



U.S. DEPARTMENT OF DEFENSE

Final Report on Defense Business Operations to the Congressional Defense Committees

March 15, 2009



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1. Introduction

During the past decade, the federal government has taken several steps to rationalize its spending on information systems, with the goal of improving performance, reducing redundancy and realizing cost savings. The Office of Management and Budget and the Government Accountability Office both monitor information technology investments across the federal government to ensure progress and accountability in achieving that goal.

Within the Department of Defense (DoD), modernizing the way information technology supports business operations is a key tenet of the Department’s initiatives to improve overall efficiency and effectiveness. One of the Department’s early initiatives was the development of the Business Enterprise Architecture (BEA), which helped to define common business requirements and structures. The BEA provides a blueprint for successful business transformation and continues to mature. The Department will release the BEA 6.0 in March 2009.

In the Fiscal Year 2008 (FY08) Enterprise Transition Plan, the Department identified more than 100 target systems and initiatives for improving business effectiveness and efficiency. Figure 1-1 shows the FY08 investment in these target programs.

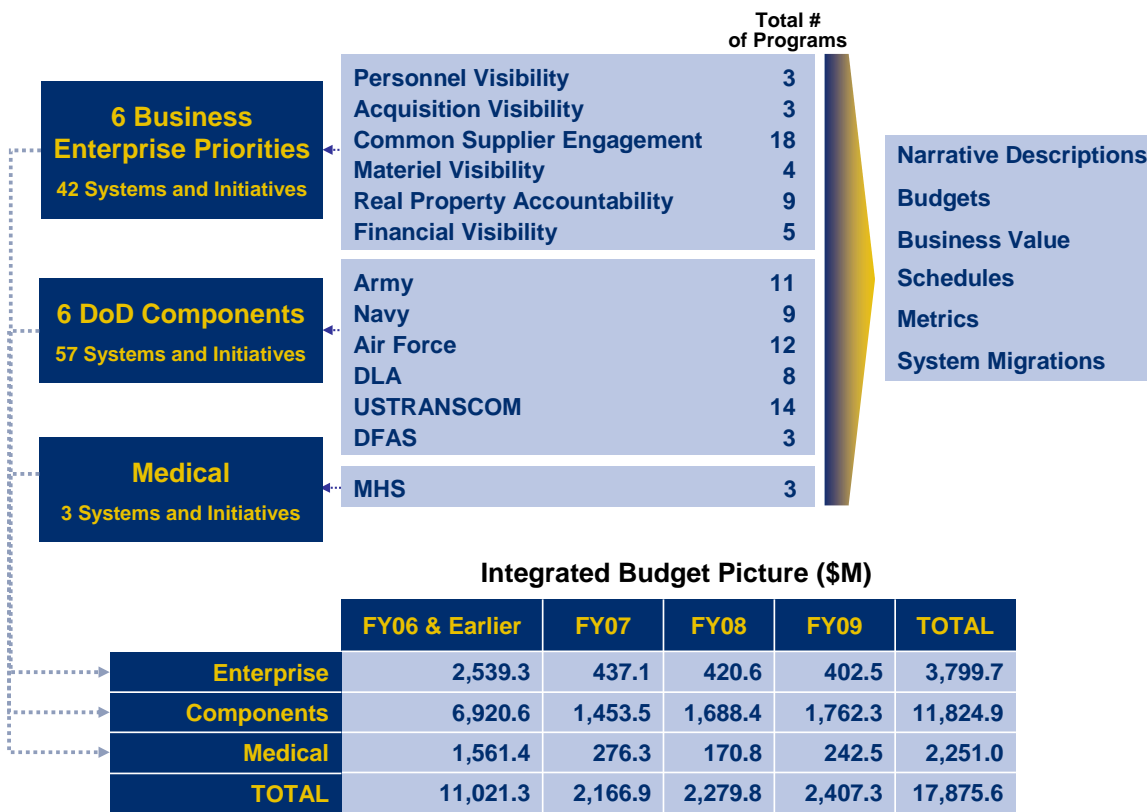


Figure 1-1: Target Systems/Initiatives and Associated Investments



Reporting Requirements

In Section 332 of the FY05 National Defense Authorization Act (NDAA), Congress established specific requirements to support and advance the Department's modernization efforts, including continuing to refine the BEA, establishing the Defense Business Systems Management Committee (DBSMC) and Investment Review Boards (IRBs) as an investment management control, and creating a transition plan to implement the architecture.

This report meets the FY05 NDAA Congressional requirements to:

- Express progress against specific milestones and actual performance priorities
- Describe the actions submitted for certification and report on the number of certifications approved (or describe the reason for granting a waiver)
- Discuss specific improvements in business operations and cost savings resulting from successful defense business systems modernization efforts

This year's report departs from previous submissions in that it does not update the Enterprise Transition Plan (ETP). Instead, it highlights the outcomes achieved and the methodologies used for improving Defense business operations during FY08. The Department described these planned outcomes and preferred methodologies in its *September 2007 Enterprise Transition Plan*. It can be found at:

http://www.bta.mil/products/etp/September_2007_ETP.pdf

The Department has also published its business transformation plan for FY09 in the *September 2008 Enterprise Transition Plan*. It can be accessed at:

http://www.bta.mil/products/etp/September_2008_ETP.pdf

System Certification Summary

As specified by Title 10 U.S. Code, section 2222, funds appropriated to DoD may not be obligated for a defense business system modernization that will have a total cost in excess of \$1M without certification from the appropriate IRB and approval from the DBSMC that the modernization is:

- In compliance with the enterprise architecture
- Is necessary to achieve a critical national security capability or address a critical requirement in an area such as safety or security; or
- Is necessary to prevent a significant adverse effect on a project that is needed to achieve an essential capability, taking into consideration the alternative solutions for preventing such an adverse effect

The DBSMC approved 207 certification requests for business systems that included FY08 modernization funding. Table 1-1 shows the total number of systems with FY08 modernization funding certified by each of the IRBs and subsequently approved by the DBSMC. Because systems reviewed by the IRBs are at different stages of maturity, sometimes the IRB certifies a system conditionally. This allows system development to continue, while working to satisfy the condition by a certain date. Although no waivers were issued during FY08, 110 conditions were placed on the 207 systems. These conditions included scheduling compliance work for a system entering development, tracking upcoming architectural compliance for a system in late development or testing, or investigating possible redundancies.

In addition to the initial certification process, the IRBs conduct annual reviews for business system modernizations that include funding across multiple fiscal years. These annual reviews focus on validating that the investment is still necessary, assessing whether the system is meeting its milestones in terms of cost, schedule and performance, and assessing progress towards meeting any conditions placed on the initial certification. Each system has been counted once in the statistics included above and in Table 1-1, regardless of how many times it has been reviewed.



Table 1-1: Systems Certified to Obligate FY08 Dollars

Investment Review Board	Number of Systems Certified
Human Resources Management	67
Weapon System Lifecycle Management/Materiel Supply and Service Management	98
Real Property and Installations Lifecycle Management	19
Financial Management	23
Total	207

Way Forward

Through Section 904 of the FY08 NDAA, Congress created the position of Deputy Chief Management Officer (DCMO) to assist the Deputy Secretary of Defense, acting as Chief Management Officer, to effectively and efficiently organize the business operations of the Department of Defense. Section 904 also named the Under Secretaries of the Military Departments as the Chief Management Officers of their respective organizations. The DCMO will work to better synchronize, integrate and coordinate the business operations of the Department, including its business plans and their supporting goals, measures and initiatives, to ensure optimal alignment in support of the DoD warfighting mission. As one part of achieving the DCMO's mission, the Business Transformation Agency and the DoD Performance Improvement Officer report directly to the DCMO.

The DoD Performance Improvement Officer and the Office of the DCMO coordinate the performance management activities of the Department. The *Defense Performance Improvement Implementation Plan*, published in March 2008, defines the steps necessary to improve the Department's performance:

- Create goals and plans to achieve the Department's goals
- Develop metrics to measure progress toward achieving those goals
- Define accountability for progress against those goals
- Provide visibility into progress against those goals

In July 2008, the Department issued its inaugural Strategic Management Plan as directed by Section 904 of the FY08 NDAA. It outlined the Department's strategic framework for planning and decision-making, and acknowledged the need to establish clear, actionable strategic goals and performance measures. The Department will include these goals and measures in its July 2009 update to the Strategic Management Plan. The Principal Staff Assistants to the Secretary of Defense and the Chief Management Officers of the Military Departments will then establish cascading goals and measures in their supporting implementation plans.

In addition, Section 908 of the FY09 National Defense Authorization Act directed the Chief Management Officers of the Military Departments to:

- Develop and implement a comprehensive business transformation plan, with measurable performance goals and objectives, to achieve an integrated business operations management system
- Develop and implement a well-defined enterprise-wide business systems architecture and transition plan encompassing end-to-end business processes

The Military Departments will report on their progress toward achieving those goals in June 2009. Accordingly, the 2010 update to the *Report on Defense Business Operations* will describe how new BEA releases, and Enterprise and Component transition plans and associated improvements directly contribute to the strategic goals for improving business operations. The Department also may consolidate DoD and Component reports into a single document, to reduce reporting redundancy.



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2. Business Enterprise Priorities

Six *Business Enterprise Priorities (BEPs)* define the capabilities needed to integrate business operations across the Defense Business Enterprise. These priorities guide decisions on business system investments and on establishing standards and policies for aligning common business processes. These six priorities are:

- Personnel Visibility
- Acquisition Visibility
- Common Supplier Engagement
- Materiel Visibility
- Real Property Accountability
- Financial Management

BUSINESS
ENTERPRISE
PRIORITIES

The *Business Enterprise Architecture (BEA)* is the cornerstone architecture for implementing the Business Enterprise Priorities. Because these six priorities define the scope of the BEA, the architecture can evolve in a controlled and consistent fashion. The BEA consists of a set of integrated architecture framework products that facilitate the interoperability and integration of the operational activities, processes, data, information exchanges, business rules, system functions, system data exchanges, terms and linkages to laws, regulations and policies associated with the Department's business operations.

BUSINESS
ENTERPRISE
ARCHITECTURE

In May 2008, the Department issued additional BEA guidance for use by program managers and others responsible for certifying the compliance of a business information system with the BEA. The guidance describes with greater fidelity how to assess and document whether a system is compliant with the BEA, and includes procedures on developing and implementing a corrective action plan for programs that are not fully compliant.

The BEA guidance maps processes for:

- Compliance requirements
- Roles and responsibilities of those involved in demonstrating and certifying compliance for defense business systems
- Artifacts, processes and tools that may facilitate the assertion and certification of compliance
- Requirements and structure of an architecture compliance plan, which must be prepared for any program or system that is not fully compliant with the BEA

BEA version 6.0 provides a number of enhancements over previous releases. Enhancements include:

- Acquisition Visibility—Earned Value Management requirements in support of the service-oriented architecture and data transparency initiative
- Financial Visibility—Standard Financial Information Structure (SFIS) updates and Federal Financial Management Improvement Act (FFMIA) business guidance
- Personnel Visibility—Core Human Resource Information Standards and architecture federation planning
- Real Property Accountability—Environmental liabilities, geospatial standards and real property networks
- Common Supplier Engagement—Procurement data standards and standards supporting contract data, payment requests, business partner networks and representatives and certifications
- Materiel Visibility—Item Unique Identification (IUID) master data



Other BEA version 6.0 enhancements include:

- Information Assurance approaches for selected Enterprise-level business data
- System View improvements, including introduction of functional “Families of Systems” to better group and identify interface requirements from Component-level feeder systems to Enterprise-level systems

The Department must actively manage against BEA standards if the BEA is to influence the future direction of the Department’s business operations. Four Investment Review Boards (IRBs) have been chartered to monitor planning, processes, policies and investments in the five lines of business that cut across all functional areas in the Defense enterprise. These lines of business are:



- Human Resources Management
- Weapon System Lifecycle Management
- Materiel Supply and Service Management
- Real Property and Installations Lifecycle Management
- Financial Management

Each IRB is chaired by a senior executive who represents the Principal Staff Assistant (PSA) to the Secretary of Defense who is the Departmental senior leader responsible for establishing policy in that IRB line of business. The IRB chair ensures that business system investments and processes provide end-to-end business improvements and that system modernization investments over \$1M comply with the BEA.¹

Table 2-1 lists the management framework for the Defense Business Enterprise. Table 2-2 lists the system modernizations and initiatives associated with each Business Enterprise Priority.

Table 2-1: Management Framework for the Defense Business Enterprise

Defense Business Enterprise		
Business Enterprise Priority	Investment Review Board	Principal Staff Assistant
Personnel Visibility	Human Resources Management	Under Secretary of Defense for Personnel and Readiness
Acquisition Visibility Common Supplier Engagement Materiel Visibility Real Property Accountability	Weapon System Lifecycle Management/Materiel Supply and Service Management Real Property and Installations Lifecycle Management	Under Secretary of Defense for Acquisition, Technology and Logistics
Financial Visibility	Financial Management	Under Secretary of Defense (Comptroller)

¹ As required by the FY05 NDAA, officially implemented as Title 10 U.S. Code, section 2222, as amended by section 332 of the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005 (Public Law 108-375).



Table 2-2: System Modernizations and Initiatives by Business Enterprise Priority*

Personnel Visibility	Acquisition Visibility	Common Supplier Engagement	Materiel Visibility	Real Property Accountability	Financial Visibility
DCPDS DIMHRS DTS	DAMIR MEVA (CAMS-ME)	ASAS DoD EMALL EDA Federal IAE - CCR - eSRS - FBO - FedReg - FedTeDS - FPDS-NG - PPIRS SPOT SPS WAWF	IUID MILS to EDI or XML RFID	EL HMIRS HMPC&IMR KBCRS RPAD RPAR RPCIPR RPIR RPUIR	BEIS DAI EFD IGT/IVAN SFIS

*See the Program Acronyms List for the expansion of the acronyms included in this table.



PERSONNEL VISIBILITY

The Under Secretary of Defense for Personnel and Readiness is the Department's senior leader for Human Resources Management, and is responsible for achieving Personnel Visibility (PV) across the Defense Enterprise. The PV strategic goal is to provide accurate, timely and readily available personnel information to decision makers. Eight supporting performance objectives define the capabilities that must be acquired or enhanced to achieve the PV strategic goal:

STRATEGIC GOAL

Provide accurate, timely and readily available personnel information (including data on military, civilians, contractors, and coalition resources supporting the operation) to decision makers

- Provide access to more reliable and accurate personnel information for warfighter mission planning
- Enable a cross-Service support capability by providing a single personnel function that will ensure accurate and timely access to data on personnel and their skill sets for Combatant Commanders
- Decrease operational cost and cycle times, enabled by increased consistency of data, reduced rework and data calls
- Improve accuracy, completeness, and timeliness of personnel strength reports
- Reduce or eliminate duplicative data capture and system access activities
- Ensure accurate and timely access to and delivery of compensation, quality of life and other benefits for DoD personnel and their families
- Improve occupational safety through analysis of environmental and safety information and related personnel exposures
- Improve military healthcare delivery through implementation of an electronic record

Section 6 summarizes the status of key milestones for PV systems and initiatives against the targets set in the *September 2007 Enterprise Transition Plan (ETP)*. The paragraphs below give examples of progress made by the Department during FY08 on the path to achieving its long-term strategic goal for Personnel Visibility.

Manage Human Resources Security

The Under Secretary of Defense for Intelligence, working with all relevant stakeholders within DoD and across the federal government and industry, is reforming the personnel security clearance process. In 2005, it took an average of 228 days to process a security clearance request. This severely hampered the ability of government agencies and private industry to recruit and retain qualified personnel. The backlog was created primarily by the lack of reciprocity in review processes among federal agencies. In the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA), Congress directed that, by December 2009, Federal agencies complete 90% of security clearance determinations in 60 days (investigations in 40 days and adjudications in 20 days), to the extent practicable.

Manage Human Resources Security:

Ensure employees, contractors, and other designated persons are eligible for and issued badges to enter federal buildings, utilize federal services, and serve in positions requiring certification of personal reliability.

Today average cycle time is 76 days — still short of the Congressional target, but significant progress. These performance gains are due primarily to increased investigative and adjudicative capacity and greater



accountability for performance. The *Initial Report on Security and Suitability Process Reform*, released in April 2008, outlined a transformed process for making hiring and clearing determinations to improve timeliness and achieve the IRTPA goal of < 60 days. This process includes:

- Foundational policy changes to ensure reform takes root and is sustained. This includes Executive Order 13467, signed June 30, 2008, and a December 2008 revision to *Federal Investigative Standards* that changes the ground rules for performing background investigations.
- Establishing a *governance structure*—the Performance Accountability Council (PAC)—ensures federal agencies implement these reforms as planned. The PAC will hold agencies accountable for the timeliness of their determinations, and keep all stakeholders informed as to the progress of the reform effort.
- Deploying an *information technology (IT) strategy* to modify and adapt existing federal systems and applications to create a framework for the phased implementation of future reforms. This approach will enable near-term implementation, align IT modernization plans with the transformed process and enable the use of components to reduce duplication and enhance reciprocity while focusing on quality, service and cost.

The IRTPA established objectives for personnel security goals and metrics for investigations and adjudications, but did not provide government-wide common definitions or metrics for suitability or other key supporting activities. Under the direction of the PAC, the Performance Measurement and Management Subcommittee (Performance Subcommittee) is leading an interagency effort to standardize how metrics are defined, collected and reported. The Performance Subcommittee added metrics for security clearance and suitability investigations and determinations:

- *End-to-End Time*: the time from the date of submission by the applicant to the date of adjudicative decision
- *Initiate Time*: the time from the date of submission by the applicant to the receipt date of all information/forms (Personnel Security Investigation (PSI) forms, releases, fingerprint cards, etc.) required to conduct an investigation by the investigative service provider
- *Investigative Time*: the time from the receipt date of the completed personnel security package (PSI forms, releases, fingerprint cards, etc.) to the date the adjudicative unit receives the complete investigative product
- *Adjudicative Time*: the time from receipt date of the final report of investigation to the date of the adjudicative decision

To assist the agencies in projecting workload and resource requirements to be compliant with IRTPA, the Office of Management and Budget (OMB) issued interim government-wide processing goals for security clearances. The Office of Personnel Management (OPM) and the Director of National Intelligence (DNI) monitored the investigation and adjudication timeliness of the government through an extensive data collection effort. Table 2-3 lists OMB’s 2008 goals. Figures 2-1 and 2-2 show the significant progress made since 2006.

Table 2-3: Goals for 2008 Initial and Reinvestigations

Process Step	Initial Security Clearances	Periodic Reinvestigations
Submission:	15 days	15 days
Investigation:	90% complete within 65 days	90% complete within 150 days
Adjudication:	90% complete within 25 days	90% complete within 30 days
Total End-to-End:	105 days	195 days



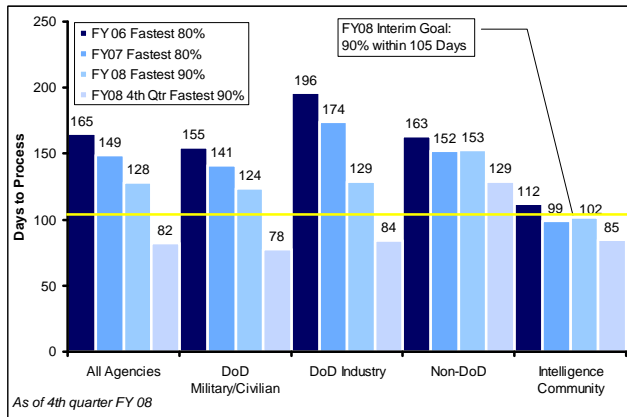


Figure 2-1: Current Averages-Initial Investigations

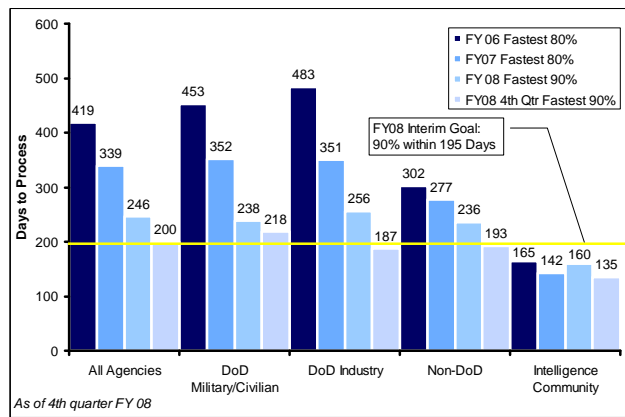


Figure 2-2: Current Averages-Reinvestigations

As shown in Table 2-4, the Performance Subcommittee has developed an end-to-end definition of the clearance function from an applicant’s perspective, and set associated improvement goals on a path to achieving the less than 60-day Congressional target.

Table 2-4: Goals for FY09 Initial Investigations

Process Step	Initial Security Clearances
Submission	Complete within 14 days
Investigation	Complete within 40 days
Adjudication (Includes 10 days delivery time)	Complete within 20 days
Total End-to-End	90% complete within 74 days

The Performance Subcommittee will continue to review the quality of the metrics and pursue opportunities to better measure performance, quality and reciprocity. These initiatives include evaluating current data metrics collection methodologies, determining whether different metrics need to be defined and collected, defining federal metrics and communicating closely with the Joint Reform Team to ensure alignment with the transformed process.

The Joint Reform Team has undertaken reforms to concentrate on increased capacity and accountability to achieve 90% of the cycle-time improvement mandated by Congress. However, to reach and potentially exceed IRTPA guidelines, the transformed process must be operational. This means making fundamental institutional changes to better align security clearance and suitability activities across the government. Most notably, these changes include establishing a federal-level governing body to oversee reform and drive its implementation, and revising internal agency policies to reflect revised Federal Investigative Standards. These indispensable building blocks—and the leadership commitment to implement them—are imperative if the federal government is to realize the benefits of security clearance reform.

Most of the reforms planned for the next two years focus on delivering near-term capability while laying the basis for broad, long-term implementation. Successful implementation will require agencies to act with discipline and accountability, ensuring execution against the plan and follow up through established performance measures.

The transformed process for making hiring and clearing determinations in <60 days was developed through partnerships with many DoD Components—and especially by the Department of the Army’s participation in a reformed process demonstration and electronic adjudication pilots. Continued research studies, pilots and process/system implementations will continue to validate and refine improvements.



Manage Travel

The Defense Travel Enterprise is a \$9.4B business. It touches the entire Defense Department workforce. Defense travelers file more than seven million travel vouchers annually, for both Temporary Duty (TDY) and Permanent Change of Station travel. There are approximately 1.3 million Government Travel Charge Card holders producing almost \$5B in annual transactions. The Department manages Commercial Travel Office (CTO) contracts valued at approximately \$250M.

The Under Secretary of Defense for Personnel and Readiness established the Defense Travel Management Office to manage the Defense Travel Enterprise, determine strategic direction, set policy and centrally manage commercial travel programs. The Department made significant progress during FY08 in transforming this \$9.4B enterprise and in providing the warfighter with travel services that enable mission accomplishment, including:

- Centralizing commercial travel programs
- Consolidating CTO services contracts to gain efficiencies
- Establishing a Travel Assistance Center to provide comprehensive support
- Increasing functionality and reviewing usability of the Defense Travel System (DTS)
- Establishing a Customer Satisfaction Program to gather and act on user feedback

The Department made particular progress in increasing customer satisfaction with the services provided, thus increasing their usage.

Usage

DTS serves as the technology enabler in the Defense Travel Enterprise. TDY Voucher Processing is the percentage of total Department TDY travel claims processed using DTS. Processing vouchers through DTS saves travelers' time, expedites payment and consolidates travel data. DoD travelers submitted over 5 million TDY travel vouchers in FY08. DTS processed more than 3.2 million of these vouchers—a rate of 64.8%, as shown in Figure 2-3.

This result reflects the Department's progress in improving DTS functionality, training and customer support. DTS increases visibility into the Department's travel expenditures, and usage will continue to increase as functionality expands to include all travel types. Greater usage of DTS results in better fidelity of travel data that creates the business intelligence to drive the efficiency and effectiveness of the Defense Travel Enterprise.

Manage Travel:

Provide oversight and management of the Defense Travel Enterprise to include: consolidating and acquiring Commercial Travel Office services; reengineering and simplifying travel policy; providing customer support and overseeing training for all travel-related topics; managing Commercial Travel Programs; optimizing the technology by developing travel requirements and implementing new functionality; and exploring innovations and leading practices within the travel industry to determine the best strategy and course of action for providing travel services in the future.



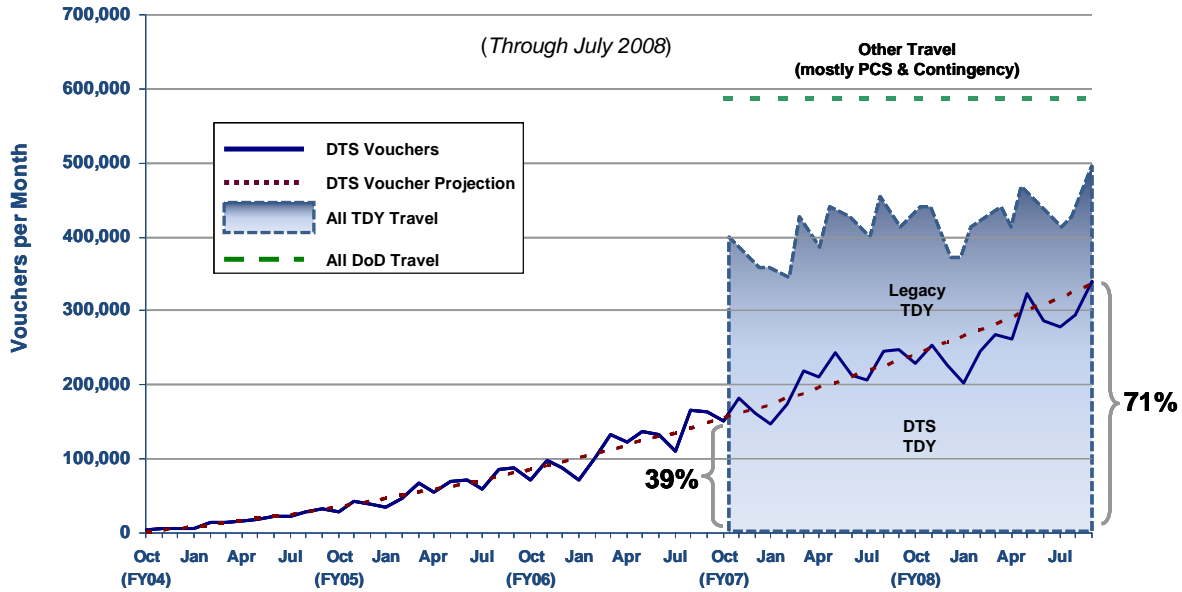


Figure 2-3: DTS TDY Voucher Processing

Average Reservation Module usage measures the percentage of DTS users who book their travel using the system’s front-end, the Reservation Module. This module provides travelers with a convenient, centralized method for making their travel arrangements. Reservation module usage is analogous to private industry’s “online adoption rate.” In 2007, corporate travel managers reported an average online adoption rate of 71%; this was 85% for DTS in FY08, as shown in Figure 2-4. Booking travel reservations online with DTS reduces CTO fees to the Department. This high Reservation Module usage rate is the result of the Department implementing a major enhancement of the DTS front-end in February 2007. The results of this metric validate its success.

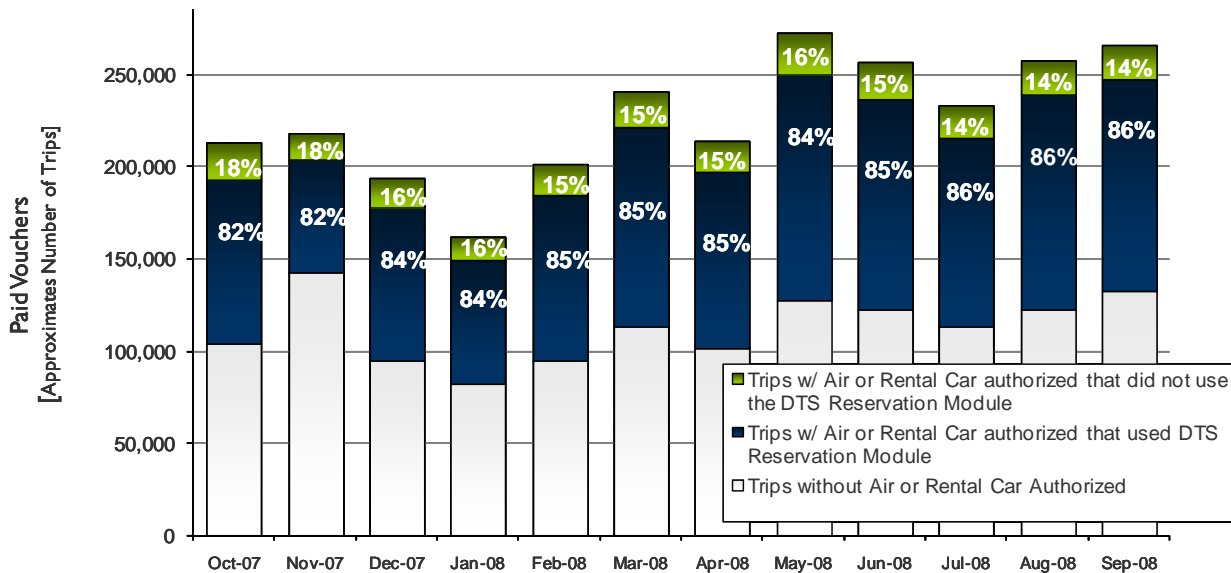


Figure 2-4: DTS Reservation Module Usage



Customer Satisfaction

The Department tracks DTS Voucher Payment Time (VPT) as a measure of customer satisfaction. It tracks the time from when a traveler signs a travel claim to the time the traveler is paid. To further measure and assess the quality of travel services, and as a component of a broader Customer Satisfaction Program, the Department began collecting additional customer feedback through *QuickCompass* surveys. *QuickCompass* is a simpler, new polling methodology that provides faster turnaround times in providing customer satisfaction data. It includes DTS users' feedback in arranging airline and rental car reservations.

Timely reimbursement, coupled with the capability to provide split disbursement to the traveler and the traveler's Government Travel Charge Card (GTCC), also enables the Department to maintain compliance with OMB mandates for GTCC delinquency rates. While monitoring voucher payments ensures compliance, it is also a proxy measure of traveler satisfaction.

Average DTS Voucher Payment Time was 7.8 days in FY08

Confidence that a traveler will receive a reliable and timely reimbursement supports the warfighter in remaining mission-focused. The average DTS voucher payment time in FY08 was 7.8 days, which is much quicker than the statutory requirement for reimbursement. The Travel and Transportation Reform Act of 1998 (Public Law 105-264) and the DoD Financial Management Regulation require that travelers are reimbursed for their travel expenses within 30 days of submission of a proper and complete travel claim.

As shown in Figure 2-5, initial survey results show that 69% of DTS users find the system easy to use when making airline reservations. Seventy-nine percent of DTS users find it easy to use when making rental car reservations. This is early evidence that the Department's efforts to increase the usability and functionality of DTS are resonating with travelers.

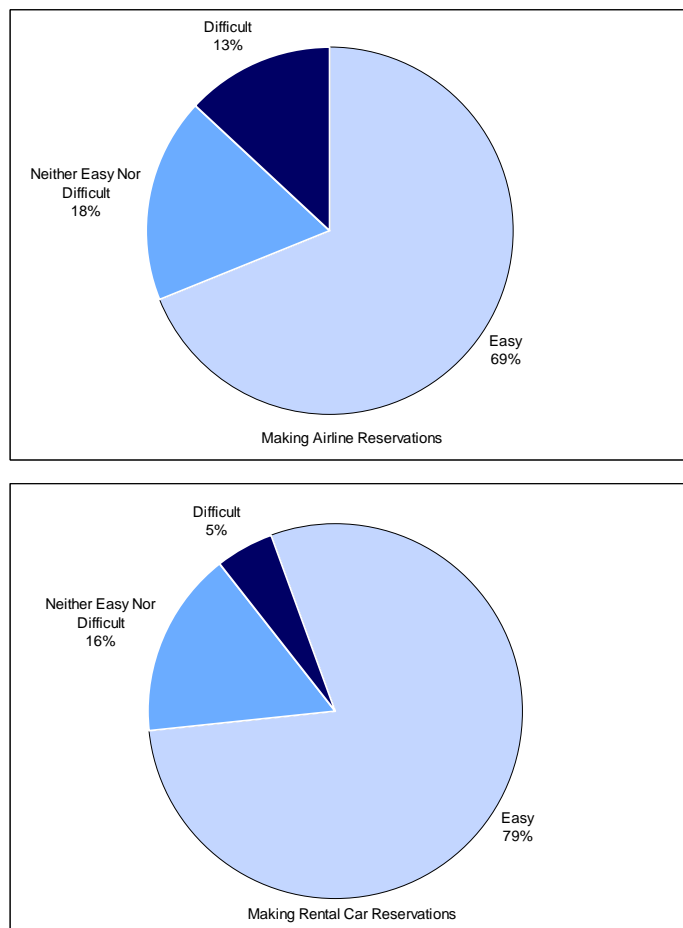


Figure 2-5: Survey Results



ACQUISITION VISIBILITY

The Under Secretary of Defense for Acquisition, Technology and Logistics is the Department's senior leader for Weapon System Lifecycle Management and Materiel Supply and Services Management, and is responsible for achieving Acquisition Visibility (AV) across the Defense Enterprise. The AV strategic goal is to achieve timely access to information supporting decisions for acquisition oversight. Three supporting performance objectives define the capabilities that must be acquired or enhanced to achieve the AV strategic goal:

- Provide governance and accountability for acquisition decision-making data
- Provide the framework for access to authoritative data for acquisition decision making
- Provide definitions and business rules to define authoritative data for acquisition decision making

Section 6 summarizes the status of key milestones for AV systems and initiatives against the targets set in the *September 2007 ETP*. The paragraphs below give examples of progress made by the Department during FY08 on the path to achieving its long-term AV strategic goal.

Oversight Integration

The Department's portfolio of Major Defense Acquisition Programs (MDAPs) totals approximately \$1.6T within the six years of the Future Years Defense Program (FYDP). The ability to manage and oversee such a vast portfolio depends on timely access to authoritative decision-making information. As described in the *September 2007 ETP*, the Department's strategy is to use a data governance structure and a service-oriented architecture (SOA) to improve both the timeliness and authoritative nature of critical program oversight data.

This strategy permits DoD communities to continue operating their own heterogeneous business systems, while standardizing and regulating the available data and the systems' external interfaces. The foundation for implementation of the strategy is the Weapon System Lifecycle Management (WSLM) governance structure. Using the authority of the WSLM governance structure, the Department is defining critical Defense acquisition decision-making data elements, identifying authoritative sources for the data and establishing real-time access to data in those authoritative sources. The AV SOA demonstration, completed in March 2008, provided an opportunity to prove the concept. The ongoing AV SOA pilot is solidifying the governance and technology approaches.

Currently, the focus is on improving acquisition information associated with statutory reporting and oversight requirements. The SOA pilot, therefore, focused on authoritative data elements that provided this information, dividing them into six services: earned value management (EVM), unit cost, milestones, budget, science and technology (S&T)/key performance parameters, and general administration. The governance approach is extensible and serves as a model for governing all information associated with the Office of the Under Secretary of Defense (Acquisition Technology and Logistics) statutory reporting and oversight requirements.

STRATEGIC GOAL

Achieve timely access to accurate, authoritative, and reliable information supporting acquisition oversight, accountability, and decision making throughout the Department for effective and efficient delivery of warfighter capabilities

Manage Acquisition Oversight Integration:

Manages and integrates acquisition oversight performed by the Department of Defense, Components and Congressional committees of Defense programs to determine current status, ascertain if the requirements are achievable and/or require modification. These activities include capabilities-based acquisition, periodic and ad-hoc reporting and acquisition assessments.



In parallel with the AV SOA effort, Defense Acquisition Management Information Retrieval (DAMIR) — DoD's authoritative Defense acquisition management system, continued working to achieve its goal of making acquisition data available via web services. Achievement of this goal by April 2008 enabled the Department to retire the legacy Consolidated Acquisition Reporting System (CARS) two months ahead of schedule. In addition, the new functionality allows DAMIR to serve as both a source and a display for the AV SOA web services.

A SOA demonstration made 61 authoritative data elements visible for 12 programs, totaling approximately \$103B, or about 6% of the MDAP FYDP. The next step, the SOA pilot, achieved all its goals, making 140 data elements available for 37 programs, totaling approximately \$1.2T, or about 75% of the MDAP FYDP. The services are available on demand (to a limited user group) to support program management and oversight. By September 2009, planned near-term improvements will provide decision makers with insight into MDAP status in terms of cost, schedule and performance for all MDAPs.

The AV SOA Pilot achieved all of its goals, tripling the number of MDAPs available via SOA for Acquisition oversight. This makes 140 data elements available for 37 programs totaling \$1.2T, which is about 75% of the MDAP FYDP. Sixty-seven programs remain to be implemented by September 2009.

The success of the FY08 demonstration and pilot improved the Department's ability to Manage Acquisition Oversight Integration in three areas:

- Department-wide definition of selected critical data elements for the pilot
- Assignment of authority and responsibility for maintenance of the data in the authoritative source for each of those data elements for every MDAP participating in the pilot
- Access to that authoritative data via SOA

In FY09, the Department will focus on expanding the capability to all MDAPs, providing visibility for programs totaling approximately \$1.6T. Next steps include: expanding to all MDAPs, increasing the user base and adding additional data in other segments of the Defense acquisition lifecycle. The end state provides early warning of Nunn-McCurdy breaches, better management of contractor performance, and support to decision making across the WSLM framework.

Given the success of the pilot and the scalability of both the governance process and SOA, the Department is preparing a recommendation that the participants in WSLM governance both solidify the SOA infrastructure and extend the capability to address the information needs of additional acquisition functional business areas.



COMMON SUPPLIER ENGAGEMENT

The Under Secretary of Defense for Acquisition, Technology and Logistics is the Department's senior leader for Weapon System Lifecycle Management and Materiel Supply and Services Management, and is responsible for achieving Common Supplier Engagement (CSE) across the Defense Enterprise. The CSE strategic goal is to align and integrate the policies, processes, data, technology and people to ensure reliable and accurate delivery of acceptable goods and services. The procurement functional area establishes requirements for a single face to industry and provides the foundation of supply chain data that is exchanged across several business functions, often serving multiple purposes to each function. For this reason, Defense Procurement and the Defense Business Transformation Agency (BTA) have focused their shared efforts on developing a Procurement Data Strategy (PDS) to support the following two objectives which must be acquired or enhanced to achieve the CSE strategic goal:

- Streamline and reduce complexities of the process touch points between DoD and suppliers
- Adopt standard business processes, rules, data and interoperable systems across DoD to ensure reliable and accurate delivery of acceptable goods and services

The Department must ensure to its warfighters that it can reliably and accurately deliver goods and services, while promoting the highest level of accountability. To ensure this is accomplished, Defense Procurement has established three focus areas within the data strategy:

- Improving data transparency and reliability within supply chain systems
- Establishing a Procurement Data Standard (PDS) for contract writing
- Establishing a centralized capability for contract data to measure business process efficiencies and levels of compliance, based upon the current business mission, laws, regulations and policies.

Section 6 summarizes the status of key milestones for CSE systems and initiatives against the targets set in the *September 2007 ETP*. The paragraphs below give examples of progress made by the Department during FY08 on the path to achieving its long-term CSE strategic goal.

Manage Sourcing

The Manage Sourcing business capability creates an enterprise solution, which seeks to establish sourcing vehicles, conduct solicitations, execute and administer contracts through closeout, while continuously improving and monitoring processes.

Currently, the Department has the ability to manually review any unclassified Federal Acquisition Regulation (FAR)-based contract through online access to contract portable document files (PDFs); however, the Department is in the process of converting the paper and PDFs stored on its database to raw serialized eXtensible Markup Language (XML) format. This format facilitates the sharing of structured data among information systems, and allows document encoding and data serialization. These, in turn, allow the dynamic tracking of detailed standard contract data, which can be transmitted, shared and queried in a more efficient and automatic fashion, thus promoting greater data visibility throughout the end-to-end procurement process. Increased visibility leads to greater data accuracy, traceability of contract data and matched disbursements – not to mention a higher likelihood that the goods and services originally requisitioned are indeed those that are received and accepted in accordance with the contract.

STRATEGIC GOAL

Align and integrate the policies, processes, data, technology and people to provide a consistent experience for suppliers and DoD stakeholders to ensure reliable and accurate delivery of acceptable goods and services to support the warfighter

Manage Sourcing:

Establish a sourcing vehicle with government or commercial sources, conduct solicitation, execute the contract, administer the contract through closeout, and monitor and improve processes.



The percentage of contract data available in Procurement Data Standard (PDS) XML format is expected to increase significantly. Data standard requirements, focused on award contract data, were published in July 2008. The Concept of Operations document provides detailed guidance on the use and application of the data standard.

The procurement data standard will establish standard contract and modification data transmission and aggregation by extending contract visibility through integrating enterprise business processes, reducing system redundancies and continuously improving financial transparency.

In FY08, the Department successfully aggregated more than 200,000 contracts as raw data. As Figure 2-6 shows, the Department is making steady progress toward its long-term goal to have 95% of contract data available in the raw data format by FY12.

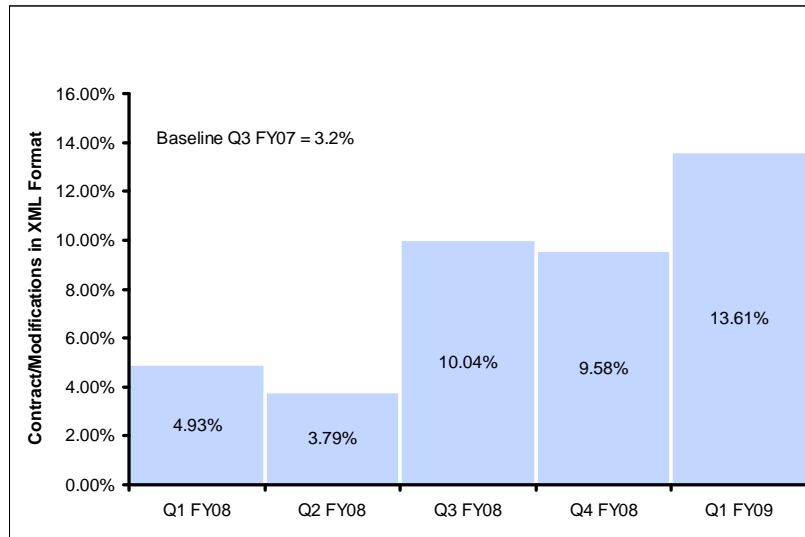


Figure 2-6: Percentage of Contract Modification Data Available for Aggregation

Receipt and Acceptance

The Department can improve efficiencies by standardizing processes for receiving and accepting goods and services. Contract terms contain interest penalties for untimely or inaccurate payments. An automated source for performing receipt and acceptance improves the timeliness and accuracy of vendor payments.

Manage Receipt and Acceptance:
Receive goods and services and accept goods and services

A recent update to the Defense Federal Acquisition Regulation Supplement (DFARS) reduced the list of acceptable electronic methods for submission of payment requests and receiving reports, and named a sole enterprise solution for the Department, Wide Area Workflow. This enterprise solution provides direct electronic feeds to payment, logistics and Enterprise Resource Planning (ERP) systems in real time, which increases traceability and helps to ensure the timely delivery of goods and services.

The increased deployment of a standard electronic invoicing system reduces inefficiencies in the cycle time needed to process payment requests and receiving reports. This has led to a decrease in interest penalties paid to vendors, measured by comparing the proportion of interest penalties paid on payment requests processed electronically vice those processed manually.



As Figure 2-7 shows, in FY08 the Department was able to achieve a significant cost avoidance of \$87M in interest penalties paid to vendors.

The decrease in cost avoidance of interest paid during the fourth quarter of FY08 was due to:

- Changes in procedures used to close out the budget at the end of the fiscal year
- Initiatives implemented by DoD Components to improve the timeliness of vendor payments. One of these initiatives has been to improve coordination from Component-to-Component in order to process payment requests at a faster rate. Additionally, the Components are improving their own contracting systems' usability, interoperability and reliability. These improvements are creating a seamless payment cycle, and streamlining other associated processes necessary to pay the vendor

Even with the decrease in cost avoidance exhibited during the fourth quarter of FY08, the Department was able to realize significant improvements to the Manage Receipt and Acceptance business capability through the standardization of payment requests. As the amount of electronic payments continues to increase, the Department can expect an increased amount of cost avoidance for FY09.

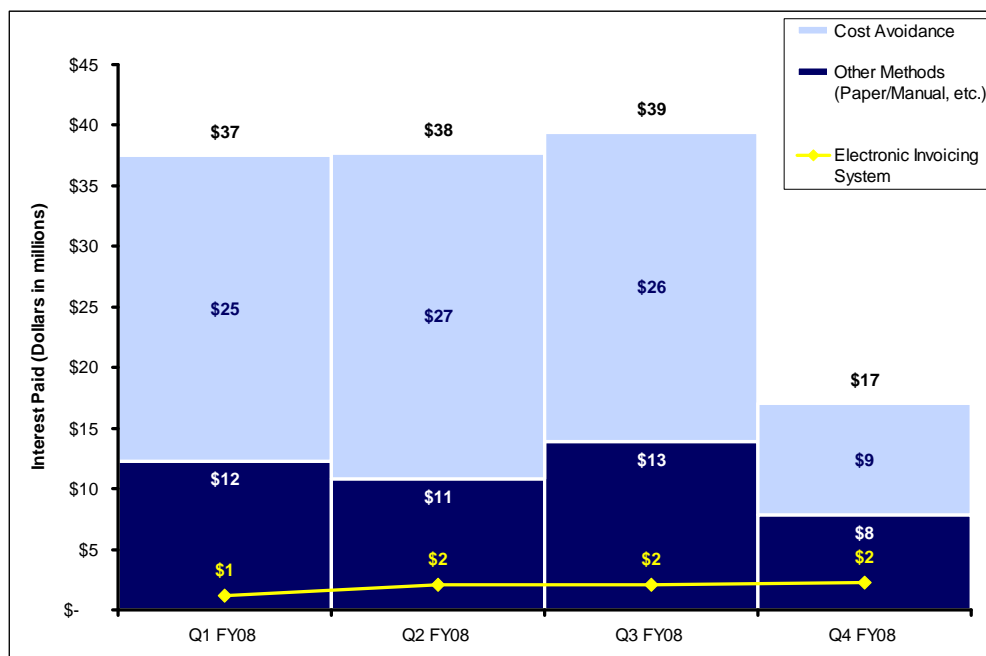


Figure 2-7: Demonstrated Cost Avoidance

The increase in the availability of payment requests and receiving reports to the Department and its suppliers through web access allows for real-time transaction processing, which has resulted in a timelier and more efficient vendor payment process.

As the Military Services and Defense Agencies continue to deploy the enterprise solution for electronic invoicing, the Department should continue to realize increases in both visibility and cost avoidance.



MATERIEL VISIBILITY

The Under Secretary of Defense for Acquisition, Technology and Logistics is the Department’s senior leader for Weapon System Lifecycle Management and Materiel Supply and Services Management, and is responsible for achieving Materiel Visibility (MV) across the Defense Enterprise. The MV strategic goal is to locate and account for materiel assets throughout their lifecycle and provide transaction visibility across logistics systems in support of the joint warfighting mission. Four supporting performance objectives define the capabilities that must be acquired or enhanced to achieve the MV strategic goal:

STRATEGIC GOAL

Locate and account for materiel assets throughout their lifecycle and provide transaction visibility across logistics systems in support of the joint warfighting mission.

- Transform the Department's supply chain information environment by improving data integrity and visibility
- Improve the Department’s ability to move supply chain data across the Enterprise by reducing complexity and minimizing variability of business transactions
- Improve process efficiency of ordering, shipping, receiving and inventory management by enabling hands-off processing of materiel transactions
- Uniquely identify property and materiel to improve the timely and seamless flow of materiel in support of deployed forces, improve asset visibility across the Department, and improve inventory management



Section 6 summarizes the status of key milestones for MV systems and initiatives against the targets set in the *September 2007 ETP*. The paragraphs below give examples of progress made by the Department during FY08 on the path to achieving its long-term MV strategic goal.

Deliver Property and Forces (Global)

The delivery of property and forces is a critical capability that is undergoing transformation at multiple levels within Defense. The logistics community is striving to improve the process efficiency of ordering, shipping, receiving and inventory management by enabling hands-off processing of materiel transactions. The supply chain continues to encounter wartime demands for materiel that have historically been stocked at limited levels or were not stocked at all. Normally, this materiel is requested on short order and there is limited time for delivery in the quantities demanded. However, the Components are finding ways to meet the demands of the warfighter priorities.

Deliver Property and Forces:

Satisfy the needs of internal and external customers, as evidenced by orders (requisitions, purchase orders or contracts), by issuing or transporting forces, inventory and related materials or capital equipment



The logistics community is minimizing material handling, redesigning the Department’s support structure, and pursuing business practice reforms. Additionally, the Components have improved their customer wait time and are establishing local joint storage capabilities with a level of inventory to be more responsive to the Military Services’ unit level demands and facilitate more timely delivery to the end-users.

Although the overall customer wait time goal of 15 days was not met in FY08, significant progress toward this goal was made for the deployed warfighter in Southwest Asia, also known as the Hard Lift Area. Much of this success is attributable to strategic distribution initiatives, which placed the materiel closer to the customer. The resulting environment will facilitate application of continuous process improvement measures, based on realistic data, to evaluate and identify additional areas for DoD supply chain performance improvements to the Deliver Property and Forces business capability.

As shown in Table 2-5, during FY08 the Department made impressive progress reducing customer wait time worldwide and significantly in Hard Lift Areas.² The Deputy Under Secretary of Defense for Logistics and Materiel Readiness centrally monitors customer wait time on a monthly basis.

These reductions are impressive given the complexity of the Defense Enterprise. For example, a typical day in Iraq includes the delivery of 900 large cargo and container trucks, 1.6 million gallons of fuel consumed, 510,000 hot meals served, and the production of 11 million gallons of water, 139 tons of ice, and the handling of 790,000 pieces of laundry. In Afghanistan, the situation is complicated by the country’s land-locked nature, terrorist attacks, improvised explosive devices, pilferage of supplies, rocky and mountainous roads and an austere environment that includes harsh winters. Conversely, when combat forces redeploy from Iraq, the warfighter will require visibility of supplies and equipment moving back through the supply chain. This will involve the redeployment of 53 brigade-size units, 60,000 aircraft and vehicles, 120,000 containers, and 34,000 short tons of ammunition. This equates to 106,000 truckloads, 3,530 convoys and 135 shiploads.

Table 2-5: Customer Wait Time Days by Area

Geographic Area	Q1 FY05	FY06	FY07	FY08	Improvement	% Improvement
Alaska, Hawaii, Canada, Caribbean and South America	26.8	20.8	27.3	19.3	7.5 days	27.99%
Continental United States	20.8	21.9	21.1	17.6	3.2 days	15.38%
Hard Lift Areas	23.6	13.9	16.2	15.6	8.0 days	33.90%
Pacific	22.5	14.0	14.1	14.0	8.5 days	37.78%
Europe	17.3	18.6	16.3	16.7	.06 day	3.47%

The Department’s target is to have a customer wait time of no more than 15 mean days from the time the lowest echelon placed the order to the time the order is filled. In FY08, the Defense-wide result was 16.7 mean days. As shown in Table 2-5, FY08 improvements over FY05 results are significant for all geographic areas.

² Customer wait time is the time to fill an order placed at the lowest echelon of supply by the supply system (the time to fill a retail demand) for repair spare parts needed for organizational maintenance. Hard Lift Areas are those in other countries, primarily in the Middle East, Central Asia, and Southeast Asia. The largest volume of supply requisitions for Hard Lift Areas is in Southwest Asia—U.S. Central Command. Operations in Iraq, Afghanistan, Africa and elsewhere have placed considerable demand on the Defense supply chain.



Figure 2-8 shows the improvements achieved in the Hard Lift Areas. Given the large volume of retail requisitions delivered to the warfighter, these results are particularly noteworthy.

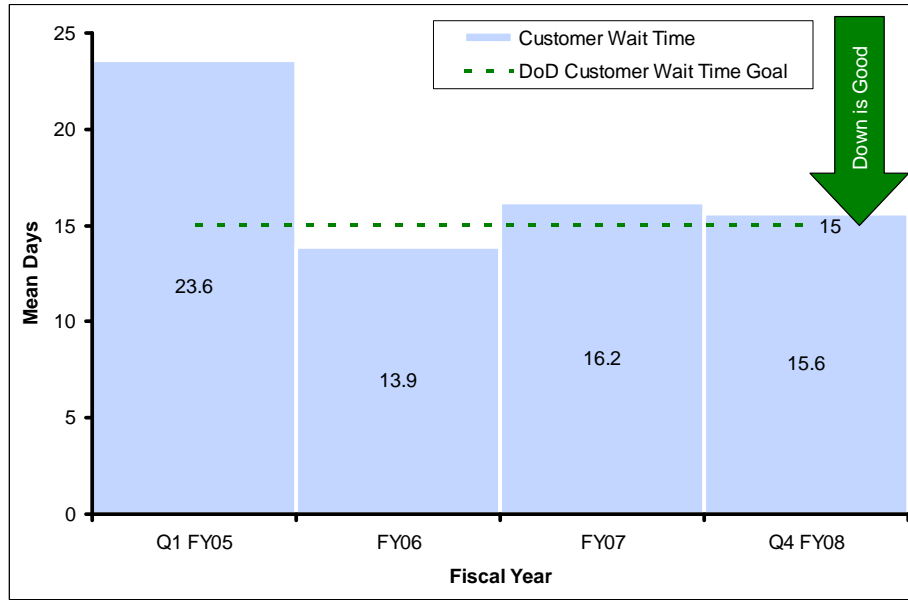


Figure 2-8: FY05-08 Customer Wait Time in Hard Lift Areas

Geographic Area	Count	% Count
Continental United States	6.3M	58%
Hard Lift Areas	3.3M	30%
Europe	0.5M	5%
Pacific	0.4M	4%
Alaska, Hawaii, Canada, Caribbean and South America	0.2M	2%

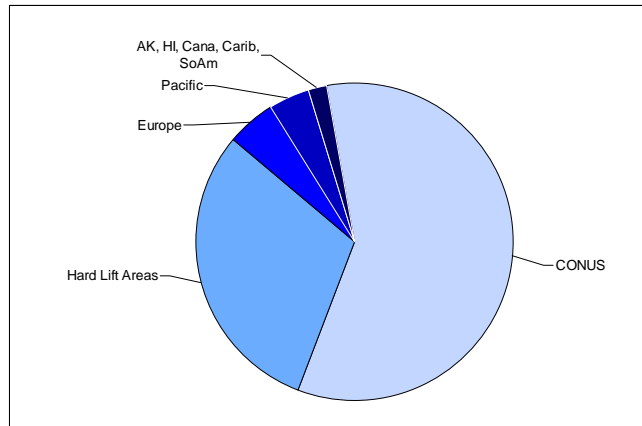


Figure 2-9: FY08 Customer Wait Time Volume (by count)

Figure 2-9 displays the customer wait time volume by count in all geographic areas. The Department has experienced an overall improvement in customer wait time. The largest improvement occurred in the Pacific, which represents 4% of the customer wait time volume count in the Department. The Pacific region beat the Department’s overall customer wait time goal of 15 days when it decreased wait time by 8.5 days to achieve a 14-day customer wait period. The highest priority for the Department is supporting the warfighter in Hard Lift Areas, which represent 30% of volume. Customer wait time in Hard Lift Areas decreased by eight days for an overall improvement of 33.9%.



Deliver Property and Forces (In Theater)

The Army’s impressive improvements related to in-theater customer wait times in the U.S. Central Command Area of Responsibility are examples of how enterprise-wide improvements directly affect the quality of business operations supporting the warfighter. The Defense Distribution Depot in Kuwait, which performs warehousing operations for Army managed items, found that stocking items in the warehouse reduces the cost to procure, store and handle items.



This depot is also the containerization consolidation point, to include pallet operations, for supplies coming out of Kuwait. This operation provides prompt pallet preparation and a balanced pallet hold strategy to ensure a smooth and nearly unimpeded pallet movement from source of fill to the point of delivery. Army commanders can meet the Combatant Commander’s requirements with the same or better response time from the Kuwait depot than they can by shipping items from CONUS. Where sufficient inventory exists, because of improved supply availability, the Army can calculate stock levels and move quantities faster to allow for surface resupply. Figure 2-10 shows significant improvements in the availability of Army aviation repair parts in Southwest Asia. Stock availability improvements were significant in Aviation Systems. Aviation repair parts are vital to the success of Army Central Command (ARCENT) tactical operations, making them a primary issue for the warfighter.

Table 2-6: ARCENT Aviation Parts In-stock Improvement

Aircraft Type	Q1 FY05	Q4 FY08	% Net Improvement
AH-64 Apache	77.0%	85.0%	8.0%
CH-47 Chinook	66.7%	92.0%	25.3%
H-60 Black Hawk	74.0%	97.0%	23.0%

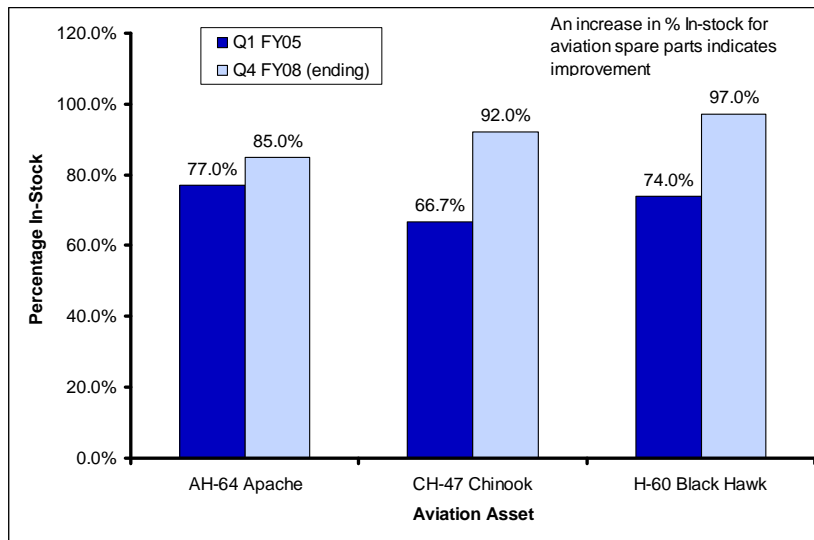


Figure 2-10: ARCENT Aviation Repair Parts In-stock Improvements

In FY08, the Army made a system change allowing tactical supply support activities to send retrograde serviceable materiel to the theater distribution points, such as the Kuwait Defense Distribution Depot. This removed touch points between numerous units, fewer requisitions routed stateside, thus allowing the item to reach its final destination. Stocking critical repair parts as far forward as possible provides more efficient and effective support to the warfighter.



REAL PROPERTY ACCOUNTABILITY

The Under Secretary of Defense for Acquisition, Technology and Logistics is the Department's senior leader for Real Property and Installations Lifecycle Management, and is responsible for achieving Real Property Accountability (RPA) across the Defense Enterprise. The RPA strategic goal is to provide the warfighter and Core Business Missions access to near real-time, secure, accurate, and reliable information on real property assets, and environment, safety, and occupational health sustainability. Eight supporting performance objectives define the capabilities that must be acquired or enhanced to achieve the RPA strategic goal:

STRATEGIC GOAL

Provide access to near-real-time secure, accurate and reliable information on real property assets, and environment, safety, and occupational health sustainability

- Deliver consistent real property, environmental liabilities, and hazardous materials (Hazmat) information, supported by standard processes and data
- Integrate financial, real property, and environmental business practices
- Reduce real property inventory management burdens and inefficiencies
- Provide net-centric data environment that can enable delivery of accurate, real-time integrated data
- Provide a complete inventory of environmental liabilities reconciled with property, plant, and equipment records, adequate environmental liabilities (EL) management controls, audit trails, cost estimates, and documentation
- Increase Hazmat operational support, protection, and control
- Reduce Hazmat related environmental violations, lost-time incidents, and exposure
- Enable geospatial location information

Section 6 summarizes the status of key milestones for RPA systems and initiatives against the targets set in the *September 2007 ETP*. The paragraphs below give examples of progress made by the Department during FY08 on the path to achieving its long-term RPA strategic goal.

Real Property Inventory

The Department's real estate portfolio is one of the largest and most diverse in the world, with properties such as airports, training ranges, rail links, restaurants, and recreation facilities spread throughout the United States and 40 other countries. After conducting a comprehensive assessment in 2001, the Department found that its real property inventory contained inaccurate information supported by redundant technology systems and inefficient processes. Real property information was inaccessible to key users and incompatible across the Components. Business process reengineering efforts identified the most practical solution to be maintenance of authoritative real property systems, with reliance on tiered accountability and net-centric methodologies. Representatives of the Military Services and Defense Agencies collaborated to develop Real Property Inventory Requirements (RPIR), the foundation for achievement of real property efficiencies by standardizing data, systems and processes across the Department. Additional collaborative

Real Property Inventory:

Create and maintain real-time, complete, secure, and accurate physical, geospatial, legal, and financial information about the DoD Real Property portfolio in a net-centric environment; includes updating the inventory as part of the business processes for asset acquisition, sustainment, improvement, and disposal.



work led to the Real Property Acceptance Requirements (RPAR) and the Real Property Construction-In-Progress Requirements (RPCIPR), which address accounting and financial aspects of bringing new assets into the Services' real property inventories.

The Department identified implementation of RPIR data elements in authoritative real property systems as an indicator of the progress of the Military Departments and Defense Agencies toward implementing the RPIR concepts and principles, using the data structure and business rules in the BEA.

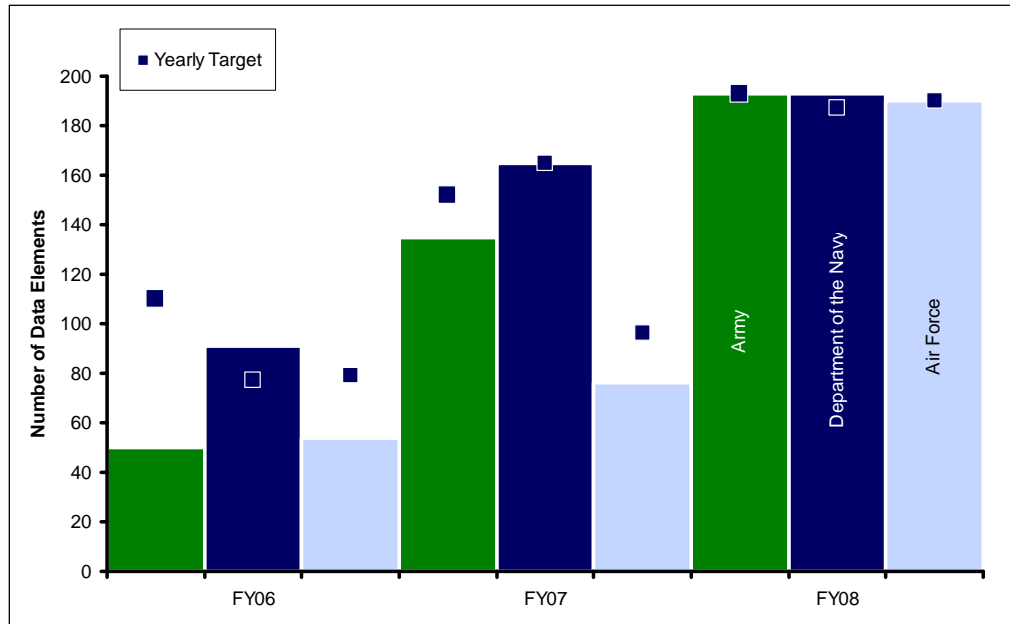


Figure 2-11: Real Property Inventory by Military Department

Each of the Military Departments met or exceeded their FY08 targets, as shown in Figure 2-11. Achievement of 100% RPIR data population will mean that the Military Departments have a common business language for real property inventory, which will enable interoperability across the Defense Enterprise and the federal government. Implementation of RPIR has streamlined the process of compliance with Executive Order 13327, which requires certain real property data for the Federal Real Property Profile (FRPP). RPIR is consistent with the FRPP requirements, which significantly reduces the Components' reporting burden.

Portfolio Visibility

The Department's real property portfolio includes linear structures, such as, runways, power lines and pipes. Real Property Facility Networks are compound assets comprising linear structures, buildings, and structures that must work together seamlessly to perform a function. This management concept enhances business decisions, and provides a more complete picture regarding operations and maintenance. Representatives of multiple specialties across the Department developed the requirements, definitions, types and a guide for the lifecycle management of facility networks. These standards were incorporated into BEA version 6.0.

Industry best practices for the proper inventory of linear structures include segmentation into distinct lengths or modules. Working groups of subject matter experts from across the Military Departments and Defense Agencies leveraged existing tools and practices from the maintenance community to develop standard segmentation practices for each type of linear structure within the Department's inventory. These standards allow system solutions that best fit the real property family of systems. This integration of standards across systems and across Services enables a total asset picture. Furthermore, these standards were used to develop the latest release of the Department's geospatial data standard for facilities, infrastructure, environment and civil works.



Real Property Inventory Completeness

RPIR establishes unique identifiers as the foundation for building a standardized net-centric data environment that can enable delivery of accurate, real-time, integrated real property data. The Real Property Unique Identifier Registry (RPUIR) is the centralized, service-oriented architecture based system that assigns and tracks real property unique identifiers for all of the Department’s real property assets and sites worldwide, consistent with RPIR. Since attaining Full Operational Capability (FOC) for sites (in Q3 FY07) and assets (in Q1 FY08) the number of asset records in RPUIR, as shown in Figure 2-12, has increased as the Components submit records for assignment of Real Property Unique Identifiers. The number of site records decreased slightly, as shown in Figure 2-13, due to adjustments for technical issues.

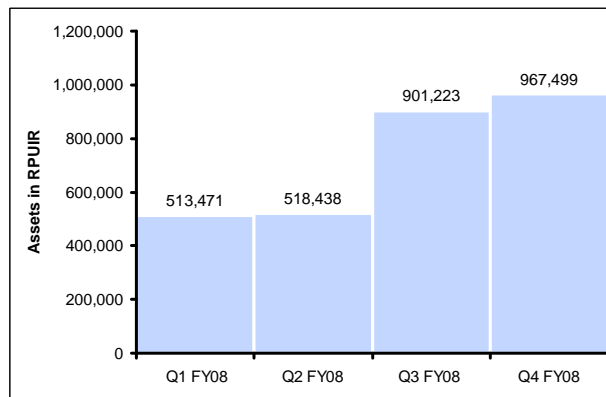


Figure 2-12: Assets in RPUIR

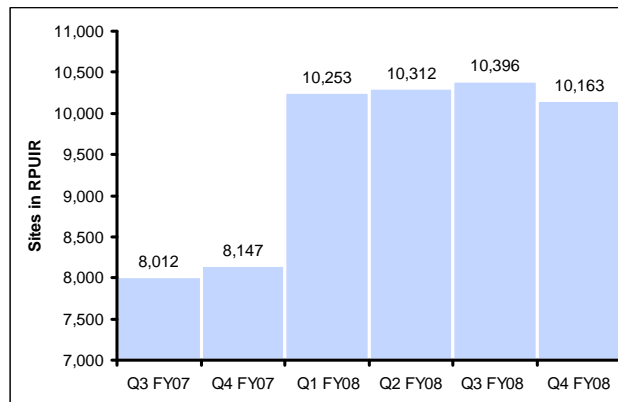


Figure 2-13: Sites in RPUIR

Geospatial and Legal Information for Real Property Inventory

The Department owns or controls nearly 30 million acres of land, ranging from unimproved wilderness areas to central urban developments. Installations change in size over time, as tracts of land are added or subtracted to meet the mission. Those tracts may have specific deed restrictions and reversionary clauses that must be visible in the inventory. Thus, RPIR specifies that land assets should be recorded by individual parcel, which is a significant business process change since at many installations land is inventoried at the aggregate level. Recreating the legal descriptions of each land parcel can be difficult. The Installation Boundary Mapping Pilot established geospatial data for each land parcel at 70 installations, including visual representations of each parcel’s legal status. By creating parcel boundaries from deed and legal descriptions and viewing parcel boundaries geospatially, surveying and Geographic Information System technicians easily identified unreconciled discrepancies, such as parcel overlaps, not evident when viewing tabular real property data alone. After the pilot, real estate experts and real property inventory leads from each of the Components met to develop solutions for correcting disparities in definitions, terms and processes.





Installation Boundary Mapping Pilot Results for Joint Base Pearl Harbor-Hickam

Component Progress

- The *Department of the Army* issued a draft real property audit readiness handbook to be used by installation real property personnel. The Army also is conducting site-training visits.
- The *Department of the Navy* published and implemented new real property business processes to enable accurate reporting of acquisition, existence and completeness, capital improvement, depreciation, capital leases, construction in progress, preponderant use, heritage assets and stewardship land and disposal. The DON also updated its Real Property Inventory Procedures Manual to incorporate RPIR.
- The *Department of the Air Force* issued Air Force Instruction 32-9005, which incorporates the RPIR and directs all aspects of real property accountability and reporting.
- The *Defense Logistics Agency* is expanding the capabilities of its current ERP system to manage installation assets, services and environmental liabilities necessary to support the Military Services. For example, the agency has embarked on a \$6.4M modernization of its real property inventory and asset management systems that will allow for improved demand forecasting, operational effectiveness and efficiencies. This effort will provide complete RPIR compliance and full net-centricity with the Military Services, with whom real property information must be reconciled. The agency plans to achieve this capability by October 2009, in time to complete the FY09 submission to the FRPP. DLA also completed a worldwide inventory of 552 fuel sites and identified 4,226 aboveground and underground fuel tanks. This inventory included quantity, condition and location of assets worldwide and will lead to better financial information.

FINANCIAL VISIBILITY

The Under Secretary of Defense (Comptroller)/Chief Financial Officer is the Department's senior leader for Financial Management, and is responsible for achieving Financial Visibility (FV) across the Defense Enterprise. The FV strategic goal is to have immediate access to accurate and reliable financial information (planning, programming, budgeting, accounting, and cost information) to improve financial accountability and efficient and effective decision making. Four supporting performance objectives define the capabilities that must be acquired or enhanced to achieve the FV strategic goal:

- Produce and interpret relevant, accurate and timely financial information that is readily available for analyses and decision making
- Link resource allocation to planned and actual business outcomes and warfighter missions
- Produce comparable financial information across organizations
- Achieve audit readiness and prepare auditable financial statements

Section 6 summarizes the status of key milestones for FV systems and initiatives against the targets set in the *September 2007 ETP*. The paragraphs below give examples of progress made by the Department during FY08 on the path to achieving its long-term FV strategic goal.

Managerial Accounting

The *September 2007 ETP* committed the Department to enhance this business capability by improving the consistency, accuracy, measurement and availability of cost information. FY08 efforts focused on improving the availability of cost information. This improvement was realized by:

- Delivering daily updates on budget authority, spend plans and obligations to the Under Secretary of Defense (Comptroller) (USD(C)) within 48 hours of execution in the source systems
- Reducing the time to deliver budget execution metrics to the USD(C) from an average of 45 to 15 workdays; for example, report 100% of the Military Services monthly budget metrics within 15 workdays of month end

The Comptroller manages the finances for one of the world's largest enterprises via the Comptroller Executive Dashboard. Designed specifically to deliver timely enterprise financial visibility of budget execution, financial improvement and Comptroller focus areas by means of a single integrated website, the Dashboard provides visibility into the execution of the Department's funds in consolidated, cross-service views that are available near real-time. Information includes budget authority, planned reprogramming of funds and supplemental appropriation data, previously reported on spreadsheets.

STRATEGIC GOAL

Immediate access to accurate and reliable financial information (planning, programming, budgeting, accounting and cost information) to improve financial accountability and efficient and effective decision making.

Managerial Accounting:

Accumulate, classify, measure, analyze, interpret and report cost and other financial information useful to internal and external decision makers reviewing the execution of an organization's program or project resources to ensure they are effectively being used to meet objectives



A joint effort among the Defense Business Transformation Agency, the Defense Finance and Accounting Service and the Comptroller established interfaces between the Comptroller Executive Dashboard and other DoD official financial reporting systems. Automating many of the processes achieved the managerial accounting improvement goal and saved the time spent to manually extract information. Additional interfaces integrate current month budget authority, spend plans and obligation updates.

The Dashboard is helping the Department reduce the time lag between the end of a financial reporting period (month-end) and the availability of that financial information to fund managers and executive decision makers. In the past, monthly budget metrics were manually collected 45 workdays after the end of the reporting month. For example, June financial data was presented mid-August. Financial information that was 45 workdays “after the fact” was inadequate for making sound executive decisions. Near real-time obligation information was needed to manage funds proactively.

The results shown in Figure 2-14 reflect the improvements to enhance the success of the Comptroller Executive Dashboard in FY08, further improving DoD’s ability to access timely managerial financial information — giving executive decision makers “smart tools” that provide a degree of insight into the Department’s cost and financial information that was not possible before. At the beginning of FY08, budget execution data was delivered in 45 workdays with no visibility of current month activity. Now, month-end data is available through fully automated processes after the last day of the month to both the Comptroller and the Military Services. The online views and analytical capabilities provide the Military Services with their individual content and a common base for decision making.

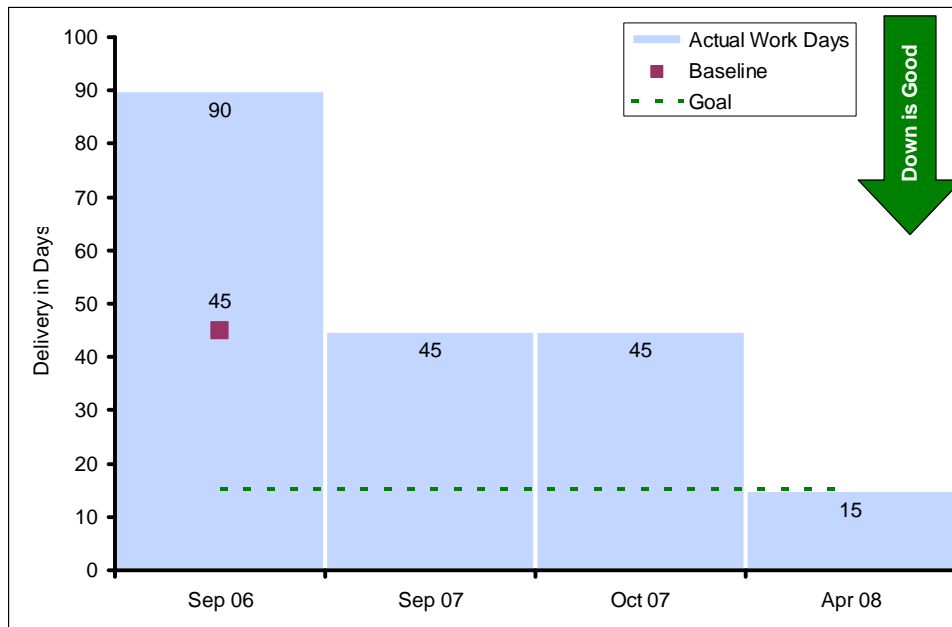


Figure 2-14: Timely Delivery of Managerial Accounting Information

In FY09, completion of plans will increase the degree to which managers can “measure” cost information across organizations. DoD will continue to expand the financial information content and metrics, for example civilian pay and test range management centers, to current Comptroller Executive Dashboard users and to make the dashboard available to additional managers. Enhanced metrics will tell more about what is being done with budgets. The Department will be better able to compare one organization’s metrics to another organization’s to help identify best business practices. For instance, metrics can help identify which organizations meet objectives at the lowest cost, have the best execution rates and assess these practices for applicability to other organizations. Moreover, it will be clear where funds are over- or under-utilized and how to reprogram them to critical missions.



Financial Reporting

Visibility to DoD’s finances is provided to stakeholders such as U.S Treasury, Congress, the warfighter and the American public through financial reporting. Financial reporting produces the Audited Financial Statements (AFS) — that is, the Balance Sheet, Statement of Net Cost, Statement of Net Position, Statement of Budgetary Resources and Statement of Custodial Activity. It also produces the budgetary reports such as the Statement of Operations, Report on Appropriation Status, Cash Flow, Financial Position, Changes in Net Position and Cost of Goods Sold. In FY08, these reports provided accountability for \$1.7T of assets and liabilities owned or managed by the Department of Defense.

Financial Reporting:
 Provide relevant financial visibility and real-time information dashboards for Defense decision-makers and to summarize financial information for the purpose of producing mandatory reports in compliance with regulatory requirements and discretionary reports in support of other requirements.

Standardized financial reporting enables decision makers to compare similar programs and activities across the Department and provides the level of detail they require for information retrieval. In addition, it provides a basis for common valuation of programs, assets and liabilities. Continued improvement in the volume of assets that can be reported in a consistent and verifiable manner will almost double for the FY09 financial reports to 87%, as compared to 46% for FY08.

The Department identified the percentage of total assets reported using standardized financial reporting and the number of compliant business systems as the incremental progress measures for this improvement. These measures are important as they provide an overall indication of the success of financial statement compliance.

Progress in financial reporting is measured by the percentage of Defense assets reported using standardized financial reporting. The goal for this measure is 100%. Financial statements were quantified according to reporting entity. The measure is derived by taking the sum of all the assets and dividing it by the sum of the assets that used the Standard Financial Information Structure (SFIS)-compliant budgetary reporting process. The percentage of accounting assets that are reporting using standard codes provides a clear indicator of progress toward Enterprise standardization.

SFIS provides an Enterprise-wide standard for categorizing financial information along several dimensions to support financial management and reporting functions. SFIS advances financial reporting by reducing the number of customized target general ledger accounting systems, eliminating account value translation and conversion, improving comparability of data across target general ledger accounting systems, standardizing report maps across the Defense Enterprise and standardizing the year end closing process. This results in streamlined processing time for monthly and quarterly reporting, and standardization of reconciliations within and between reports, footnotes and standard general ledger accounts.

The results shown in Figure 2-15 demonstrate that the Department has made tremendous progress in FY08 toward standardized financial reporting. The measurement utilized to determine these figures is important as it provides an overall indicator of the success for financial statement compliance. At the start of FY08, compliant financial reporting was available for just 46% of assets. In FY08, the Department implemented standardized financial reporting for Army and Navy General Fund reports.

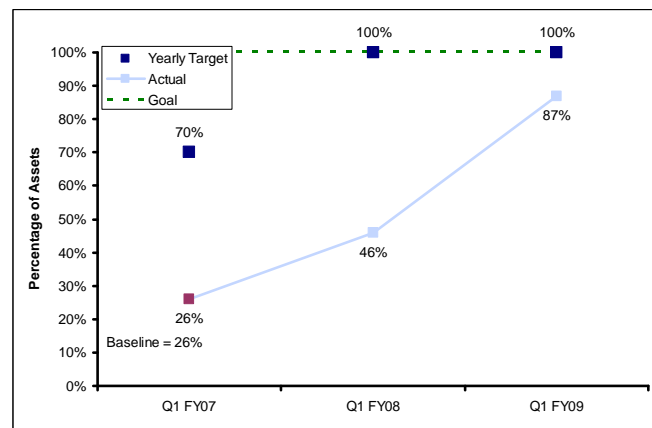


Figure 2-15: Percentage of Total Assets Reported Using Standardized Financial Reporting



Several systems that come through the IRB are required eventually to become SFIS compliant to facilitate the transmission of financial information across the Department. Switching from a legacy line of accounting to an SFIS compliant accounting classification is a complex process. The transition requires several changes to system configurations and a legacy to SFIS data conversion strategy. An additional dynamic to the process is that different systems are at different points in their lifecycle. Specifically, it will be easier for systems, which have not already implemented an accounting classification to implement SFIS than one that has already implemented an alternative accounting classification structure. All of this leads to systems becoming SFIS compliant at different times. As a result, the IRB tracks the planned SFIS Full Operating Capability (FOC) compliance date for each system that is required to become SFIS compliant. Further, the IRB tracks changes to the scheduled date of SFIS FOC compliance. Specifically, if a system slips or accelerates its SFIS FOC compliance date, then both the original and the follow-on date are maintained. This allows the IRB to assess scheduled changes and impacts.

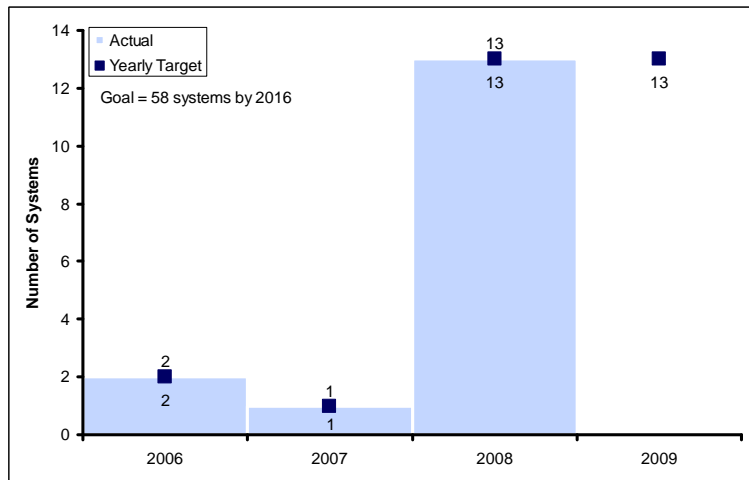


Figure 2-16 illustrates the comparison of planned SFIS FOC compliance dates with actual SFIS FOC dates. The goal for this measure is 100%. The metric goal is based on the inventory of systems that meet three criteria:

- (1) Have a modernization budget of more than \$1M across the FYDP
- (2) Contains financial management information
- (3) Plan to operate in the target environment

Figure 2-16: Number of Compliant Business Systems

Figure 2-16 identifies 58 business systems will assert compliance by FY16 and in FY08 asserted SFIS compliance for 13 business systems, as planned.

Implementing compliant financial reporting is a major step toward the Department achieving auditability. It provides a standard methodology to begin the analysis of the field level data. It allows the Department to determine where the posting logic of the many field level systems is flawed, where adjustments to the field level systems are inaccurate and will provide the support required to make the corrections at the source in the field level systems.

Historically, the Department has used a myriad of non-standard ledgers to report its data. This made auditing financial statements costly and extremely challenging. The implementation of compliant financial reporting meets the Department’s goal of producing comparable financial information across organizations. Auditing agencies expended numerous hours applying various accounting codes to map cost figures from financial reports, which were many times confusing and untraceable back to the original detailed transaction. The implementation of compliant financial reporting also meets the FY08 goal to achieve audit readiness and prepare auditable financial statements.

Using compliant financial reporting, Navy General Fund organizations have eliminated numerous manual processes including manual reports for Military Construction, manual processes for Naval Air Systems Command and manual processes for Navy command undistributed funding adjustments. These organizations have also gained the ability to complete Federal Agencies Centralized Trial-Balance System II (FACTS II) systemically and increased the visibility of funding for command level reports. Although the capability has improved to provide compliant reporting for 87% of DoD assets, there is still some way to go. Future improvements will include the provision of compliant financial reporting for Army Working Capital Funds and the remaining Defense Agencies.



3. Military Departments

The Military Departments’ Business Enterprises tailor system investments and processes to their special or unique needs. Table 3-1 identifies each Military Department’s Strategic Goals for improving its business processes and operations.

Table 3-1: Military Departments’ Business Enterprises

Military Departments’ Business Enterprises		
Strategic Goals		
Department of the Army	Department of the Navy	Department of the Air Force
<ul style="list-style-type: none"> • Increase situational awareness by establishing an enterprise-wide operating picture and data framework for optimal decision making • Improve asset accountability by creating an integrated financial environment and deployable financial management system • Enhance and leverage Army enterprise-wide synchronization by coordinating Department of Defense (DoD), Joint and Army initiatives to align people, processes and technologies • Improve information technology (IT) investment strategy through rigorous investment certification processes and IT Portfolio Management (IT PfM) 	<ul style="list-style-type: none"> • Improve the ability to forecast and control program total cost of ownership • Increase resource allocation effectiveness • Streamline/improve effectiveness of the department’s business operations 	<ul style="list-style-type: none"> • Focus operational support on improving joint warfighter effectiveness by integrating high value operational threads across domains and across combat and combat support functions • Set common goals and priorities across the operational support of the Air Force Enterprise • Reengineer critical processes, identify and prioritize processes for improvement and redesign them whenever they fall short of the immediate or long-term expectations • Move systems into a modern information framework. Leverage existing initiatives of the Air Force and the Office of the Secretary of Defense (OSD), while synchronizing and accelerating them to achieve transformation • Harvest resources to complete operational support transformation and support modernization of Air Force and joint capabilities



Table 3-2: System Modernizations and Initiatives by Military Department*

Department of the Army	Department of the Navy	Department of the Air Force
DLS DTAS eAWPS FBS FCS-ACE GCSS-Army GFEBS LMP PPBE BI/DW PPBE BOS TC-AIMS II	GCSS-MC JEDMICS MC FII MSC-HRMS Navy Cash Navy ERP One Supply TFAS TFSMS	AF FIP AFRISS DEAMS-AF EBS ECSS EESOH-MIS ETIMS FIRST FM SDM NAF-T PSD

**See the Program Acronyms List for the expansion of the acronyms included in this table.*



Department of the Army

The Department of the Army has four strategic goals for improving the Army Business Enterprise:

- Increase situational awareness by establishing an enterprise-wide operating picture and data framework for optimal decision making
- Improve asset accountability by creating an integrated financial environment and deployable financial management system
- Enhance and leverage Army enterprise-wide synchronization by coordinating Department of Defense (DoD), Joint and Army initiatives to align people, processes and technologies
- Improve information technology (IT) investment strategy through rigorous investment certification processes and IT Portfolio Management (IT PfM)



Six supporting performance priorities define the capabilities the Army must acquire or improve to achieve these goals:

- Support the warfighter by accelerating business systems modernization and the transition to net-centric data environment
- Provide access to more reliable and accurate personnel information for Warfighting mission planning
- Improve the accuracy and timeliness of information provided to Army decision makers
- Provide Enterprise Resource Planning (ERP) systems for asset accountability, budget execution and accounting
- Improve business practices through continuous process improvement to decrease operational cost and cycle times, and reduce unnecessary work and rework
- Strengthen Army IT governance and IT portfolio management, including enterprise-wide, cross-Domain synchronization

Section 6 summarizes the status of key milestones for Army systems and initiatives against the targets set in the *September 2007 Enterprise Transition Plan (ETP)*. This section provides examples of the progress during FY08 made by the Department of the Army in achieving its performance priorities for improving the Army Defense Enterprise.

Access to Reliable and Accurate Personnel Information

The Army's readiness to succeed at its assigned missions depends on its ability to employ properly trained personnel. The Army uses information technology to streamline training processes, automate training management functions and deliver training to Soldiers and Department of the Army civilians, at or near their home stations or when deployed, using multiple Distributed Learning (dL) methods. The Army maintains 226 Digital Training Facilities (DTFs) worldwide, serving 379,000 training participants.

Priority Definition:

Personnel readiness is a basic component of Army force generation and unit readiness. On-time and on-demand training is, in turn, a basic element of personnel readiness. Data that is reliable and accurate should be the minimum standard for information provided to planners and decision-makers.

The Army Learning Management System (ALMS) supported 181,000 participants taking web-enabled training in military technical and tactical proficiencies, military occupational specialty skills and leader development. Army e-Learning provided web-enabled commercial business, technical and foreign language training to 124,000 participants worldwide.

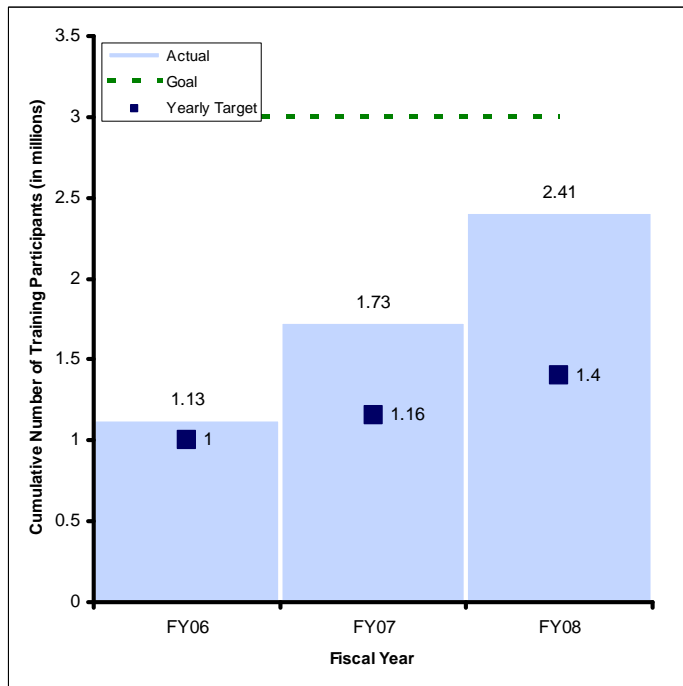


Figure 3-1: Number of Training Participants

The development and sustainment of dL capability has enabled a reduction in training backlogs, supported migration of legacy courses to ALMS and expanded course catalogs. This automated training management is providing access to more reliable and accurate personnel information for Warfighting mission planning, and improves business practices to decrease operational cost and reduce unnecessary work. The measure of dL effectiveness is determined by amount of training throughput—that is, the number of training participants who use the core Army dL infrastructure to access training.

Figure 3-1 shows how reliance on dL training continues to grow. The growth is due to value gained from cost avoidance and cost savings in travel, improvements in readiness and morale by keeping Soldiers at home and embedded within their units and in place with their families while training rather than having to travel to an Army school to attend resident training.

Army dL provides information that is visible, accessible, institutionalized, understandable, trusted, interoperable and responsive to user needs. U.S. Army Training and Doctrine Command records show that Army schools used dL to provide over 278,700 days of individual training, primarily in military occupational skills. In addition, the Army continued development of the Deployed Digital Training Campus (DDTC), which provides deployed Soldiers access to this training resource.

Individual and Unit Readiness are improved as Soldiers remain at their home station to complete their training for increased warfighting skills. Army program managers and Program Executive Officers used the dL infrastructure for training of personnel in the use of new military equipment and information technology systems. Soldiers and Department of the Army civilians used the dL infrastructure for self-development training in business, technical and foreign language skills, improving their ability to perform their duties.

In 2008, the Army began migrating dL courseware from legacy learning management systems to the Army Learning Management System (ALMS). Through December 2008, 382 legacy correspondence and dL courses migrated to the ALMS. This effort complements on-going work to populate the ALMS with newly developed dL courseware or courseware recently converted from legacy formats. For the next reporting period, the Army plans to increase the utilization of its dL infrastructure by migrating additional legacy courseware to ALMS, populating the ALMS with additional new courseware, enhancing ALMS functionality and completing development of the Deployed Digital Training Campus (DDTC).

The Army has set a goal to migrate all Army dL courseware from legacy learning management systems to the ALMS by second quarter of FY11. The Army also plans to field 50 DDTCs beginning in FY10, which, at Full Operational Capability, will provide training for up to 860 deployed Soldiers per hour.



Improve Business Practices

Many of the Army's end-to-end (E2E) business processes are susceptible to the techniques of continuous process improvement (CPI). In recent years and largely under the pressure of meeting the requirements of the Combatant Commanders, Army managers have adapted CPI techniques to make significant business improvements.

One example of successful CPI is the Improved Logistics Management Strategy that transformed the processes for tracking and repairing damaged parts, and for ensuring timely delivery of spare parts to Brigade Combat Teams (BCT). In another significant improvement, the time required for sealift of a unit's redeployed equipment from Operation Iraqi Freedom to the unit's home location was reduced from 58 days to 50 days or less, thus enabling faster repair, replacement and modernization, or RESET, and improvement in unit dwell time, unit readiness, and increased unit ability to assume full-spectrum operations.

Priority Definition:

Business Process and Practices improvement through the implementation of ERP software and the reengineering of business practices.

Sealift Transit Time

Historically, redeployments were considered "administrative movements" with no emphasis on aggregating or expeditiously returning unit cargo. Therefore, units often had their equipment returned on multiple ships (20 or more) and received their equipment 120 to 150 days after returning to home station. Due to dwell times averaging 12 months or less between consecutive Operation Iraqi Freedom (OIF) rotations, the Army had to shorten unit redeployment timelines. In order to meet the Chief of Staff of the Army's objective of 15-months dwell time (between consecutive deployments) and full-spectrum trained units, equipment must be received at home station for RESET, inventory and individual training no later than 50 days after troop redeployment and arrival. In 2007, the Army worked with U.S. Central Command (USCENTCOM) and the U.S. Transportation Command (USTRANSCOM) to conduct redeployments as operational movements and reduce sealift timelines to 58 days for active duty BCT.

At the Army's request, USCENTCOM and USTRANSCOM conducted a proof of principle from June to August 2008 to redeploy a Stryker BCT from OIF in 50 days or less. Remarkably, the entire movement took 42 days – exceeding the current standard by 16 days. This will result in changes to USTRANSCOM redeployment practices and in USCENTCOM policy.

After conducting numerous consistent redeployments in less than 58 days, the Army Staff then worked closely with CENTCOM and USTRANSCOM to determine how to increase reductions in the sealift redeployment timeline. Analysis concluded that a 50-day redeployment would be feasible by maintaining a vessel speed of 18 knots (versus the former planning factor of 15 knots) and decreasing port clearance to delivery time from 14 to 11 days as shown in Figure 3-2.

Figure 3-2 illustrates how vessel speed and port clearance are used as measurements, and why both are important parameters in making this improvement possible. Specifically, increasing vessel speed by three knots reduces ocean transit by as many as five days. Similarly, port clearance time is reduced three days by coordinating "port to final destination" rail and truck transportation prior to the ship's arrival at the port of debarkation. These two measurements combine to save eight full days of transit time.

Reducing OIF sealift redeployment to 50 days or less facilitates delivery of vehicles and equipment to units at the same time Soldiers return from post-redeployment block leave. This allows the units to immediately inventory their equipment, repair deficiencies and begin individual and collective unit training. The reduction will permit units at least eight more days with their equipment between consecutive rotations. Those eight days are critical, considering dwell times between consecutive BCT deployments is typically less than 13 months. Eight extra days equates to four weekends that Soldiers do not have to work in order to prepare for their next deployment and significantly improves the quality of their dwell time.



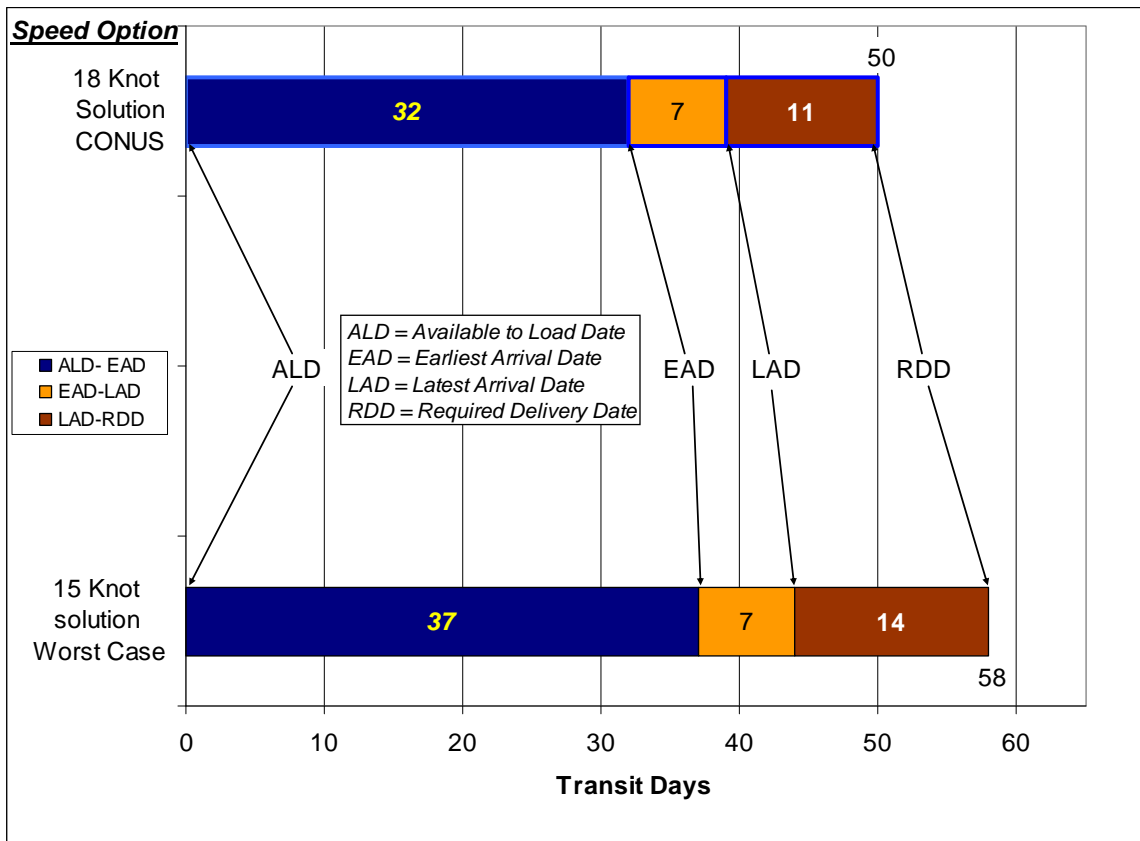


Figure 3-2: Improve OIF Sealift Timeline from 58 to 50 Days

Logistics Management Strategy

To achieve a 21st century logistics support environment both fluid and responsive to combat unit needs, the Army needs access to accurate and timely information. This permits Commanders and staff to manage the logistics environment in a proactive vice reactive manner.

Existing decision support capabilities and logistics management techniques have been reactive for more than 20 years due to the latent nature or frequency of information provided by current systems. The availability of real or near real-time information--coupled with an integrated environment—is allowing the Army to develop interactive decision support capabilities to address long-standing resource intensive logistics management challenges.

An FY08 operational assessment, conducted at an Army unit’s tactical supply support activity, validated the functionality of an ERP system for the repair parts process. Army regulations provided the performance standards; these standards were programmed into the reengineered solution. The unit demonstrated performance improvements ranging from gradual to dramatic—but always exceeding both the Army standards and baseline performance. Improvements were assessed by measuring dollar values for Overage Repairables, Overdue Deliveries and Demand Satisfaction.

Of the many business practice improvements developed as part of a logistics management strategy, significant improvement has occurred for Overage Repairables, Overdue Deliveries and Demand Satisfaction.



Overage Reparables are repair parts ordered without turning in corresponding unserviceable like items for repair and return to stock. Modern weapons systems consist of approximately 2,500 individual parts of which 15-20% are the most expensive but can be repaired at a fraction of the cost of a new item. At any point in time, there are approximately \$600M of unserviceable reparable across the Army yet to be turned in for repair. The efficient channeling of unserviceable reparable parts into maintenance for repair and return to stock forms the core of the reparable management program. On November 1, 2007 and prior to the implementation of improved business processes at the same Army unit's tactical supply support activity, the Overage Reparables dollar value stood at over \$39M. On February 1, 2008, after implementing the improvements, the value dropped 90% to \$3.8M. This drop occurred steadily during the evaluation period and as of December 1, 2008 it stood at \$204,349—a drop of 99.48%, as shown in Figure 3-3. The projected benefit had been a conservative 50%. This dramatic improvement clearly illustrates the benefit of an enterprise approach to logistics management.

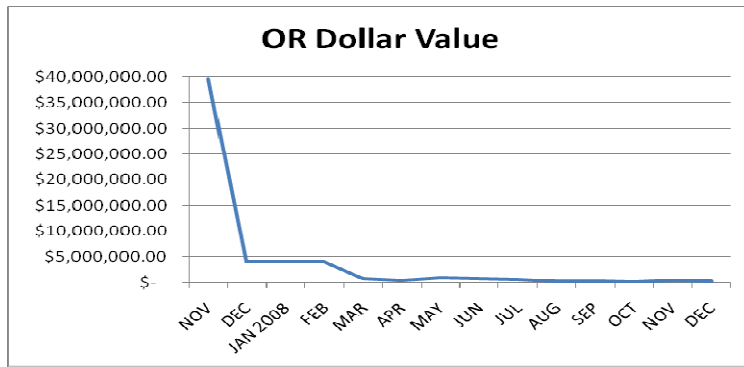


Figure 3-3: Overage Reparables Dollar Value

When Overage Reparables dollar value is low, it indicates that unserviceable repair parts are being turned in for repair and return to stock, minimizing the need to order stocks from the national level only to turn them in as excess once the unserviceable part has been turned in and repaired.



Figure 3-4: Overdue Deliveries



Figure 3-5: ASL Zero Balance

Overdue Deliveries are repair parts orders that have exceeded the average length of time it takes to arrive. Customer Wait Time is probably the most critical measure of how well weapons systems are being supported.³ The longer a mechanic has to wait for a repair part, the longer a piece of equipment remains inoperable, thus affecting a Commander's ability to maintain high readiness. The efficient tracking and timely resolution of Overdue Deliveries has the net effect of significantly reducing Customer Wait Time. As shown in Figure 3-4, the Overdue Deliveries measure had no baseline as the legacy solution lacked the necessary sophistication to generate a baseline figure. The original baseline measures were 4% and 2%; both improved significantly to 2.16% and 1.17% respectively. When Overdue Deliveries are low, needed repair parts are arriving on time. When Zero Balance is low, parts needed to repair inoperable equipment are in stock and available for issue. When Zero Balance with Dues Out is low, then very few parts are backordered. This important tool leverages the configurable nature of the ERP solution to improve significantly the management of late shipments and addresses a 20-year old problem.

³ Customer Wait Time is the elapsed time between the date the order is submitted and the date the order is delivered (computed at the stock number level.)



Demand Satisfaction for repair parts includes the ability to provide requested repair parts immediately upon demand. The ability to provide repair parts immediately upon demand is a key measure of how well a Brigade Combat Team (BCT) is supported. In the commercial sector, when a vendor does not have an item in stock, the consumer simply goes to another store. In a tactical environment, options are few. The implications are severe when a BCT cannot maintain its weapons systems in a ready state.

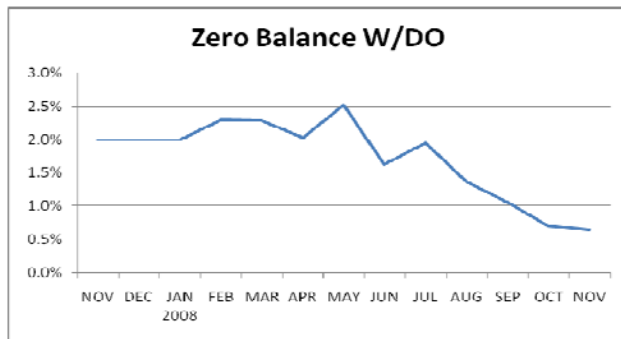


Figure 3-6: Zero Balance with Dues Out

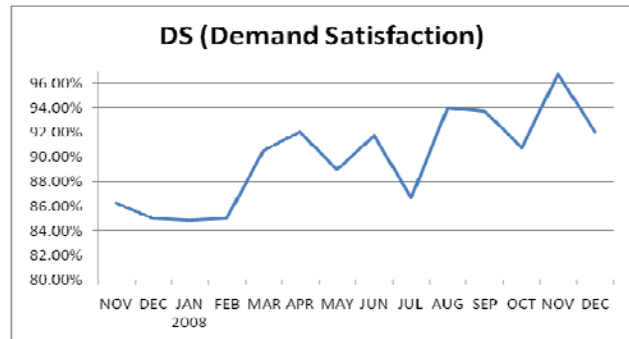


Figure 3-7: Demand Satisfaction

Demand Satisfaction captured on December 1, 2007 was 85%. When it was high, the customer was receiving required repair parts immediately upon demand. On December 1, 2008, it stood at 92.10% - an 8.4% improvement. During the 12 months under evaluation, it steadily improved and generally remained above 90%, peaking at 96.8% in November 2008, as shown in Figure 3-7. This critical measure addresses the consistent repair parts availability to the BCT. Timely parts availability directly translates into equipment readiness and, as a result, unit readiness. The effective packaging of complementary decision support resources ultimately led to the improvement of this core measurement.

Reengineered decision support capabilities are allowing the Army to transform dated business processes and practices, streamline resource intensive process steps, and become efficient stewards of available funds. In addition, the improved processes can be effectively performed within the manpower constraints of the modular Army in both peacetime and wartime footings. The benefits realized increase as business processes are improved throughout the Army Logistics Domain, with the addition of Property Management, Maintenance Management, Ammunition and Financial Management for tactical logistics. The end-state will be a business information environment that effectively complements the modular Army as an integrated part of the joint community in a net-centric environment across the Department of Defense. These improvements are critical in meeting the Army Chief of Staff's RESET imperatives of: 15 months dwell time (between consecutive deployments); equipment readiness ratings greater than 70%; equipment on hand ratings greater than 80%; and Army units adequately trained to assume full-spectrum operations. The Army staff will continue to improve redeployment doctrine and policy, and institutionalize the ethos that redeployment operations are as critical as deployment.



Strengthen IT Management and Governance

The Army’s Business Mission Area is composed of functional domains with architectures in various states of development. The Army has sought to federate the Domains’ architectures using the Business Enterprise Architecture (BEA) as the ontology. The Army completed federation of the Logistics and Financial Domain architectures and is federating the architecture of the Acquisition Domain.

Priority Definition:

Clear, strong governance structures and processes that are enterprise-wide are the basis for oversight, intervention, and prioritization of the Army’s multi-billion dollar investments in IT.

In FY08, Army leadership put the Army’s ERPs on a path from convergence to federation, moving toward integration. The Army’s three ERPs – General Fund Enterprise Business Systems (GFEBS), Global Combat Support System-Army (GCSS-A) and the Logistics Modernization Plan (LMP) moved from disparate program development into centralized, coordinated management of the Army’s ERP strategy.

The Army has leveraged lessons learned from multiple phases of analysis of the ERP architecture and from the ongoing federation of the BEA to evolve a strategy for its business systems architecture that centers around end-to-end business processes. In cooperation with other Army and Department of Defense architects, the Army is progressing from fragmented, legacy information technology systems to business process systems integrated across functional lines. Figure 3-8 shows an effective indicator of improvement—capability gaps in the Army Enterprise Architecture as measured quarterly using the Architecture Compliance and Requirements Traceability (ACART) tool, a BEA compliance database.

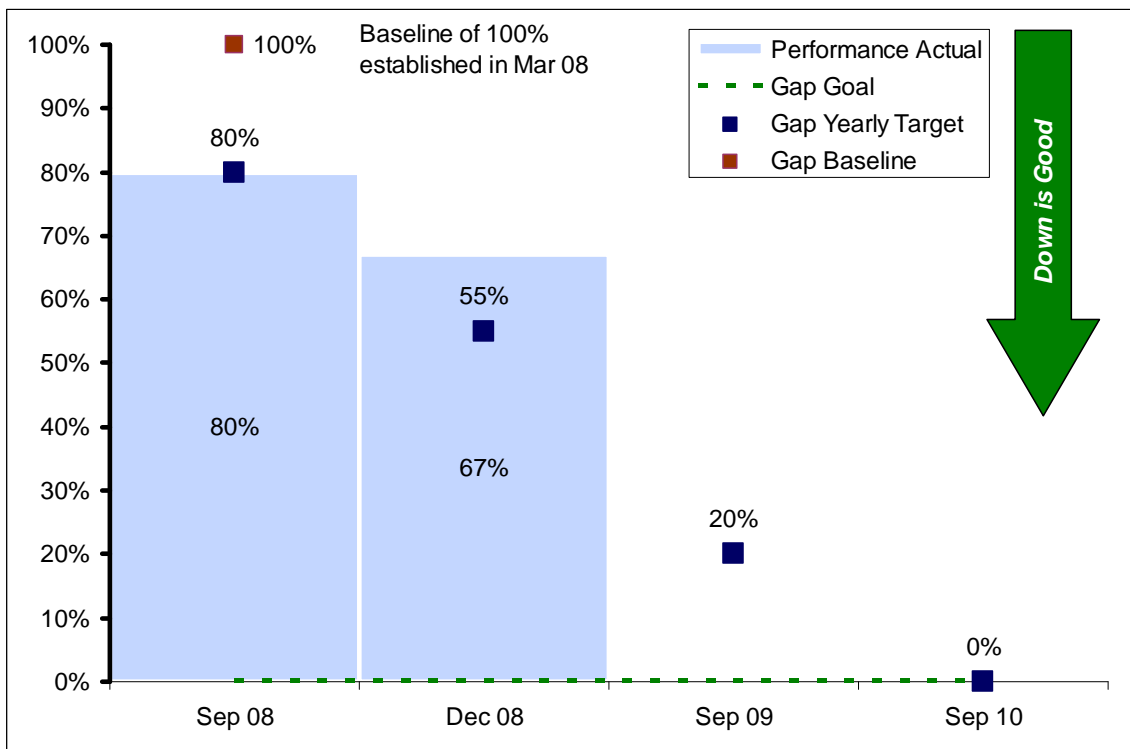
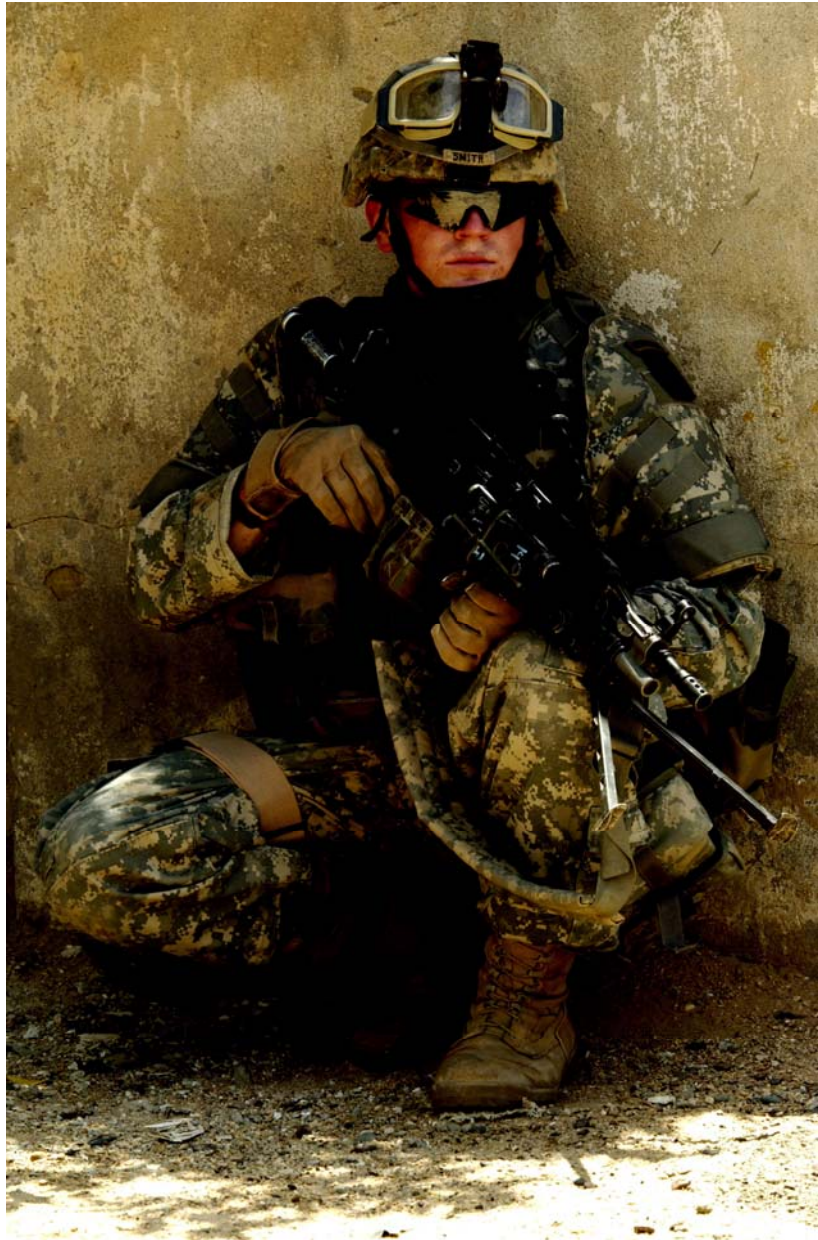


Figure 3-8: Closing Army Enterprise Architecture Gaps

In this way, the Army is on an incremental path to an integrated architecture and interoperable systems for its general ledger accounting system (GFEBS) and its national and tactical logistics systems (LMP and GCSS-A), thus giving the Army improved visibility of its financial and logistics assets. These are long-standing priorities for Congress, DoD and the Army.



The goal of the Army Business Mission Area and Domain architecture is to eliminate gaps in the Army's Enterprise Architecture by FY10. Progress is tracked quarterly using ACART. The Army has incorporated the first six of 15 end-to-end business processes into the ACART tool. The consistent use of the ACART tool across all Domains is a key strategy and source of consistent data for exposure of capability and resource gaps. It overcomes challenges posed by the different levels of maturity of Domain architectures and the use of different architecture tools; it also incorporates the periodic updates of BEA. The use of ACART to identify capability gaps enables development of mitigation plans and action plans. Going forward, the remaining end-to-end processes will be incorporated. The work being done to integrate the major ERPs will more and more become a primary focus of Army business process architecture.



Department of the Navy

The Department of the Navy's (DON) strategic goals for realizing meaningful and sustainable structural changes in Navy-Marine Corps business management are to:

- Improve the ability to forecast and control program total cost of ownership
- Increase resource allocation effectiveness
- Streamline/improve effectiveness of the department's business operations

The key supporting tasks that will enable the department to achieve these goals are:

- Increase visibility into comprehensive program lifecycle costs via deployment of enterprise wide standardized processes and software and through more systematic implementation of existing acquisition governance guidance
- Strengthen linkage between resource allocation (planning, programming and budgeting) and strategic guidance (DoD guidance, Cooperative Strategy for 21st Century Seapower and USMC Vision and Strategy 2025)
- Align and integrate improvements across all business operations mission areas by utilizing Continuous Process Improvement (CPI) methodologies and exploiting emerging technology
- Modernize and integrate legacy systems' data and applications to improve data accessibility
- Establish and manage a secure, interoperable net-centric naval Information Management (IM) and Information Technology (IT) infrastructure
- Verify proper design and effectiveness of Navy and Marine Corps internal financial management controls
- Extend Chief Management Officer (CMO) implementation



Section 6 summarizes the status of key milestones for naval systems and initiatives against the targets set in the *September 2007 ETP*. This section provides examples of the progress during FY08 made by the Department of the Navy in achieving its performance priorities for improving its Defense Enterprise.

Program Lifecycle Cost

Driven by mandates from the Vice Chief of Naval Operations and the Assistant Secretary of the Navy for Research, Development and Acquisition, the Total Ownership Cost (TOC) effort is focused on controlling the total cost of ownership (lifecycle cost) across all programs to ensure the department delivers sufficient capability to fulfill the strategic imperatives articulated in the Cooperative Strategy for 21st Century Seapower and USMC Vision and Strategy 2025 at an affordable cost. Desired effects include achieving near and long term savings by changing the practices, policies and investment strategies that may affect the cost of development, procurement, operation and disposal. The groundwork for this effort was achieved by bringing together leadership across the Navy to discuss methods to reduce TOC for the current and future force. Because of these forums, specific initiatives have been launched to better understand and reduce TOC. As this effort moves forward, these specific tasks will result in changes to the way the department procures and sustains its force structure.

The immediate goals of the TOC effort are to:

- Develop recommended changes to DoD and DON policies, processes, roles, responsibilities and incentives to support a sustained focus on TOC reduction
- Develop an aggregated fleet TOC baseline projection
- Develop a TOC investment strategy
- Continue to conduct regular visits and reviews at echelon commands to communicate the strategic importance of the TOC focus

DON Planning, Programming and Budgeting

The DON planning, programming and budgeting improvement effort focused on providing a more integrated view of the department's investment program and a clearer strategy-based perspective on the capabilities the program delivers. The effort is expected to:

- More deeply embed strategic guidance into resource allocation decision-making
- Strengthen the capability framework for program build
- Improve program build process alignment and synchronization
- Align enterprise business rules for generating Total Force, Procurement and Readiness program proposals during the planning and programming phases

Process improvements have been piloted in the FY11 Program Review and will continue maturing in the FY12 Program Objective Memorandum.

Business Mission Areas

Optimizing the department's business processes requires identification and prioritization of improvement projects and application of process improvement tools to reduce waste, and improve operational performance and affordability. The Secretary of the Navy has led the initial push within the department to institutionalize CPI/Lean Six Sigma (LSS) as one of the primary approaches to assessing and improving the efficiency and effectiveness of DON processes. These optimization efforts aim to:

- Reduce cycle times to speed decisions, transactions and paperwork
- Increase quality of work life
- Provide optimum process reliability
- Ensure affordability
- Improve the safety of Sailors and Marines

This DON CPI program strategy is aligned with the DoD CPI program and will continue to build on industry-recognized practices and business improvement tools.

One example is the DoD Enterprise Software Initiative (ESI), co-chaired by the Department of the Navy, a joint project to reduce the cost of Commercial Off-the-Shelf information technology and implement an enterprise process for software management. This methodology continues to create opportunities to leverage buying power and reduce per unit software licensing and maintenance fees. In the past year, ESI added four new software publishers to the program. Agreements were established with Sun for its Java Enterprise System and Star Office software and with Apple, Minitab and PowerSteering for desktop and server software, maintenance and support. Agreements to add additional products from existing ESI participants Oracle and SAP brought to 10 the total of new ESI agreements achieved in 2008 and to over 75 the total for the initiative. Since its inception in 1998, ESI has been credited with enabling over \$3B in cost avoidance for DoD Components and Agencies, and has won numerous government and industry awards.



In 2008, EST's Data-at-Rest Tiger Team was honored by DoD for Excellence in Information Assurance and received an Intergovernmental Solutions Award from the American Council for Technology for its work in negotiating enterprise licenses for urgently needed data-at-rest encryption technology.

The core business missions that support the development, deployment and sustainment of critical warfighting capabilities across the DON are shown in Figure 3-9. The High Impact Core Value Streams (HICVS) to the left are owned by the Assistant Secretaries of the Navy and represent key business processes.

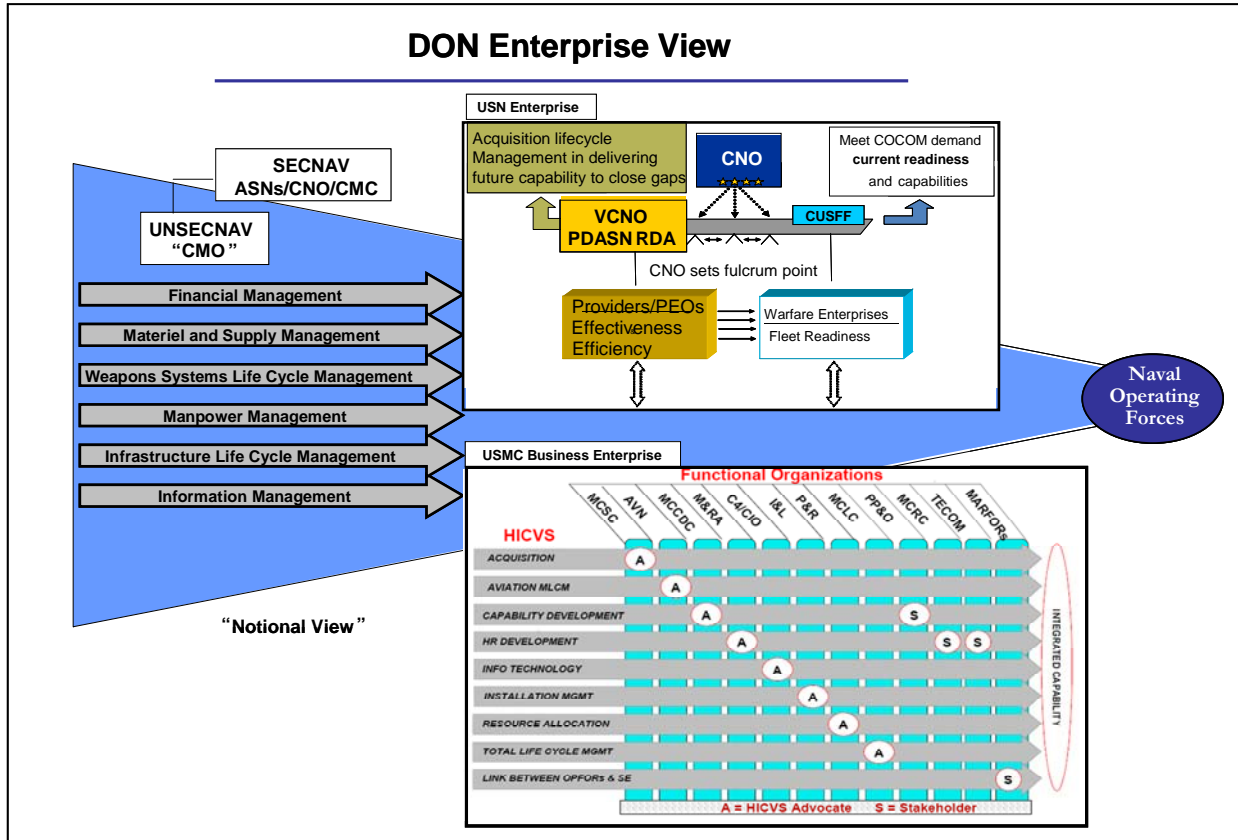


Figure 3-9: DON Business Processes-Enterprise View



Legacy Systems

To gain visibility into the costs of operating the maritime fleet, and to standardize the business processes across the Department of the Navy, the department must modernize the business systems and retire legacy systems, which are often redundant and difficult to integrate.

Eliminating networks without losing or interrupting capability is a complex and challenging undertaking, but the Navy established a goal to terminate 25 legacy networks in 2008. As shown in Figure 3-10, the Navy has eliminated 146 legacy networks since 2006 through the efforts of the Cyber Asset Reduction and Security (CARS) initiative, as well as by other organizations throughout the Navy.

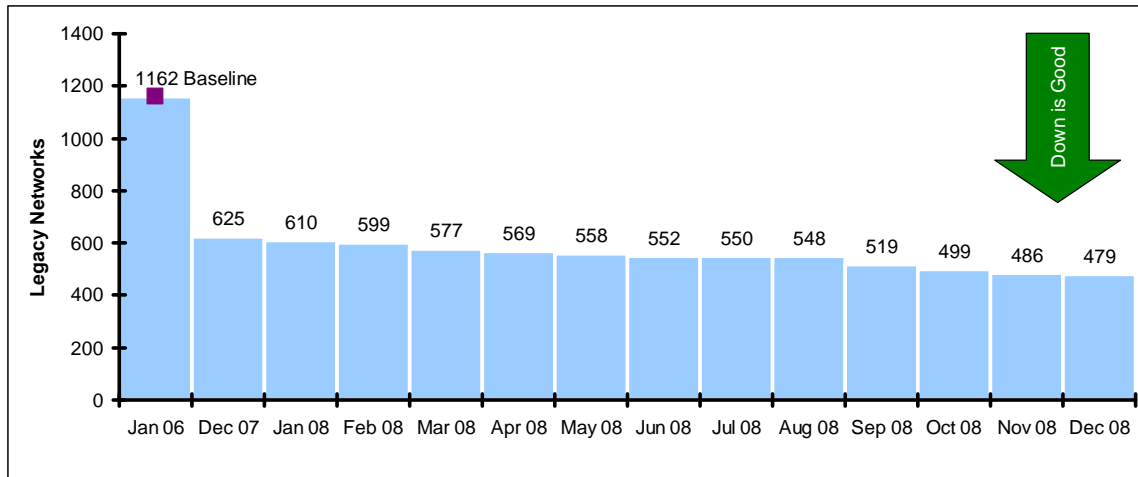


Figure 3-10: Navy Legacy Network Reduction

IM and IT Infrastructure Management

The Sea Services maintain a persistent global presence using distributed forces extended beyond traditional deployment areas and performing missions ranging from humanitarian operations to counterterrorism and irregular warfare. Maritime forces are tailored to the unique and evolving requirements particular to each geographic region, often in conjunction with joint, allied and interagency partners. The Department of the Navy works to develop, implement, operate and sustain a global information infrastructure that provides secure, interoperable, end-to-end connectivity to all its Sailors, Marines and Civilians. Common architecture and technical standards ensure that the naval component of DoD’s Global Information Grid (GIG) maintains interoperability with joint forces, allied coalitions and interagency partners. With more than 700,000 users, the Navy-Marine Corps Intranet (NMCI) is the world’s largest intranet, providing access to voice, video and data services to Sailors, Marines, Civilians and contractor support personnel at more than 300 locations in the Continental United States, Hawaii, Japan, Guam, Puerto Rico and Cuba. NMCI plays a vital role in information sharing, transmitting 3.4 terabytes of data each day and over 100 million email messages each month. NMCI maintains robust network security.

During an average month, NMCI thwarts 1,200 unclassified intrusion attempts, blocks nine million spam messages and disinfects tens of thousands of viruses. Additionally, NMCI’s flexibility and ability to reconstitute operations rapidly has helped the Navy and Marine Corps maintain mission capability in the face of challenges, such as, the attack on the Pentagon, Hurricanes Isabel, Katrina and Rita and the California wild fires. By law, the NMCI contract will expire September 30, 2010. The Department of the Navy is actively preparing for the Next Generation Enterprise Network (NGEN), the follow-on to NMCI and a step closer to the department’s future vision of a fully-integrated enterprise environment in which data and services will be ubiquitously available to DON users, the Naval Network Environment (NNE). The Secretary of the Navy, the Chief of Naval Operations and the Commandant of the Marine Corps are guiding the NGEN



initiative. Their emphasis is upon effecting a seamless transition to the new network, while employing lessons learned from NMCI and other government and industry organizations to further improve reliability, adaptability, governance and support to operating forces.

Financial Management Processes

In FY08, the Department of the Navy asserted audit readiness for Contingent Liabilities for Existing and Pending Litigation (an estimate that represents approximately 9.5% of the Department of the Navy's total liability) and qualified audit readiness for a working capital organization, the Naval Research Laboratories. The Laboratories performed risk analyses, assessments and tests on key internal controls, and documented that all of their core business processes were operating effectively. Working with the Defense Finance and Accounting Service, the Department of the Navy completed risk analysis and internal controls testing associated with its collections and disbursements processes, providing better visibility into receipts and payments. The Department of the Navy also documented and began internal controls testing on three more key General Fund business processes: funds receipt and distribution, civilian labor payroll, and reimbursable work orders (performer). This testing will assure Navy and Marine Corps leaders that internal controls are properly designed and effective. Finally, the Navy Enterprise Resource Planning (ERP) software, a key steppingstone to naval operations in a transformed business environment, was deployed at two of the Navy's four major acquisition commands (the Naval Air Systems Command and the Naval Supply Center). The major acquisition commands are the largest business concerns in the Navy. When fully implemented across the systems commands, Navy ERP will be the sole financial system managing more than half of the Navy's total obligations.

Chief Management Officer Implementation

The FY08 National Defense Authorization Act (NDAA) established the position of a Chief Management Officer both in the Office of the Secretary of Defense and in each of the Military Departments, with responsibility for drafting and implementing business enterprise architecture and associated process improvements. The Chief Management Officer of the Department of the Navy is the Under Secretary of the Navy.

The FY09 NDAA required each Military Department also to establish an Office of Business Transformation. In order to effectively execute the required functions of the office, the Secretary of the Navy established the position of the Deputy Chief Management Officer (DCMO), who serves as the Director, Office of Business Transformation.

The DON DCMO serves as principal advisor to, and day-to-day lead executive for, execution of the responsibilities of the DON CMO. The DCMO coordinates with the Office of the Secretary of Defense (OSD) DCMO and will assist the Under Secretary in his or her responsibilities as Chair of the DON Business Transformation Council (BTC).

The Secretary of the Navy appointed a DCMO in November 2008. The following responsibilities and near term tasks were assigned to the DCMO:

- Development of a well-defined enterprise-wide business systems architecture and business transformation plan for submission to Congress by July 2009
- Establishing and staffing the Office of Business Transformation within the Office of the Under Secretary of the Navy, to ensure that the business transformation plan, architecture and transition plan, once developed, are aggressively implemented and accurately measured
- Providing necessary information to the DoD DCMO, including updates to the DoD Strategic Management Plan
- Developing recommendations for the DON CMO with the goal of aggressively pursuing improvements and innovations to streamline and enhance DON business operations

- Providing oversight of the use of LSS tools and CPI within the DON via creation and implementation of policies and collaborative efforts to incentivize process improvement
- Supporting the development of an aggressive department-wide plan to speed the implementation of ERP software across the Department of the Navy. In particular, identifying methods to tie the ERP efforts to improvements in key DON Business Processes such as reducing the Total Ownership Cost of DON assets

In the near term, the DON DCMO focused on three initiatives to accelerate the standup of the Office of Business Transformation:

1. Integrating civilian and military business transformation efforts by aligning the efforts of the DCMO and Navy Enterprise Integration and Analysis Office (OPNAV N09X). OPNAV N09X is the Chief of Naval Operations' staff element focused on business operations improvement.
2. Coordinating Navy and Marine Corps business transformation efforts. DON is unique in that it is a single military department with two Services. Consequently, achieving alignment among the business operations frameworks for Navy, Marine Corps and DoD is key. These efforts are reflected in the draft DON CMO Charter, the draft SMP and a portfolio of business transformation initiatives, which will be managed by the Office of Business Transformation.
3. Integrating the oversight of CPI/LSS implementation throughout the DON into the Office of Business Transformation. This will allow for standardized assessment metrics, incentive policies and project tracking across the enterprise. Further, the Office of Business Transformation will ensure that successful projects are replicated across the DON, and training resources are reallocated as individual sites become more proficient in using process improvement methodologies.

The Department of the Navy has made good strides in the past year to:

- Standardize business processes, particularly in the area of financial management
- Focus awareness on the need to define total ownership costs early in the planning and programming cycle
- Gain greater visibility into its lifecycle costs

The upcoming report in July 2009 on the department's strategic management plan and implementation of business enterprise architecture will demonstrate the continued, accelerated progress this foundation permits.



Department of the Air Force

The Department of the Air Force has five strategic goals for improving its Business Enterprise:

- Focus operational support on improving joint warfighter effectiveness by integrating high value operational threads across domains and across combat and combat support functions
- Set common goals and priorities across the operational support of the Air Force Enterprise
- Reengineer critical processes, identify and prioritize processes for improvement and redesign them whenever they fall short of the immediate or long-term expectations
- Move systems into a modern information framework. Leverage existing initiatives of the Air Force and the Office of the Secretary of Defense (OSD), while synchronizing and accelerating them to achieve transformation
- Harvest resources to complete operational support transformation and support modernization of Air Force and joint capabilities

Eight supporting performance priorities define the capabilities the Air Force must acquire or improve to achieve these goals:

- Synchronize the Supply Chain and Installation Management with Operations – Globally
- Leverage the Power of Information to Transform Global Operations
- Improve Operational Capabilities through Improved Real-Time Command and Control (C2), Decision Support and Predictive Analysis
- Support The People – The Most Important Resource
- Increase Resources Available for Recapitalization
- Provide accurate, reliable and timely financial information to support decision-making and accountability
- Optimize Enterprise Performance through Transformation and Continuous Improvement across Functional Boundaries
- Improve Development and Delivery of Capabilities through Disciplined and Credible Processes

Section 6 summarizes the status of key milestones for Air Force systems and initiatives against the targets set in the *September 2007 ETP*. This section provides examples of the progress during FY08 made by the Department of the Air Force in achieving its performance priorities for improving its enterprise.

Synchronize Supply Chain and Operations Management

The Air Force is recasting its supply chain to deliver more effective support to mobile expeditionary forces by implementing asset identification and tracking throughout the Air Force logistics system, thus providing full lifecycle asset management. Notably, FY08 efforts have targeted assets with designated properties as identified by DoD Item Unique Identification (IUID) guidelines. Marking each required item using these standard guidelines provides the Air Force with improvements in accurate and timely information on location, condition, status and identity of assets (aircraft, munitions, equipment, supplies, etc). The IUID standard is driving improvements in acquisition, repair and deployment.



Priority Definition:

Build an integrated closed-loop planning process that starts with operations, flows through logistics and installation management, and delivers results to the warfighter.

Implementation of IUID guidelines will provide the Air Force with long-term improvements to Air Force asset management in a number of areas. A multi-phase process is delineated in the Department’s *September 2007 ETP*. Figure 3-11 shows that the Phase I goal for the implementation of IUID was not met during FY08—however, significant progress was made in that Unique Item Identifiers (UIIs) were assigned to 9,448 aircraft and all UII-marked items were listed in the IUID Registry through automated links between parts-marking devices and the registry to minimize duplicate entries.

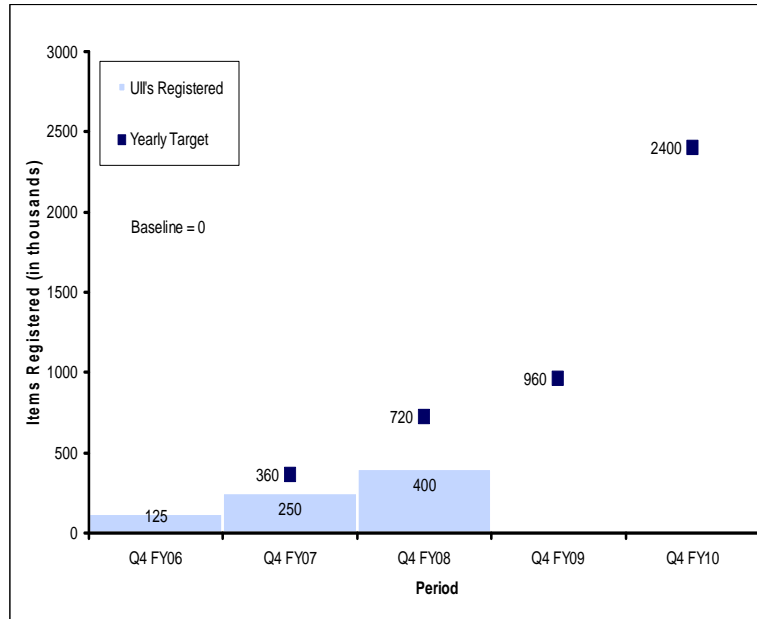


Figure 3-11: Air Force Items in IUID Registry

Two initial projects, called Pathfinders, were conducted to validate anticipated efficiencies in the use of IUID technologies. The IUID Reliability Pathfinder demonstrated a repeatable, scalable serialized asset tracking process within an asset population. It identified by serial number those parts that fail most often. This enabled improvement of Pitch Electronic Control Unit mean-time-between-demand by 35%. The Warranty Tracking Pathfinder created a warranty tracking process using IUID. The Pathfinder delivered a repeatable, scalable process to alert technicians at the “point of maintenance” and forward supply points regarding parts warranty status. The result was reduced repair costs and increased utilization of warranties.

Asset identification technology consists of active and passive Radio Frequency Identification (RFID) tags that transmit asset data to logistics information systems. This technology facilitates analysis and decision making in the management of the total Air Force supply chain. This effort is two-pronged. The first objective is to ensure that Air Force assets are tagged as they enter the supply chain and are employed. The second objective is RFID read/write availability.

Munitions experts attached active RFID tags to 323 Precision Guided Munitions and Air-to-Ground Missile containers stored in seven ammunition igloos. The RFID tags record temperature and relative humidity, thus increasing asset visibility without human intervention and reducing work-hours for condition checking and inventory.

The Air Force Central Command (CENTAF) Southwest Asia Asset Accountability Pilot at Al Dhafra Air Base leveraged existing active RFID infrastructure and RFID tags, successfully tracking fully 99.6% of vehicles and equipment. It also reduced the effort-hours for asset location and provided enhanced capability to find lost assets – a successful test in real world conditions.

The second branch of the RFID effort is to assure active RFID read/write capability is available across the Air Force enterprise. To date, 445 stations at 224 sites are writing tags for cargo entering the Defense Transportation System. The Air Force has integrated RFID capability into the Cargo Movement Operations System (CMOS) used by the Air Force, the U.S. Transportation Command and the Army.

The Southwest Asia (CENTAF) Asset Accountability Pilot has exceeded its goal for the fourth quarter of FY08, nearly completing implementation of RFID infrastructure and RFID tags, successfully tracking fully 99.6% of vehicles and equipment



The Air Force also has initiated process improvement activities across the full spectrum of the logistics activities, significantly improving supply chain management. Asset management capabilities were centralized, resulting in increased efficiencies.

The Air Force activated its Global Logistics Support Center (AFGLSC) at Scott AFB, providing centralized Supply Chain Management (SCM) planning and execution, integrated SCM processes, real-time collaboration with customers and suppliers, and global command and control based on Air Expeditionary Force lessons learned. The Centralized Asset Management (CAM) Program streamlined management processes for weapon system sustainment accounts. In FY08, total budgeted funding was \$13.8B (including supplemental), which represents approximately one-third of Air Force Operation and Maintenance (O&M) accounts. Central management of funds provided the best mix of support to meet warfighter requirements. Purchasing and Supply Chain Management Commodity Councils developed enterprise procurement strategies, linked customers with suppliers, drove standardization and leveraged volume purchases to improve customer support, unit prices, quality of goods & services and delivery responsiveness. Commodity Councils realized a cost savings/avoidance of over \$5.5M and a 125-day reduction in overall administrative lead-time through FY08.

Information system improvements provide Air Force decision makers, logisticians and maintainers with access to data and analysis critical to asset management and to ensure that relevant and accurate data is available when and where it is needed.

The Air Force implemented Military Standard (MILS)-to-Defense Logistics Management System (DLMS) data conversion that resulted in a 61% reduction in the number of data transactions – reducing bandwidth, storage and processing time required. Electronic Technical Orders (T.O.) eliminated the need for pallets of paper T.O.s to accompany weapon systems and reduced distribution time by 23 days. Available via the internet, they currently support approximately 30,000 Air Force users worldwide. This reduced T.O. library maintenance time from five days per library account per month to one day per account per month, returning approximately 6,000 workdays per month back to aircraft maintenance. Local printing capability reduces shipping costs by as much as 75% and reduced shipping times for paper T.O.s from weeks to days.



Supply chain transformation has streamlined and modernized the fundamental logistics processes, improving on operational capabilities while reducing the cost to deliver them. This comprehensive process of reengineering is leveraging new technologies, and modernizing or developing systems at the foundation of combat support. The benefits of these transformative initiatives include increased asset visibility without human intervention, thereby reducing work-hours for condition checking and inventory; reduced repair costs; improved warranty utilization; and reduction of bandwidth, storage and processing time requirements. Building more robust IUID/RFID and Standard Financial Information System capabilities prepared Air Force logistics data for exploitation by enabling the Standard Base Supply System to use the new DoD standard data formats of the DLMS.

Support People

The Air Force is building a new service-delivery model for managing personnel and pay, as well as quality of life and morale, welfare and recreation. It is improving the efficiency and quality of transactional, customer service, advisory and program oversight services through reengineering, consolidation and automation.

Priority Definition:

The Air Force will be more effective and efficient with a satisfied, empowered and stable Total Force of military, civilian and contractor personnel.



In this new service-delivery model, the majority of manpower, personnel and services transactional and customer service work, as well as the program management/oversight of those functions are centrally consolidated. This enhances access to personnel services and information through leveraging web-based applications and next-generation contact center technology that puts real-time personnel and pay tools and information in the hands of customers.

The Air Force implements this priority through workplace and family programs, training and education of military and civilian leaders, change management strategies and changes to business processes, personnel accountability and contracting. Significant improvements are described in the next section. The Air Force measures the achievement of these objectives through the number of personnel processes for which members have real-time self-help and 100% transformation to Total Force processes and capabilities.

Automation and Self-Service

The Air Force Financial Services Center (AFFSC) has been a great success story for the Air Force. It has transformed business operations to utilize information technology and continue to support the mission as services are moved to a central processing center – thus downsizing the back-office footprint. The AFFSC now performs 35% of base-level processes at a centralized location, removing the need to have Airmen directly providing support at each base. This effort has saved \$200M and nearly 600 manpower authorizations, which were then recapitalized within the Air Force.

Customer Self-Help Transformation efforts in FY08 are on track toward the Air Force goal of providing customer self-service access to 120 identified processes. By the third quarter of FY08, 28 processes have been implemented.

The number of personnel processes for which members have real-time self-help gauges how well the Air Force is transforming processes historically performed by face-to-face interaction with customer self-service. Customers no longer has to stand in line and wait for service. They can access their information and make changes at anytime from anywhere. Transformation efforts in FY08 are on track toward the performance target of providing customer self-service access to 120 identified processes.

Deploy Tools, Organizations, and Training

The Air Force expanded training and improved staff performance for all non-appropriated fund employees by documenting training in the employee's personnel records.

The Air Force centralized funding and management of the Air Force lodging program, including development of corporate standards for facilities and operations. Quality and efficiency improved, ensuring that Air Force lodging supports the mission by providing overnight accommodations comparable to any highly regarded private sector limited-service hotel.

Standardize Services and Platforms

The Air Force is streamlining capabilities across the Total Force in an effort to standardize the way it does business and provide consistency to the customer experience. FY08 results are on track toward the goal of transforming Total Force personnel processes and capabilities, with the exception of the Defense Integrated Military Human Resources System (DIMHRS) processes.

Transformation efforts in FY08 are on track toward the goal of transforming Total Force personnel processes and capabilities, with the exception of DIMHRS processes.

Significant improvements were realized in FY08 through increased efficiencies via the centralization of personnel services and integration of Total Force personnel into standardized service platforms. During FY09, the Air Force anticipates conducting intensive process analysis activities, which will enable accelerated improvement in the Air Force measures of effectiveness.



Provide Accurate, Reliable, Timely Financial Information

The Air Force is committed to improving the accuracy, reliability and timeliness of financial information for decision makers and achieving audit readiness on the financial statements. To achieve this priority, the Air Force is breaking down business processes into manageable increments aligned to the BEA and the Chief Financial Officer (CFO) and the Federal Financial Management Improvement Act (FFMIA) compliance requirements. The Air Force is using the Air Force Financial Improvement Plan (FIP) to prioritize efforts, in accordance with Office of the Secretary of Defense (Comptroller) strategy, and ensuring the efficient use of resources to standardize and integrate processes with other Component initiatives. This supports consistency and continuity not only across the AF Enterprise, but the DoD Enterprise.

Priority Definition:
Enable decision makers and warfighters through the modernization of financial systems.

The Air Force is moving away from the old transaction-based business model to a new paradigm incorporating financial transparency to achieve a clean audit through the modernization of financial systems, documenting processes, implementing the Standard Financial Information Structure (SFIS) initiative and the identification of authoritative data. These efforts directly impact the Air Force’s ability to audit the business practices, finance the fight and support the Air Force mission.

Additionally, the Air Force has worked to reduce transactional activities, establish transparent processes and consolidate functions while providing increased capabilities to the warfighter. This is being achieved through the utilization of Enterprise Resource Planning (ERP) systems, such as the Defense Enterprise Accounting and Management System (DEAMS) and Expeditionary Combat Support System (ECSS).

The Air Force is leading the Department towards meeting their Common Supplier Engagement (CSE) goal. In FY08, the Air Force became the first Component to meet and surpass the enterprise goal of processing 75% of the financial transactions electronically, as shown in Figure 3-12. The Air Force goal is to process 80% of the financial transactions electronically, measured by the percentage of different types of financial transactions at all levels within the Air Force, using Wide Area Workflow (WAWF). The Air Force uses this information to identify improvement areas and evaluate the status of previous improvements/changes.

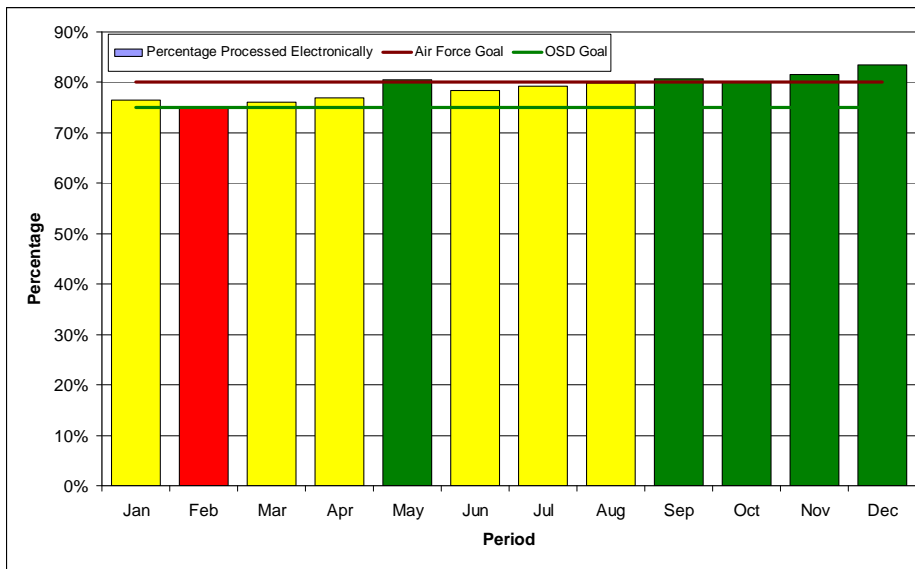


Figure 3-12: Percent Financial Transactions Processed Electronically



Data management is a key component to achieving accurate, reliable and timely financial information. The Air Force collaborated with the Defense Finance and Accounting Service (DFAS) on a moratorium study of Air Force Financial Management (FM) data elements that concluded that FM data needed standardization among enterprise legacy systems. This effort laid the initial framework for the creation of a data quality service utilizing the DISA service-oriented architecture environment. This should support enforcement of data standardization and reduce the amount of reconciliation, rekeying and rework to input data.

The Air Force, in collaboration with the DoD Chief Financial Officer, has developed a prototype methodology to merge implementation of Office of Management and Budget (OMB) Circular A-123 (Appendix A) with the Financial Improvement and Audit Readiness (FIAR) Plan, providing enhanced audit readiness strategy for all Components. The Air Force formed an integration team that reviewed the business processes identified in the BEA, modified guidance to assure internal control review, released revised templates and restructured process narratives and flowcharts. This effort realigned the General Fund and Working Capital Fund areas to the new end-to-end segment approach. On May 1, 2008, Air Force completed risk analysis, developed detailed test plans, completed control assessment and performed testing when appropriate. Air Force provided the DoD Comptroller with Air Force implementation guidance, formats, and lessons learned to assist in developing Defense-wide guidance for all Components in FY09. This prototype successfully met the requirements of Appendix A, implementing a common methodology and sustaining the program. Integration of the FIAR, ETP and OMB Circular A-123 is essential to meeting the mission and providing accurate, reliable and timely information.

Department of the Air Force—Chief Management Officer

The Secretary of the Air Force designated an Air Force Chief Management Officer (CMO) on August 6, 2008, and then subsequently created the position of Deputy Chief Management Officer (DCMO) to provide cross-administration continuity.

As shown in Figure 3-13, the CMO serves as the Air Force Enterprise Process Champion, facilitates integration across the Air Force Strategic Plan and bolsters the alignment and effectiveness of Air Force-wide processes in support of the priorities, goals and objectives in the 2008 Air Force Strategic Plan. CMO activities are coordinated through and with the Air Force Council (provision of resources) and Process Council (process modernization).

The Air Force has fully documented its existing governance processes, benchmarked with the private sector and formed a cross-functional integrated process team, comprised of senior leaders, to define the roles and responsibilities of the CMO within the Air Force. The Air Force is confident that as it continues to implement Section 904, its current, robust governance processes support the intent of the law.

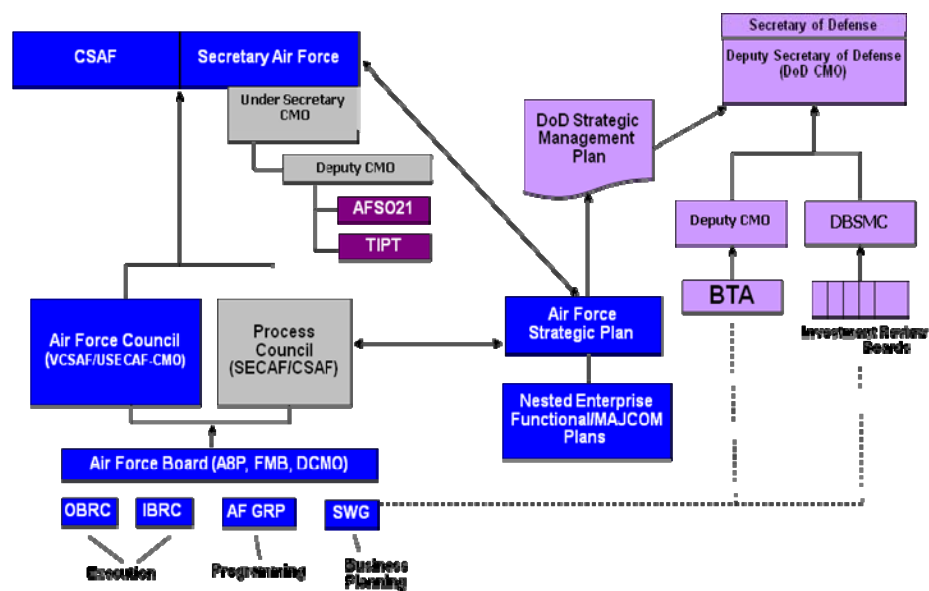


Figure 3-13: Alignment of Governing Bodies



4. Commands, Agencies and Activities

The Defense Agencies and Activities with enterprise responsibilities, such as the Military Health System, tailor system investments and processes to the special or unique needs of their customers. As Table 4-1 shows, each agency or activity has performance priorities for improving its business systems and process.

Table 4-1: Strategic Focus Areas, Goals and Priorities

Command, Agency/Activity Business Enterprise			
Defense Logistics Agency	U.S. Transportation Command	Defense Finance and Accounting Service	Military Health System
<ul style="list-style-type: none"> • Warfighter Support Enhancements • Stewardship Improvements • Business Processes Refinements • Workforce Development 	<ul style="list-style-type: none"> • Mature the Joint Deployment and Distribution Enterprise • Leverage Collaboration and Partnerships • Develop Expeditionary Approaches • Enable Joint Distribution Concepts 	<ul style="list-style-type: none"> • Reduce the Number of Urgent Military Pay Problems • Improve Financial Performance by Automating Manual Processes, Eliminating Redundancies and Promoting Risk Management • Expand Electronic Commerce Capability • Promote Process Improvement and Risk Management 	<ul style="list-style-type: none"> • Provide continuity of care through continuity of information • Transform from a reactive to a proactive healthcare system • Enhance the military health benefit through more efficient healthcare operations

Table 4-2: System Modernizations and Initiatives by Commands, Agencies and Activities*

Defense Logistics Agency	U.S. Transportation Command	Defense Finance and Accounting Service	Military Health System
BSM-ENERGY CFMS IDE RMP	AT21 COP D2 CPA DEAMS DPS DTCI FC IGC JDPAC JTF-PO PMA TDM	EC/EDI ERMP-BAM SDI (ADS)	AHLTA DMLSS JEHR

*See the Program Acronyms List for the expansion of the acronyms included in this table.



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Defense Logistics Agency

The Defense Logistics Agency (DLA) is the bridge between the warfighter and the American industrial base, playing a central role in safeguarding America's national security. The Military Services rely on DLA for 100% of their subsistence items, medical materiel, tents, construction and barrier materiel, clothing, footwear and protective garments—the essential items for personnel readiness. DLA also provides 100% of the military's worldwide fuel and energy requirements—the lifeblood of any fighting force. In addition, DLA provides approximately 95% of the repair parts the Services require to keep warfighting platforms and support equipment in top-notch condition, essential to force readiness and sustainment.

The U.S. military's ability to generate and sustain combat readiness indefinitely, anywhere on the globe, requires a joint logistics capability that optimizes warfighter support above all else. As the Department's exclusive logistics Combat Support Agency, DLA has a pivotal leadership role in delivering this capability across the Defense Business Enterprise. DLA's strategic vision is to extend the Enterprise to deliver the right items, right service, at the right place, right time...every time. In the near term, this involves taking DLA to the next level—where the agency is constantly high performing, customer focused and globally responsive.

As DLA's mission continues to evolve and expand, it is transforming to meet changing responsibilities and to use best supply chain practices, all while ensuring excellence in day-to-day support of warfighters and maintainers worldwide.

DLA's overriding commitment is, "Doing what is right for the Armed Forces and the Department of Defense." In this spirit, the agency established four strategic focus areas, or priorities. They are:

- Warfighter Support Enhancements
- Stewardship Improvements
- Business Process Refinements
- Workforce Development

DLA continues to extend its forward presence of people, systems, materiel and services while enhancing collaboration with warfighters and mission partners—delivering on current commitments, staying sufficiently agile to address emergent requirements, and evolving to meet emerging challenges in the years ahead. The following discussion provides examples of the progress DLA made during FY08 in achieving improvements in its strategic focus areas.

Section 6 summarizes the status of key milestones for DLA systems and initiatives against the targets set in the *September 2007 Enterprise Transition Plan (ETP)*. This section provides examples of the progress during FY08 made by DLA against the targets set in the *September 2007 ETP*.



Enhance Warfighter Support

DLA’s top priority is *always* warfighter support—supporting the readiness and sustainment of DoD personnel engaged in wartime operation activities. This includes supporting maintainers and others whose efforts are critical to preserving and enhancing the nation’s defense posture.

**Maximize
Warfighter
Potential**

As DoD’s logistics Combat Support Agency, DLA’s mission is to provide best value integrated logistics solutions to America’s Armed Forces and other designated customers; therefore, the agency’s first and most important priority addresses enhancements to warfighter support.

DLA is engaged in several initiatives to achieve desired outcomes for effective warfighter support. For example, the agency continuously prepares for expected and emergent requirements related to significant warfighter operations and maintainer activities. DLA has a significant role to play in both Continental United States (CONUS) and outside CONUS operations to better enable efforts regarding the eventual re-posturing of forces, equipment and materiel from or within Southwest Asia. DLA will continue efforts to define, prepare for and execute its expanding support to operations in Afghanistan, including participation in assessments of alternate supply routes and sources. The agency also is prepared to execute effective support of personnel and equipment resets from the Iraqi theater.

Another initiative to enhance warfighter support efforts relates to continuous improvement of DLA’s expanded role in industrial support. This includes a commitment to reduce cost and improve performance within the Defense supply chain based on the impetus of Base Realignment and Closure Commission (BRAC) legislation. BRAC 2005 significantly expanded DLA’s role in direct support of the Military Services’ industrial operations at depots, logistics centers, shipyards and other sites that sustain and enhance the effectiveness of weapon systems and supporting equipment. DLA continues to move forward with BRAC activities to pursue logistics economies and efficiencies that improve logistics support to joint and expeditionary forces.



Overview of the BRAC 05 Supply and Storage Decisions and Pillars

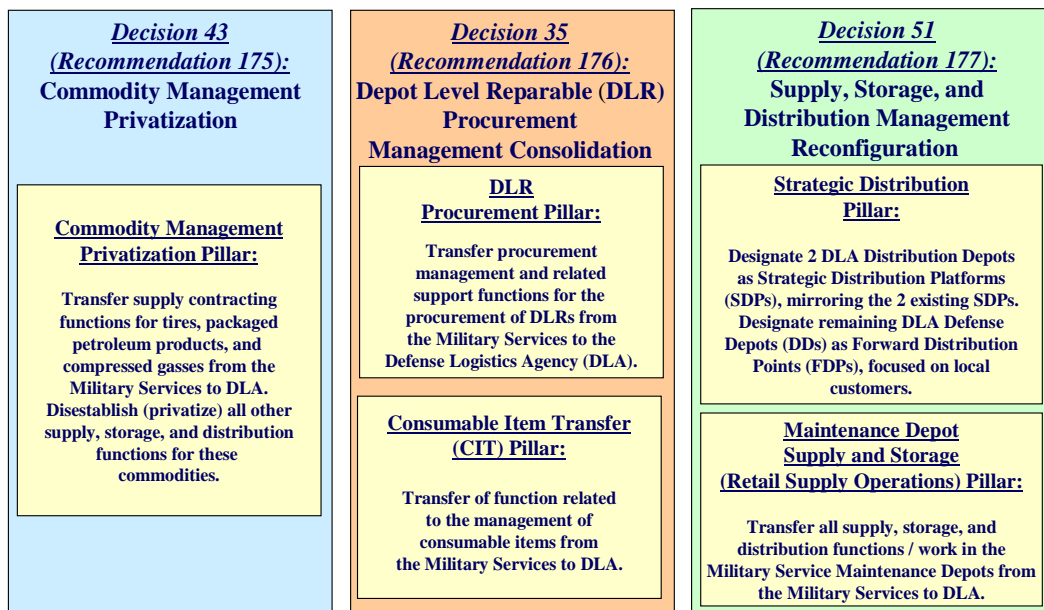


Figure 4-1: Supply & Storage BRAC Recommendations



Three BRAC recommendations, as shown in Figure 4-1, have common themes to achieve a more cost effective, efficient and reliable supply chain across the Defense Business Enterprise.

Commodity Management Privatization

Commodity Management Privatization transfers supply contracting functions for tires, packaged petroleum products and compressed gases from the Military Services to DLA and disestablishes (privatizes) all other supply, storage, and distribution functions for these commodities. Privatization enables the Defense Business Enterprise to take advantage of the latest technologies, expertise and business practices, which translates to improved support to customers at less cost. This decision will achieve economies and efficiencies that enhance the effectiveness of logistics support to warfighters as they transition to more joint and expeditionary operations. Some of these economies and efficiencies include a single procurement source, reducing labor cost by eliminating receipt, storage and issue functions at distribution depots, eliminating related storage facility requirements and reducing inventory investment.

During FY08, DLA achieved full performance implementation in commodity management privatization of tires, compressed gases and cylinders, chemicals and packaged petroleum, oils and lubricants. The implementation effort in FY08 reduced nine full-time equivalent positions and nearly one million square feet of gross facility space requirements.

Depot-Level Repairable (DLR) Procurement Management Consolidation

The consolidation of DLR procurement management transfers procurement management and related support functions for the procurement of new DLRs, as well as functions related to the management of additional consumable items transferred from the Military Departments to DLA. Some of the benefits that will be achieved by FY11 include a single, integrated DLR and a consumable-item management procurement provider that supports all Military Services—and provides a single face to industry in developing strategic contracts and in helping to reduce inventory. The agency implemented DLA detachments for DLR procurement management consolidation at Ogden and Oklahoma City Air Logistics Centers in June 2008. In addition, the Services transferred 7,369 consumable national stock numbered items to DLA.

Supply, Storage and Distribution (SS&D) Management Reconfiguration

SS&D Management Reconfiguration designates two additional DLA distribution depots as Strategic Distribution Platforms (SDP), mirroring DLA's two existing distribution platforms. SS&D transfers all supply, storage, and distribution functions and associated inventories at 13 designated service maintenance depots to DLA. The many benefits of SS&D management reconfiguration include improving strategic flexibility and surge options, and consolidating supply and storage functions at maintenance depots and shipyards. DLA will become responsible from requirements generation to delivery of material to the artisan, reducing unnecessary duplication in the Department's supply chain and achieving optimal material positioning at forward distribution points.

DLA transferred SS&D functions and associated personnel at:

- Warner Robins Air Logistics Center (ALC) (October 2007)
- Oklahoma City ALC (February 2008)
- Ogden ALC (July 2008)
- Fleet Readiness Center East at Marine Corps Air Station, Cherry Point (August 2008)

The second and most significant phase of SS&D implementation is scheduled for completion no later than FY11. This phase will achieve end-to-end supply chain functionality to realize inventory savings with the minimum necessary inventory.



Way Ahead

As Figure 4-2 illustrates, DLA, in partnership with the Military Services, has begun and will continue to implement BRAC recommendations to achieve a more cost-effective and agile DoD supply chain. As the single, Department of Defense-integrated supply chain provider, DLA is committed to a seamless transition for the three BRAC recommendations, with no negative impact on the warfighter. DLA understands the importance of accountability to ensure performance meets or exceeds existing service performance standards.

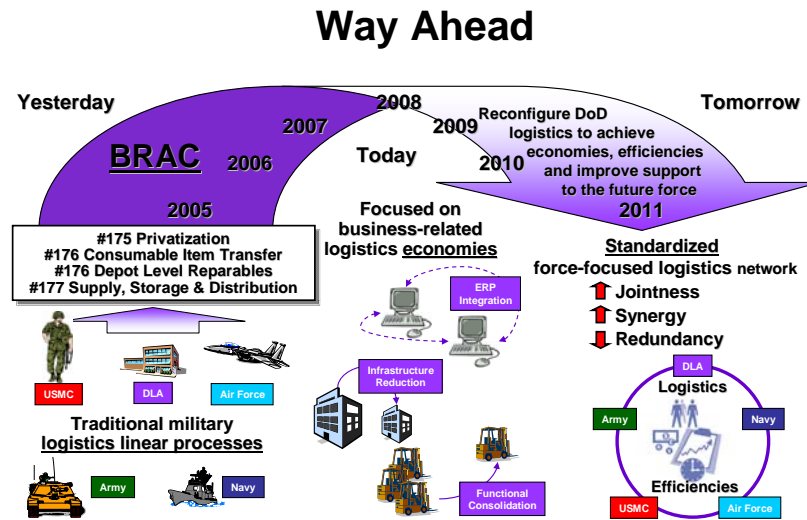


Figure 4-2: Way Ahead

Refine Business Processes

As America’s sole logistics Combat Support Agency, DLA provided more than \$42B of goods and services in FY08. DLA continues to enhance its processes to capitalize on revised practices, related system investments and the workforce’s capabilities to improve support for those who rely on DLA for combat support.

Improve DLA performance through better processes and business arrangements

During FY08, DLA achieved business process refinements through analysis of business outcomes that identified areas for improvement in key processes, improved analytical skills and greater agility in monitoring and tracking operational and fiscal performance. This corresponds with a better response to challenges, trends and other events.

DLA currently employs its Enterprise Business System (EBS) across much of its supply mission area. As DLA’s Enterprise Resource Planning (ERP) platform, EBS modernized and refined the agency’s ability to manage the supply chain effectively and efficiently. EBS uses the ERP approach to manage seven of its eight supply chains and facilitate over 22,000 users operating in 28 countries worldwide.

EBS enables significant additional improvements in business process effectiveness and efficiency. An example is improving enablement of the demand and supply planners to perform their assigned responsibilities to collaborate with customers and leverage supplier relationships.

In addition, the Integrated Data Environment (IDE) delivers infrastructure and information-brokering services that enable the extended DLA Enterprise, made possible through EBS, to execute supply chain practices, applications and decision support tools more effectively and efficiently. By separating data handling processes from functional applications, engineering to promote interoperability and reuse, and facilitating data discovery, IDE has contributed to DLA's operational effectiveness and to the accomplishment of DoD net-centricity objectives. This includes support to EBS operations, sharing data to meet the needs of the Military



Services and Defense Agencies, and acquiring data from the Military Services and Defense Agencies to satisfy DLA and USSTRANSCOM requirements. These IDE-based interfaces capture key supply and transportation data, and are available for reuse by other DLA and DoD supply chain managers.

Overall modernization objectives include replacing aging technology legacy systems, improving customer support, and providing better access to DLA’s portfolio of business systems and processes. Customer satisfaction, security and cost of operations were among the key performance parameters considered. Customer satisfaction was measured by order fulfillment and supply chain response time. Filling customer orders in a timely manner was a historically proven component.

From a security standpoint, the ERP implementation had to provide for sensitive but unclassified and/or unclassified information in accordance with standards set forth in security policies. Continuing to ensure protection against unauthorized disclosures of privacy information is paramount in conducting DLA business. In addition, to address the cost performance parameter, DLA assessed cost of operations in terms of the supply chain management cost ratio—that is, the ratio of cost-of-operations to materiel. DLA uses several methods to measure business performance, to include perfect order fulfillment, attainment to plan, and logistics response time.

Perfect Order Fulfillment

Perfect-order fulfillment (POF), a new metric utilized by DLA, is a comprehensive customer-facing measure incorporating four components: Timeliness, Quantity, Quality and Documentation.

A failure of any *one component* is a total POF failure

The calculation is as follows:

$$\frac{\text{Number of Perfect Orders (on time, completely filled, no quality or documentation discrepancies)}}{\text{Number of total orders with a materiel receipt acknowledgment (or equivalent)}} = \text{Percentage of Perfect Orders}$$

A perfect order is one where there are no discrepancies or failures in all four components. A failure of any *one component* is a total POF failure.

DLA is now using POF as a core metric to measure Enterprise performance. In the past, DLA used metrics that captured segments of the business and assumed that good performance in these metrics provided a good customer experience. Utilizing the POF metric allows DLA to take a holistic look at the real customer experience when ordering from DLA. Since POF takes into account many different aspects of the customer experience and combines them into a single score, POF is the best way of assigning a quantitative score to "customer satisfaction."

During initial development, the projected managerial established target for POF was set at 85%, based on best practice research. After several months of data collection based on real-time performance, DLA reworked the target, which more accurately depicted the agency's goal for POF improvement. The new management objective was incorporated in September 2008, as indicated in Figure 4-3. DLA continues to optimize and mature its approach to capturing Enterprise POF performance.



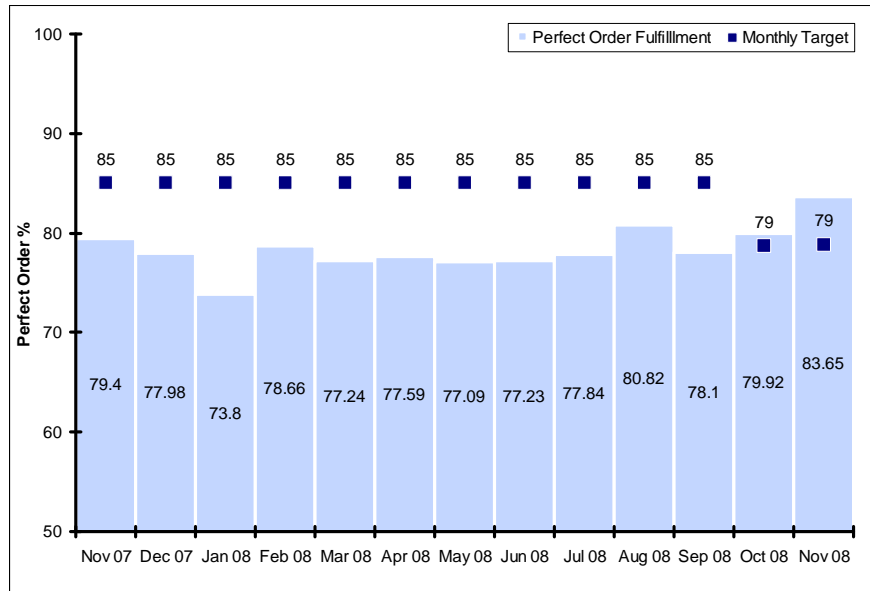


Figure 4-3: Perfect Order Fulfillment (POF)

Attainment to Plan

Attainment to Plan (ATP) answers the question, “Did DLA perfectly receive the material that it used EBS to purchase or reposition?” As shown in Figure 4-4, the measurement is a percentage of orders (either purchase requests or stock transport orders) delivered to DLA on time, in the right quantity and with a quality of “Condition Code A.”⁴

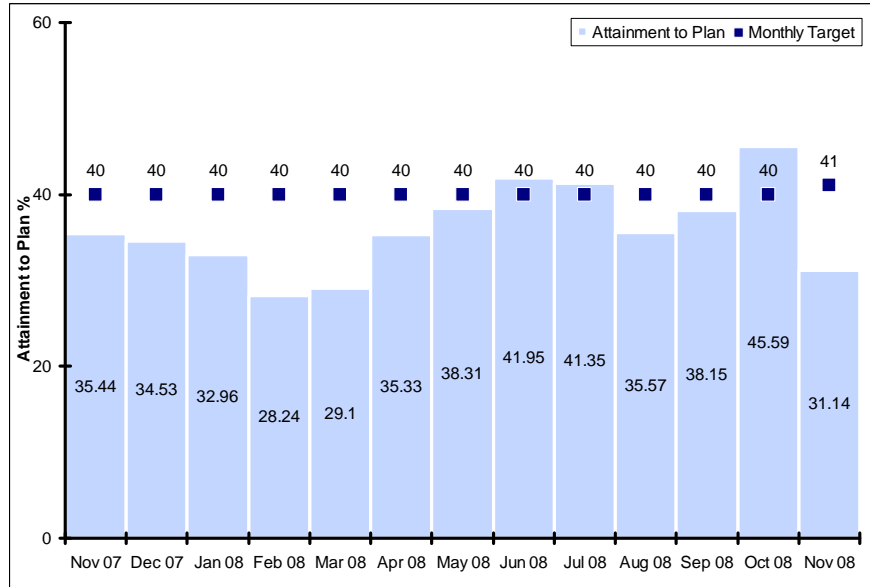


Figure 4-4: Attainment to Plan

⁴ “Condition Code A” orders include new, used, repaired or reconditioned material that are serviceable and usable to all customers without limitation or restrictions.



Logistics Response Time

As previously mentioned, DLA continues to enhance its processes to capitalize on refined practices, related system investments and the workforce's capabilities to improve support to those who rely on DLA for combat support. For example, EBS has been a major contributor in reducing the Logistics Response Time (LRT) from 21 days in FY00 to 15 days in FY07 to 13 days in FY08. It has also helped improve customer order processing notifications from frequently exceeding one workday to now less than four hours. DLA's LRT improvements directly support improvements to the business capabilities identified in the Materiel Visibility Business Enterprise Priority.

Way Ahead

In FY09, EBS will provide users initial operating capabilities in retail integration projects. DLA will continue to extend the Enterprise via its Real Property project. This project will provide DLA with an integrated Enterprise tool to facilitate the management of installation assets and services necessary to support the Military Services in a cost effective, safe, sustainable and environmentally sound manner. Additionally, DLA's Energy Convergence program will enter the engineering and manufacturing development phase. During this acquisition management phase, DLA will ensure system operational suitability and demonstrate system interoperability.

During FY09 and beyond, continued growth in the scope of data managed by IDE will directly support departmental data discovery and interoperability goals. Additional DLA and USTRANSCOM interfaces will be added to the inventory of reusable data services managed by IDE. Planned improvements to the DLA Data Discovery Portal will facilitate the process of mapping requirements to these existing capabilities, enabling the cost savings derived from reuse. The DLA/USTRANSCOM data sharing partnership will also provide the underpinning needed for improved end-to-end supply chain management.



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U.S. Transportation Command

The U.S. Transportation Command (USTRANSCOM) has significant responsibilities for coordinating and synchronizing the Department’s distribution across the full range of military operations. This presents several unique challenges in the areas of readiness, modernization, process improvement and support to people.

During FY08, USTRANSCOM maintained excellence in its enduring transportation and global patient movement missions, while seeking to improve deployment and distribution processes for the warfighter.

USTRANSCOM VISION
 Create and implement world-class global deployment and distribution solutions in support of President, Secretary of Defense and Combatant Commander assigned missions

USTRANSCOM’s four long-range strategic goals are:

- *Mature the Joint Deployment and Distribution Enterprise (JDDE):* In synch with the JDDE partners, improve the precision, reliability, visibility and efficiency of the DoD supply chain.
- *Leverage Collaboration and Partnerships:* Leverage the Distribution Process Office (DPO) governance structure to improve distribution effectiveness, efficiency and unity of effort. Forge closer partnerships with the Defense Logistics Agency (DLA), the U.S. Joint Forces Command and coalition partners to align processes.
- *Develop Expeditionary Approaches:* Mature new capabilities such as Joint Task Force-Port Opening (JTF-PO) for air and seaports. Exploit joint training and exchange opportunities to enhance operational competence of JDDE personnel.
- *Enable Joint Distribution Concepts:* Transform the Joint Logistics (Distribution) Joint Integrating Concept (JL (D) JIC) vision into capability solutions. Lead development of the Department’s adaptive planning process changes and supporting tools necessary to enable deployment and distribution.

USTRANSCOM long-range goals provide the foundational basis for the Command’s transformational priorities. These priorities are:

- *End-to-End Visibility (E2E):* To develop an optimal distribution process that enables command and control (C2) for the warfighter and the ability to deploy joint theater logistics C2, while simultaneously improving asset visibility, effectiveness and efficiency throughout the Department.
- *Information Technology (IT) Optimization of Capabilities:*
 To maximize distribution effectiveness through the Corporate Services Vision (CSV). It is an Enterprise-services method to improve delivery of capability to the warfighter. This new approach provides optimized E2E Joint Deployment and Distribution IT capabilities.
- *Financial Accountability:* To provide superior data control and accountability by developing CFO-compliant financial IT systems to consolidate/replace legacy systems.
- *Execution Effectiveness:* To achieve 100% in transit visibility (ITV) of all materiel and forces; standardize aerial and surface port IT capabilities, processes, procedures and tactics.



Section 6 summarizes the status of key milestones for USTRANSCOM systems and initiatives against the targets set in the *September 2007 ETP*. This section provides examples of the progress during FY08 made by USTRANSCOM in achieving its performance priorities for improving its Defense Enterprise.

End-to-End Visibility

The best way to describe E2E visibility is to use a commercial express delivery service analogy. If an order is booked on line and shipped via UPS, the customer then tracks the order on the web, so the customer knows where it is at any point in time.

End-to-End Visibility:
Provides the warfighter near real time information to allow more effective decision making while improving process efficiencies throughout the Department

In this model, there is trust and confidence between the service provider and the customer. USTRANSCOM is establishing an infrastructure and a Joint Deployment and Distribution Architecture (JDDA) to automate processes, data and tools with a goal of improving control, coordination and synchronization of the JDDE.

The FY08 accomplishments in improving E2E visibility described below have led to a greatly enhanced command and control capability for the CENTCOM logistics commanders. They have the requisite in-transit visibility to allow for timely decision making regarding delays, accelerations and diversions. Greater security of movements has provided increased warfighter confidence in the distribution.

Automatic Identification Technology (AIT)

DoD's AIT vision is captured in the Department's AIT concept of operations (CONOPS) for Supply and Distribution Operations and the AIT Implementation Plan. At the packaging level (case, carton and warehouse pallet) the CONOPS vision is for passive radio frequency identification (RFID) to become the primary AIT media and the linear and/or two-dimensional barcode symbol to be the backup AIT media. License Plate active RFID (with no encoded user information) is the primary identification media for larger shipping units – SEAVAN containers and 463L air pallets – as well as for unit equipment such as rolling stock. Premium AIT (with user-encoded data) can be used to enhance ITV by providing supply, transportation or sensor data as necessary.

During the past year, USTRANSCOM and its partners have achieved much in advancing DoD's AIT goals. In the area of enhanced asset visibility, USTRANSCOM improved visibility of unit cargo deploying and redeploying through Pakistan by utilizing state-of-the-art satellite tracking technology to increase the fidelity and accuracy of information. This allowed the USCENTCOM Deployment Distribution Operations Center to develop operational risk management procedures, ensuring carriers avoided high-risk areas within Pakistan. Figure 4-5 illustrates the vast improvement in ITV achieved through these efforts.

- **Action:**
 - Improve ITV in response to CENTCOM request
 - Truck mounted devices identify location
- **Results:**
 - Phase I: GPS/Cellular technology...gaps in coverage
 - Phase II: Satellite...wider coverage and more reliability
 - Phase III: Satellite/Intrusion Detection Sensor...excellent pairing
- **Impact:**
 - Greater ITV for the Warfighter
 - Potential to decrease pilferage

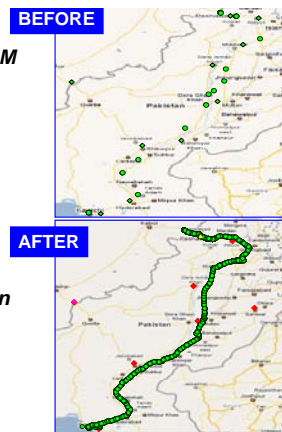


Figure 4-5: Pakistan Ground Line of Communication ITV Improvements



Pilferage Reduction

Building on these successes, USTRANSCOM paired location tracking with door intrusion technology on all shipments to identify breaches of container security, thereby increasing the warfighter's confidence in chain of custody and the integrity of container contents. Intrusion detection, coupled with greater security awareness by the carriers, decreased pilferage of unit cargo – the historical average for Operation Enduring Freedom in Afghanistan has been 1.7%. While reduced pilferage is a significant achievement, enhanced security is the greatest benefit container integrity provides.

USTRANSCOM has reduced pilferage to .08%, far below the historic average of 1.7%.

IT Optimization of Capabilities

IT optimization maximizes distribution effectiveness by providing improved E2E Joint Deployment and Distribution capabilities. To do this, the components of the Defense Business Enterprise must have a cohesive IT environment to manage supply, distribution and logistics information. The goal is to create a single repository for consistent access to common, authoritative data by DLA, USTRANSCOM and others service customers.

**IT Optimization of Capabilities:
Maximizing distribution effectiveness by providing optimized E2E Joint Deployment and Distribution IT capabilities**

The Deputy Secretary of Defense in May 2006 directed that USTRANSCOM oversee overall effectiveness, efficiency and alignment of the Department's distribution activities, including force projection, sustainment and redeployment. To realize these directed changes, USTRANSCOM in its role as the Distribution Portfolio Manager (DPFM) developed the Corporate Services Vision (CSV) initiative.

The CSV leverages an enterprise architecture framework to provide the following key capabilities:

- Single sign-on to the Global Combat Support System-Joint (GCSS-J) portal to improve warfighting user experience
- Publish/subscribe access to promote reliable and uniform data for decision-making
- Enterprise Data Warehouse to provide in-place supply chain, distribution and logistics data
- Enterprise data brokering to provide data and status information suitable to the needs of Combatant Commands

Measures of merit for this effort include: user ease of access, eliminating duplication of effort and expanding available information.

Improvement in the Common Operating Picture

The Common Operational Picture for Distribution and Deployment (COP D2) provides distribution decision makers with the visibility of information they need in one portal with a SSO that is customizable to their needs. During FY08, the COP D2 Focus Area facilitated the following efforts:

- Single sign-on improvements via the Global Combat Support System-Joint (GCSS-J) Portal.
- Developed a Single Sign-on Joint Master Application Requirements Form (MARF).
- Provided visibility of all DoD and Federal Emergency Management Agency (FEMA) information to USTRANSCOM Deployment Distribution Operations Center (DDOC).
- Completed the Defense Transportation/Intelligent Road Rail Information Server (IRRIS) convergence eliminating duplication of Arms, Ammunition, and Explosive (AA&E) data.
- Successfully executed as a Proof of Concept using a sustainment view web-based service for AA&E visibility in IRRIS.
- Utilized IRRIS to pilot visibility of Defense Courier Service information.



- Streamlined the number of systems offering geographic information system (GIS) capabilities.
- Publicized capabilities resident in the initial systems of interest.

SSO implementation reduced the necessity for users to maintain multiple user names and passwords. Currently, GCSS-J offers users access to seven distribution-related IT systems using a single Common Access Card (CAC) personal identification number, rather than seven user name/password combinations. This greatly reduces effort on the part of the user and increases the security of the information contained in these systems.

By converging the Defense Transformation and Tracking System (DTTS) capability into IRRIS, COP D2 successfully avoided \$400K in DTTS sustainment and maintenance funds and realized more than \$150K in operational cost avoidance, since reaching Full Operational Capability.

Because of these operational improvements, users of the COP D2 family of systems have experienced ease of access to existing operational capability, a decrease in the number of usernames and passwords, and a single point of contact for portal support. The AA&E tracking and monitoring capability has the additional benefit of a more responsive system, improved monitoring capabilities and a lower cost of operations. Additional capabilities available to COP D2 users include access to FEMA tracking, tracking of Defense Courier Traffic, and sustainment data viewable in a geographical (map) context.

These achievements have provided the warfighter with a vastly improved Joint Deployment and Distribution Enterprise IT capability. Combatant Commanders now have greater visibility over the movement of personnel and materiel in a more integrated IT environment enabling improved command and control.

Execution Effectiveness

The USTRANSCOM strategy for achieving execution effectiveness is to focus on those activities that achieve synchronized deployment and distribution of forces and materiel from origin to final distribution point; optimized strategic and theater lift through improved collaboration, prioritization, validation and redistribution; and improved end-to-end ITV supporting COCOM operational objectives.

The strategy and goals to achieve this priority include implementing the following key capabilities:

- Providing a joint expeditionary capability to rapidly establish and initially operate an aerial port of debarkation (APOD) and/or seaport of debarkation (SPOD) and distribution node, facilitating port throughput in support of COCOM executed contingencies.
- Consolidation of the management and movement of DoD's CONUS second destination freight requirement under a single coordinator of transportation services providing improved performance at a reduced cost.

Joint Task Force – Port Opening (JTF-PO) is a rapidly deployable jointly trained logistics enabler designed to open aerial ports of debarkation (APODs) and seaports of debarkation (SPODs).

The JTF-PO APOD capability is partially fielded, with one of three planned packages fully manned and trained. This JTF-PO APOD team has participated in several Joint Chiefs of Staff sponsored exercises. The SPOD capability is scheduled to be fully operational in Q2 FY09.

Upon full manning of the three planned JTF-PO packages, all personnel will be fully trained in both aerial port and seaport operations.

JTF-PO provides the following benefits for mission execution effectiveness:

- Early arrival of robust joint command and control assets to control initial cargo flow.

Execution Effectiveness:

Total ITV for all materiel and forces, standardized aerial and surface port IT capabilities, processes, procedures, and tactics to improve theater logistics and distribution execution

- Rapid establishment of initial ITV network from the port of debarkation to a forward node.
- Capture ITV of all early arriving properly marked pallets and containers.
- Mechanism to avoid demurrage charges on lost cargo containers or pallets.
- Prevent duplicate orders for sustainment items with ITV for theater.
- Array cargo for theater onward movement with proper manifests and ITV capture.

USTRANSCOM has standardized aerial port of debarkation IT capabilities, processes, procedures and tactics for the warfighter, regardless of the theater. The rapidly deployable JTF-PO package is a force multiplier for the Combatant Commander enabling a robust Reception, Staging, Onward movement and Integration (RSO&I) capability.

Over the past year, the Defense Transportation Coordination Initiative (DTCI) has changed CONUS freight movement from disparate, locally managed processes to a fully integrated, enterprise level program, bringing proven best commercial practices to DoD transportation. In partnership with DLA and the Military Services, USTRANSCOM has contracted with a commercial transportation services coordinator to manage the movement of eligible DoD CONUS freight. Under DTCI, DoD shippers specify destination and deadline, and the coordinator optimizes the shipments through load consolidation; maximizing the use of cost effective, inter-modal solutions; and leveraging lower commercial market rates. DTCI delivers “best value” when comparing cost to performance and the volume of business included under the DTCI concept is increasing within the Department, as shown in Figure 4-6.

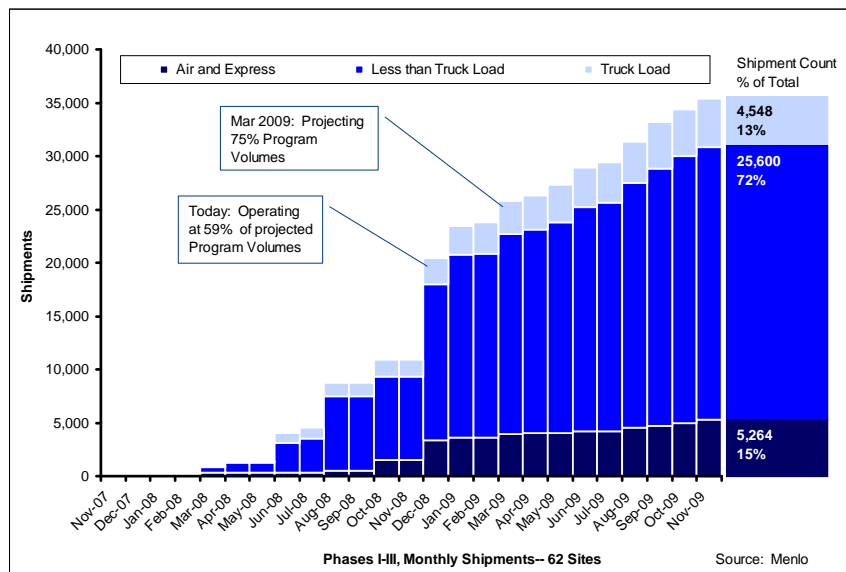


Figure 4-6: DTCI Volume

Figures 4-7 and 4-8 show the program’s challenging performance goals for cost avoidance and on-time pickup. Minimal damage, claims processing, small business participation, system up time, and cost avoidance efforts are all on track. DTCI achieved a \$9.4M cost avoidance for FY08, which was a 24.1% reduction overall from the baseline cost. It also has provided increased visibility into CONUS freight movements. According to the Supply Chain and Logistics Institute at Georgia Institute of Technology, “DTCI provides the DoD with a way to effectively manage a huge volume in a diverse environment. It also allows the modernization of technologies and processes in the Department, creating tremendous opportunities for improvement.”⁵

⁵ Dr. John Langley, Supply Chain and Logistics Institute at the Georgia Institute of Technology



As of December 31, 2008, DTCI had implemented the following DLA/DDC sites: Puget Sound, WA; San Diego, CA; Corpus Christi, TX; Red River, TX; Barstow, CA; San Joaquin, CA; Oklahoma City, OK; Keyport, WA; Silverdale, WA; Everett, WA; NAS Whidbey Island, WA; Ft Lewis, WA; Camp Murry, WA; Hill Air Force Base, UT; SPAWAR San Diego, CA; and FISC North Island, San Diego, CA. Collectively, these sites represent more than 25% of total DTCI program volume.

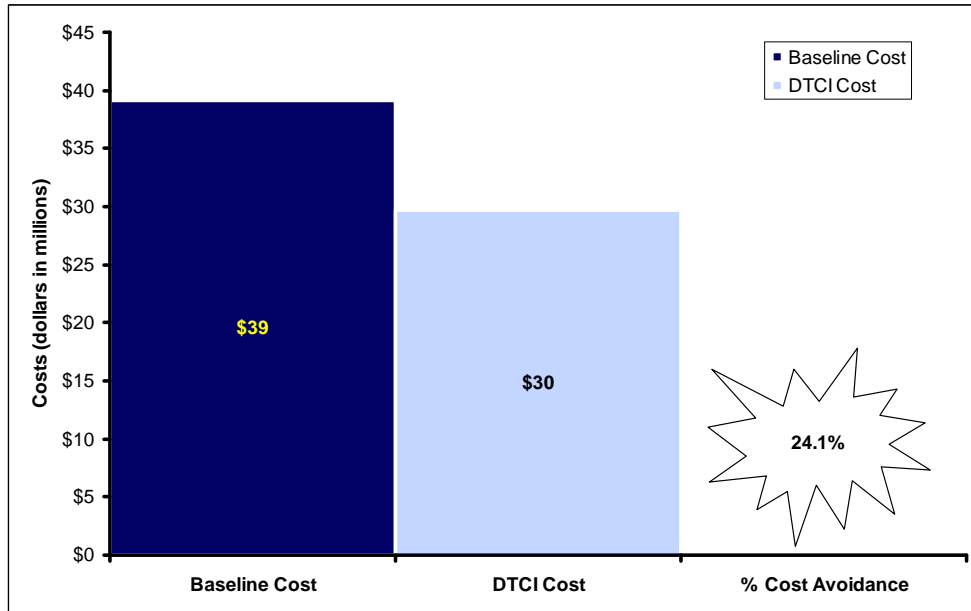


Figure 4-7: Cost Avoidance

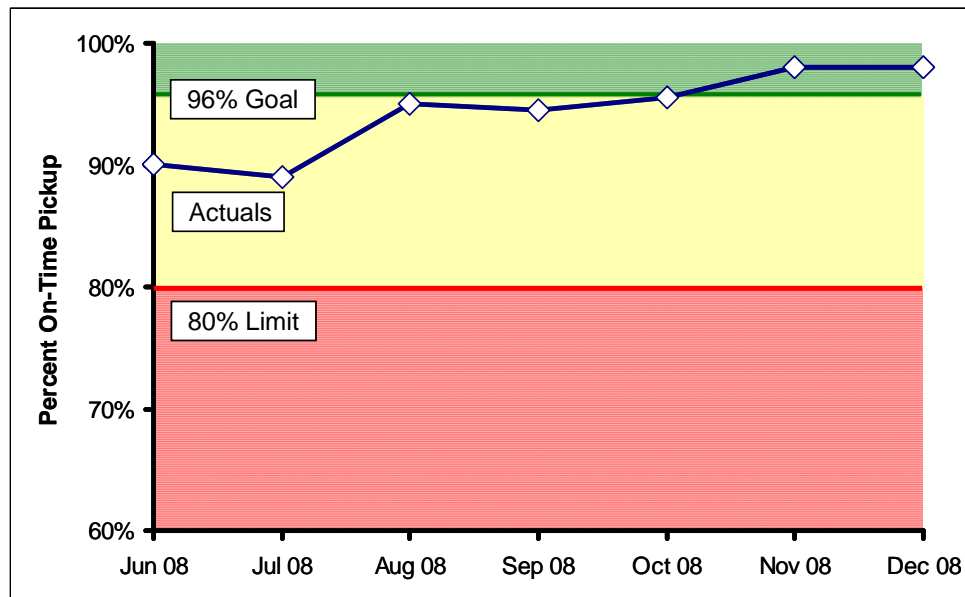


Figure 4-8: On-time Pick-up

The continued deployment of DTCI extends the Department’s effort to achieve 100% ITV of all materiel in CONUS. Additionally, it is increasing the standardization of cargo processes and procedures for all Transportation Officers. This success was achieved at a reduced cost with increased levels of performance.



Defense Finance and Accounting Service



The Defense Finance and Accounting Service (DFAS) was created in 1991 to reduce the cost of the Department's finance and accounting operations and to strengthen management of finance and accounting activities across the Department. Since its inception, DFAS has consolidated more than 300 installation-level offices into 13 and reduced the workforce from about 28,000 to approximately 13,000 personnel.

The DFAS vision is transforming with the warfighter to remain the trusted financial partner for the Department of Defense. The 2005 BRAC decisions impact DFAS by integrating many sites into five major centers. The organization will continue to shift its focus to be a joint service provider, to effectively meet the needs of all the armed services.

DFAS business transformation priorities include:

- Reduce the Number of Urgent Military Pay Problems
- Improve Financial Performance by Automating Manual Processes, Eliminating Redundancies and Promoting Risk Management
- Expand Electronic Commerce (EC) Capability
- Promote Process Improvement and Risk Management

Section 6 summarizes the status of key milestones for DFAS systems and initiatives against the targets set in the *September 2007 ETP*. This section provides examples of the progress during FY08 made by DFAS in achieving its performance priorities for improving its Defense Enterprise.

Reduce Urgent Military Pay Problems

DFAS manages a payroll of almost 6 million military members, civilians, retirees and annuitants. The DFAS mission requires responsive delivery of accounting and finance services to the men and women in uniform, as well as to those who support the warfighters. DFAS continuously seeks to improve timeliness and quality of its pay services—including computing pay and processing garnishments, debt and claims.

DFAS continues to seek improvement in timeliness and quality of its military pay services.

The targeted outcome for this priority is—*Improve the pay support provided to Wounded Warriors (WW) and their family members.*

DFAS provides accurate, real-time financial support to military service members medically evacuated due to wounds, disease or injury incurred while serving in a combat zone. Depending on the member’s personal situation, entitlements may be started, changed or stopped during transition between the deployment and medical treatment. DFAS works with WW to help them understand their entitlements.

Timely Resolution of Pay Problems

DFAS customers have maintained consistently high expectations for the finance and accounting services the agency provides. Throughout FY08, DFAS was able to deliver excellent customer service by resolving pay cases within 20 days. A pay case is any adjustment in pay due to prior service in the same Service or sister Service and any retroactive pay adjustment that exceeds the pay system’s record span. Therefore, the resolution of these pay cases is very labor intensive and DFAS is committed to applying the necessary level of effort for resolution. In Figure 4-9, the agency goal of 99% was achieved in 7 of the 13 months with no month falling below 97%. DFAS chose the 20-day period of resolution since it is a civilian pay performance measure and senior executives within the Human Resources and Comptroller communities and DFAS agreed it should be used for military pay as well. The 20-day window is very aggressive for these pay cases.

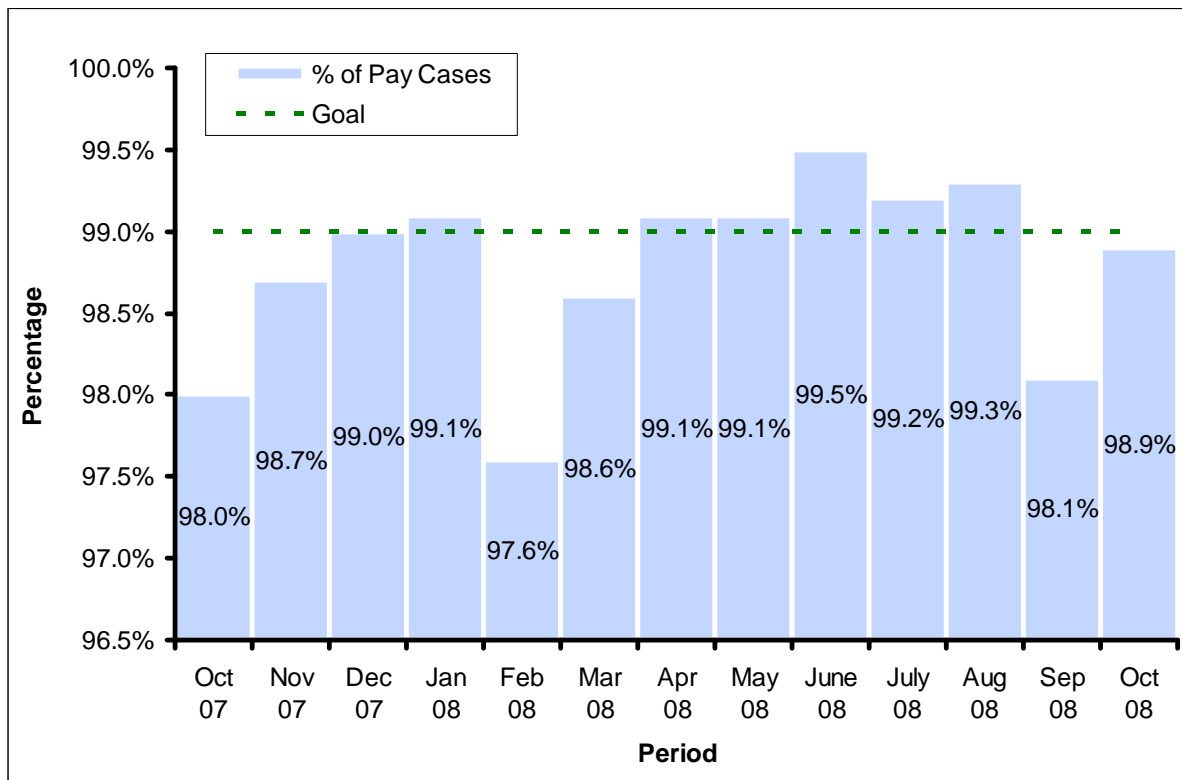


Figure 4-9: Percentage of Pay Cases Resolved in 20 Days



Timely Resolution of Wounded Warriors' Cases

DFAS measured initial personnel contact and travel voucher turnaround to track the progress of timely resolution of Wounded Warriors' cases. Improvements in these measures alleviate the stress that potential delays in communication and receipt of funds could cause the warfighter.

The first measure is the initial time it takes for military pay personnel to contact the WW. This has been a DFAS Balanced Scorecard (BSC) measure and has been tracked and improved upon in FY08. Figure 4-10 shows that in November 2007 it took 2 days for the initial contact but by July 2008, the number of days decreased to only 1.4 days to make contact. Quicker communication and increased timeliness has the intrinsic value to the warfighter of less worry about one aspect of the future and therefore allows the WW to better focus on health improvements.

The second measure is the turnaround time for processing travel vouchers for the families of WWs. Figure 4-11 shows that in November 2007 it took 2.3 days to turn around the voucher. This measure shows a higher peak in January 2008 at 3.1 days to process the voucher due to two separate incidents. On one business day, payment certification did not occur on schedule and on a different business day, the operational data store was non-operational which precluded certifying payments. After identification of issues, resolution occurred with a leader conducting daily checks of processing and payment certifications. The processing time then decreased to 2.2 days by July 2008. Again, decreased processing time has resulted in a decreased worrisome financial burden for the WW and his family.

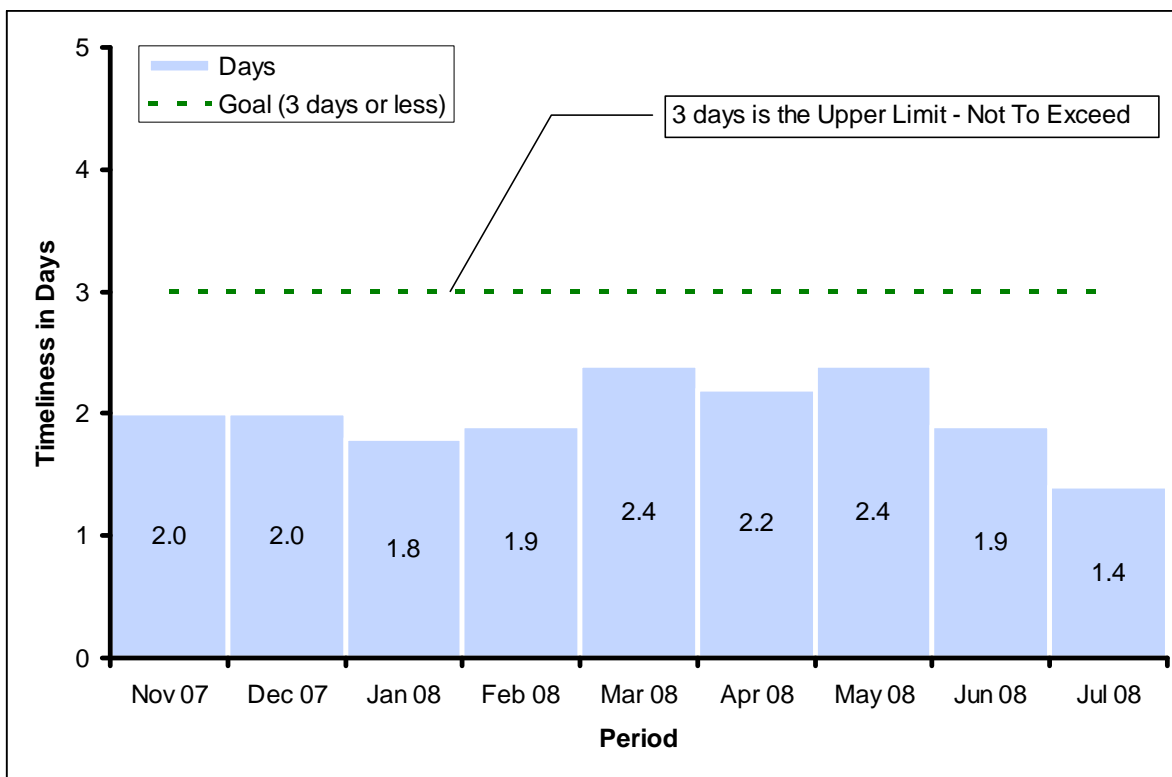


Figure 4-10: Initial Personnel Contact



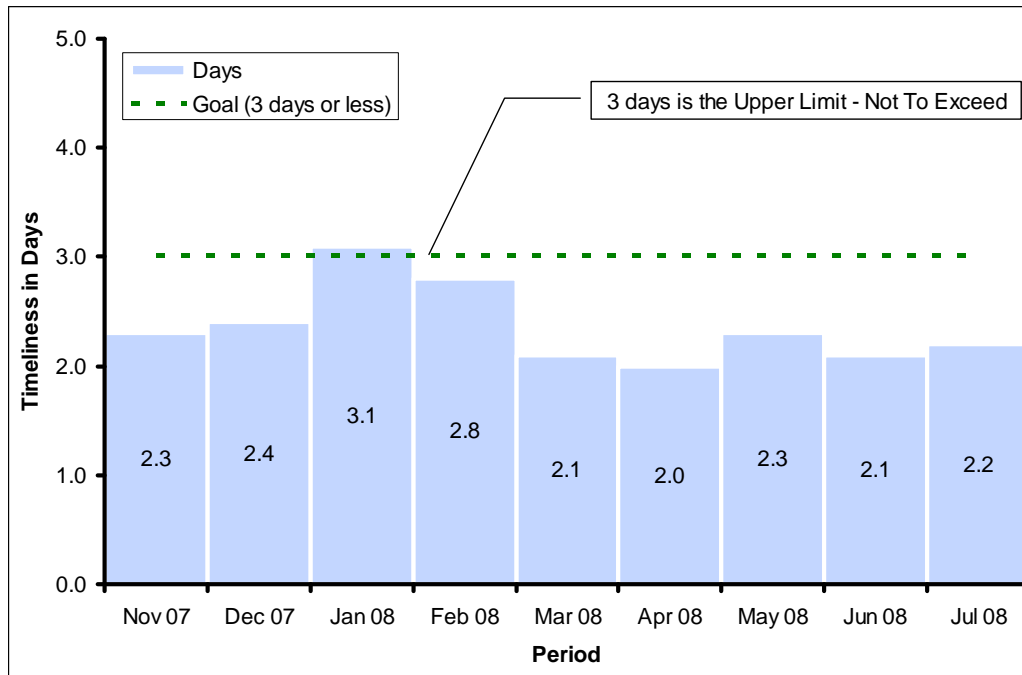


Figure 4-11: Travel Voucher Turn Around

DFAS tracked these two measures from November 2007 to July 2008. The measurement was the speed in which travel vouchers made it from start to finish. The goal or upper limit was set at three days for each item. Three days is the threshold for processing based on two days or less for computation and one day for disbursement. The measurement of timeliness is very important, since there could be a negative financial impact to the WW if there were processing delays. Success was realized when the timeliness improvements surpassed the goals and were sustainable during a six-month period.

DFAS’s direct support to the warfighter is demonstrated by their recent improvements in the military pay and Wounded Warriors’ pay management programs. The financial uncertainty that occurs when there are urgent issues with military pay processing, lack of communication on pay issues, and slow turn around of travel vouchers has been greatly reduced. These improvements have alleviated the uncertainty facing the warfighters so they can better focus on their mission.

The reduction in urgent military pay issues has been achieved and subsequently sustained in FY08. This improved timely resolution has also freed resources and allowed DFAS to continue on its mission. Therefore, DFAS has realized complete success with this priority. In the future, the BSC metrics will remain in place, will continue to be monitored and successfully met thus maintaining the full realization of these improvements.

Promote Process Improvement and Risk Management

DFAS identified 873 work processes in FY08 that realized \$100.5M cost savings through the increased usage of risk management and process improvements. This priority focuses on the need to promote improved efficiency and effectiveness through continual process improvement and the adoption of best risk management practices including internal controls. DFAS identified the *September 2007 ETP* targeted outcome of reducing costs, managing risk and enhancing controls for this component priority.

The goal of DFAS is to improve financial performance by automating manual processes, eliminating redundancies, and promoting risk management through process improvement strategies.



The measures for this priority are risk mitigation and cost savings. Process improvements help to identify and reduce potential mistakes, financial losses and workplace inefficiencies in the agency along with creating a web-based risk management solution and proper internal controls. The identification and mapping of the work processes creates more visibility to the work-in-process and to the risks associated with the daily business.

Performance Measures:

Risk Mitigation

Cost Savings

Identify and Mitigate Risk

DFAS's risk management focuses at the program level by integrating the management and internal controls program, audit oversight, systems control program, balanced scorecard and other compliance programs under a single visual reporting and decision support capability for the effective management of risk.

The promotion of risk management began in FY08 with identifying work processes and mapping the work processes through flowcharting and narratives. From the narratives, DFAS then followed through to the mitigation/remediation of the risk. Mapping the work processes is critical since it draws from procedures and subject matter experts to identify potential mistakes, workplace inefficiencies, redundancies, additional risk factors, lack of compliance, and end-to-end business practices.

By the third quarter of FY08, the Enterprise Risk Management program identified and mapped 873 work processes. These work processes represented the way DFAS does business. With the mapping completed, risk assessments began and control points were identified. This work identified key risk indicators for each of the identified subcore areas within the different work areas, amounting to 196 areas. DFAS then established the risk tolerance levels and developed the test plans for each of these tolerance levels. DFAS completed 100% of the testing resulting in only 26 areas that required risk mitigation and remediation.

DFAS used these results to transform itself from risk aversion to managing risk, being Federal Managers' Financial Integrity Act (FMFIA) compliant, being more auditable and supporting DFAS's transformation to becoming an agency that provides analysis and consulting services.

Cost Savings

DFAS needed a plan to reduce costs to further support the warfighter. DFAS embraced the Lean Six Sigma (LSS) Program as the mechanism to provide the necessary tools and techniques to eliminate errors, eliminate rework, streamline processes and improve quality through continuous process improvements.

LSS projects must meet certain criteria. These include being aligned with DFAS's strategic goals and priorities, a consistent annual return on investment (ROI) for black belt projects of \$170,000 and for green belt projects a \$15,000 ROI over a three-year period. Many of the chosen FY08 green belt projects unexpectedly exceeded the minimum ROI requirement by millions of dollars. DFAS tailored the LSS program to promote grass root projects that align to organizational strategic goals and priorities. LSS process improvements include standardized processes, reduced processing time and increased automation. The LSS program realized a \$100.5M savings for the agency.



In Figure 4-12, the number of LSS projects increased from 6 in October 2007 to 171 in November 2008. That is an astounding 2,750% increase in the number of LSS projects in slightly more than a year. Initial cost savings to DFAS were relatively small at \$0.6M, but increased to an impressive \$100.5M by November 2008. The significant increase in savings from April to May 2008 was due to one green belt project, which netted a \$40M ROI. This project identified and eliminated an internal control weakness in the basic allowance for Navy housing process and identified potential fraud cases. DFAS referred these cases to the Navy Criminal Investigative Service for collection. DFAS expected more than 171 project completions in FY08, but considering the staged influx of new black belts and the associated learning curve, this number of completions was deemed a success, as were the associated cost savings. The measure of cost savings is vitally important to the DFAS mission, since any savings realized support the warfighter.

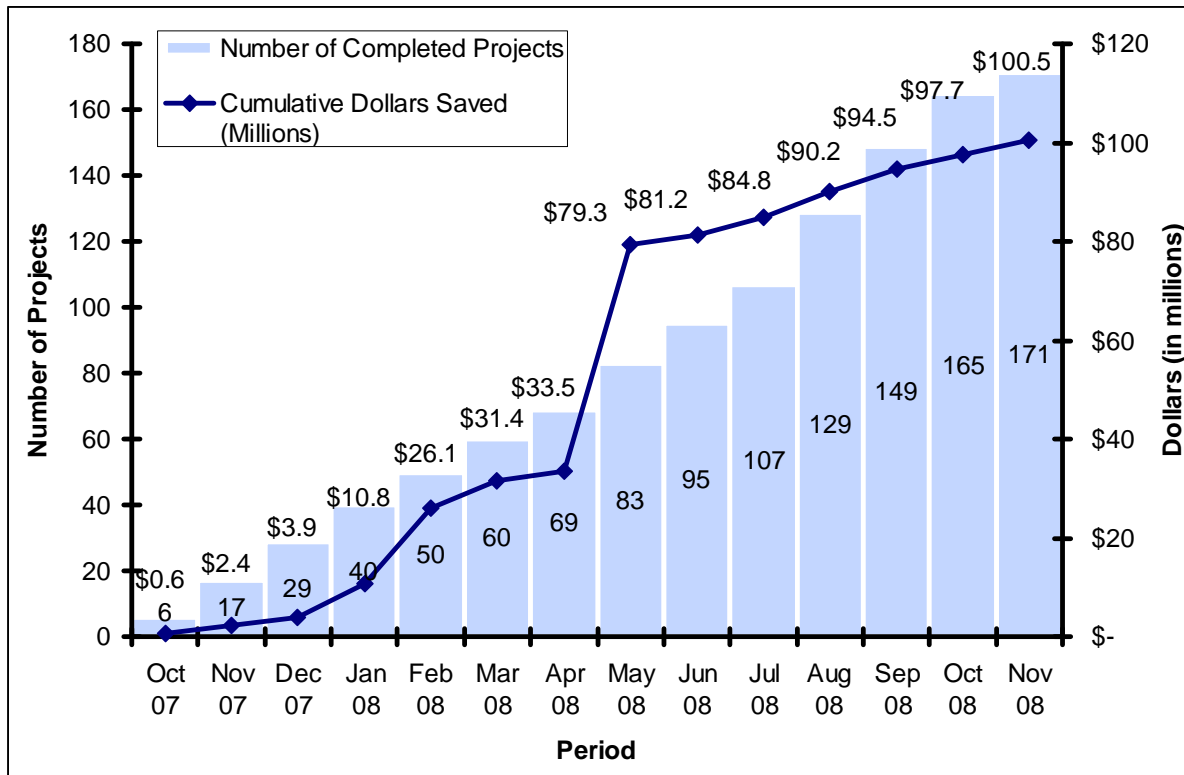


Figure 4-12: Process Improvement Cost Savings

DFAS’s business transformation has been greatly impacted by the establishment and promotion of an actual risk management program and the amount of process improvements that have resulted from the promotion of the LSS program. By having the 873 work processes documented, the 171 LSS projects established, and the \$100.5M saved through process improvements, the agency is able to look at these items for risk assessment, redundancy, waste, compliance, standardization, automation and auditability.

DFAS will work with the risk information collected and continue to standardize end-to-end processes. The LSS Project Office will continue to receive, review and accept potential projects that will continue to realize further cost savings for the agency. These continued changes will allow DFAS to achieve its goal of transforming from a transaction-based service to an analysis and consulting service that will better serve the Global War on Terror and ultimately, the warfighter.



Military Health System

The Military Health System (MHS) is transforming business practices to optimize the integration, efficiency and effectiveness of the Department of Defense healthcare system. MHS will realize this transformation through the implementation of the following goals:

- *Provide continuity of care through continuity of information.* MHS will implement processes and information solutions that will help to ensure that no matter where patients may be—or what provider is treating them—information and medical material products and services are readily available at the point of care.
- *Transform from a reactive to a proactive healthcare system.* Keeping patients healthy and active in the community is one objective of a proactive vs. reactive approach to healthcare. Keeping patients healthy is more than just caring for them once they become sick or injured.
- *Enhance the military health benefit through more efficient healthcare operations.* Efficiency is a hallmark of quality. Quality medical coding contributes to the efficient processing of claims and contributes to the efficiency of the medical surveillance.



Military Health System's business transformation priorities for FY08 were:

- Provide comprehensive, globally accessible information to serve the medical environment
- Eliminate barriers to interoperability to enable the secure sharing of beneficiary data, medical records; and to synchronize the management of medical supplies
- Promote the adoption of interoperability standards for health information technology (IT) and logistics

Section 6 summarizes the status of key milestones for MHS systems and initiatives against the targets set in the *September 2007 ETP*. This section provides examples of the progress during FY08 made by the MHS in achieving its performance priorities for improving its Defense Enterprise.

Eliminate Barriers to Interoperability

MHS provides medical benefits to 9.2 million beneficiaries through a network of DoD direct care providers and through 325,000 civilian network providers with the use of Department of Veterans Affairs (VA) facilities and through resource sharing with the VA.

Interoperable health information technology (IT) serves as a bridge for critical information to providers. It enhances individual patient care, allows for early detection of infectious disease outbreaks, improves tracking of chronic diseases and enables comparison of health care price and quality information.

Data sharing initiatives between DoD and VA included the secure exchange of clinical inpatient and outpatient information to enable improved treatment at the point of care, as well as transparency around medical/surgical items catalogs to support effective supply purchasing

MHS demonstrated progress against this priority through two primary means. The first was increasing clinical information available to providers at the point of care. From a measurement perspective, MHS assessed its progress for the data sharing effort by tracking the amount of data it made available, as well as the types of data it made available (allergy, radiology, laboratory, inpatient and outpatient). The second was providing synchronization of medical and surgical materiel item records information to DoD and VA purchasers of medical supplies in order to support their ability to purchase the most affordable medical supply. For the medical/surgical item data synchronization initiative, MHS tracked the percentage of records that were synchronized between the VA and DoD medical/surgical catalogs. As the synchronization of catalog records improved, DoD and VA procurement agents were better equipped with pricing knowledge to negotiate lower-cost contracts across both enterprises.

Increase Availability of Clinical Information

DoD and VA continued their strong partnership in interagency health data sharing activities, which serve to deliver IT solutions that significantly improve the secure sharing of appropriate electronic health information. In the last decade, health data sharing and interoperability activities between the Departments have greatly increased, with the primary benefit being more complete, accurate, and secure health information sharing for providers of care to Service members and veterans. In FY08, DoD and VA continued to support and expand data exchanges that form the foundation for enhanced interoperability.

The importance of data exchange improvements is a simple premise: when more data is available to MHS and VA providers at the point of care, clinicians are in a better position to improve the quality of their care and overall patient outcomes. Ultimately, clinicians possess comprehensive data they can use to diagnose and treat the wounded. For example, when up-to-date medication or allergy information is available at the point of care, there has been a reduction in the amount of adverse patient reactions.

Figures 4-13 through 4-15 represent the primary exchanges/tools, which are used by DoD and VA, and the following paragraphs provide additional details on these joint efforts.

Ongoing Care for Separated Service Members

DoD continued to support the monthly transfer of electronic health information for separated Service members to the secure jointly developed Federal Health Information Exchange (FHIE) data repository. As of October 2008, DoD had transferred electronic health data on over 4.5 million individuals to the repository, an increase from 3.29 million, as shown in Figure 4-13. The data includes: inpatient and outpatient laboratory and radiology results; outpatient pharmacy data from military treatment facilities, DoD retail network pharmacies and the DoD mail-order pharmacy; allergy information; discharge summaries; admission, disposition, and transfer information; consultation reports; patient demographic information; and pre- and post-deployment health assessments and post-deployment health reassessments.

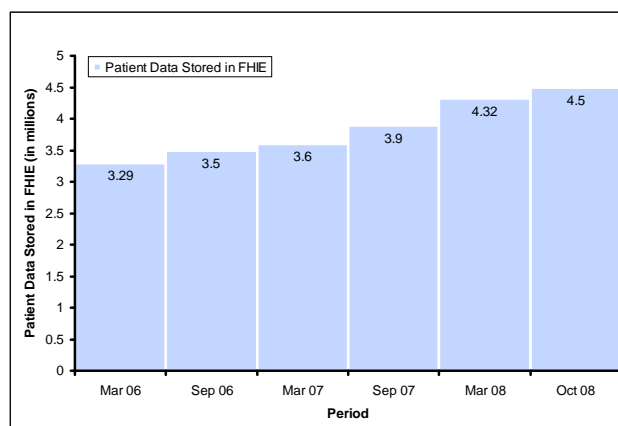


Figure 4-13: One-way, Enterprise Exchange of Data



Ongoing Care for Shared Patients

For shared patients being treated by both DoD and VA, the Departments continued to expand the jointly developed Bidirectional Health Information Exchange interface (BHIE), as shown in Figure 4-14. For the period of July 2007 through October 2008, DoD and VA increased the number of correlated patients from over 2.3 million patients to over 3.2 million patients and expanded the types of data available. Using BHIE, DoD and VA clinicians are able to access health data bidirectionally and in real-time, including: allergy, outpatient pharmacy, inpatient and outpatient laboratory, and radiology reports, demographic data, ambulatory clinical notes, patient problem lists, diagnoses, vital signs, family history, social history, other history, questionnaires, and theater clinical data, including inpatient notes, outpatient encounters, and ancillary clinical data, such as pharmacy data, allergies, laboratory results, and radiology reports. VA and DoD have leveraged BHIE to allow bidirectional access to inpatient discharge summaries, and this capability is now operational at some of DoD’s largest inpatient facilities representing approximately 47% of inpatient beds.

The Departments continued to support a medical record scanning and image transfer capability for the most seriously injured and wounded Service members and veterans. In 2008, the Departments refined the business process to ensure that VA clinicians received scanned health records and electronic radiology images on patients transferring as inpatients from three major DoD Military Treatment Facilities to four VA Polytrauma Rehabilitation Centers.

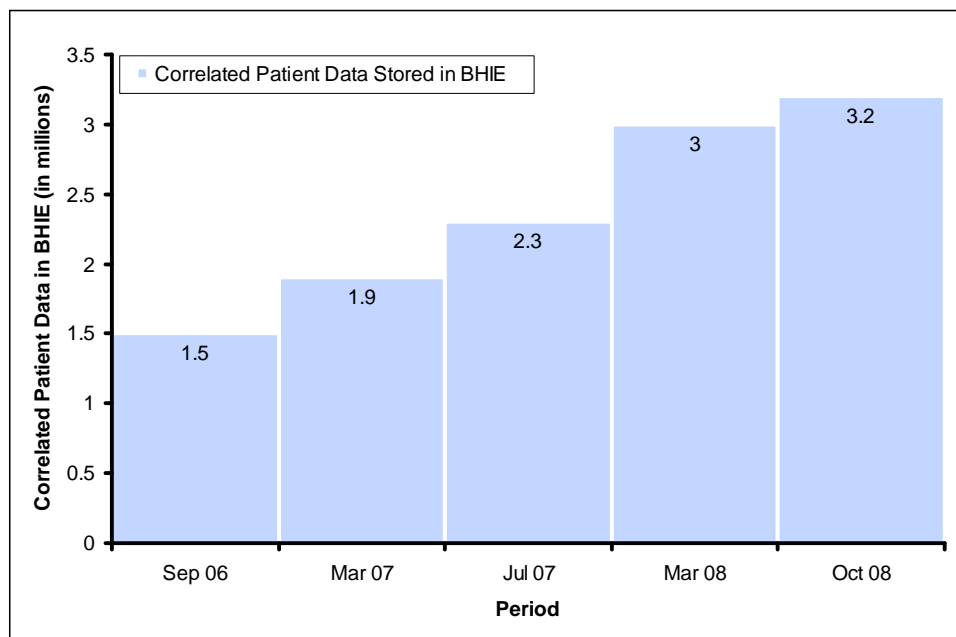


Figure 4-14: Bidirectional Real-Time Exchange of Data

Computable Data for Shared Patients

In FY08, the ability to exchange information about a shared patient became available to all DoD facilities. As of October 2008, over 3.9 million cumulative patient medications and over 119,000 cumulative drug allergies had been exchanged via the DoD’s Clinical Data Repository and VA’s Health Data Repository initiative. Since 2006, VA and DoD have been sharing computable pharmacy and allergy data on select patients; this provides VA and DoD clinicians the ability to perform drug-drug interaction checking and drug-allergy checking using data from both Departments.

Enhancing DoD's Electronic Health Record

From July 2007 through April 2008, the number of outpatient encounters documented in the Armed Forces Health Longitudinal Technology Application (AHLTA) increased from 51 million to more than 74 million, as shown in Figure 4-15. The number of outpatient encounters AHLTA processed per week increased from 552,900 to more than 611,000. AHLTA is the DoD's medical and dental clinical information system for use in all fixed military medical facilities. The Theater Medical Information Program (TMIP) provides these same capabilities with the ability to operate in a disconnected mode for ships and in deployed medical facilities. AHLTA has been implemented successfully at all 138 military treatment facilities spanning 11 time zones worldwide, and it generates, maintains, stores and provides secure real-time access to patient records. This additional data, coupled with enhancements to both the AHLTA product line and the BHIE, resulted in more data being available to more clinical decision makers across the continuum of care.

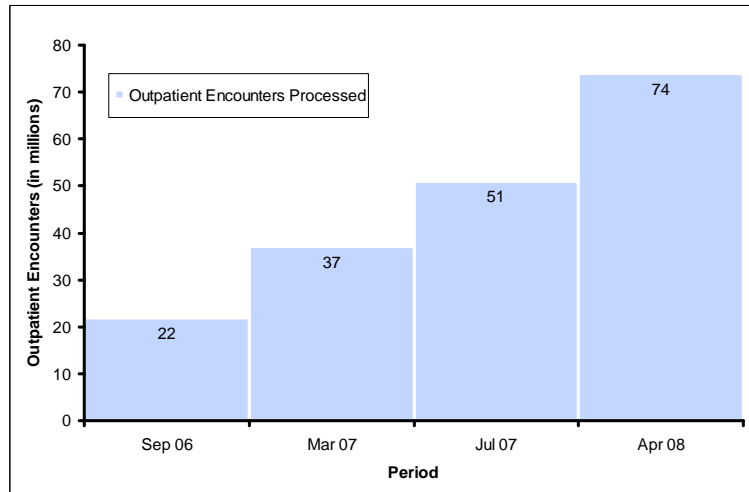


Figure 4-15: AHLTA: DoD's medical and dental clinical information system

Through enhancements to the AHLTA product line in FY08, DoD health care providers were able to access longitudinal health data on any patient, anytime, worldwide. Outpatient records for Service members in Iraq, Afghanistan and Kuwait, for example, were transferred from TMIP's theater data store to AHLTA's Clinical Data Repository, where all Service members' electronic health records reside. In addition, BHIE also shares theater outpatient and inpatient clinical information directly with VA. In FY08, VA clinicians were provided a new capability to view theater encounters in the VA's electronic medical record system, whether treatment occurred on the battlefield or the home front.

Synchronization of Medical and Surgical Material Item Records

DoD and VA continued to both standardize and synchronize product information between their medical facilities and supplier partners. Specifically, collaboration occurred between the following groups: TRICARE Management Activity's Defense Health Services Systems Program Office, the Defense Logistics Agency's Defense Supply Center Philadelphia and the VA's Veterans Health Administration Clinical Logistics Office. The partnership was to achieve data synchronization of medical/surgical item records (nomenclature, packaging and manufacturer name) residing in the VA federal supply schedules and national item file, and the DoD medical/surgical catalog and distribution and pricing agreements. The collaborative result was the development of the Medical/Surgical Product Data Bank, a dynamic enterprise data engine that serves as an authoritative resource for synchronized medical product information across DoD and VA. In addition, the value of the Medical/Surgical Product Data Bank was enhanced by the presence of catalog data from more than 20 private sector supplier partners and two major distributors. By the end of FY08, the combined DoD-VA team had synchronized 95% of medical/surgical item records. This is an increase from the 90% synchronization as reported in the *September 2007 ETP*.

In addition, during FY08, DoD made synchronized product data available through a tool geared to 35 of the largest military hospitals and the 24 VA hospitals participating in the program. One objective of the data synchronization program is to improve DoD and VA's knowledge of what medical/surgical items are purchased from which manufacturer and at what price. At the site or hospital level, the desired outcome is to prevent end users ordering the wrong medical/surgical item, or the right item at the wrong (higher) price. At the Enterprise level, a desired outcome is to position DoD and VA to collect accurate purchasing data (what and from whom) in order to negotiate for and obtain the best prices on medical/surgical products.

Using this tool, which leverages synchronized data, DoD and VA continue to evaluate price variables between contracts for the same item. Hospitals identified price reduction opportunities that previously would have been impossible to find due to the lack of accurate, standard, synchronized data and the disparate data sources involved. For example:

- The average price for a certain IV set was \$115 for DoD and \$75 for the VA per unit, representing a potential for DoD to save \$240,000, or 34% on that one item alone
- The average price per unit for pre-washed sterile gauze was \$110 for the VA and \$65 for DoD, representing an opportunity for VA to save up to \$350,000 a year, or 40% on that one item alone

With users identifying examples like these, the data synchronization effort has led to dramatic cost avoidance across the Enterprise. As shown in Table 4-3, the initiative's success has been significant over the past several years, with FY08 continuing the cost avoidance trend established during the program's early pilot phase, with FY08 continuing the cost avoidance trend established during the program's early pilot phase.

Table 4-3: Cost Avoidance through Data Synchronization

Service Agency (# of sites that accepted or rejected a recommendation in the past month vs. total)	Through September 2008 (Dollars in millions, included pilot data from 2003-2004)
Army (18 of 20)	\$26.60
Air Force (7 of 10)	\$5.68
Navy (3 of 10)	\$1.01
VA (13 of 40)	\$1.19
All DoD & VA (41 of 80)	\$34.47

The \$34.472M represents a total amount of item price costs that could be avoided by modifying buying habits. For instance, users may discover that a given item is being purchased for \$100 on the open market when a government contract price exists for \$90. If historical volumes indicate that 50 units are purchased each year, then \$500 is recognized in potential cost avoidance. Relative to business operations, the results of this effort yield a highly integrated and collaborative value chain within the DoD/VA medical community. Due to the success of these recent efforts and the corresponding cost avoidance and price reduction opportunities, the data synchronization effort will continue to be a critical piece of the DoD/VA partnership.

Summary

Secure sharing of beneficiary data, medical records and medical supply data is a fundamental part of the MHS business transformation. Through continued deployment of AHLTA in the sustaining base and TMIP in theater, and the expansion of DoD-VA health information sharing, more data is available to MHS and VA providers at the point of care, thus improving quality and patient outcomes. Through the data synchronization project, DoD and VA purchasers of medical supplies now have data that can target products for potential price reduction across both enterprises.

Additional progress is planned in both of these areas in FY09 and tangible goals have been established. DoD and VA will enhance the effectiveness and efficiency of VA-DoD access to electronic health information on shared patients, support the health IT requirements in the President's Commission on Care for America's Returning Wounded Warriors report and meet the goal for DoD-VA interoperable electronic health records or capabilities for the provision of clinical care. For the data synchronization effort, future improvements to synchronization tools will provide users with the ability to prospectively order medical/surgical items that meet their needs with the lowest, negotiated price from any VA or DoD source. Additionally, DoD and VA expect to merge the Medical/Surgical Product Data Bank data and the tool that currently uses that data into a single application so it can be deployed to all VA and DoD hospitals, Veterans Integrated Service Networks and DoD regions.

5. Other Initiatives

To support the Joint Warfighting Capability, the Department's business enterprise must be in lockstep with its warfighting customers to rapidly anticipate and seamlessly support joint warfighter requirements. These joint requirements are driving the need for greater commonality and integration of business and financial operations. Changes in the nature of military operations place increased pressure on the Department's business infrastructure to provide mission-driven, adaptive, agile business services and information.

The Department of Defense (DoD) has been working to meet this challenge for several years and recognizes that supporting the warfighter means overcoming the "fog of war" posed by austere working environments and limited bandwidth. Business systems designed and deployed to meet in-garrison, Cold War requirements are not meeting the needs of today's expeditionary warfighter. The Department must develop the end-to-end processes needed to define warfighter requirements and to respond rapidly to them with transformed business system solutions.

During FY08, the Department undertook many activities and initiatives to improve its support to the warfighter. This chapter provides some examples of its efforts.

Transformation for the Warfighter

Iraqi Vendor Pay

The Iraqi Vendor Pay project demonstrates what it takes for the Department to set and satisfy transformational objectives in the expeditionary environment. In December 2007, senior Department leaders mandated that U.S. government contracts with Iraqi vendors, valued at more than \$50,000, must be paid through an electronic funds transfer, or EFT. There was an important objective driving this mandate. The U.S. government wanted to reinvigorate the Iraqi economy through a revitalized and transformed Iraqi banking system. One essential capability of the revitalized banking system was the capability to make and accept EFTs. Progress in the economic sector would improve the stability situation and would assist coalition forces in meeting their objectives across the country. Another benefit of the EFT mandate was that it effectively removed cash from the battlefield. Whereas some minimum amount of cash on the battlefield can enhance combat operations, too much can pose a risk and an administrative burden for commanders already taxed with the rigors of the assigned mission. Over time, the U.S. government refined the EFT mandate to include all contracts in excess of \$25,000.

While the rationale for the mandate was clear, its inherent challenge was significant. The Department created a team to work on this challenge that included the organizations with the right knowledge and expertise to develop and implement the solution. The team included representatives of U.S. Army Finance Command, the Defense Finance and Accounting Service (DFAS), the Defense Information Systems Agency, the Task Force to Improve Business and Stability Operations in Iraq and the Business Transformation Agency (BTA). This team traveled to Iraq in December 2007 and examined the existing process used to make EFTs.

The team found that, at times, it took about 45 days to complete an EFT. Since Iraqi vendors could receive cash for their services in about 10 days, they had no incentive to wait 45 days or longer for an EFT. To realize the benefits envisioned by the mandate, the Department would have to develop the capability to complete EFTs in a similar amount of time. The team examined the past payment data and established 15 days as the goal for completing EFTs in Iraq.



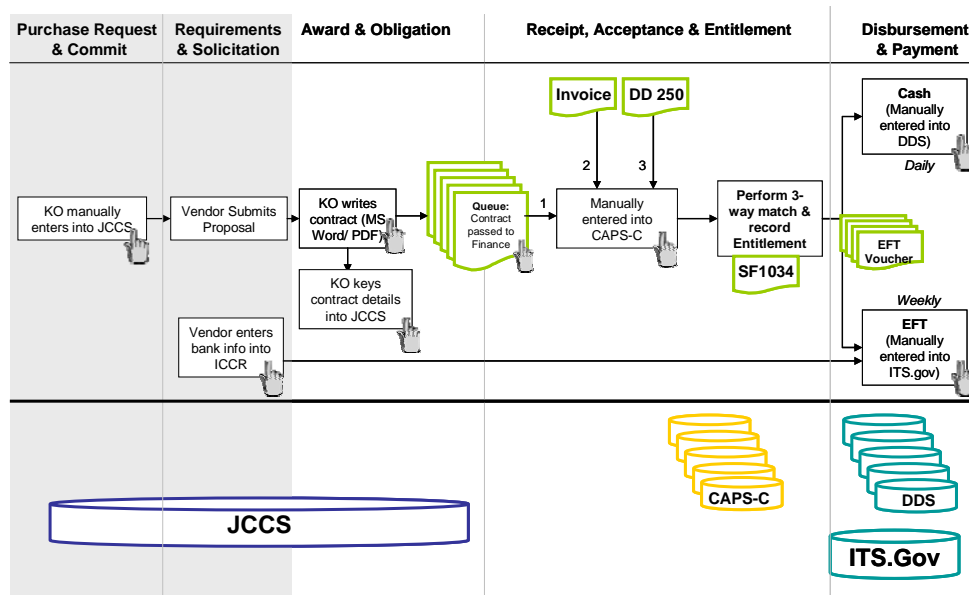


Figure 5-1: Process for Completing EFTs in Iraq

Figure 5-1 makes clear the reasons for the 45-day performance. Each “hand icon” in the figure represents a manual process. Beginning at the left of the figure, the contracting officer, or KO, manually enters the purchase request into the Joint Contingency Contracting System (JCCS) and then makes it available for Iraqi vendors to bid on it. But in the Award and Obligation step, there are two more disconnected manual processes. The contracting officer has to write the contract and then key those details into JCCS. Each of these manual steps are not only time consuming, but also create the opportunity for errors. Detection and correction of any error adds more time to the process. The team also determined that the existing process lacked an effective set of internal controls.

In addition, the bottom of the figure shows that the JCCS, Commercial Accounts Payment System-Clipper (CAPS-C in Figure 5-1 and 5-2), the Deployable Disbursing System (DDS) and the International Treasury Services (ITS) had no connections among them for international electronic payments. These systems were all disconnected slices of reality for understanding whether the Department had made an EFT. Additionally, none of the individual instances of CAPS-Clipper was interconnected in any way. This lack of connectivity did not provide Department leaders visibility into financial information and decisions. Figure 5-1 shows the invisibility of the data across the existing process. Without visibility into this information, decision makers could not know if there was a problem and would have no data for devising a solution.

Based on their findings, the team developed a set of high-level objectives for improving the completion time for EFTs.

- Rapid, low error EFT payment processing and disbursement.
- Near real-time visibility for finance commanders across the improved process.
- Full, end-to-end traceability for contracts from requirement to payment—the manifestation of the end-to-end process.

The team developed a work plan to meet the 15-day goal. It contained three important steps.

- Define and implement the infrastructure needed to support an automated end-to-end process.
- Define and implement the required automated systems and business processes.
- Institutionalize the solution in the Business Enterprise Architecture and in the organizational processes of the stakeholders.
- Facilitate a standing, trained and ready capability, properly equipped and able to deploy when directed for the next war.



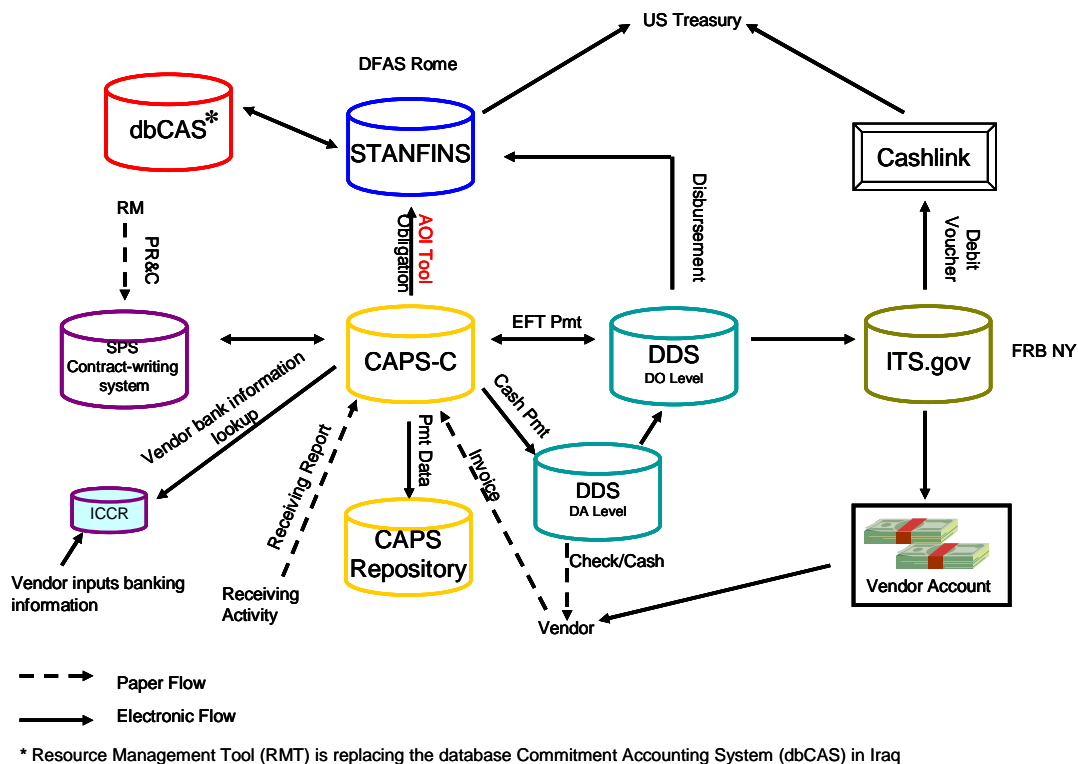


Figure 5-2: Improved Process for Completing EFTs in Iraq

Execution of the first step required nearly a year to complete. The team put the automated systems in place, interconnected them and developed the business process flows needed to make it all work as an integrated process. Figure 5-2 depicts the improved end-to-end process for completing EFTs in Iraq.

The “hand icons” have disappeared from Figure 5-2. All systems are connected, as defined by the second step in the plan for the end-to-end process. Early team efforts resulted in the implementation of the CAPS-Clipper-DDS-ITS interface. The next step was deployment of the Standard Procurement System (SPS), a contract writing system, and utilization of an automated interface to CAPS-Clipper, the deployable system for paying vendors. Linking SPS with CAPS-Clipper eliminated the need to rekey documents at the beginning of each process step. In the improved process, data is entered once, validated and then sent to the next system in the process.

DFAS, as the proponent for CAPS-Clipper, developed a “splitter” system that can be used to separate the cash payments from the EFT payments. To make the connection between CAPS-Clipper and DDS, the team decided to use removable media and transfer it by hand. From there, the EFT passes electronically to ITS and then to the Iraqi vendor.

The team also added a CAPS Repository to the integrated system to provide financial visibility to support management control. The repository is designed to provide information that tells leaders whether EFT payments are meeting the 15-day goal. It will also allow leaders to identify performance trends, determine causality and allow for the development of corrective measures. The improved end-to-end process will offer transformational visibility into financial management performance where none previously existed.

The team is continuing to enhance the improved systems environment with the deployment of Wide Area Workflow (WAWF) to Iraq. This deployment will automate the paper flows for invoices and receiving reports, shown in Figure 5-2, and will significantly improve financial visibility and the timeliness of EFT payments.

Implementation of the improved end-to-end process is still underway, but early results show that it will be capable of meeting the 15-day goal for completing EFTs in Iraq. The Iraqi Vendor Pay project demonstrates



the Department's ability to set transformational objectives and to develop and implement the end-to-end processes that deliver the required capabilities.

The Department notes that the improved process facilitated by the team is an interim stopgap solution that pieces together the most optimum solution that can be achieved given existing capabilities in the short run. Because of the team's efforts, a strategic view with an eye towards transformation of the expeditionary aspects of business operations has been adopted. This effort will result in the development of an expeditionary architecture and capabilities that will revolutionize business systems support to future conflicts.

Task Force to Improve Business and Stability Operations in Iraq (TFBSO)

The TFBSO consists of more than 180 American business leaders, engineers, and accountants augmented by over 100 Iraqis with business and engineering education, working in every province today. TFBSO is the tactical economic development resource to Multi National Force-Iraq and U.S. Mission-Baghdad.

FY08 Highlights

- Industrial Revitalization initiative - projects restarting or increasing production at 66 factories in 35 state-owned corporations as of November 1, 2008.
- TFBSO is executing an additional 30 factory revitalization projects, focusing on recently secured areas (Basra, Maysan, Mosul, Kirkuk, Diyala, Salah Ad Din). These revitalizations restore normal life to citizens, and prepare the factories for large scale private investment.
- Seven state-owned factory private investment joint ventures executed in 2008, facilitated by TFBSO, date of transaction shown. The deals closed to date represent \$740M in private investment in factories idled prior to TFBSO engagement beginning in 2006.
 - Kirkuk Cement (\$150M, German Consortium, completed in May)
 - Al Qaim Cement (\$150M, Lebanese Consortium, May)
 - Diyala Electric (\$80M, Egyptian Consortium, November)
 - Northern Fertilizer (Baiji) (\$210M, Japanese Consortium, November)
 - Kubaysa Cement (\$150M, Japanese Consortium, November)
 - Basra Steel (over \$1B, negotiation with Arcelor Mittal expected to close in December)
 - Karbala Cement (over \$100M in final negotiation with UK consortium)
- International five-star hotel construction is now underway in Iraq. American/Jordanian investor consortium, hotel to be managed by Rotana (Abu Dhabi luxury hotel chain). Three-hundred room luxury hotel with seven restaurants and 750-person conference center—100% private financing. Transaction solicited, facilitated, and closed with Government of Iraq (GOI) by TFBSO.



- Over 150 private bank branches now fully automated with electronic funds transfer capability. TFBSO enabled this capability, and worked with JCC-I/A and Treasury Attache to shift all USG contract payment to electronic payment in 2008, capitalizing the private banks.
- TFBSO recently managed the launch of MasterCard services in Iraq, and is deploying point of sale card scanners at retail locations in Baghdad, accelerating the adoption of non-cash tools for personal financial management.
- US Land Grant University professors now deployed by TFBSO into Multi National Division-Center, Multi National Force West, and Multi National Division North. Texas A&M, Mississippi State, and Clemson participating. More than 30 faculty and university technicians now engaged embedded with the civil affairs groups and working on farms in these critical areas.
- TFBSO Procurement Assistance Center has facilitated execution of several billion dollars in Iraqi government procurements in 2008, including a signature contract of \$4B for Boeing and Bombardier Aircraft. TFBSO PAC is acknowledged as the most effective tactical budget execution capacity development effort in Iraq. Major procurements now supported include medical equipment for the Ministry of Health, airport development within the Ministry of Transportation, and accelerated procurement support at the provincial level via the Provincial Procurement Assistance Teams within the PAC organization.
- TFBSO has facilitated engagement by multinational corporations in Iraq. Specific TFBSO managed deals by multinationals this year include:
 - Daimler Benz agreement to build trucks in restarted SOE factory in Iskandiriyah
 - Caterpillar agreement to rebuild and eventually assemble generators in Baghdad.
 - Cummins Diesel agreement to rebuild and assemble generators at Iskandiriyah
 - Case New Holland agreement to assemble farm tractors in Iskandiriyah.
- TFBSO has hosted over 100 private investors from the region, Europe, and the U.S. in 2008. Over 50% of these investors have made proposals for new business investment in Iraq.
- TFBSO communications infrastructure development efforts in tight support of Coalition leadership are resulting in rapid build-out of fiber optic networks in Iraq, as well as integrated technology architecture roadmap for GOI, ensuring future investment in telecommunications infrastructure is secure and reliable.
- TFBSO has begun to work in support of GOI and is planning a conference for the largest US defense contractors to visit Iraq early in 2009, to facilitate their entry into direct relationships with ministries of the Iraqi government.



Cases in Point

Case in Point: Solving Real-time Problems for the Deployed Warfighter with an Eye to Long-term Improvements

Today's deployed warfighter must cope with using enabling technology that is designed, developed and deployed to meet larger enterprise business operations requirements. This leaves them with technology gaps in their business operations that must be supported manually for some time, until the larger business systems can operate in the expeditionary operations environment. For the Combined Joint Task Force-Horn of Africa (CJTF-HOA), it took nearly two years to establish reliable infrastructure. It was not until the operational tempo slackened that they had the time to incorporate tools to make their work more effective. The Department supported this implementation of the Standard Procurement System (SPS) with a team of experts that traveled to the remote outpost of Camp Lemonier in Djibouti City, Djibouti. This team supported the deployment decisions for SPS and documented the challenges of the expeditionary operations environment. In the end, the team helped with the successful deployment of SPS and improved the architecture that will set the table to improve the insertion of technology into business operations earlier in expeditionary deployments.

CJTF-HOA conducts unified action in the Combined Joint Operations Area-Horn of Africa to prevent conflict, promote regional cooperation and stability, and protect U.S. and Coalition interests in order to prevail against extremism. CJTF-HOA's personnel build schools, clinics and hospitals; deliver medical, dental and veterinary civil affairs projects to the population; drill and refurbish wells; and conduct training in collaboration with most partner nation militaries.

Applying the lessons learned from work in Iraq and U.S. Africa Command (AFRICOM), a team from the Defense Business Transformation Agency traveled to CJTF-HOA and immediately conducted value stream analysis in the Contingency Contracting Office (CCO). This analysis included reviews of management processes, network connectivity and enabling technology. Throughout this engagement, the team helped the CCO to improve its efficiency in managing spending and improved its use of local vendors.

Business transformation is needed from the deployed warfighter to the supporting establishment. That was never as evident as it was in this barren, remote and inhospitable operating environment surrounded by trouble spots in which people are in a constant struggle against extremism. The experience and learning from this type of warfighter engagement goes a long way to help improve the probability that business systems are as effective in an expeditionary environment as they are at a home station. At Camp Lemonier, the Department supported the near-term need and left with first-hand knowledge of the expeditionary environment and specific actions that will solve the challenge in the long-term.



Case in Point: Supporting the Combatant Commands



The Department is focusing on addressing immediate and urgent business enterprise priority shortfalls adversely impacting the warfighting effectiveness of one or more Unified Combatant Commands. Solutions, identified in coordination with appropriate stakeholders, augment and support DoD's longer-term defense business transformation initiatives. U.S. Africa Command (AFRICOM) and U.S. European Command (EUCOM) are faced with the challenge of applying their resources to promote peace. Meeting this challenge requires a rethinking and realignment of the traditional role of a unified command.

In late April 2008, BTA sponsored a business innovation exposition for AFRICOM to connect its staff with the business community currently working on the continent, inform the industry base about AFRICOM, engage with and between organizations that develop and provide future capabilities, and to expose the AFRICOM staff to these industry capacities and capabilities. BTA recognizes that industry has developed the processes and learned its lessons from working in Africa for generations. Leveraging this experience is one of many ways to drive the development of this new unified command.

In June, the Department also supported an AFRICOM Academic Symposium. This symposium was designed to introduce AFRICOM and its mission and objectives to the broader academic community in the United States and to discuss the potential interface between AFRICOM and the academic community. This symposium introduced the U.S. Africa Command to the U.S. academic community, providing an opportunity for academia and the U.S. Africa Command staff to discuss the strategic challenges faced by the DoD's newest Unified Command. Finally, the symposium provided a forum to explore related notions of transformation, collaboration and interagency cooperation in support of the African people.



In July, BTA hosted the "US EUCOM 2020: Partnership Building Symposium." The symposium was designed to provide the EUCOM leadership a forum to hear and discuss the perspectives of issues facing EUCOM's government, private sector, and academic partners in the next 10 to 12 years. One of the mandates of the symposium was to help EUCOM shape its strategies, and to build capacity in collaboration with its partners to achieve common goals.



The Department's ultimate goal is to engage directly with the Combatant Commands and provide them direct support in achieving their business transformation objectives.



Case in Point: BTA Sponsors Seventh/Eighth In-Theater Business Transformation Roundtable



In October and November 2008, DoD sponsored the seventh and eighth in a series of In-theater Business Transformation Roundtables in support of the 25th Infantry Division (25ID) and II Marine Expeditionary Force (Forward) (II MEF) to assist Army Division and Marine Expeditionary Force-level units prepare for the vitally important governance and economic lines of operations as well as broaden their horizon to include transforming business operations in Iraq.

On behalf of the Department, the BTA began conducting these roundtables in January 2006 and given their success, continued to get the call from combat leaders asking for help with the application of business modernization systems in an austere environment and to facilitate relationships among business leaders, service personnel and other agencies. Major Army and Marine Corps commanders have recognized that winning the peace in Iraq involved much more than establishing a secure environment. It meant planning for and supporting economic revitalization with the help of both the warfighter mission area and business mission area.

As the security situation continues to improve and with the transfer of provincial control to Iraq through the successful work of the civilian-led Provincial Reconstruction Teams, Army and Marine Corps leaders wish to assume a supporting role, encouraging the Iraqis to take the lead, to effectively “prepare for the handoff” and literally “work themselves out of a job.” To accomplish this, processes, systems and information flows need to be aligned to the expeditionary operational environment, while supporting diverse requirements that take into account language, culture and operating conditions to conduct business while supporting the force.

All of these roundtables have featured speakers who were presently serving in Iraq, or who had very recent experience in theater, truly both a “boots and loafers on the ground event.” They brought to the table, “grass roots” level and “current operations” information, critical to enhancing the Commander’s ability to develop a viable economic and governance plan of action. They provided their insights to standing-room-only audiences comprised of Marines, Soldiers, Sailors, and civilians from various agencies, non-governmental organizations and the private sector. The roundtable format of the conference encouraged active participation from all attendees and resulted in highly beneficial dialogue on many topics unique to Iraq. This interaction broke down barriers to communication, collapsed organizational stovepipes and encouraged early team building during pre-deployment training.

These In-theater Business Transformation Roundtables not only prepared the deploying force, but also leveraged business system modernization and economic revitalization techniques into and integrated approach.



Continuous Process Improvement/Lean Six Sigma

The most significant change for DoD's performance management initiative has been the change in the deployment paradigm. To propel this Enterprise-wide transformation, Department deployment leaders have carefully examined the results achieved over the last decade and agreed to work together to solve challenges no one could solve alone. This marks a defining milestone in the maturity of the deployment. The results are very encouraging and collaboration within DoD has never been better. DoD has moved away from simply selecting low-hanging fruit and local pain points for the types of projects it is undertaking. For instance, using the Quadrennial Defense Review (QDR) as the start point for guidance, DoD has been able to track the cascading priorities in the supply chain value stream to a project improving the shipping container process in Iraq and Afghanistan. This is a \$600M opportunity for improvement.

The team has members from the Combatant Commands, Joint Staff, the Office of the Under Secretary of Defense for Acquisition, Technology and Logistics and process owners in theater. DoD is also taking on projects as a result of Congressional direction such as the Base Realignment and Closure (BRAC) Act and language from the National Defense Authorization Act (NDAA). The BRAC decision to co-locate all of the Defense Central Adjudication Facilities was the impetus for a Lean Six Sigma (LSS) project recently completed under the direction of the Under Secretary of Defense for Intelligence. The project successfully migrated nine disparate IT processes into two (collateral and TS/SCI), nine separate physical locations into one and consolidated dozens of support functions to a single central facility. The NDAA was the origin to examine several Joint Rapid Acquisition processes to glean lessons learned to apply to the Department's main acquisition process. Because of that LSS project, the Defense Science Board has engaged the initiative to apply the recommendations to the main acquisition process.

In July 2008, the DoD Lean Six Sigma Program Office hosted a two-day DoD-wide Deployment Leaders WORKshop. The goal of the WORKshop was to determine the Enterprise-wide challenges to reaching these breakthrough results. The group identified four challenges the enterprise had to overcome to take the improvements to the exponential level. Each workstream was comprised of representatives from each of the Services, with a different Service lead for each:

Strategic Alignment and Project Selection—led by the U.S. Air Force, it ensures a common approach to align goals and objectives that cascade from the highest levels down to the individual's performance expectations. It also produces a list of projects that will close the gap between current performance and the desired level articulated in the strategic plan. Simply put, let's work on first things, first.

Consistency of Approach—led by the Department of the Navy, it ensures consistency in the training, education and certification standards throughout the Department and that everyone is trained using the same body of knowledge. One playbook.

Integration—led by the U.S. Army, it establishes a web-based community of interest that ensures best practices and improvement projects are leveraged and replicated across the Department. Stop re-inventing the wheel.

Human Capital—led by the Office of the Secretary of Defense (OSD), it establishes standardized classified position descriptions to institutionalize and enhance the career development of LSS practitioners. It will also develop a reward program and enable a well-positioned, critical mass of key civilian and military practitioners with sufficient expertise to take full ownership for the Department's continuous process improvement. It moves process improvement from a part-time job to a career.

The Department's LSS deployment leaders agreed to work together to meet these challenges and achieve what the individual Services could not do alone. They developed plans for meeting each of the four challenges and achieved the results described in the next sections. Throughout the year, the Service leads briefed their progress in all four workstreams, giving each service an opportunity to showcase their specific efforts in each workstream. The balance of this chapter not only provides a report of the Department's



deployment, but also provides a context and perspective for the work involved. The report highlights the Department’s achievements in each of the workstreams.

The DoD Continuous Process Improvement/Lean Six Sigma (CPI/LSS) Program Office works cooperatively with the heads of the DoD Components to facilitate synchronization and integration of the CPI/LSS program with Component process improvement programs and initiatives. To achieve breakthrough results, the Lean Six Sigma Program Office conducted a LSS deployment gap self-diagnosis survey. The self-diagnosis tool assigned 53 questions to general categories including strategy, best practices, communications, change management, program management, candidate selection, training and retention, financial controls, and project tracking. The analysis confirmed that four critical work stream enablers were required for breakthrough results: Strategic Alignment and Project Selection, Consistency of Approach, Integration, and Human Capital.

Strategic Alignment

Strategy Alignment and Project Selection (SA&PS) involves clear alignment of organization mission (or function), organizational objectives, related goals, strategies to achieve the objectives and goals, and metrics to track results, and facilitate performance dialog. A common acronym summarizing this is OGSM, or Objectives-Goals-Strategy-Metrics. It involves alignment of objectives and goals from headquarters to major command to lower organization levels. Appropriately applied SA&PS assures focus on key priorities and provides a solid base to commission high value CPI/LSS projects linked to these priorities and goals.

The Air Force is prototyping an effective SA&PS framework to include templates and strategic and performance management review cycles. Pacific Air Forces is leading the pilot program. Command priorities are linked to the Air Force 2008 Strategic Plan Priorities. The Air Force focused on best practices across both industry (Chevron, Cirrus Design, Clorox, Toyota...& many others) and the Department. In particular, the Air Force leveraged Clorox’s Strategic Planning Model to develop a simplified and actionable framework for linking strategy to execution—from Headquarters Air Force to the major commands. The team developed the SA&PS process to:

- Allow all DoD institutions to facilitate improved strategic alignment
- Prioritize project selection based on strategic objectives

Further, the framework developed is interchangeable across all DoD institutions.

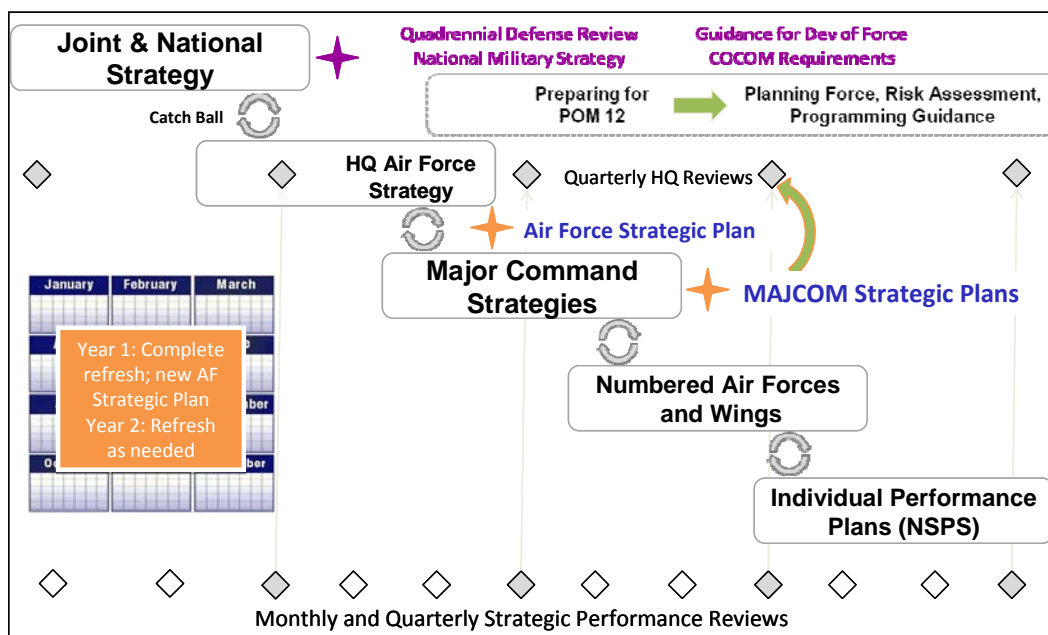


Figure 5-3: Strategic Alignment Framework



Figure 5-3 graphically depicts the cascading levels of organization – DoD-wide, Service, Unit, Individual. Joint/National priorities set the tone down to the level of the individual. In the case of the Air Force, this would be OSD to Headquarters Air Force to Major Command to Wing to Squadron to Individuals. Everyone is clearly aligned with the national priorities. The key milestones – Strategic Plan publication at HQ and Service—are easily tracked and periodically reviewed throughout the organization— at the major command level and rolling up to the entire enterprise. Frequency of review varies by organization level. These reviews occur monthly or quarterly for MAJCOM – then aggregated into an Air Force-wide picture. Clearly aligning the SA&PS process also allows for informing individual performance.

Consistency of Approach

Although CPI/LSS has been deployed for many years within DoD, we lacked a standard approach. In fact there was significant variation in how each Service defined a LSS Belt and what training was required to achieve a certification. It was determined that all DoD LSS training and certification had to ensure that all practitioners spoke the same language and practiced the same methodology from day one. The DoD LSS office assigned the Department of the Navy (DON) to an effort to achieve greater Consistency of Approach (C of A).

The challenge facing the C of A work group at the beginning of FY08 was the competition that had sprung up in which the Service practitioners felt their “belt” was better and their way of improving the process was better. That perspective had to be changed so that all belts were the same, everyone’s capabilities were equal and that the CPI approach would be aligned across DoD. At the same time, all of the Services had learned a great deal about what did and did not work in their own training models. The time was right to leverage best practices and develop a better way to train CPI professionals. Training and certification were not the goals in and of themselves. Training and certification must provide the skill sets the Department needs, allowing CPI experts to solve problems across the Enterprise, not just for their Services. To accomplish this the team developed a Body of Knowledge (BoK) that contained a common set of professional capabilities based on recent customer-focused research from the International Society of Six Sigma Professionals (ISSSP).

By the end of FY08, the C of A team had developed a training and certification maturity model. The first team established standard certification requirements for Green Belts, Black Belts, and Master Black Belts, requiring a combination of academic learning, mentoring and training, and practical project work. With the end in mind, a second team set out to clarify details of what the training requirements really meant. A new Body of Knowledge (BoK) was established which combined the best of the existing Services and OSD BoK work, as well as alignment to the ISSSP capabilities models and input from the American Society for Quality (ASQ) and the Raytheon Partnership Network (RPN), all recognized leaders in LSS methodologies.

To avoid debate over different CPI deployment methodologies, the new BoK was skill-set based rather than process-based, emphasizing the tools and skills necessary to deploy. In addition, the new BoK aligns each topic and sub-topic to a simplified taxonomy level, ensuring that not only topics, but levels of comprehension are addressed. The BoK shows minimum taxonomy levels for each topic and sub-topic, by Green Belt, Black Belt, Master Black Belt, and Champion. This sets the stage for a third team to begin the challenge of establishing common curricula for DoD training. To date, Missile Defense Agency (MDA) is piloting on-line modules aligned to the Champion BoK, RPN has blended learning materials for Green Belt and Black Belt on-line learning piloted through Defense Finance and Accounting Service (DFAS), and OSD has begun a pilot of their Black Belt curriculum utilizing Instructional System Design (ISD) methods to optimize learning and teaching methods with the BoK and appropriate taxonomy requirements. The DON is not far behind in a similar effort.

The curriculum development team is employing a good-better-best model of deployment. Initial materials were developed independently by separate organizations with expedition in mind. Many of these materials are already available online, and many more will be made available once initial piloting and scrubbing is completed. The better model will follow as cross-functional teams begin reviewing these materials from a larger, DoD-wide perspective. Finally, a best model will be employed, with modules assigned to different Military Services and Defense Agencies as “owners” who will manage cross-functional team reviews and



updates of their materials, with a central steering committee overseeing change management for DoD materials. Materials will be made available to all DoD, effectively making it easier to “do it right” by using existing materials than to “do it wrong” by developing non-standard training. In fact, even non-standard training will likely ultimately be based on the standard core – a model that encourages simplicity and central consistency without compromising creativity and flexibility.

One unanticipated consequence of the Consistency of Approach BoK work was the identification of significant gaps in DoD’s current materials. Standard, government-owned Master Black Belts training simply does not exist. Even more importantly, there is a shortfall in the number of qualified Master Black Belts in the Department. Based on the new BoK, the Master Black Belts mentor new practitioners and senior leaders. They assist Green Belts with their projects and help senior leaders on the strategic development of their LSS programs and the alignment of their objectives. The C of A team members are now in the beginning phases of putting together the Department’s first Master Black Belt course. They have recognized that having a consistent approach for the development of Master Black Belts will be a critical enabler for the deployment of LSS across the Enterprise.

Integration

As the lead for the Integration workstream, the Army worked to identify or develop DoD’s best practices and technologies that enable transparency of all CPI efforts for effective and efficient project collaboration and/or replication. The goals of the action team were to build a DoD culture focused on continual improvement, enhance capability to make data driven decisions, and exponential return on the DoD CPI program investment. Exponential return on investment (ROI) benefits can be achieved through collaborative efforts or by replication of successful projects from one DoD component to others.

Improvement focus areas were identified based on the best (ROI). The action team developed a common executive summary format with a common CPI benefit vs. effort, developed common DoD strategic metrics that focus CPI efforts on a high return/priority DoD issues, and standardized core project deliverables.

The actions to improve integration include aligning CPI initiatives to DoD strategic goals and development of guidance for executive management to be involved in regular reviews. They also developed common processes for collaboration and replication with a common validation process for DoD-wide project benefits and common collaboration and replication of future state process maps. Finally, the team established a common repository for visibility across DoD Components.

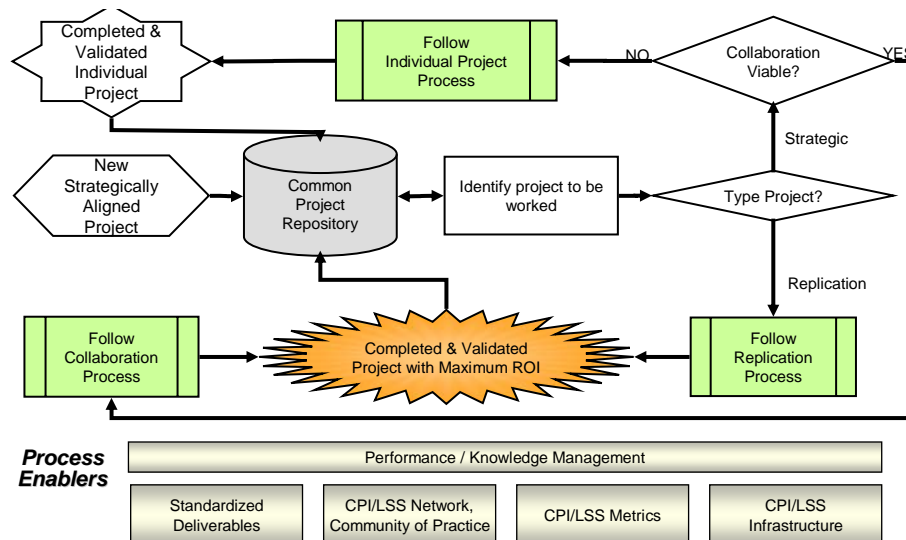


Figure 5-4: Replication Process



The team determined a need for a Community of Practice website that is in the process of being established. It will allow practitioners to find CPI/LSS subject matter experts, link directly to DoD component tracking tools, find replication information, check the status of collaborative efforts, and link to DoD strategic improvement initiatives. The tracking tool, DoD Enterprise Performance Management System (DEPMS), will be used to track CPI/LSS projects and trained personnel. It will also facilitate DoD in finding replicable projects through keyword searches and go a long way to facilitate integration.

The DoD Integration Team identified required core project deliverables and common DoD strategic metrics. Additionally, DoD-wide CPI Points of Contact (POCs) and Subject Matter Experts (SMEs) were established. A major immediate by-product of this work is increased communications across the DoD CPI network and Defense-wide promotion of a culture of CPI. The team developed a platform to review Enterprise-level projects from the Army and DFAS that is the pilot for DoD the Replication/Collaboration process.

The foundational work accomplished by the DoD Integration Team in 2008 will help set the stage for potentially achieving exponential return on the DoD CPI program investment (ROI) as best practices begin to be replicated across the Department. The scope set for this includes all completed process improvement projects across the DoD enterprise (CPI/BT/LSS/AFSO21/ etc.) The team includes members from all DoD Components.

Human Capital

Trained and motivated DoD personnel are the principal element for successful implementation of CPI/LSS across the Department. To accelerate attainment of this fundamental pillar of the program, DoD Components must establish and reward a well-positioned, critical mass of key civilian and military practitioners with sufficient expertise to take full ownership for the Department's continuous process improvement. This was the focus of the Human Capital critical work stream action team.

The Human Capital action team is composed of USD Policy, Army, DON, Air Force, and Defense Agency representatives and is assigned an OSD team lead. The team established three Human Capital priorities for policy and product development including: 1) standard position descriptions for full and part time practitioners, 2) a rewards and recognition to incentivize program goal congruence, and 3) a data element identifier of program practitioners in the Defense Civilian Personnel Data System (DCPDS) and the Defense Integrated Military Human Resources System (DIMHRS), the Department's personnel systems of record.

The Human Capital action team worked to complete four standard position descriptions for full and part time practitioners. Three full time positions were described as Master Black Belt, senior Black Belt and journeyman Black Belt. A part time Green Belt amendment to any position description was described which has the potential to make any DoD position a LSS/CPI practitioner. A standard position management structure, a list of professional competencies and a series of interview questions were also prepared. The jointly focused Human Capital action team distributed standard position descriptions to more than 50 Defense organizations in the first quarter of FY09. The standard position descriptions have been submitted to higher-level echelon human resources offices throughout the Enterprise for official classification. Once completed, they will be posted to the Defense Knowledge Online point of presence for the LSS/CPI Community of Practice for download and use.

A properly constructed management control system includes a) delegation of decision authority, b) establishment of a system of reporting to the delegation authority and c) a system of rewards and recognition for organizational goal congruent behavior. It was with this understanding the Human Capital action team selected a system of rewards and recognition for Defense Enterprise LSS/CPI practitioners within existing award policy guidance. The DON led the preparation of an awards handbook and guide for managers and supervisors. Included is a table of monetary awards for tangible and intangible benefits, time off awards and non-monetary recognition including honorary awards. Sample award formats and process charts reduce cycle time for identification of the proper award, preparation, approval and presentation at ceremonies. The Army implemented a similar document and executed its first competitive Army Enterprise award presentation ceremony in 2008. The DoD LSS Program Office is developing criteria and structure for a DoD Enterprise award to be presented at the June 2009 DoD/CPI Symposium.



Commanders and line managers cannot leverage the breakthrough potential of LSS unless they are aware of the availability of trained and certified professionals in their workforce. Presently, the Enterprise has no ability to identify, track and fully utilize LSS professionals. The third goal of the Human Capital work stream action team is to develop a method of identifying trained and certified ‘belts’ to assist in projects anywhere in the worldwide Enterprise. The team is working with the DCPDS and DIMHRS Program Offices to utilize existing data fields to establish LSS program training and certification identifiers. The capability is projected for the third quarter of FY09.

Next Steps

The DoD LSS Program Office is postured to achieve greater alignment to our business strategy and execute high priority projects.

Additionally, by the end of FY09, to complement the DoD BoK and certification standards, DoD will have completed its standard curriculum, which will be available for all DoD components.

In FY09, the Department will complete the last phase of the Defense Enterprise Performance Management System fielding to achieve DoD integration.

Lastly, the standard position descriptions will have completed the classification process for each component and be available for the hiring process.



6. Key Milestone Summary

This section responds to the Title 10, U.S. Code, section 2222, requirement to report specific milestones and actual performance against specified performance measures and any revision of milestones and performance measures. During FY08, the Department met 182 of 299 scheduled milestones. Additionally, the Department met 57% of its FY08 retirement targets, retiring 12 of the 21 legacy systems. Table 6-2 displays milestone performance for FY08 and includes a specific explanation for each unmet milestone. The status column in Table 6-2 indicates whether each unmet milestone was slipped, deleted or corrected for administrative reasons.

Only 16% (49/299) of the Department's milestones were not accomplished within their scheduled timeframe. These milestones are labeled "slipped" in the status column of Table 6-2. A single slipped milestone can create a domino effect of milestone slippages within a program. These program intra-dependencies account for 20 of the 49 total slipped milestones, as shown in Table 6-1. For example, the Defense Integrated Military Human Resources System (DIMHRS) did not meet its System Acceptance Testing milestone, which cascaded into six other slipped milestones within the DIMHRS program.

Table 6-1: Accounting for Slipped Milestones

Programs	Slipped Milestones
Defense Integrated Military Human Resources System	7
USAF Personnel Service Delivery	7
Navy Enterprise Resource Planning	2
Navy Total Force Structure Management System	2
Defense Enterprise Accounting and Management System-Air Force	2
Total	20

Additionally, 68 milestones were "deleted." Continually honing the alignment of program direction to the Enterprise's or Component's priorities accounted for 44 of the 68 deleted milestones. For instance, as the Components implemented RPIR, it became clear that separate milestones for different data element groupings within RPIR were not required. This change resulted in the deletion of ten milestones. A wide variety of unique reasons account for the remaining 24 deleted milestones.

Milestones corrected for administrative reasons, such as duplicate or mislabeled milestones, were not included in the overall total number of 299 milestones.

Table 6-2 displays the milestones scheduled for completion during FY08, as provided by the *September 2007 ETP* and the *March 2008 Congressional Report*.



Table 6-2: FY08 Key Milestone Summary

Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
Personnel Visibility				
DCPDS Defense Civilian Personnel Data System				
Define high level technical and functional requirements for HR/Payroll and conduct Preliminary Requirements Review		2/2008	Deleted	No FY08 project funding has been provided for the HR/Payroll
Develop Preliminary Design for the HR/Payroll initiative and conduct preliminary Design Review		4/2008	Deleted	No FY08 project funding has been provided for the HR/Payroll
Final Requirements Review		5/2008	Deleted	No FY08 project funding has been provided for the HR/Payroll
Complete the translation of HR/Payroll into a detailed design and conduct Critical Design Review		6/2008	Deleted	No FY08 project funding has been provided for the HR/Payroll
DIMHRS Defense Integrated Military Human Resources System				
Increment: Army				
System Integration Test	8/2008	2/2008	Met	
System Acceptance Test	TBD	3/2008	Slipped	Critical Change Report submitted Jan 31, 2009
Operational Test and Evaluation	TBD	8/2008	Slipped	Critical Change Report submitted Jan 31, 2009
IOC	TBD	9/2008	Slipped	Critical Change Report submitted Jan 31, 2009
Increment: Air Force				
Interface Requirements (Legacy) Complete	TBD	3/2008	Slipped	Critical Change Report submitted Jan 31, 2009
System Integration Test	TBD	6/2008	Slipped	Critical Change Report submitted Jan 31, 2009
System Acceptance Test	TBD	7/2008	Slipped	Critical Change Report submitted Jan 31, 2009



Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
Increment: Marine Corps - Notional				
Marine Corps Assessment	TBD	3/2008	Slipped	Critical Change Report submitted Jan 31, 2009
DTS Defense Travel System				
Interface to Navy ERP	9/2007	10/2007	Met	
Interface to GFEBS	10/2008	8/2008	Met	
Implementation of Technical Refresh	5/2009	5/2008	Slipped	Resources realigned from Special Circumstance Travel to test SPRs for Release 3 (Technical Refresh)
Interface to DEAMS	8/2009	8/2008	Slipped	To align with the DEAMS release schedule, this task has been delayed
Compliance for Non-Transformational Systems				
DCPS Legacy BEIS Interface	10/2009	10/2007	Slipped	Due to reprogramming impacted by resource allocation
Acquisition Visibility				
AV BTS AV Business Transformation Support				
Increment: AV SOA Demo				
Assign institutional responsibility for maintenance of the authoritative copy of each data element within component system(s)	10/2007	10/2007	Met	
Develop technical interface standards	12/2007	12/2007	Met	
WSLM issue data exchange standards and implementation schedule	12/2007	12/2007	Met	
Specified MDAPS implement data exchange standards	1/2008	12/2007	Met	
Query authoritative sources	1/2008	12/2007	Met	



Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
Increment: SAR-PB Reconciliation				
SAR submission in support of the FY10 budget contains explanations of principal differences between SAR values reported and the PB10 request		NA	Deleted	Director, ARA, redirected the effort, making this milestone obsolete
MEVA (CAMS-ME) Military Equipment Valuation and Accountability				
Increment: Increment 2				
Item Unique Identification (IUID) Registry Interface to CAMS-ME	12/2007	12/2007	Met	
CAMS-ME Increment 2A (Replace manual update of asset status, e.g., asset transfers, retirements, and loss data) CAMS-ME 2B (Replace manual update of asset additions) Program Review	11/2007	12/2007	Met	
Spiral A IOC: Capital Asset Management System - Military Equipment (CAMS-ME)	1/2008	12/2007	Met	
Navy Accountability Systems (Naval Vessel Registry (NVR) and Aircraft Inventory & Readiness Reporting Sys. (AIRRS)) Interface to IUID Registry Complete: Capital Asset Management System - Military Equipment (CAMS-ME)	12/2007	12/2007	Met	
Acquisition Program Unique Identifier (APUID) Registry Interface to CAMS-ME		6/2008	Deleted	ME selected to implement an end-to-end business process framework approach to identify gaps in the Services' financial improvement plans. Updated to reflect changes in the current March 08 FIAR Plan



Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
Spiral B IOC: Capital Asset Management System - Military Equipment (CAMS-ME)		9/2008	Deleted	ME selected to implement an end-to-end business process framework approach to identify gaps in the Services' financial improvement plans. Updated to reflect changes in the current March 08 FIAR Plan
DAMIR Defense Acquisition Management Information Retrieval				
Service Components provide access to acquisition information directly from their Service Acquisition Information Systems via DAMIR web services rather than entering data into CARS	4/2008	1/2008	Met	
FOC	4/2008	4/2008	Met	
Retire CARS legacy system	5/2008	6/2008	Met	
Common Supplier Engagement				
eSRS Electronic Subcontracting Reporting System				
Initiate deployment of authoritative source for commercial supplier subcontracting reports within DoD	4/2008	4/2008	Met	
FPDS-NG Federal Procurement Data System-Next Generation				
Initiate Development of the Verification and Validation plan for FPDS-NG	2/2008	3/2008	Met	
PPIRS Past Performance Information Retrieval System				
Initiate deployment of PPIRS-SR with targeted list of Military Services and DLA	11/2008	9/2008	Met	



Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
ASAS Acquisition Spend Analysis Service				
Determine way ahead in accordance with the Defense Sourcing Portfolio		3/2008	Deleted	System Deleted
DoD EMALL DoD Electronic Mall				
Increment: EMALL v8.1				
Deploy next version including an improved customer care module and upgrade to current "pay.gov" requirements	1/2009	7/2008	Slipped	Rebaselined due to delay in DISA readiness to accept DoD EMALL into the DISA DECC Ogden
JCCS Joint Contingency Contracting System				
Increment: v.3.0 Release				
Implement capability to modify TO/DO/calls	11/2007	NA	Met	
Increment: v.3.5				
Enhance capabilities in v3.0	2/2008	NA	Met	
Implement multiple PR functionality and add contract line items	7/2008	NA	Met	
SPOT Synchronized Pre-deployment and Operational Tracker				
Implement Letter of Authorization capability	3/2008	3/2008	Met	
SPS Standard Procurement System				
SPS FFMIA Compliance		9/2008	Deleted	Based on the impending sunset (FY15) and decreasing development funding, SPS has been designated a SFIS Legacy Business Feeder System



Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
SPS Target Accounting System Interface		9/2008	Deleted	Based on the impending sunset (FY15) and decreasing development funding, SPS has been designated a SFIS Legacy Business Feeder System
Increment 2 (v4.2.2)				
Delivery of Service Release 09	4/2008	NA	Met	
Develop module to facilitate interoperability between Purchase Requests (PRs) from ERPs into SPS	8/2008	NA	Met	
Deployment of SR08, which adds interfacing capabilities with CCR and addresses performance related and data integrity issues	11/2008	9/2008	Met	
WAWF Wide Area Workflow				
WAWF FFMIA Compliance	9/2009	9/2008	Slipped	IRB approved delayed SFIS compliance
WAWF Target Accounting System Interface	9/2009	9/2008	Slipped	IRB approved delayed SFIS compliance
Increment: v.3.0.12 Release				
Implement standard shipment and acceptance transaction processing	10/2007	10/2007	Met	
Implement capability to process grants and cooperative agreements	10/2007	10/2007	Met	
Increment v.4.0 Release				
Implement standard invoicing and approval transaction processing - phase II	9/2008	9/2008	Met	
Implement standard corrections processing	9/2008	9/2008	Met	



Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
Material Visibility				
MV BTS MV Business Transformation Support				
Complete system design of MAPAD repository Sep 07	10/2007	10/2007	Met	
Complete full scale re-engineering DODAAD Repository Dec 07	12/2007	12/2007	Met	
Complete MAPAD repository system development	5/2008	3/2008	Met	
IUID Unique Item Identification Registry				
All new Government Furnished Property (GFP) on solicitations and contracts meet the IUID requirements (requires DFARS change)	9/2009	10/2007	Slipped	Rebaselined due to pub of FAR part 45 requiring DFAR case 2005-D015, Reports of government property to be rewritten
Phase II of marking and registering of legacy assets complete	3/2011	9/2008	Slipped	The expected linkage from ECSS to the registry was not completed on time resulting in less than expected volume of the IUIDs
MILS to EDI or XML Transition from MILS to EDI or XML				
Assess Jump Start funded systems ability to complete migration to high-priority DLMS transactions	10/2007	10/2007	Met	
Assess DLMS migration via metrics reporting on a quarterly basis	10/2007	10/2007	Met	
Component systems submit final nominations for FY08 Jump Start EDI migrations	10/2007	10/2007	Met	
Evaluate and select successful system nominations for FY08 Jump Start EDI migration	1/2008	1/2008	Met	



Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
All FY07 Jump Start funded systems complete migration to high-priority DLMS transactions	7/2008	3/2008	Met	
RFID Radio Frequency Identification				
Implement RFID at 3 aerial ports.		10/2007	Admin Correction	Replaced with equivalent milestone below with corrected finish date
Implement RFID at 3 aerial ports.	9/2008	12/2007	Met	
Develop the DoD AIT implementation plan to serve as a roadmap for transitioning between the current AIT environment to the envisioned FY2015 environment outlined in the DoD AIT CONOPS	12/2007	12/2007	Met	
Implement ability to read/write passive RFID at 25% of OCONUS DLA Distribution Centers.	12/2007	12/2007	Met	
Implement ability to read/write passive RFID at 100% of all appropriate OCONUS DLA Distribution Centers.	9/2008	9/2008	Met	
Publish DFARS clause requiring suppliers to apply passive RFID tags to shipments of all appropriate commodities to all locations to be instrumented	9/2009	12/2007	Slipped	The coordination with the medical community on possibly adding DoD medical locations to the DFARS clause has delayed the initiation of the rule making process. The delay allowed medical community, Navy, and other Components time to identify instrumented locations added into the DFARS clause.
Suppliers apply passive RFID tags to all shipments for all appropriate commodities to all locations to be instrumented.		2/2008	Deleted	Contingent on pub DFARS clause date, which has been delayed.



Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
Real Property Accountability				
EL Environmental Liabilities				
Complete development of Department-wide EL reconciliation process and standards at the land parcel level	10/2008	3/2008	Met	
HMPC&IMR Hazardous Materials Process Controls & Information Management Requirements				
Establish Hazmat Configuration Support Panel	11/2007	11/2007	Met	
Finalize Hazmat Component Implementation Plans	3/2008	3/2008	Met	
Award contract for Hazmat MDC Part 2- Material Safety Data Sheets (MSDS)	3/2008	3/2008	Met	
Complete final SLA for Hazmat Data Master	3/2008	3/2008	Met	
Hazmat PHD regulatory reference data IOC available for linkage in the DLIS Data Master	9/2007	9/2008	Met	
RPAR Real Property Acceptance Requirements				
Issue draft Unified Facilities Criteria (UFC) 1-300-08 for coordination	9/2008	3/2008	Met	
RPCIPR Real Property Construction in Progress Requirements				
Incorporate and populate CIP data elements in authoritative systems - Army	9/2008	9/2008	Met	
Implement sustainable CIP business processes - Army	9/2008	9/2008	Met	
RPIR Real Property Inventory Requirements				



Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
Increment: RPIR Implementation				
Incorporate RPIR data elements in authoritative systems - Army	9/2009	NA	Slipped	Completion date estimated re-established at Fiscal Year end
Incorporate RPIR Grant Specific real property data elements in authoritative systems - Navy-USMC (Group 4)		9/2008	Deleted	Separate milestones by data element groupings no longer correspond to RPA's method of oversight
Incorporate RPIR Core real property data elements in authoritative systems - Navy-USMC (Group 1)		9/2008	Deleted	Separate milestones by data element groupings no longer correspond to RPA's method of oversight
Incorporate RPIR Core real property data elements in authoritative systems - Army (Group 1)		9/2008	Deleted	Separate milestones by data element groupings no longer correspond to RPA's method of oversight
Incorporate RPIR Core real property data elements in authoritative systems Air Force (Group 1)		9/2008	Deleted	Separate milestones by data element groupings no longer correspond to RPA's method of oversight
Incorporate RPIR Financial real property data elements in authoritative systems Navy-USMC (Group 2)		9/2008	Deleted	Separate milestones by data element groupings no longer correspond to RPA's method of oversight
Incorporate RPIR Financial real property data elements in authoritative systems - Army (Group 2)		9/2008	Deleted	Separate milestones by data element groupings no longer correspond to RPA's method of oversight
Incorporate RPIR Financial real property data elements in authoritative systems Air Force (Group 2)		9/2008	Deleted	Separate milestones by data element groupings no longer correspond to RPA's method of oversight
Incorporate RPIR Grant Specific real property data elements in authoritative systems Army (Group 4)		9/2008	Deleted	Separate milestones by data element groupings no longer correspond to RPA's method of oversight



Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
Incorporate RPIR Grant Specific real property data elements in authoritative systems Air Force (Group 4)		9/2008	Deleted	Separate milestones by data element groupings no longer correspond to RPA's method of oversight
Incorporate RPIR Linear Facilities real property data elements in authoritative systems Army (Group 5)		9/2008	Deleted	Separate milestones by data element groupings no longer correspond to RPA's method of oversight
Increment: Defense Installation Spatial Data Infrastructure (DISDI)				
Geo-enable Location Information	1/2008	1/2008	Met	
Joint Installation Visualization Tool fully operational	1/2008	1/2008	Met	
Strategic Installation Picture (SIP) IOC	9/2008	6/2008	Met	
HMIRS Hazardous Materials Information Resource System				
Test reference data from Master Data Capability	9/2008	12/2007	Met	
Establish HMIRS - MDC interface requirements for discrete MSDS data	12/2008	9/2008	Met	
KBCRS Knowledge Based Corporate Reporting System				
Process preliminary FY07 Financial Liability data for Cleanup		10/2007	Admin Correction	Recurring operational activity
Process non-hazardous FY07 Solid Waste data into KBCRS	12/2007	12/2007	Met	
Process FY07 Installation / Site data for Cleanup		3/2008	Admin Correction	Recurring operational activity
Process FY07 Presidential Budget data for Cleanup		3/2008	Admin Correction	Recurring operational activity
Process FY07 Green Procurement data into KBCRS	3/2008	3/2008	Met	



Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
Generate the detailed table data used for the Defense Environmental Programs Annual Report to Congress for FY07 Cleanup data		3/2008	Admin Correction	Recurring operational activity
Update KBCRS Military Munitions Response Programs (MMRP) website with approved FY07 MMRP site list		3/2008	Admin Correction	Recurring operational activity
Establish review and comment capabilities for MMRP sites for authorized users		3/2008	Admin Correction	Recurring operational activity
RPAD Real Property Assets Database				
RPAD System initial operational capability (IOC)	10/2007	10/2007	Met	
RPUIR Real Property Unique Identifier Registry				
Asset Registry fully operational	12/2007	12/2007	Met	
IOC for generic interface	6/2008	NA	Met	
Incorporate Civil Works assets	6/2008	NA	Met	
Site address data elements fully populated	6/2008	NA	Met	
RPAD/RPUIR interface fully operational	9/2008	3/2008	Met	
Financial Visibility				
EFD Enterprise Funds Distribution (Initiative)				
System Development and Demonstration	3/2008	3/2008	Admin Correction	Changed to two new milestones: Release 1-Milestone C, and Release 2-IOC
Award Contract		NA	Admin Correction	Contract award is assumed within the System Development and Demonstration phase



Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
IGT/IVAN Intragovernmental Transactions/Intragovernmental Value Added Network				
Determine preferred solution for Intragovernmental Transactions for reimbursables process	9/2008	11/2007	Met	
SFIS Standard Financial Information Structure				
Develop cost-effective, Department-wide SFIS on-line training to drive change, increase awareness, and facilitate implementation	11/2007	12/2007	Met	
Develop SFIS ERP standard configuration implementation guides	12/2007	12/2007	Met	
Milestone 2 - Integrated Lines of Business into SFIS	1/2009	10/2007	Slipped	A senior level group is defining the line of business structure. Waiting on standard values that will be defined by the IRG and approved by the DAWG. The SFIS Team did not receive info needed from the Line of Business Steward to complete the initiative
Increment: SFIS Compliance by System				
REMIS SFIS Compliance		12/2007	Admin Correction	Compliance milestones transferred to system owner for reporting purposes
REMIS FFMIA Compliance		6/2008	Admin Correction	Compliance milestones transferred to system owner for reporting purposes
REMIS Target Accounting System Interface		12/2007	Admin Correction	Compliance milestones transferred to system owner for reporting purposes



Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
REMIS Legacy BEIS Interface		12/2007	Admin Correction	Compliance milestones transferred to system owner for reporting purposes
SPS FFMIA Compliance		9/2008	Admin Correction	Compliance milestones transferred to system owner for reporting purposes
SPS Target Accounting System Interface		9/2008	Admin Correction	Compliance milestones transferred to system owner for reporting purposes
WAWF FFMIA Compliance		9/2008	Admin Correction	Compliance milestones transferred to system owner for reporting purposes
WAWF Target Accounting System Interface		9/2008	Admin Correction	Compliance milestones transferred to system owner for reporting purposes
DTS SFIS Compliance		9/2008	Admin Correction	Compliance milestones transferred to system owner for reporting purposes
DCPS Legacy BEIS Interface		10/2007	Admin Correction	Compliance milestones transferred to system owner for reporting purposes
SDI FFMIA Compliance		6/2008	Admin Correction	Compliance milestones transferred to system owner for reporting purposes
EBM Legacy BEIS Interface		5/2008	Admin Correction	Compliance milestones transferred to system owner for reporting purposes
BSM-ENERGY SFIS Compliance		3/2008	Admin Correction	Compliance milestones transferred to system owner for reporting purposes
BSM-ENERGY FFMIA Compliance		3/2008	Admin Correction	Compliance milestones transferred to system owner for reporting purposes
BSM eProcurement Target Accounting System Interface		9/2008	Admin Correction	Compliance milestones transferred to system owner for reporting purposes



Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
CFMS Target Accounting System Interface		6/2008	Admin Correction	Compliance milestones transferred to system owner for reporting purposes
MSC-FMS SFIS Compliance		8/2008	Admin Correction	Compliance milestones transferred to system owner for reporting purposes
Navy ERP FFMIA Compliance		4/2008	Admin Correction	Compliance milestones transferred to system owner for reporting purposes
Navy ERP Target Accounting System Interface		4/2008	Admin Correction	Compliance milestones transferred to system owner for reporting purposes
DPAS SFIS Compliance		3/2008	Admin Correction	Compliance milestones transferred to system owner for reporting purposes
EESOH-MIS SFIS Compliance		7/2008	Admin Correction	Compliance milestones transferred to system owner for reporting purposes
BEIS Business Enterprise Information Services				
Transition CEFT to web services to support ERP's (e.g.: GFEBS, DAI, DEAMS)	3/2008	NA	Met	
SFIS-based Financial Reporting - Navy General Fund	6/2008	12/2007	Met	
Milestone B Review by the Milestone Decision Authority	8/2008	6/2008	Met	
SFIS-based Financial Reporting - Army General Fund	8/2008	6/2008	Met	
Cash Accountability for GFEBS Implementation	10/2008	NA	Met	
Cash Accountability for Financial Reporting in Support of DAI Implementation for BTA	10/2008	NA	Met	
DoD Medical and Military Retirement	1/2008	NA	Met	



Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
Complete Requirements for Cash Accountability Reconciliation	TBD	3/2008	Slipped	Awaiting review of approach by BTA and OSD. DFAS planned to support after current ERP release for Aug 30, 2008 - GFEBS, DAI, and DIMHRS. Will establish finish date when resolved
SFIS-based Financial Reporting - Army Working Capital Fund	TBD	6/2008	Slipped	Waiting for OSD/DFAS approval of next priority after Army GF and Navy GF. Completion of task may change based on guidance received
Milestone B Review by the Milestone Decision Authority		12/2007	Deleted	Task deleted when program changed strategy to pursue MS C exclusively. Currently, MDA has re-established a strategy to pursue MS B listed below
Milestone C/Full Deployment Decision by the MDA		9/2008	Deleted	BEIS strategically realigned into four primary business areas reporting to PEO FV which impacts acquisition strategy and schedule
Complete SFIS Compliant Financial Reporting for Defense Agencies		9/2008	Deleted	Task deleted due to change in implementation. Decision made to reinstate milestone to align with DAI ERP rollout schedule. New milestone listed below
Subsume DCD/DCW, DDRS, and DCAS into BEIS		9/2008	Deleted	BEIS Acquisition Strategy changed from System of Systems (SoS) to Family of Systems (FoS) rescinding the term/task "subsumed"
BEIS SFIS Compliance	9/2008	9/2008	Met	



Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
BEIS FFMIA Compliance	4/2009	6/2008	Slipped	OSD© claims ownership of FFMIA compliance for financial systems. Will be FFMIA compliant prior to BEIS program FDD scheduled for April 2009
BEIS Target Accounting System Interface		9/2008	Deleted	Requirement captured under different investments (i.e.: Cash Accountability SFIS Compliance and Financial Reporting SFIS Compliance)
DCD/DCW Legacy BEIS Interface		9/2008	Deleted	Compliance milestones transferred to system owner for reporting purposes
DAI Defense Agencies Initiative				
BTA Pilot Go-Live	10/2008	6/2008	Met	
Conference Room Pilot 2 (Core IOC functionality and common enterprise interfaces)	7/2008	NA	Met	
Conference Room Pilot 1 (Core IOC functionality)	1/2008	NA	Met	
Milestone B	3/2009	3/2008	Slipped	Due to the rapid deployment of the program pilot, the program acquisition milestones are in the process of being updated to meet the new program schedule. March 2009 finish date is tentative
Blueprinting complete		3/2008	Deleted	Additional Dev/Test milestones have been added to reflect accomplishments of Blueprinting



Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
DAI SFIS Compliance	6/2008	6/2008	Met	
DAI FFMI Compliance	9/2010	8/2008	Slipped	Due to delays in program execution, FFMI will be achieved with completion of the Wave I agencies
Army				
DLS Distributed Learning System				
Increment 4 - Deployed Digital Training Campus				
DT&E	7/2008	12/2007	Met	
OT&E	7/2009	2/2008	Slipped	Slipped due to DISA Communications problems (SATCOM).
FRP	8/2009	7/2008	Slipped	Slipped due to DISA Communications problems (SATCOM).
Milestone C	8/2009	7/2008	Slipped	Slipped due to DISA Communications problems (SATCOM).
IOC	8/2009	8/2008	Slipped	Slipped due to DISA Communications problems (SATCOM).
DTAS Deployed Theater Accountability System				
Increment: DTAS v4.0 - Tracking Temporarily Attached & OPCON Personnel				
DT&E	1/2008	10/2007	Met	
System Qualification Testing	1/2008	10/2007	Met	
User Acceptance Testing	1/2008	10/2007	Met	



Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
FOC		2/2008	Deleted	Fielding of DTAS version 3.3 being conducted by ARCENT C1 in theater, and it is estimated that all Army units in theater will be equipped (FOC) by June 2008
Increment: DTAS Theater 2				
Development	4/2008	4/2008	Met	
Field		7/2008	Deleted	Based on change in direction, modules of this program have been reassigned to other functions
FOC		8/2008	Deleted	Based on change in direction, modules of this program have been reassigned to other functions
eAWPS Enterprise Army Workload and Performance System				
Increment: RMT				
Integrate contract procurement with fund management		9/2008	Deleted	Based on change in direction, modules of this program have been reassigned to other functions
Single host site provides data-centric capability		9/2008	Deleted	Based on change in direction, modules of this program have been reassigned to other functions
Integrate RMT in the GFEBs design		9/2008	Deleted	Based on change in direction, modules of this program have been reassigned to other functions
Transition RSW and IMCOM to RMT		9/2008	Deleted	Based on change in direction, modules of this program have been reassigned to other functions



Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
Develop RMT POI for Finance School/Army Logistic Management College (Manpower Course)		9/2008	Deleted	Based on change in direction, modules of this program have been reassigned to other functions
Deployed standardized Funds Control, Budget Execution and Manpower functionality to all Army STANFINS sites		9/2008	Deleted	Based on change in direction, modules of this program have been reassigned to other functions
Implement WMT and ATAAPS at IMA (key to LSS)		9/2008	Deleted	Based on change in direction, modules of this program have been reassigned to other functions
Implement an integrated Purchase Request (PR) and Budget Tool		9/2008	Deleted	Based on change in direction, modules of this program have been reassigned to other functions
Implement the Contractor Manpower Equivalent initiative		9/2008	Deleted	Based on change in direction, modules of this program have been reassigned to other functions
Increment: WMT				
IMA Beta Testing	10/2007	10/2007	Met	
IOC Increment 1	1/2008	1/2008	Met	
PMC & SPF Modules	2/2008	2/2008	Met	
IOC Increment 2		4/2008	Deleted	Based on change in direction, modules of this program have been reassigned to other functions
IOC Increment 3		6/2008	Deleted	Based on change in direction, milestones in this increment are deleted
Increment: EMDS				
SI Contract Award/Kick-Off	10/2007	10/2007	Met	
Critical Design Review	12/2007	12/2007	Met	



Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
Configuration/Testing Complete	2/2008	2/2008	Met	
ATO/ATC or Equivalent Received	2/2008	2/2008	Met	
Prototype Go-live	2/2008	2/2008	Met	
Phase 1 - ETF/STF Complete		5/2008	Deleted	Based on change in direction, modules of this program have been reassigned to other functions
Phase 1 - MTF/TTF Complete		5/2008	Deleted	Based on change in direction, modules of this program have been reassigned to other functions
SfTF FRD		6/2008	Deleted	Based on change in direction, modules of this program have been reassigned to other functions
FY09 IRB Approval		8/2008	Deleted	Based on change in direction, modules of this program have been reassigned to other functions
Critical Design Review		8/2008	Deleted	Based on change in direction, modules of this program have been reassigned to other functions
Program Assessment (M/S B)		8/2008	Deleted	Based on change in direction, modules of this program have been reassigned to other functions
FBS Future Business System				
Increment: Program Initiation				
Develop Reference Architecture	5/2008	5/2008	Met	
Technology Prototyping and Component Integration Readiness and Benefits Assessments	5/2008	5/2008	Met	



Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
Evaluation of Candidate Applications	5/2008	5/2008	Met	
Increment 1				
Develop Increment 1 CDD		7/2008	Deleted	Program is taking a different approach to providing necessary capabilities
Milestone B		7/2008	Deleted	Program is taking a different approach to providing necessary capabilities
FCS-ACE Future Combat Systems Advanced Collaborative Environment				
Identify FCS ACE technology transfer options to FBS	11/2007	11/2007	Met	
Blockpoint 31: Major upgrade of core COTS product	12/2007	12/2007	Met	
Blockpoint 32-34: Development and Deployment of capabilities to support FCS Spin Outs and Preliminary Design Review		9/2008	Deleted	Program capability requirements led to clarification of Blockpoint releases. And this one milestone has been replaced with equivalent milestones, Blockpoint 32-33 and Blockpoints 34-36, both scheduled for a later fiscal year
GCSS-Army Global Combat Support System - Army				
Increment 1-- Implement CDD Increment 1				
Milestone B	7/2008	NA	Met	
Segment 1 Operational Assessment	12/2007	NA	Met	
GFEBs General Fund Enterprise Business System				
Milestone B	3/2008	10/2007	Met	
Complete Release 1.2 Operational Assessment	12/2008	9/2008	Met	



Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
PPB BOS PPBE Business Operating System				
Capability Package 1: PPB BOS Enterprise Foundation (Stability Operations)	2/2008	2/2008	Met	
Capability Package 2: PPB BOS Engineering Guidance & Architecture	5/2008	5/2008	Met	
PPBE BI/DW PPBE Business Intelligence Data Warehouse				
IOC		12/2007	Deleted	System to be subsumed into PPB BOS
TC-AIMS II Transportation Coordinators' Automated Information for Movements System II				
Increment: Block 3				
FDDR	11/2007	11/2007	Met	
IOC	1/2008	1/2008	Met	
Compliance for Non-Transformational Systems				
REMIS SFIS Compliance	12/2007	NA	Met	
REMIS FFMIA Compliance	6/2008	NA	Met	
REMIS Target Accounting System Interface	12/2007	NA	Met	
REMIS Legacy BEIS Interface	12/2007	NA	Met	
Navy				
MC FII Marine Corps Financial Improvement Initiative				
Increment: Discovery & Correction				
FOC	9/2008	9/2008	Met	
Increment: Audits				



Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
Complete Validations, Assessments & Audits	9/2008	9/2008	Met	
MSC-HRMS Military Sealift Command Human Resources Management System				
System Development	8/2008	9/2008	Met	
Navy ERP Navy Enterprise Resource Planning				
Retire SIGMA Pilot	12/2007	12/2007	Met	
Retire CABRILLO Pilot		8/2008	Admin Correction	Legacy system migration is not a milestone
Increment: Financial & Acquisition Release				
IOC/Begin NAVAIR HQ Deployment	10/2007	10/2007	Met	
Begin Echelon I Deployment	10/2007	10/2007	Met	
Begin Air Warfare Center Deployments	10/2007	10/2007	Met	
Begin SPAWAR Financials Deployment	10/2009	5/2008	Slipped	The stabilization strategy for NAVAIR required the Navy ERP Program to reassign resources from SPAWAR to assist NAVAIR, thus delaying the SPAWAR deployment per ASN memo dated Mar 3, 2008
Increment: Wholesale and Retail Supply Release				
Critical Design Review	8/2008	3/2008	Met	
Test Readiness Review	2/2009	5/2008	Slipped	ASNRDA Navy ERP Schedule change due per Mar 21, 2008 memorandum
Navy ERP FFMIA Compliance	4/2008	NA	Met	
Navy ERP Target Accounting System Interface	4/2008	NA	Met	



Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
One Supply One Supply				
Determine Technical Solution	3/2008	3/2008	Met	
Capability Assessment of Initial Single Sign On	5/2008	NA	Met	
Achieve Approval to Operate (ATO)		NA	Deleted	One Supply withdrew its application for C&A. The “Log Parts to Mission” functionality has been incorporated within MFOM, and MFOM has its own DADMS ID and ATO
TFSMS Total Force Structure Management System				
Block 2 CDD Final	9/2008	1/2008	Met	
Fleet Rollout	1/2008	1/2008	Met	
GFM DI IOC	9/2008	4/2008	Met	
Block 2 Milestone B	9/2009	9/2008	Slipped	MCCDC CD&I schedule to deliver CDD in Sep 30, 2007 extended one year. Contractor took longer than expected to complete Block 1 Capability Production Document (CPD). Same contractor could not work to complete Block 2 CDD until CPD was done
IOC Block 2	12/2011	9/2008	Admin Correction	Incorrect date originally provided. Block 2 IOC date is based on Block 2 Milestone C plus 15 months
MSC-FMS Compliance (Non-Transformational System)				



Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
MSC-FMS SFIS Compliance	5/2009	8/2008	Slipped	Approx. 75% of SFIS data elements are mapped in the 11.5.10 DEV environment. Additional meeting between MSC and BTA required to clarify requirements for remaining SFIS data elements
Air Force				
FM SDM Financial Management Service Delivery Model				
Financial Services Transformation: Stand-up Central Processing Center	10/2007	10/2007	Met	
Enhanced Financial Advisor	9/2008	9/2008	Met	
Center of Expertise FOC	9/2008	9/2008	Met	
PSD Personnel Service Delivery				
Increment: Personnel Services Center				
EEO/MEO Tracking and Reporting Application	3/2009	NA	Slipped	Original schedule date Jun 30, 2008. Deferred to a future spiral
Spiral 1, Block 20--Airmen Development Plan for Civilian, Role-based Access/E-viewer for Digitized Personnel Records	3/2009	12/2007	Slipped	Spiral 1 - Delayed to explore Air Force (AF) enterprise roles-based access solution
Spiral 1, Block 40--ANG/Reserve FDTK	7/2009	2/2008	Slipped	Delay result as effort placed on hold to explore AF enterprise roles-based access
Spiral 1, Block 50--WAPS Modernization	7/2009	7/2008	Slipped	Block 50 will focus on DIMHRS interfaces. WAPS modernization will not take place in this block
Migration to DIMHRS IOC	10/2009	4/2008	Slipped	Delayed as a result of DIMHRS slippage
Increment: Centralization of Total Force HR Services				



Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
Centralizing HR processes currently performed at MAJCOMs	6/2009	NA	Slipped	100 of 102 processes implemented. Business Process Owners still developing coordinated procedures for the field wrt NCO Academy management. Final process is civ ed/training.
(MIL; AD/RES/NGB) Centralizing HR transactional work currently performed at base-level	2/2009	4/2008	Slipped	Base Level Relocation (Assignments) under development by SPO
AFRISS Air Force Recruiting Information Support System				FULLY IMPLEMENTED
Complete ANG functionality incl automated leads mgmt, in-service recruiting, enlisted professions, officer accessions, health professions, and electronic waiver processing	9/2008	6/2008	Met	
FOC	9/2008	6/2008	Met	
DEAMS-AF Defense Enterprise Accounting and Management System - Air Force				
Increment: Increment 2 USAF				
Milestone A	6/2009	11/2007	Slipped	Approval of the Analysis of Alternatives/Economic Analysis are in progress
Milestone B	11/2010	8/2008	Slipped	Approval of the Analysis of Alternatives/Economic Analysis are in progress
EBS Enterprise Business System				
STES integration IOC	3/2008	NA	Met	
FM/G2 re-hosting	11/2007	12/2007	Met	



Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
GCSS-AF Level 3 Integration		NA	Admin Correction	EBS is not an AF Enterprise system. Therefore GCSS-AF integration not required beyond Level 1
GCSS-AF Level 4 integration (hosted)		7/2008	Admin Correction	EBS is not an AF Enterprise system. Therefore GCSS-AF integration not required beyond Level 1
EESOH-MIS Enterprise Environmental Safety and Occupational Health Management Information System				
EESOH-MIS SFIS Compliance	TBD	7/2008	Slipped	This revised date is aligned with the current plan for EESOH-MIS to implement SFIS data elements
Increment: Version 1.3 (HazWaste)				
V1.3 HazWaste Functionality	5/2008	11/2007	Met	
Increment: Version 1.4 (Air) APIMS Rpl				
Version 1.4.1 Air Functionality - Phase 1		9/2008	Deleted	Increment replaced by revised Increment Version 1.4 Environmental Liabilities scheduled for completion in FY09
ETIMS Enhanced Technical Information Management System				
Fielding Readiness Review (FRR)	2/2008	NA	Met	
FIRST Financial Information Resource System				



Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
Milestone C	TBD	2/2008	Slipped	Determination made that program did not provide the functional capabilities required. Working to determine a new date
DLA - Defense Logistics Agency				
DLA EBS Enterprise Business System				
BSM-Energy Business Systems Modernization - Energy				
DLA EBS Initiatives-Continuous Post Product Improvement	3/2008	3/2008	Met	
FOC	3/2008	3/2008	Met	
BSM-ENERGY SFIS Compliance		3/2008	Deleted	DLA requested removal of these milestones in a letter submitted in March, 2008
BSM-ENERGY FFMIA Compliance		3/2008	Deleted	DLA requested removal of these milestones in a letter submitted in March, 2008
Increment: OCONUS (Bulk & PC&S)				
Full-Rate Production Decision Review (FRPDR)	12/2007	3/2008	Met	
CFMS Common Food Management System				
Test Readiness Review	4/2008	2/2008	Met	
Develop Class I Supply Chain Integration		4/2008	Admin Correction	This milestone should not be included as it is synonymous with FOC and therefore duplicative.



Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
Milestone C	TBD	5/2008	Slipped	CFMS systems integrator working to correct contract performance deficiencies. Upon correction of deficiencies, a new Milestone C date will be established.
CFMS Target Accounting System Interface	6/2008	NA	Met	
USTRANSCOM				
COP D2 Common Operational Picture for Distribution and Deployment				
Spiral .5, Single Sign-on for NIPRNET	10/2007	10/2007	Met	
DTTS/IRRIS Migration Effort - Merge Arms, Ammunition & Explosives Emergency Response IT Functionality into IRRIS IOC (Initial Tracking Capability)	10/2007	11/2007	Met	
DTTS/IRRIS Migration Effort - Merge Arms, Ammunition & Explosives Emergency Response IT Functionality into IRRIS FOC	9/2008	8/2008	Met	
DTCI Defense Transportation Coordination Initiative				
Interim Authority to Operate	3/2008	12/2020	Met	
First DLA Site Activations (Defense Distribution Center, Puget Sound, etc.)	5/2008	TBD	Met	
First Service Site Activations (Navy)	10/2008	TBD	Met	
FC Fusion Center				
Stand-up the Air Refueling Management Branch in TCJ3 to globally manage Air refueling requirements and capacity	10/2007	10/2007	Met	



Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
Refine Fusion Center Orientation Course for use/deployment as needed	10/2007	10/2007	Met	
Staff responses to Joint Staff DOTMLPF Change Request		10/2007	Admin Correction	Inaccurate Finish Date Replaced with equivalent milestone below
Bldg 1920 Contract Award (Dec 2007 - Award, Mar 2008 - Construction Start, Jul 2010 - Construction Complete)	2/2008	12/2007	Met	
Initiate and complete combined DDOC floor and TCC business process reengineering	3/2008	3/2008	Met	
JDPAC Joint Distribution Process Analysis Center				
IOC - Analytic Product and Process Improvement Capability	9/2008	9/2008	Met	
JTF-PO Joint Task Force-Port Opening				
Work with JFCOM and Army to assign active duty personnel to USTRANSCOM for JTF-PO	7/2008	7/2008	Met	
PMA Port Management Automation				
Integration of WPS into GATES Initial Operational Capability (IOC)	11/2008	2/2008	Met	
TDM Theater Distribution Management				
CMOS operational from RAN providing access to TC-AIMS II Enterprise via Citrix		11/2007	Admin Correction	Expending effort installing Citrix at the RAN was detracting from efforts towards the critical path, and had reached a point where success would give no improvement to the critical path
Deliver and conduct operational evaluation of CMOS client/server to Ft. Benning		12/2007	Deleted	CMOS v8.0 development behind schedule, GFM used to facilitate DTCI fielding



Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
Deliver and conduct operational evaluation of CMOS client/server to Ft. Hood	3/2008	12/2007	Met	
Deliver and conduct operational evaluation of CMOS client/server to Ft. Polk	2/2008	12/2007	Met	
Deliver and conduct operational evaluation of CMOS client/server to Ft. Lewis	4/2008	12/2007	Met	
Deliver and conduct operational evaluation of CMOS client/server to Ft. Dix		12/2007	Deleted	CMOS v8.0 development behind schedule, GFM used to facilitate DTCI fielding
Deliver and conduct operational evaluation of CMOS client/server to 7 locations in the CONUS		12/2007	Deleted	Milestone is redundant to individual CMOS Delivery milestones already in the plan
Development/Testing & Evaluation (DT&E) of CMOS 8.0 Web Version		3/2008	Deleted	CMOS v8.0 development behind schedule, GFM used to facilitate DTCI fielding
Fielding of CMOS 8.0 Web Version		6/2008	Deleted	CMOS v8.0 development behind schedule, GFM used to facilitate DTCI fielding
AT21 Agile Transportation for the 21st Century				
Contract award for new acquisition	TBD	11/2007	Slipped	USTRANSCOM Chief of Staff made the decision NOT to award contract due to affordability issues (Mar 7, 2008)
CPA Customs Process Automation				
FOC (Increment 1) - Field & operation of Automated Customs Processing in 2 countries	3/2009	NA	Slipped	Finish date (Nov 28, 2008) was delayed due to additional security requirements directed by DISA for the system to be installed



Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
FOC (Increment 1) - Field & operation of Automated Customs Processing in 4 countries.		6/2008	Admin Correction	Deleted because of inaccurate Finish Date reported at 2007 ETP publication. Replaced with equivalent milestone
DEAMS Defense Enterprise Accounting and Management System				
Increment: Increment 1 USTRANSCOM				
Complete Spiral 1 (Commitment Accounting) deployment at Scott AFB	6/2008	NA	Met	
Complete Spiral 2 functional and technical design (core accounting functionality)	7/2008	NA	Met	
DPS Defense Personal Property System				
DPS Initial Operational Capability (IOC)	11/2007	3/2008	Met	
DPS rollout to 18 sites	11/2008	9/2008	Met	
IGC Integrated Data Environment (IDE) / Global Transportation Network (GTN) Convergence				
IGC Contract Award	6/2008	9/2008	Met	
DFAS - Defense Finance & Accounting Service				
DFAS BTS DFAS Business Transformation Support				
Complete MPIAP systems changes for DJMS-AC and DJMS-RC	7/2008	6/2008	Met	
Complete review of the Military Pay Compensation system to simplify pay	3/2009	9/2008	Slipped	Completed - changes have been identified and implemented - now focusing on DIMHRS
Deploy DDS v4.0 to integrate and share common data with Treasury and improve GWOT cash-handling processes	9/2008	9/2008	Met	



Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
Close DFAS sites under BRAC per FY08 schedule	9/2008	9/2008	Met	
BAM Implementation	12/2008	6/2008	Met	
Increment: Increased Business Intelligence Capabilities				
Develop MyMetrics Executive Dashboard	9/2008	3/2008	Met	
EC/EDI Electronic Commerce/Electronic Data Interchange				
Increment: Increased Business Intelligence Capabilities				
Expand EC capability to include WAWF miscellaneous payments	4/2008	NA	Met	
Modify IAPS to provide Powertrack functionality	11/2008	1/2008	Met	
SDI (ADS) Standard Disbursing Initiative				
SDI SFIS Compliance	4/2008	NA	Met	
Increment: Eliminate SRD I				
Convert SRD I to ADS (DFAS Columbus)		9/2008	Deleted	SDI is being re-baselined to focus on ERPs
Convert SRD I to ADS (DFAS Indianapolis)		9/2008	Deleted	SDI is being re-baselined to focus on ERPs
ADS FOC		9/2008	Deleted	SDI is being re-baselined to focus on ERPs
Increment: Reduce Number of Disbursing Service Sites				
FOC		9/2008	Deleted	SDI is being re-baselined to focus on ERPs
MHS - Medical Health Systems				
JEHRI Joint Electronic Health Record Interoperability				
Implement BHIE Theater data	10/2007	12/2007	Met	



Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
Implement CHDR-BHIE Interface, Release 2	12/2007	12/2007	Met	
Define Department unique and joint inpatient EHR functional requirements for a potential joint application	1/2008	NA	Met	
Begin Development of Business Processes, Business Rules, and Requirements Validation to Automate Activation of Active Dual Consumer Patients	2/2008	NA	Met	
Implement CHDR-BHIE Interface, Release 3	6/2008	6/2008	Met	
Provide report on the Analysis of Alternatives and recommendations for the Joint DoD/VA Inpatient Electronic Health Record	9/2008	9/2008	Met	
Implement the ability to share viewable family history/social history/ other history, questionnaires and forms	9/2008	9/2008	Met	
Implement automated activation of Active Dual Consumer patient capability	9/2008	9/2008	Met	
Continue work to ensure VA patients treated in DoD facilities have DoD Electronic Data Interchange Person Numbers (EDI PN IDs) to facilitate matching patients and sharing electronic health information on shared patients	9/2008	NA	Met	
Implement CHDR Phase 2, Release 2, Part of 2nd phase of JEHRI implementation (Laboratory Results)	10/2009	9/2008	Slipped	DoD on track, VA delay; this goal has been moved to Oct 2009 in the 2009-2011 Draft JSP (not yet signed)
AHLTA				
Increment: Block I Enhancements				



Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
Begin deployment of the first two increments of DFI Enabled AHLTA, as part of AHLTA v3.4		9/2008	Deleted	Release 1.1 delivered to Government, but direction is changing; new milestone recommended to capture phase 1 of HAIMS
Complete requirements decomposition, design, coding and developer testing and deliver the functionality of HART Phase I to the Government for DT&E	12/2008	9/2008	Met	
Complete requirements decomposition, design, coding and developer testing and deliver Increment 3 of DFI Enabled AHLTA to the Government for DT&E		9/2008	Deleted	Project direction being revised; new milestone recommended to capture phase 1 of HAIMS
Increment: Block II				
Validate that any AHLTA infrastructure or applications gaps identified during OT&E in anticipation of deployment in the next FY have been resolved	12/2008	9/2008	Met	
Increment: Block III				
Milestone B		1/2008	Deleted	Project direction being revised
DMLSS Defense Medical Logistics Standard System				
Increment: Transition the JMAR application from an operational data store (ODS) to a data warehouse (DW):				
Deploy new front end (user interface) to support Data Warehouse beginning with the Blood Module	11/2007	12/2007	Met	
Model, Build and Load Complete Data Warehouse including the Inventory, Assemblage, Health Affairs, Equipment and Item Receipt Modules	9/2008	6/2008	Met	
Complete testing and fielding of JMAR Data Warehouse	10/2008	9/2008	Met	



Task Name	Revised Finish	FY08 Baseline Finish Date	Status	Explanation
Increment: Implement RFID capability in the DMLSS system along with new medical logistics business processes that will result in compliance with DoD policy mandating the capability of Radio Frequency Identification (RFID) for processing materiel receipts:				
Complete RFID capability coding development within the DMLSS system and complete development testing	3/2008	12/2007	Met	
Conduct formal operational testing with the medical materiel Prime Vendor Owens & Minor by processing Electronic Data Interchange (EDI) transactions from the vendor to the DMLSS test environment	6/2008	3/2008	Met	
Deploy RFID as a capability within the DMLSS system as well as the hardware infrastructure to alpha test sites at Ft. Belvoir, Bethesda Naval Medical Center, and Dover AFB	6/2009	6/2008	Slipped	DMLSS v3.1 with RFID deployed to Ft. Belvoir site. DMLSS v3.1 without RFID turn on deployed to Bethesda site since Navy Certificate Of Net-worthiness denied authority to test RFID. DMLSS v3.1 not deployed to Dover site since AF unwilling to provided Authorization
Analyze RFID deployment and effectiveness of business processes at Alpha sites	3/2009	9/2008	Slipped	Analysis of Ft. Belvoir site is ongoing



Program Acronyms

AF FIP	Air Force Financial Improvement Plan
AFRISS	Air Force Recruiting Information Support System
AHLTA	Armed Forces Health Longitudinal Technology Application
ASAS	Acquisition Spend Analysis Service
AT21	Agile Transportation for the 21st Century
BEIS	Business Enterprise Information Services
BSM-ENERGY	Business Systems Modernization-Energy
CCR	Central Contracting Registration
CFMS	Common Food Management System
COP D2	Common Operational Picture for Distribution and Deployment
CPA	Customs Process Automation
DAI	Defense Agencies Initiative
DAMIR	Defense Acquisition Management Information Retrieval
DCPDS	Defense Civilian Personnel Data System
DEAMS	Defense Enterprise Accounting and Management System
DEAMS-AF	Defense Enterprise Accounting and Management System-Air Force
DIMHRS	Defense Integrated Military Human Resources System
DLS	Distributed Learning System
DMLSS	Defense Medical Logistics Standard Support
DoD EMALL	DoD Electronic Mall
DPS	Defense Personal Property System
DTAS	Deployed Theater Accountability System
DTCI	Defense Transportation Coordination Initiative
DTS	Defense Travel System
eAWPS	Enterprise Army Workload and Performance System
EBS	Enterprise Business System
EC/EDI	Electronic Commerce/Electronic Data Interchange
ECSS	Expeditionary Combat Support System
EDA	Electronic Document Access
EESOH-MIS	Enterprise Environmental Safety and Occupational Health Management Information System
EFD	Enterprise Funds Distribution
EL	Environmental Liabilities



ERMP-BAM	Enterprise Risk Management Program-Business Activity Monitoring
eSRS	Electronic Subcontract Reporting System
ETIMS	Enhanced Technical Information Management System
FBO	Federal Business Opportunities
FBS	Future Business System
FC	Fusion Center
FCS-ACE	Future Combat Systems Advanced Collaborative Environment
FedReg	Federal Agency Registration
FedTeDS	Federal Technical Data Solution
FIRST	Financial Information Resource System
FM SDM	Financial Management Service Delivery Model
FPDS-NG	Federal Procurement Data System-Next Generation
GCSS-Army	Global Combat Support System-Army
GCSS-MC	Global Combat Support System-Marine Corps
GFEBs	General Fund Enterprise Business System
HMIRS	Hazardous Materials Information Resource System
HMPC&IMR	Hazardous Materials Process Control & Information Management Requirements
IDE	Integrated Data Environment
IGC	Integrated Data Environment/Global Transportation Network Convergence
IGT/IVAN	Intra-governmental Transactions/Intra-governmental Value Added Network
IUID	Item Unique Identifier
JDPAC	Joint Distribution Process Analysis Center
JEDMICS	Joint Engineer Data Management Information and Control System
JEHRI	Joint Electronic Health Record Interoperability
JTF-PO	Joint Task Force-Port Opening
KBCRS	Knowledge Based Corporate Reporting System
MEVA	Military Equipment Valuation Accountability
(CAMS-ME)	Capital Asset Management System-Military Equipment
MC FII	Marine Corps Financial Improvement Initiative
MILS to EDI or XML	Transition from Military Standards System to Electronic Data Interchange or Extensible Markup Language
MSC-HRMS	Military Sealift Command Human Resources Management System



NAF-T	Non-Appropriated Funds Financial Transformation
Navy ERP	Navy Enterprise Resource Planning
PMA	Port Management Automation
PPBE BOS	Planning Programming Budgeting and Execution Business Operating System
PPBE BI/DW	Planning Programming Budgeting Execution Business Intelligence/ Data Warehouse
PPIRS	Past Performance Information Retrieval System
PSD	Personnel Service Delivery
RFID	Radio Frequency Identification
RMP	Reutilization Modernization Program
RPAD	Real Property Asset Database
RPAR	Real Property Acceptance Requirements
RPCIPR	Real Property Construction in Progress Requirements
RPIR	Real Property Inventory Requirements
RPUIR	Real Property Unique Identifier Registry
SDI	Standard Disbursing Initiative
SFIS	Standard Financial Information Structure
SPOT	Synchronized Predeployment and Operational Tracker
SPS	Standard Procurement System
TC AIMS II	Transportation Coordinators' Automated Information for Movement Systems II
TDM	Theater Distribution Management
TFAS	Total Force Administration System
TFSMS	Total Force Structure Management System
WAWF	Wide Area Workflow

