without this level of renovation will result in increased maintenance costs and decreased productivity levels.

The discounted payback for this project is 4.08 years and the savings to investment ratio is 2.27

Activity Group Capital Investment Justification

(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2007

C. Line Number & Item Description
TEL 100 ADP Equipment

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
TEL 100 Telecommunications	10	891.1	8,911	13	501	6,513	2	545	1,090	2	550	1,100

Narrative Justification:

Specifications for the Unique Item Tracking (UIT) mission, as specified in DoD 4140.1-R and Defense Reform Initiative Directive (DRID) 48, call for the ability to read 2D bar codes during the pick operation. The mission relies upon the perpetuation of serial number information throughout the supply chain; suppliers will mark this information on material in the form of 2D bar codes. This work is primarily supported by Radio Frequency equipment. Since the existing equipment cannot read 2D bar codes, the current systems must be replaced. The costs associated with replacing the systems are based on a one for one replacement of the existing end user equipment (hand held terminals and vehicle mounted terminals) as well as the number of access points (base stations) necessary to support this equipment. Beyond completion of the UIT projects (both replacements and new RF systems) in FY07, no RF infrastructure requirements are known at this time. During the past several years, DDC has been required to fund capital projects for new depots in Sigonella, Guam, and Korea. Funding is programmed in FY 2008 and FY 2009 to support contingencies.

Radio Frequency Identification (RFID) supports the overall goal of supply chain integration and logistics interoperability and allows for information exchange within and between internal and external business partners. The first phase of the RFID initiative is to read passive RFID tags at receipt locations, initially for new procurement and eventually for field returns. The implementation schedule is to install RFID at nineteen depots in FY 2006 and seven depots in FY 2007 in warehouse receiving. As the RFID function develops, it is anticipated to expand into picking, packing, storage, and shipping sections as well. Therefore, additional funding for RFID hardware and installation is added.

Activity Group Capital Investment Justification

(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2007

C. Line Number & Item Description
TEL 200 ADP Equipment $1.0M and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
TEL 200 Telecommunications	11	585.8	5,858	7	691.6	4,841	10	590	5,900	10	565	5,650

Narrative Justification:

In FY 2008 and FY 2009 the Defense Distribution Center (DDC) will upgrade LAN networks to include hardware and infrastructure cabling. These upgrades will improve mission performance through increased connectivity depot-wide. The LAN infrastructure is standardized, upgraded, and refreshed according to recognized DoD and DLA standards. FY 2008 upgrades are planned for the Defense Distribution Center and Defense Distribution Depots Europe, Kuwait, San Joaquin, Oklahoma City, Red River, Susquehanna, and Warner Robins. FY 2009 upgrades are planned for Defense Distribution Depot San Joaquin, Jacksonville, Norfolk, Richmond, Susquehanna, Warner Robins, Yokosuka and Sigonella.

As Radio Frequency technologies and wireless LAN networks expand within the infrastructure, a robust telecommunications system is required to maintain a reliable base system. The telephone switches owned by DDC will be properly aligned with current operating baselines to allow users the voice applications that are mission critical. Aging hardware and software will be regularly replaced within the telecommunications confinements of the cable plant, trunked radio systems, and the telephone switch systems. Subsequently each DLA distribution depot telecommunications configuration will be able to support all mandated DoD, DLA, DDC, and local site projects and initiatives.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2007

C. Line Number & Item Description
SWD 100 Software Development

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 100 Distribution			816			4,484			300			306

Narrative Justification:

Radio Frequency Identification (RFID) supports the overall goal of supply chain integration and logistics interoperability and allows for information exchange within and between internal and external business partners. The first phase of the RFID initiative is to read passive RFID tags at receipt locations, initially for new procurement and eventually for field returns. The implementation schedule is to install RFID at nineteen depots in FY 2006 and seven depots in FY 2007 in warehouse receiving. As the RFID function develops, it is anticipated to expand into picking, packing, storage, and shipping sections as well. Therefore additional funding for software has been requested for middleware that can provide data monitoring and management, device monitoring and management, and application development tools as well as for System Change Requests to develop modifications to DSS to support RFID functionality.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2007

C. Line Number & Item Description
SWD 200 Software Development $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200 Distribution Distribution Standard System (DSS)			515			3,500			2,000			2,000

Narrative Justification:
The Distribution Standard System (DSS) was fully deployed at all 21 sites in FY 1998. DSS will continue to be enhanced through Business Process Improvements beyond Full Operational Capability (FOC). Many of these productivity System Change Requests (SCR's) are generated by the Defense Distribution Centers to improve and standardize the Distribution Business Processes. They will provide more cost effective customer support by enhancing the following functional areas: Storage, Workload Planning, Transportation, Inventory, Receiving, Total Package Fielding/Small Arms Serialization Program (TPF/SASP), Packing, Packaging, Preservation and Marking (PPP&M), Care Of Supplies In Storage (COSIS), Hazardous Material (HAZMAT), Equipment Control System (ECS), and Management Information System (MIS). In the latest releases DSS has expanded its capbilities to meet the warfighters needs in their theater of operations with Theater Consolidation Shipping Point (TCSP) both in Central Asia and Europe and Reverse Logistics in Central Asia. Radio Frequency Identification (RFID) and Wide Area Work Flow (WAWF) have been incorporated into specific functions within DSS to meet DODs requirement to improve inventory accountability and the receipt acceptance process. Additionally, DSS is fully interoperable with all DOD systems that are compliant with DOD's standard DLSS and DLMS interfaces. DSS System Change Requests (SCRs) are created by DLA/DDC HQ to support ERP (Enterprise Resource Planning) of DSS interface requirements. This funding will support expanding DSS not only to new sites as required (for example, SW Asia and Pacific sites) but also for ongoing Distribution Depot Europe, Sigonella, and Yokosuka initiatives.

SCRs are required to keep DSS current with changing commercial and government freight policies, unique DoD and Service related initiatives, and regulatory changes to on-line and batch programs. These SCRs address priority 1 or priority 2 core mission issues. All development will be performed internally.

Analysis of individual DSS SCRs shows a range of Return On Investment (ROI) from 0.33 to 11.1; the payback periods range from less than one (1) month to three (3) years.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Distribution Depot Activity Group February 2007

C. Line Number & Item Description
Rep 200 Minor Construction

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 200 Minor Construction			5,821			8,878			8,979			8,983

Narrative Justification:

The minor construction investment for projects (costing between $100,000 and $750,000 each) will construct new, replace existing, or modify current facilities to enhance mission performance. These projects include:

1. Installing and improving fire protection and alarm systems.
2. Upgrading security facilities (gates, fences, lighting) to meet current Anti-Terrorism/Force Protection standards.
3. Adding paving for open storage, road networks and operational areas.
4. Altering facilities to accommodate mission changes, consolidation and stock repositioning
5. Improvements to utilities to enhance reliability.
6. Incidental improvements associated with facilities repair projects.
7. Replacement of existing facilities that cannot be economically repaired.

These investments will result in the recapitalization of the facilities necessary for the cost effective performance of the distribution mission.

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DISTRIBUTION DEPOTS ACTIVITY GROUP
FISCAL YEAR (FY) 2008/2009 BUDGET ESTIMATES
ACTIVITY GROUP CAPITAL INVESTMENT SUMMARY
($ IN MILLIONS)

Line Number	Item Description/Capability	FY 2006		FY 2007		FY 2008		FY 2009	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	EQUIPMENT (Non ADP/T)								
PRD 100	Material Handling/Storage Space Utilization	1	0.7						
REP 100	Material Handling/Storage Space Utilization	17	2.6	10	2.8	21	6.0	10	4.5
NEW 100	Installation Security	2	0.0	7	3.2	4	1.4	4	1.2
PRD 200	Material Handling/Storage Space Utilization $1.0 and Over	2	2.7						
REP 200	Material Handling/Storage Space Utilization $1.0 and Over	2	6.7	1	3.8	3	9.1	4	11.6
NEW 200	Material Handling/Storage Space Utilization $1.0 and Over			2	8.1	1	4.3	1	3.5
	TOTAL EQUIPMENT (Non ADP/T)	24	12.7	20	17.9	29	20.7	19	20.8
TEL 100	Telecommunications	10	8.9	13	6.5	2	1.1	2	1.1
TEL 200	Telecommunications $1.0 and Over	11	5.9	7	4.8	10	5.9	10	5.7
	TOTAL EQUIPMENT (ADP/T)	21	14.8	20	11.4	12	7.0	12	6.8
	SOFTWARE DEVELOPMENT								
SWD 100	Distribution		0.8		4.5		0.3		0.3
SWD 200	Distribution $1.0 and Over-Distribution Management Planning System (DPMS)		0.0						
SWD 200	Distribution $1.0 and Over-Distribution Standard System (DSS)		0.5		3.5		2.0		2.0
	TOTAL SOFTWARE DEVELOPMENT		1.3		8.0		2.3		2.3
	MINOR CONSTRUCTION								
REP 200	Minor Construction $100,000 - $750,000		5.8		8.9		9.0		9.0
	TOTAL MINOR CONSTRUCTION		5.8		8.9		9.0		9.0
	TOTAL AGENCY CAPITAL INVESTMENTS		34.6		46.1		39.0		38.9
	Total Capital Outlays		5.7		48.1		41.1		41.0
	Total Depreciation Expense		34.0		42.5		39.5		38.4

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DISTRIBUTION DEPOTS ACTIVITY GROUP
FISCAL YEAR (FY) 2008/2009 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
February 2007
(DOLLARS IN MILLIONS)

PROJECTS ON THE FY 2007 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
2006	Equipment except ADPE & TELCOM:	2.8	15.5	12.7	2.8	
	Transporter Trucks	0.1	1.4	1.3	0.1	
	55K Forklift	0.0	0.3	0.3	0.0	
	Recycling Container Truck	0.0	0.2	0.2	0.0	
	50K Material Handler	0.3	0.3	0.0	0.3	Purchased in FY 2005.
	25 Ton Crane	0.1	0.3	0.2	0.1	Reduced cost.
	Vertical Carousel System	0.3	0.3	0.0	0.3	Requested carryover to FY 2007.
	Metal Detectors	0.4	0.4	0.0	0.4	Cancelled; smaller hand held units purchased.
	CCTV System	0.4	0.4	0.0	0.4	Cancelled due to BRAC.
	Tray-Pack System Automation	0.7	0.7	0.0	0.7	Requested carryover to FY 2007.
	Equip Consolidated Maintenance Facility	0.0	0.7	0.7	0.0	
	Battery Exchange System	0.8	0.8	0.0	0.8	Requested carryover to FY 2007.
	Refurbish Bin Storage Facility	0.0	1.4	1.4	0.0	
	Replace EDC Hybrid Cranes	0.0	5.3	5.3	0.0	
	Material Processing Center	0.0	2.0	2.0	0.0	
	Active Item Conveyor	0.4	1.1	0.7	0.4	Final cost less than planned.
	Prior Year Project Change Orders	(0.7)	0.0	0.7	(0.7)	Emergent requirements.
2006	Equipment - ADPE & TELCOM:	3.4	18.1	14.8	3.4	
	Trunked Radio System Upgrade	0.1	0.1	0.0	0.1	Actual price less than capital threshold.
	Telephone System Upgrades	2.7	2.7	0.0	2.7	Deferred until FY 2008.
	Radio Frequency Identification (RFID)	(0.7)	3.8	4.5	(0.7)	Additional requirements; reprogrammed from RFID Software
	LAN Upgrades	(1.1)	4.8	5.9	(1.1)	Additional depots upgraded.
	Radio Frequency Equipment	2.3	6.7	4.4	2.3	Requested $1.7M carryover to FY 2007.
2006	Software Development:	14.4	15.7	1.3	14.4	
	Distribution Standard System	3.0	3.5	0.5	3.0	Requirements did not meet capital threshold.
	Distribution Planning & Management Sys	1.6	1.6	0.0	1.6	Requested carryover to FY 2007.
	Radio Frequency Identification (RFID)	9.8	10.6	0.8	9.8	Requirement reduced.
2006	Minor Construction	3.5	9.3	5.8	3.5	Requested $2.4M carryover to FY 2007.
	Total FY 2006	**24.0**	**58.6**	**34.6**	**24.0**	

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DISTRIBUTION DEPOTS ACTIVITY GROUP
FISCAL YEAR (FY) 2008/2009 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
February 2007
(DOLLARS IN MILLIONS)

PROJECTS ON THE FY 2007 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)
2007	Equipment except ADPE & TELCOM:	0.0	17.9	17.9	0.0
	Transporter Trucks (4)	1.3	1.9	0.6	1.3
	Crane	0.0	0.4	0.4	0.0
	50K Diesel Forklift Replacement	0.3	0.3	0.0	0.3
	Pallet Strapper	0.0	0.2	0.2	0.0
	Intrusion Detection Systems, Electronic Security Systems and Closed Circuit TV	(2.0)	0.0	2.0	(2.0)
	Uninterruptible Power Supply (UPS)	(0.3)	0.0	0.3	(0.3)
	Narrow Aisle Package Rack Systems (2)	(1.0)	0.0	1.0	(1.0)
	Wheelabrator	(0.4)	0.0	0.4	(0.4)
	Emergency Notification System	(0.4)	0.8	1.2	(0.4)
	DDJC General Purpose Warehouse Equipment	1.9	6.0	4.1	1.9
	High Density Bin Storage	2.0	2.0	0.0	2.0
	Narrow Aisle Pallet Rack System	0.0	3.8	3.8	0.0
	Carousel Upgrade	2.5	2.5	0.0	2.5
	DDSP General Purpose Warehouse Equipment Phase 2	(4.0)	0.0	4.0	(4.0)
2007	Equipment - ADPE & TELCOM:	0.0	11.4	11.4	0.0
	Telephone System Upgrades	0.0	0.9	0.9	0.0
	Radio Frequency Identification (RFID)	0.0	1.5	1.5	0.0
	LAN Upgrades	0.0	4.0	4.0	0.0
	Radio Frequency Equipment	0.0	5.0	5.0	0.0
2007	Software Development:	0.0	8.0	8.0	0.0
	Distribution Standard System	0.0	3.5	3.5	0.0
	Radio Frequency Identification (RFID)	0.0	4.5	4.5	0.0
2007	Minor Construction	0.0	8.9	8.9	0.0
	Total FY 2007	**0.0**	**46.1**	**46.1**	**0.0**

Activity Group Capital Investment Justification

(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Reutilization & Marketing Service Activity Group February 2007

C. Line Number & Item Description
REP 100 Replacement Non-ADP Equipment

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 100 Material Disposal	2	626.5	1,253	9	127.7	1,150	4	312.5	1,250	9	130	1,170

Narrative Justification:

These investments, which include front end loaders, shredders, and scrap handlers, replace existing material disposal equipment that have reached or exceeded the useful life established for these categories. Based on guidance contained in various Department of Defense (DoD) governing polices, the Defense Logistics Agency (DLA) has established replacement and life expectancy standards for all categories of investment equipment. The standards are based on life expectancy- with consideration given to condition, usage hours, and/or repair costs. DLA establishes age, utilization and repair standards based on industry information and experience in the absence of DoD acquisition and replacement criteria relative to various categories of equipment.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Reutilization & Marketing Service Activity Group February 2007

C. Line Number & Item Description
PRD 100 ADP Equipment

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 100 Production Hardware Reutilization Modernization Program (RMP)										1	1,600	1,600

Narrative Justification:

In FY 2009 radio frequency equipment is required to support the RMP. Plans are for forty-nine (CONUS and OCONUS) sites to receive printers and readers configured to handle the Automated Information Technology needs of the DRMS inventory. The hardware will be configured to work with the RMP COTS solution.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Reutilization & Marketing Service Activity Group February 2007

C. Line Number & Item Description
SWD 200 Software Development $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200												
Supply Chain Management			0			10,681			23,577			9,820
Reutilization Modernization Program (RMP)												

Narrative Justification:

The Reutilization Modernization Program (RMP) is the capability DLA will use to satisfy new mission requirements and replace the legacy Defense Reutilization and Marketing Service (DRMS) Automated Information System (DAISY). The RMP will ensure compliance with DoD Information Technology Security Certification and Accreditation Process (DITSCAP) and the Federal Financial Management Improvement Act (FFMIA), as well as address General Accounting Office (GAO) audit findings. The GAO audit specifically states that DRMS problems stem from unreliable excess property inventory data, inadequate oversight, accountability and physical control of excess property and inadequate processes and outdated, nonintegrated inventory systems that do not provide adequate visibility of excess property available for reutilization at the time military units order and purchase commodity items. The RMP will provide asset visibility and planning services to customers/suppliers. It will correct issues identified in the GAO audit in terms of asset visibility, reutilization of excess property in lieu of new procurement; proactive planning services to include integration of disposal and reutilization of assets and management of items that pose security risks. The corrections will be obtained through RMP Business Process Reengineering and a software solution that will integrate into the DLA target enterprise architecture, Business System Modernization (BSM), Customer Relationship Management (CRM), Distribution Planning and Management System (DPMS), eWorkplace, and Learning Management System (LMS).

The RMP achieved Milestone B in May 2006, however the Systems Integrator (SI) contract will not be awarded until the first quarter of FY 2007. The FY 2006 capital will not be executed but DLA plans to carryover the authority to FY 2007. In FY 2007 the investment includes the acquisition of COTS software (licenses) and services to configure and integrate the software into DLA's Business Systems Modernization (BSM), the DLA Enterprise Solution and the DRMS business. FY2008 and FY 2009 will continue the incremental deployment of the RMP system.

RMP received an FY 2007 Annual Review by the Investment Review Boards (IRBs) in July 2006 and was previously certified by the Defense Business Systems Management Committee (DBSMC) in accordance with the National Defense Authorization Act of 2005 and the Business Enterprise Architecture.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Reutilization & Marketing Service Activity Group February 2007

C. Line Number & Item Description
Rep 200 Minor Construction

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 200 Minor Construction			76			2,617			2,770			2,734

Narrative Justification:

The minor construction investment for projects (costing between $100,000 and $750,000 each) will construct new, replace existing, or modify current facilities to enhance mission performance. These projects include:

1. Adding paving for open storage, road networks and operational areas.
2. Altering facilities to accommodate mission changes, consolidation, and relocation
3. Improvements to warehouse, administrative, and demilitarization facilities to increase employee safety and comfort
4. Replacement of facilities that cannot be economically repaired.
5. Incidental improvements associated with facilities repair projects

These investments will result in the recapitalization of the facilities necessary for the cost effective performance of the DRMS mission.

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DEFENSE REUTILIZATION & MARKETING SERVICE ACTIVITY GROUP
FISCAL YEAR (FY) 2008/2009 BUDGET ESTIMATES
ACTIVITY GROUP CAPITAL INVESTMENT SUMMARY
($ IN MILLIONS)

Line Number	Item Description/Capability	FY 2006		FY 2007		FY 2008		FY 2009	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	EQUIPMENT (Non ADP/T)								
REP 100	Material Disposal-Shredder	2	1.3						
REP 100	Material Disposal			9	1.2	4	1.3	9	1.2
	TOTAL EQUIPMENT (Non ADP/T)	2	1.3	9	1.2	4	1.3	9	1.2
	EQUIPMENT (ADP/T)								
PRD 200	Production Hardware							1	1.6
	TOTAL EQUIPMENT (ADP/T)		0.0		0.0		0.0	1	1.6
	SOFTWARE DEVELOPMENT								
SWD 200	Supply Chain Management $1.0 and Over - Reutilization Modernization Program (RMP)		0.0		10.7		23.6		9.8
	TOTAL SOFTWARE DEVELOPMENT		0.0		10.7		23.6		9.8
	MINOR CONSTRUCTION								
REP 200	Minor Construction $100,000 - $750,000		0.1		2.0		2.2		2.1
	TOTAL MINOR CONSTRUCTION		0.1		2.0		2.2		2.1
	TOTAL AGENCY CAPITAL INVESTMENTS	2	1.3	9	13.8	4	27.0	10	14.7
	Total Capital Outlays		0.0		31.7		27.4		15.2
	Total Depreciation Expense		7.7		8.9		11.3		13.5

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DEFENSE REUTILIZATION & MARKETING SERVICE ACTIVITY GROUP
FISCAL YEAR (FY) FY 2008/2009 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
February 2007
(DOLLARS IN MILLIONS)

PROJECTS ON THE FY 2007 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
2006	Equipment except ADPE & TELCOM:	(0.0)	1.2	1.3	(0.0)	
	Shredders	(0.0)	1.2	1.3	(0.0)	
2006	Equipment - ADPE & TELCOM:	0.0	0.0	0.0	0.0	
		0.0	0.0	0.0	0.0	
2006	Software Development:	19.5	19.5	0.0	19.5	
	Reutilization Modernization Program	19.5	19.5	0.0	19.5	Requested carry over to FY 2007.
2006	Minor Construction:	1.9	2.0	0.1	1.9	Projects deferred until FY 2008.
	Total FY 2006	**21.4**	**22.7**	**1.3**	**21.4**	

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DEFENSE REUTILIZATION & MARKETING SERVICE ACTIVITY GROUP
FISCAL YEAR (FY) FY 2008/2009 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
February 2007
(DOLLARS IN MILLIONS)

PROJECTS ON THE FY 2007 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
2007	Equipment except ADPE & TELCOM:	0.0	1.2	1.2	0.0	
	Shredder	0.0	0.3	0.3	0.0	
	Front End Loaders	0.0	0.8	0.8	0.0	
2007	Equipment - ADPE & TELCOM:	0.0	0.0	0.0	0.0	
		0.0	0.0	0.0	0.0	
2007	Software Development:	0.0	10.7	10.7	0.0	
	DAISY SCR's	0.0	10.7	10.7	0.0	
2007	Minor Construction:	0.0	2.0	2.0	0.0	
	Total FY 2007	**0.0**	**13.8**	**13.8**	**0.0**	

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Defense Automated Printing Service Activity Group February 2007

C. Line Number & Item Description
REP 100 Replacement Non-ADP Equipment

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 100 Digitization				3	306.7	920	8	360	2,880	8	360	2,880

Narrative Justification:

This investment for duplicating equipment replaces existing equipment that has reached or exceeded the useful life established for these categories. Based on guidance contained in various Department of Defense (DoD) governing polices, the Defense Logistics Agency (DLA) has established replacement and life expectancy standards for all categories of investment equipment. The standards are based on life expectancy with consideration given to condition, usage hours, and/or repair costs. DLA establishes age, utilization and repair standards based on industry information and experience in the absence of DoD acquisition and replacement criteria relative to various categories of equipment.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Defense Automated Printing Service Activity Group February 2007

C. Line Number & Item Description
PRD 100 Production ADP Equipment

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 100 Production Hardware	4	387.3	1,549	2	394.5	789	1	999	999	1	1,442	1,442

Narrative Justification:

Electronic Document Management (EDM) is a transformational, capabilities-based capital planning initiative. It allows for the rapid acquisition of hardware, software and technical labor services for the deployment and implementation of various data management solutions for emergent customer requirements. EDM provides the customer with the ability to manage their content via electronic storage, workflow, web-based retrieval and certified records management. DAPS must be able to react quickly to emergent customer fact-of-life needs, usually within one year, or less. The FY 2007 – FY 2009 projection was developed based on the number, size and scope of projects DAPS has already installed, as well as, those anticipated. FY 2007 also includes a refresh and upgrade of the Electronic Document Management Service (EDMS) system hardware at the Defense Distribution Center's (DDC) field activities. This equipment was originally purchased in FY 2002 and FY 2003. The equipment replacement strategy not only ensures the highest quality equipment is purchased to refresh the original equipment but also minimizes equipment related costs by taking advantage of discounts available for high quantity buys. Examples of the equipment generally required are database, archive and web servers, document scanners, workstations, uninterruptible power supplies, miscellaneous switches, cables, and connectors.

Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Defense Automated Printing Service Activity Group February 2007

C. Line Number & Item Description
SWD 100 Software Development

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 100 Net Centric Hubs						550						

Narrative Justification:

DAPS Online (DOL) is the DAPS e-commerce order fulfillment system which provides a virtual storefront to all DAPS customers. Present configuration of 12 Web servers located at major DAPS sites, makes it difficult to manage future customer requirements such as distribute and print. The cost of ownership is high, requiring .5 man years of IT support at each site. This technology refresh will redesign the application to a single site, plus a COOP site. Additional capabilities will satisfy customer requirements and take advantage of the efficiency of the digital document: distribute and output; document cataloguing; plant workflow; and template driven variable data. Currently DOL receives 36% of orders from customers, and with new capabilities this is expected to rise to 80%. This net-centric approach to order fulfillment provides faster turnaround, more efficient operations, enterprise workload balancing and improved order management. Although hardware and software has continued to be updated in the present DOL environment, due to spiral development, the application code has much inefficiency. Adding additional capabilities to the existing DOL system without a technology refresh would cause application stability issues and increased maintenance costs. COTS products incorporate both our existing and new capabilities being requested.

Activity Group Capital Investment Justification

(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Defense Automated Printing Service Activity Group February 2007

C. Line Number & Item Description
SWD 200 Software Development $1.0 and Over

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 200 Net-Centric Hubs Electronic Document Management			1,565			2,266			4,091			5,551

Narrative Justification:

Electronic Document Management (EDM) is a transformational, capabilities-based capital planning initiative. It allows for the rapid acquisition of hardware, software and technical labor services for the deployment and implementation of various data management solutions for emergent customer requirements. EDM provides the customer with the ability to manage their content via electronic storage, workflow, web-based retrieval and certified records management. DAPS must be able to react quickly to emergent customer fact-of-life needs, usually within one year, or less. The FY 2007 – FY 2009 projection was developed based on the number, size and scope of projects DAPS has already installed, as well as, those anticipated. Software requirements are for COTS application software licenses and contract labor to perform integration, testing, and training.

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Activity Group Capital Investment Justification
(Dollars in Thousands)

A. Budget Submission
Fiscal Year (FY) 2008/2009 Budget Estimates

B. Component/Activity Group/Date Defense Logistics Agency
Defense Automated Printing Service Activity Group February 2007

C. Line Number & Item Description
Rep 200 Minor Construction

D. Activity Identification

Element of Cost	FY 2006			FY 2007			FY 2008			FY 2009		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
REP 200 Minor Construction						300			300			300

Narrative Justification:

The minor construction investment for projects (between $100,000 and $750,000) will construct new, replace existing, or modify current facilities to implement mission consolidations and allow for operational improvements. These projects consist of:

(1) Renovations and alterations of administrative facilities.

(2) Renovations and alterations to mission operational facilities such as printing, blueprint and microfilm facilities.

These investments will result in cost effective facilities to support the mission and will allow for the implementation of the MEO resulting from the recent A76 competition.

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DOCUMENT AUTOMATION AND PRODUCTION SERVICE ACTIVITY GROUP
FISCAL YEAR (FY) 2008/2009 BUDGET ESTIMATES
ACTIVITY GROUP CAPITAL INVESTMENT SUMMARY
($ IN MILLIONS)

Line Number	Item Description/Capability	FY 2006		FY 2007		FY 2008		FY 2009	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	EQUIPMENT (Non ADP/T)								
REP 100	Digitization			3	0.9	8	2.9	8	2.9
	TOTAL EQUIPMENT (Non ADP/T)			3	0.9	8	2.9	8	2.9
	EQUIPMENT (ADP/T)								
PRD 100	Production Hardware	4	1.5	2	0.8	1	1.0	1	1.4
	TOTAL EQUIPMENT (ADP/T)	4	1.5	2	0.8	1	1.0	1	1.4
	SOFTWARE DEVELOPMENT								
SWD 100	Net-Centric Hubs				0.6				
SWD 200	Net-Centric Hubs $1.0M and Over-Electronic Document Management		1.5		2.3		4.1		5.6
	TOTAL SOFTWARE DEVELOPMENT		1.5		2.8		4.1		5.6
	MINOR CONSTRUCTION								
REP 200	Minor Construction $100,000 - $750,000				0.3		0.3		0.3
	TOTAL MINOR CONSTRUCTION				0.3		0.3		0.3
	TOTAL AGENCY CAPITAL INVESTMENTS		3.1	5	4.8	9	8.3	9	10.2
	Total Capital Outlays		0.2		6.1		7.4		8.9
	Total Depreciation Expense		3.4		3.9		4.7		5.5

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DEFENSE AUTOMATED PRINTING SERVICE ACTIVITY GROUP
FISCAL YEAR (FY) 2008/2009 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
February 2007
(DOLLARS IN MILLIONS)

PROJECTS ON THE FY 2007 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
2006	Equipment except ADPE & TELCOM:	0.5	0.5	0.0	0.5	
	High Speed Duplicating Equipment	0.5	0.5	0.0	0.5	Requirements cancelled
	Equipment - ADPE & TELCOM	(0.2)	1.3	1.5	(0.2)	
	Electronic Document Management	(0.2)	1.3	1.5	(0.2)	Emergent requirements
2006	Software Development:	(1.6)	0.0	1.6	(1.6)	
	Electronic Document Management	(1.6)	0.0	1.6	(1.6)	Emergent requirements
2006	Minor Construction:	0.3	0.3	0.0	0.3	No requirements
	Total FY 2006	**(1.1)**	**2.1**	**3.1**	**(1.1)**	

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DEFENSE AUTOMATED PRINTING SERVICE ACTIVITY GROUP
FISCAL YEAR (FY) 2008/2009 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
February 2007
(DOLLARS IN MILLIONS)

PROJECTS ON THE FY 2007 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
2007	Equipment except ADPE & TELCOM:	0.0	0.9	0.9	0.0	
	High Speed Duplicating Equipment	0.0	0.9	0.9	0.0	
	Equipment - ADPE & TELCOM	2.4	3.2	0.8	2.4	
	Electronic Document Management	2.4	3.2	0.8	2.4	Hardware estimate reduced
2007	Software Development:	(2.4)	0.4	2.8	(2.4)	Emergent requirement
	Electronic Document Management	(2.4)	0.4	2.8	(2.4)	
2007	Minor Construction:	0.0	0.3	0.3	0.0	
	Total FY 2007	**0.0**	**4.8**	**4.8**	**0.0**	