U.S. DEPARTMENT OF DEFENSE • SEPTEMBER 28, 2006

2006 Enterprise Transition Plan

VOLUME ONE • DEFENSE BUSINESS TRANSFORMATION OVERVIEW

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Foreword

DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

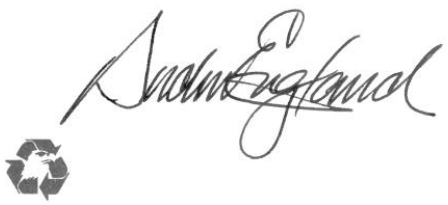
The Department delivered its first integrated Enterprise Transition Plan (ETP) on September 30, 2005. Since this initial release, the ETP has proven to be an important lever in driving fundamental business change. As a transformational tool, the ETP is helping to build a culture of continuous improvement as it enables defense business managers and teams to stay focused on achieving business priorities and to be dissatisfied and impatient with the current level of performance.

This release of the ETP continues the approach presented in September 2005, which described the Department's overall transformation approach and defined key elements of that approach to include well-defined priorities supported by key systems and initiatives. The March 2006 Congressional Report provided a status against that plan. The current version of the ETP is an evolution in both progress and substance in that it aligns transformation priorities to a set of "business value-added measures" to ensure investments are articulated and measured against tangible business value to the Department. Additional features include new and refocused programs that fill operational gaps; rebaselined schedules that reflect revised urgency and adaptation to unplanned delays; and a more complete performance management framework that charts the course toward planned transformation outcomes.

Further, this ETP describes future plans for addressing a broader organizational span of DoD business transformation, beginning with the addition of important transformational work in the Military Health System in this version.

Overall, the transformation plans depicted in the ETP facilitate better, faster, and more cost-effective performance of the Core Business Missions. With each version of the ETP, the Department will track actual progress toward achieving the desired Business Capability improvements -- resulting in visible, substantial improvement in end-to-end support for the warfighter, better information for decision makers, and reduced costs for taxpayers.

As threats to the nation's security become more diverse and challenging, it is imperative that the United States' defense business operations perform with greater precision, flexibility, and velocity to support today's mobile joint forces. We understand that change is a constant and that we must continually seek to improve how we conduct defense business operations to adapt to this change. We remain committed to the vision of a defense business enterprise that is both agile and accountable, and we are building a customer-centric culture that is keenly aware of its obligations to the American people and to the brave Soldiers, Sailors, Airmen and Marines who protect us.



Executive Summary

The 2006 *Quadrennial Defense Review* (QDR) emphasized the critical need for Defense business operations that are agile, flexible, and horizontally integrated to sustain the Nation's highly mobile joint force in an era of uncertainty. The QDR mandate is clear: "the Department of Defense must reshape the defense enterprise in ways that better support the warfighter and are appropriate for the threat environment."

"... The Department's current structure and processes are handicaps in the protracted fight we now face against agile and networked foes."

-- 2006 Quadrennial Defense Review

At the same time, investments in business operations must promote financial accountability and responsible stewardship of the precious resources entrusted to DoD by the American people.

The DoD is bringing about real institutional change to accomplish these aims. Two primary factors in that success are:

- Alignment of defense business transformation to our ultimate customer—the warfighter
- Tiered accountability for achieving transformation milestones and delivering improved business capabilities

The private sector has demonstrated that enduring business success can only be achieved when an enterprise is aligned to, and passionate about, meeting the needs of its customers. This principle is now governing Defense business transformation and the organizations that support it. Across the DoD business community, individuals are seeing how their job and their mission are enabling our operational effectiveness, making the warfighter safer, and contributing to the well being of military families.

Through a governance structure of tiered accountability, the Defense Business Systems Management Committee (DBSMC), chaired by the Deputy Secretary of Defense, now manages the "corporate" or Enterprise-level requirements, and each Component (Military Department, Defense Agency, DoD Field Activity, and Combatant Command) manages its own unique mission support requirements.

In 2005, the Deputy Secretary of Defense directed the establishment of the Defense Business Transformation Agency (BTA) as the entity responsible for executing Enterprise-level business transformation. In practical terms, this means that the BTA, the Under Secretaries of Defense (i.e., Principal Staff Assistants, or PSAs), and the Components together identify those activities that must be executed to enable joint business support for the warfighting mission.

The overall objective of the Business Mission Area is to ensure that the right capabilities, resources and materiel are delivered rapidly to warfighters: what they need, where they need it, when they need it, anywhere in the world. Defense business transformation is driven by four strategic objectives that help shape priorities and serve as checkpoints around which to assess the efficacy of our transformation efforts:

- Provide support for the joint warfighting capability
- Enable rapid access to information for strategic decisions
- Reduce the cost of defense business operations
- Improve financial stewardship to the American people

The Enterprise Transition Plan (ETP) is the beginning of a roadmap for accomplishing these strategic objectives. The transformation plans detailed in the ETP will facilitate better, faster, and more cost-effective business performance.

Providing Support for Joint Warfighting – Business Transformation In-Theater

This year, DoD accelerated its plan to bridge the gap between normal peacetime business operations and contingency processes within the theater of combat operations, aligning defense business transformation activities with in-theater business operations. The central activity in this effort is the Task Force to Improve DoD Contracting and Stability Operations in Iraq, a team of BTA business operations experts appointed by the Deputy Secretary of Defense.

Enabling Rapid Access to Information for Strategic Decisions

To make sound and timely decisions, senior DoD leadership requires deeper insight into the Department's business operations; improved knowledge of supply chain operations; centrally available, secure, and integrated data about military and civilian personnel and their locations, assignments, compensation, and duty status; and timely budgeting, accounting, and financial information. At the Enterprise level, DoD has identified and focused its transformation efforts on six strategic Business Enterprise Priorities, all of which make critical business information more visible and accessible. This visibility will enable decision makers to:

1) Create a linkage between strategy-based outcomes and the performance of operations
2) Create transparency of data across organizational lines
3) Begin to identify performance metrics that can roll up to the Enterprise level

To help defense leadership more accurately assess the value of Business Capability improvements relative to investment costs, the Department is beginning to experiment with a new Business Value Added (BVA) Framework with this release of the ETP. The BVA Framework helps ensure that target programs produce the desired transformation outcomes.

Reducing the Cost of Defense Business Operations

Defense business operations are being streamlined so that DoD can more effectively deliver warfighting capabilities, contend with growing pressures on resources, and benefit from economies of scale. To that end, the Department is focusing investment management on the total investment needed to achieve specific Business Capability improvements. DoD is accelerating the acquisition process for business systems through a new process called the Enterprise Risk Assessment Model (ERAM), which will allow the Department to better respond to emerging technology, make better decisions about how to manage investments, and deliver Business Capability improvements faster. The Department is also reducing costs through the integration of Enterprise business applications and services, leveraging best practices across large system implementation initiatives, and working toward rapid adoption of DoD-wide information and process standards.

Improving Financial Stewardship to the American People

The Department recognizes its responsibility to the American people to manage financial and human resources wisely. The programs detailed in the ETP will further the Department's ability to do so. These programs support the DoD's Financial Improvement and Audit Readiness (FIAR) Plan for achieving an unqualified audit opinion. Programs in the ETP are also critical to the DoD's Military Pay Improvement Action (MPIA) Plan to ensure the timeliness and accuracy of military pay, especially for those who are deployed or hospitalized.

Business Transformation Progress

The Department's drive to make demonstrable business improvements every six months is yielding progress at an unprecedented rate. Within the past year, the defense business transformation effort has achieved over 85% of the scheduled milestones established in the September 2005 ETP, and established new dates for the remaining milestones. The following sections summarize just a few of the important business improvements at the Enterprise and Component levels.

Enterprise-level Transformation

The sections below highlight achievements within each Business Enterprise Priority.

Personnel Visibility Improvements *Personnel Visibility is focused on providing access to reliable, timely, and accurate personnel information for warfighter mission planning. Benefits include accurate and timely access to compensation, decreased operational costs, reduced cycle times, and enabled management of DoD human resources in a combined (military, civilian, and contract support) environment.*	The Department recently completed Air Force and Army Go Forward Assessments for the Defense Integrated Military Human Resources System (DIMHRS Pers/Pay). Both Services are proceeding with DIMHRS implementation, as directed by the DBSMC. Current plans show DIMHRS will be implemented in the Army and Air Force in 2008, pending planned DoD reprogramming actions. DoD also established an executive-level Steering Committee and a DIMHRS Configuration Control Board (CCB) to ensure that DIMHRS is aligned with Service/Defense Agency needs.
Acquisition Visibility Improvements *Acquisition Visibility is focused on providing transparency and access to information critical to supporting lifecycle management of weapon systems and automated information systems. This transparency supports improved investment decisions, accountability, management agility, and reporting to Congress.*	Acquisition Visibility's most significant recent accomplishment is providing Congress access to the unclassified portions of Selected Acquisition Reports (SAR) data for 89 programs using standard desktop browsers. The Defense Acquisition Management Information Retrieval (DAMIR) capability eliminates the need for 6,230 individual SAR reports to be printed, inspected, packaged, manually delivered and routed to 70 Congressional recipients.
Common Supplier Engagement Improvements *Common Supplier Engagement is focused on aligning and integrating policies, processes, data, technology, and people to simplify and standardize the methods that DoD uses to interact with commercial and government suppliers.*	The Department has created a single enterprise system for electronic document storage, with 50,000 users, that serves as a feeder to Wide Area Workflow. DoD implemented the first phase of an automated contingency contracting capability, enhancing the accuracy, accountability, and visibility of procurement transactions conducted in-theater.
Materiel Visibility Improvements *Materiel Visibility is focused on improving supply chain performance. Benefits include timely and accurate information on the location, movement, status and identity of materiel and supplies for the warfighter.*	As a result of the Military Equipment Valuation initiative, DoD has established, for the first time in its history, the acquisition cost and useful life of each item of military equipment in the DoD inventory, using a consistent approach that can be audited. The Department recently kicked off an initiative that will enable DoD to use commercial data standards for many online transactions. The Department also expanded the requirement for contractors supplying materiel to DoD to affix packages with passive radio frequency identification (RFID) tags to improve materiel visibility.
Real Property Accountability Improvements *Real Property Accountability is focused on ensuring that DoD has accurate and reliable information on its real property and environmental assets.*	DoD has enacted a policy that ensures enterprise-wide compliance with procedures for managing real property inventory, and drafted standard business processes and information requirements for accepting real property into the DoD inventory. These policies and processes provide the structure for consistent and auditable real property financial information of newly acquired or upgraded property, including uniform depreciation.
Financial Visibility Improvements *Financial Visibility is focused on providing immediate access to accurate and reliable financial information that will enhance efficient and effective decision making. This will also contribute to the Department's ability to better depict its financial condition so that it can be confirmed by clean audit opinions.*	DoD is laying the foundation for Financial Visibility, starting with the Standard Financial Information Structure (SFIS) that facilitates a common language for external reporting. The Business Enterprise Information Services (BEIS), using SFIS, has deployed an Executive Dashboard for the Comptroller to provide visibility of daily status of funds including funds for contingency operations such as hurricane relief and the global war on terrorism. BEIS has also deployed an enterprise web service as the authoritative source for SFIS values.

Component-level Transformation

This plan details the business modernization efforts of the six DoD Components with the largest business transformation impact. This release of the ETP also marks the inclusion of transformation efforts already underway in the Military Health System (MHS). These Components, and MHS, are enabling defense business transformation by supporting the Enterprise priorities (defined previously) while also implementing their specific priorities.[1]

The **Department of the Army** is implementing dramatic changes in force structure to realize the Army Vision: "Relevant and Ready Landpower in Service to the Nation." The Army is developing soldiers, leaders, and modular forces to ensure the Army remains the preeminent land power on Earth and the ultimate instrument of national resolve. The Army's four transformational goals are increasing situational awareness; improving asset accountability; leveraging Army enterprise-wide synchronization between initiatives to align people, processes and technology; and applying an improved Information Technology (IT) Investment Strategy. Over the past year, the Army:

- Analyzed and planned the transition of existing systems to the future acquisition system, including analyzing over 90 business system investments for potential elimination, and five larger, interim systems for incorporation into the future acquisition system.
- Implemented the Hazardous Material Management Program (HMMP) enterprise architecture, which was instrumental in defining roles and responsibilities of the program and yielded a cost avoidance of $29M.
- Completed the General Fund Enterprise Business System (GFEBS) technology demonstration, gaining permission to go to development of the live system that will tie together all Army financial and management systems, resulting in approximately $300M per year cost avoidance when completely fielded.

The **Department of the Navy (DON)** business transformation vision is to significantly increase the readiness, effectiveness, and availability of warfighting forces by exploiting process improvements, technology enhancements, and an effective human capital strategy. Transformational objectives include developing and maintaining a secure, seamless, interoperable information infrastructure; creating optimized processes and integrated systems; optimizing investments for mission accomplishment; transforming applications into web-based capabilities to improve effectiveness and gain efficiencies; and aligning governance to produce a single, integrated Navy enterprise. Over the past year, DON:

- Implemented DoD's Wide Area Workflow (WAWF) and saved $11M in the first eight months of Fiscal Year 2006, through lower financial processing fees and reduced interest charges. As the DON's user base and transaction volume increase, so will WAWF-related savings.
- Merged the Navy's authoritative contract database, Navy-Air Force Interface, with the DoD database, Electronic Document Access, eliminating $1.4M in annual system sustainment costs and increasing information access for government, industry and the public.

The **Department of the Air Force** business transformation vision is to create capabilities that provide rapid and predictive operational support and response through situationally aware Commanders. The Air Force's transformational goals are: (1) to improve warfighter effectiveness by fashioning fast, flexible, agile, horizontally integrated processes and systems, and (2) to establish a culture of continuous improvement to achieve increased efficiencies.

[1] While the BTA is technically a Component, and BTA efforts are reflected through this plan, the internal BTA business transformation is not of a scale appropriate to include as a Component Transformation chapter.

In the past year, the Air Force:

- Put into place Strategic Supplier Management agreements for 20 key parts and services vendors; implemented weapon system commodity councils to orchestrate and leverage buying parts and repair services; and implemented enhanced customer relations management at the three primary Air Force inventory control points. These initiatives have resulted in revised business practices and improved acquisition strategies saving the Air Force millions in unneeded inventory procurement and expedited parts deliveries.
- Successfully launched the Total Force Personnel Services Delivery (PSD) initiative on 31 March 2006, providing Airmen access to information and services 24 hours a day, seven days a week.

The **Defense Logistics Agency (DLA)** vision is to dramatically improve warfighter support at a reduced cost through business process reengineering, workforce development, technology transformation, and organizational change. DLA's overarching business transformation goal is to replace its legacy business and systems environment with a new business model and organizational structure, supported by Commercial Off-the-Shelf (COTS) based IT. This will enable DLA to become a single, fully integrated enterprise that is a more robust customer-focused agency. DLA will be a manager and integrator of supply chains that are essential to military readiness and that capitalize on commercial supplier partnering capabilities. Over the past year, DLA:

- Added 5,323 users to several supply chains, added over 3 million National Stock Numbers, and is now managing $10B in annual demand, all in support of the DLA Business Systems Modernization (BSM). BSM functionality now enables customers to make supply queries online, place orders, improve delivery time, obtain automated product data information, and provide commanders immediate access to stock information.
- Achieved initial operating capability for the Customer Relationship Management (CRM) program in April 2006. CRM provides functionality for marketing, sales, and service processes, and removes inefficiencies that encourage customers to purchase goods independently rather than go through DLA. As of 31 May 2006, DLA sales from CRM had increased by $73M.

The **United States Transportation Command (USTRANSCOM)** vision is to change its orientation from a command that provides strategic transportation, to one that is responsible for creating and implementing world-class global deployment and distribution solutions in support of the National Security Strategy. Specific goals are to provide end-to-end Total Asset Visibility (TAV) and In-transit Visibility (ITV); improve decision cycle time by providing IT support that turns real time data into actionable information; promote DOD-wide financial solutions; and to optimize end-to end distribution through improved and standardized resources, processes, systems. In the past year USTRANSCOM:

- Obtained approval for the funding and approach for Agile Transportation for the 21st Century (AT21) Increment 1 in May 2006. AT21's visualization and analysis tool was implemented in the operations centers of the US Transportation Command, Air Mobility Command, and US Central Command. AT21 will provide the capability to optimize deployment and distribution, increasing the availability of airlift assets for critical requirements by allocating other movement requirements to sealift, thereby reducing costs.
- Implemented a concept of operations for a transparent Distribution Portfolio Management process. Over 270 systems were deemed of distribution interest. Of those, over 200 systems have been selected as candidates for the Distribution Portfolio and 71 systems have been eliminated, consolidated, or targeted for future migration, significantly reducing duplication and costs within the Distribution Portfolio.

The **Defense Finance and Accounting Service (DFAS)** vision is to enable the warfighter through excellence in finance and accounting operations. DFAS's transformation goal is to produce higher quality products and services at lower cost by delivering error-free pay services on time; providing business intelligence that supports better operational resource allocation and decision making; establishing and maintaining a partnership with our customers; and attracting, developing and retaining a first-rate work force. DFAS in the past year:

- Established the Wounded-in-Action (WIA) Pay Account Management effort to address DoD problems in paying wounded soldiers accurately and on time. As part of the WIA program, more than 58,000 battle and non-battle injured Military Pay accounts were reviewed, resulting in improved pay accuracy, reduction of related indebtedness problems, and reduction in the pay account review backlog by 92 percent. As part of the WIA effort, DFAS corrected inaccurate pay and entitlement information, stopped erroneous collection agency referrals, and suspended indebtedness actions pending a thorough pay account review. DFAS also approved more than 2,800 requests for remission of indebtedness from WIA and injured soldiers. More than $2.3M in debts was forgiven.
- Converted and provided payment to 18,000 Environmental Protection Agency (EPA) pay accounts, as one of four federal payroll providers, thereby reducing costs to taxpayers. The federal E-Payroll initiative consolidates 22 federal payroll systems to simplify, standardize and better integrate payroll, human resources and finance functions. As part of this initiative, DFAS has converted other agencies including Department of Energy, Health and Human Services, and the National Geospatial Agency, in addition to the recently converted EPA.

The **Military Health System (MHS)** vision is to be a world-class health system that supports the military mission by fostering, protecting, sustaining and restoring health. The MHS business transformation plan focuses on continuity of care across a DoD/ Department of Veterans Affairs (VA)/civilian healthcare delivery system, a shift from reactive to proactive care, and more efficient healthcare operations. In the past year, MHS:

- Deployed AHLTA at 122 of 138 DoD medical facilities and trained 52,453 of 63,000 total users by 28 July 2006. AHLTA deployment is providing greater unification and availability of health information, which will ultimately enhance point of care activities that will help transform the delivery of healthcare.
- Implemented the Federal Health Information Exchange (FHIE), the first phase of the JEHRI implementation, from March 2006 through June 2006. This resulted in increased unique patients from 3.29 to 3.5 million; lab results from 45.6 to 46.9 million; radiology reports from 7.27 to 7.4 million; pharmacy records 45.8 to 47.1 million; and standard ambulatory records from 44.2 to 46.3 million. These increases have contributed to a seamless transition for separated Service members enrolling for care at the Department of Veterans Affairs.

A Business Value Added (BVA) Framework to Drive Transformation

This release of the ETP includes a BVA Framework that DoD is using to drive transformation progress at the Core Business Mission level through tangible, measurable outcomes that impact the warfighter and create transparency to the taxpayer. Accountability for metrics falls to the appropriate management level (DoD Enterprise, Component, or Program), with metrics at all levels aligned to the Core Business Missions. DoD has associated its business systems with these ten outcomes, with most systems impacting more than one outcome.

Table ES-1: Business Value Outcomes

Business Value Outcomes	
On Time Customer Request	An improvement in the number of requisitions that are delivered by the Required Delivery Dates (RDD)
Cash-to-Cash Cycle Time	A reduction in time from when funds are obligated to when a product or service is delivered to the end customer
Time to IOC/FOC for Acquisition Category (ACAT) 1 and ACAT 2 Systems	An improvement in the time it takes to bring major acquisition systems to Initial and Full Operational Capability
Time to IOC/FOC for Urgent Combatant Command Requests	A reduction in the time it takes to initially or fully realize an urgent request from a deployed Combatant Command
Weapons Systems Operational Availability	An increase in the percentage of time that each weapons system is fully functional
Cannibalization Rate	A decrease in the rate at which parts from major end-items (e.g., weapons systems) are removed from one and placed into another
Real Property Utilization	An improvement in the availability of mission critical and mission dependent inventory, and a decrease or elimination of non-mission-dependent inventory
Personnel Requirements Fulfillment	An improvement in the ratio between the current manpower level and the level approved for an organization to deliver its current and future services
Payroll Accuracy	Elimination of pay errors, either in pay amount (over or under the correct amount) or in the time payment is made, e.g., late payments
Financial Transparency	An improvement in the quality, usefulness, reliability, and timeliness of financial information for decision makers

Managing Enterprise Transformation through the Defense Business Transformation Agency

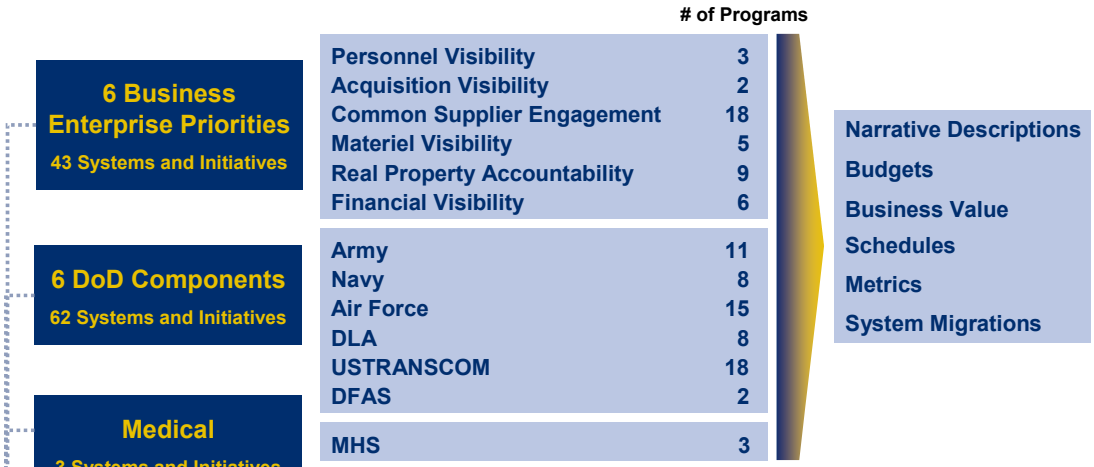
The BTA will support enterprise business transformation by centralizing resources, funding, and oversight of execution of key DoD-wide business transformation activity as directed by the DBSMC. The rapid establishment of the BTA is a significant accomplishment in its own right and provides a solid foundation for future progress. In support of the DoD's four strategic objectives for business transformation, the BTA is focused on:

- **Getting Closer to Our Customers** by achieving business transformation results that make a difference to the warfighter
- **Realizing Business Capabilities through Program Portfolio Management** using Defense Business Systems Acquisition Executive (DBSAE) leadership to improve acquisition oversight of Enterprise programs
- **Guiding Transformation with Plans and Architectures** (the ETP and the Business Enterprise Architecture) through an integrated approach for transformation
- **Enabling Business Agility through Service-Oriented Architecture (SOA) and Federated Architecture** to manage business integration and expedite transformation by better coordinating linkages between the Enterprise, Component, and Program business IT services and architectures
- **Increasing Enterprise Integration** by leveraging best practices across major DoD systems implementations and working toward rapid adoption of DoD-wide information and process standards

- **Evolving Investment Review and Accelerating Systems Acquisition** to provide better, faster Business Capability improvements and achieve greater investment return
- **Developing and Fielding Transformation Expertise** through an active human capital strategy focused on building government skills to integrate and execute DoD's business transformation efforts

The figure below provides an overview of business transformation at the Enterprise and Component levels and across the Defense Medical enterprise.

Figure ES-1: Integrated Business Transformation Story



Integrated Budget Picture ($M)

	FY05 & Earlier	FY06	FY07	TOTAL
Enterprise	2,351.6	572.8	519.7	3,444.1
Components	10,936.5	3,247.0	3,512.9	17,696.5
Medical	874.7	226.0	219.7	1,320.4
TOTAL	14,162.8	4,045.8	4,252.3	22,460.9

The Way Ahead

The campaigns in Iraq, Afghanistan and other theaters in the global war on terror have added new impetus and urgency to transformation efforts already underway in the Department of Defense. As the war in which we are now engaged demands increasing levels of military agility and responsiveness, it is imperative that Defense business operations keep pace with the rapidly changing needs of the warfighters we support.

The Department has initiated significant change and accomplished much over the past year, especially in linking business transformation to the warfighter. Moving forward, DoD will continue to focus its efforts on providing improved support to warfighters and decision makers and enabling greater financial accountability. The Department will maintain an aggressive schedule to improve business capabilities in support of our strategic objectives.

In each complex and difficult struggle, America's Armed Forces have done everything asked of them and done it with courage. We owe it to them—and to the country they are sworn to protect—to provide the resources and capabilities they need to win today's wars, and ensure the survival of freedom in the decades ahead. Business transformation will continue to support this mission by providing direct, measurable benefits to the warfighter and improved stewardship of the resources the Nation has entrusted to the Department.

Section I:
Defense Business Transformation

"It is imperative that business operations run flexibly, adaptively, and with greater velocity than ever before to support warfighters effectively with the information and resources they need, when they need them."

– Gordon England, Deputy Secretary of Defense

Chapter 1: Defense Business Transformation Overview

Business Agility and Accountability: Driving Transformation Forward

For the past several decades, the Defense Department's business model has been configured to support a military dependent on large-scale weapons systems and prepared for sustained, predictable battlefield engagements in specific parts of the world. The contemporary defense business model must be different, to keep pace with the changing nature of the DoD's warfighting challenges. Today's model must allow the defense business enterprise to adapt and flex as decision makers deal with growing competitive pressures, changing regulations, and strategic and tactical course shifts. In this model, transformation is about reacting instantly and effectively to what today's modular, agile, technologically-advanced joint force demands. This new reality has given increased urgency to transforming the Department's business operations. Transforming those operations is no longer just a matter of achieving cost, schedule, and performance requirements. It's about business agility.

The Department has made significant strides in breaking down the cultural and systems barriers that hinder business agility. There is an increased need for tighter alignment of end-to-end business functions, better management visibility into operations, and a noticeable bias toward execution excellence. The current climate of making measurable business improvements every six months, tied to releases of the Enterprise Transition Plan, has succeeded in driving progress. Changing the cultural mindset has meant redefining defense business in terms of the customers its serves, rather than the functions it performs. Breaking down systems barriers has meant, among other things, using common standards to integrate the business data owned by the Components.

The Department is employing industry and warfighter best practices in designing and managing its transformation effort. To that end, DoD has adopted a governance structure that implements tiered accountability based on the existing organizational structure of the Department. These tiers include a "corporate" or DoD Enterprise level and a Component level (the Military Departments, Defense Agencies, DoD Field Activities, and Combatant Commands). This distinction recognizes that, while the Secretary of Defense sets the tone from the top, each of the Components has its own way of achieving its mission, its own natural constituencies, and its own appropriations.

To coordinate DoD Enterprise and Component transformation efforts, the Department established the Defense Business Systems Management Committee, the DBSMC, as the apex of the formal structure to engage executive leadership in both the direction and execution of business transformation efforts. The structure includes new investment oversight, enhanced program management, and increased engagement and coordination among the Components. The DBSMC was chartered by the DoD in February 2005 to oversee business transformation and to ensure that transformation meets the needs and priorities of the warfighter.

Component-level business transformation is the responsibility of the Component headquarters. Components develop strategies, schedules, and budgets for their Component transformation, then implement these plans. Components are responsible not only for executing their individually assigned missions, but also for ensuring that joint operations run smoothly, and that information flows freely across the enterprise so DoD can function as a cohesive whole.

Enterprise-level transformation includes data standards, business rules, specific systems, and an associated integration layer of interfaces for the Components. These standards, which are established through joint cooperation, represent the "rules of engagement" to which all DoD Components must adhere. Thus, while the Department is not dictating how to transform, it is ensuring that each Component's transformational program increases the Department's ability to reap the benefits of improved information exchange across organizational boundaries. This type of integration will drive the Department down the path to interoperability and accelerate the Services' transformation efforts.

DoD Enterprise-level business transformation previously lacked a single organization responsible for overseeing the day-to-day work of business transformation. Therefore, in October 2005, the Deputy Secretary of Defense directed the establishment of the Defense Business Transformation Agency (BTA) as the entity responsible for execution of Enterprise-level business transformation to meet the strategic objectives. The rapid implementation of the BTA reflects the urgency for defense business modernization and an acknowledgement that certain capabilities are needed at the DoD Enterprise level to support the joint warfighter and senior DoD decision makers.

Strategic Objectives: Charting the Course

The overall objective of the Business Mission Area is to ensure that the right capabilities, resources and materiel are rapidly delivered to our warfighters: what they need, where they need it, when they need it, anywhere in the world. In order to cost-effectively and prudently meet these requirements, DoD's current business and financial management infrastructure is being transformed through Enterprise data standards, reliable information sources, and a portfolio of interoperable systems, to improve efficiency and effectiveness.

DoD's business transformation challenge is to provide unsurpassed end-to-end business support in peace and war. This transformation is driven by four strategic objectives that shape our priorities and serve as checkpoints through which to assess the efficacy of our transformation efforts. Each program depicted in this plan will support one or more of the following strategic objectives.

- Provide support for the joint warfighting capability
- Enable rapid access to information for strategic decisions
- Reduce the cost of defense business operations
- Improve financial stewardship to the American people

Support for Joint Warfighting Capability

Great companies demonstrate a passion for serving their customers. The most important customers of the Department's business operations are the men and women who put their lives on the line defending our country and DoD is passionate about improving business operations to provide them the support they deserve.

In alignment with the QDR's vision of responsiveness to the Department's stakeholders, DoD's business enterprise must be closer to its warfighting customers than ever before to rapidly anticipate and seamlessly support their full range of joint requirements and associated resourcing demands. Joint military requirements are driving the need for greater commonality and integration of business and financial operations. These changes place increased pressure on the business infrastructure to provide mission-driven, adaptive, and agile business services and information, such as real-time status of spares, repairable parts, and emergency supply replenishment. Supporting the warfighter also requires instant access to cross-Service personnel and installations data, consolidated healthcare information, and real-time resource and financial management information.

Additionally, because warfighters are engaged on a broader scale than ever before, the Department's business infrastructure must be compatible with the global, networked military. To meet these challenges, the Department is applying innovations and best practices from leading companies as well as from the warfighters themselves.

"The DoD business model … is fundamentally different post-Cold War. We no longer have the organizing construct of a single enemy; we now face very diverse and very uncertain competitors, which presents a whole new set of challenges."

-- Ken Krieg, Under Secretary of Defense (Acquisition, Technology and Logistics)

Direct Support to the Tip of the Spear

DoD business transformation is broadening its focus from peacetime, garrison requirements to encompass customer-oriented expeditionary needs. For example, the Department's Standard Procurement System (SPS) and its corresponding business processes have been used in garrison for more than five years. However, our forces in Iraq lack the technical infrastructure to use SPS. To address this gap, the Department has adapted by testing an electronic hand-held purchase order device in-theater. This solution addresses one of the key challenges of procuring items in a deployed, hostile environment by reducing the administrative burden on field ordering officers, while improving accounting integrity. This solution also serves as an important feeder to other Information Technology (IT) systems that provide commanders with asset status to inform situational awareness.

DoD has begun to solve another in-theater challenge—keeping track of the movement of materiel—by funding radio frequency identification (RFID) devices. The BTA provided resources to deploy a tracking tool to the United States Marine Corps (USMC) that improves visibility of assets being delivered from the Marine Logistics Regiment to warfighters at various forward operating bases. The USMC can now leverage active and passive RFID and Global Positioning System (GPS) technology to provide real-time visibility of materiel in-transit, thereby reducing delivery cycle time and reducing labor in the delivery process. This effort capitalizes on Department efforts and closes a gap in materiel visibility on the battlefield. The BTA continues to work with ongoing Department efforts to expand the use of RFID throughout the supply chain.

Task Force to Improve DoD Contracting and Stability Operations in Iraq

Based on recent BTA momentum and a heightened need to speed business transformation support to deployed forces, the Deputy Secretary of Defense tasked the BTA with the "mission of streamlining and transforming the DoD contracting processes and systems in Iraq." The mandate is to facilitate economic development and job creation in Iraq, thereby accelerating stabilization and reconstruction efforts. In response, the BTA stood up a Task Force that will ensure contracts for goods and services are available as appropriate to Iraqi and US government organizations.

The Task Force is evaluating DoD business enterprise processes and associated systems in Iraq affecting contracting, logistics, funds distribution and financial management, to ensure alignment to theater commanders' goals for reconstruction and economic development. To ensure business operations are supporting, not hindering, our customers, the Task Force is asking questions such as "Where are business processes causing problems for the warfighter?" and "Where can changes help the warfighter?" The Task Force will not create policy, but will make recommendations for change. While the Task Force will not be responsible for awarding contracts, it will provide recommendations and implementation plans for a variety of defense contracting policies and procedures in Iraq. Ultimately, the Task Force is looking for ways to institutionalize improvements for contingency operations in future wars and disasters.

Better Information for Strategic Resourcing Decisions

To make sound and timely decisions, senior DoD leaders need deeper insight into the Department's business operations; improved knowledge of supply chain operations; centrally available, secure, integrated data about military and civilian personnel and their locations, assignments, compensation, and duty status; and timely budgeting, accounting, and financial information. The Department's legacy business application environment spans thousands of individual information systems that were implemented over decades to meet various DoD mission needs, with the result that information does not readily flow to decision makers across the business and warfighting communities.

Senior decision makers need consistent, aggregated views of operational and financial performance information. Access to reliable management information provides DoD leadership with increasingly better opportunities to make sound decisions that impact the Department's human resource capabilities and requirements; the condition, status and location of assets supporting warfighters; and how DoD is investing funds to best enable the warfighting mission. A key enabler to providing access to reliable management information is the continued migration to a networked (net-centric) information environment. The power obtained by leveraging digital networks will more optimally distribute information currently locked in isolated applications and will enable visibility across end-to-end processes.

Information Visibility Driving Enterprise Priorities

At the Enterprise level of the Department, DoD has identified and focused its transformation efforts on six strategic Business Enterprise Priorities, each making critical business information more visible and accessible:

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

These priorities represent those areas where increased focus will bring the most dramatic and immediate positive impact on the business missions of DoD, enabling the Department to better answer basic questions about its people, its assets, its suppliers, and its investments. The plan for each priority details measurable program and Business Capability deliverables spread over the next several years. Achieving the objectives of these priorities will provide enduring improvements to the Department's business infrastructure, benefiting the warfighter by integrating enterprise business processes, reducing system redundancies, and continuously improving financial transparency.

Achieving the priorities will improve DoD's ability to answer essential questions such as:

- Who are our people? What are their skills? Where are they located?
- Who are our industry partners, and what is the state of our relationship with them?
- What assets are we providing to support the warfighter, and where are these assets deployed?
- How are we investing our funds to best enable the warfighting mission?

Reduced Cost of Business Operations

Defense business operations are being streamlined so that DoD can more effectively deliver warfighting capabilities, deal with growing pressures on resources, and benefit from economies of scale. Costly and outdated systems, procedures, and programs tax resources from warfighting and stifle innovation. Faster, more efficient processes reduce costs while delivering better support. Better investment management is also essential to achieve cost reductions. Better integration reduces costs by improving information quality, minimizing system customization, and allowing DoD to leverage commercial best practices in implementing business systems. The sections below highlight DoD's current efforts to reduce costs, and these efforts are already bearing fruit – for instance, the Defense Travel System (DTS) has reduced the processing cost of travel vouchers by millions annually on a path to $56M/year by Fiscal Year 2009 (FY09).

Investment Management to Control Spending

To support this objective, DoD is using an investment review process to ensure that our business systems investments are delivering measurable value and business capability improvements. Investment Review Boards (IRBs) with representation from the relevant Services, Defense Agencies, and Combatant Commands, are evolving their process to assess the value of modernization investments relative to their impact on end-to-end business process improvements that support warfighters.

As of 30 September 2006, the DBSMC has approved 274 systems recommended by the IRBs. These systems represent approximately $4.91B in modernization investment funding. Table I-1 shows a breakout of the total number of systems certified, by Component and IRB. The table does not count multiple certifications for the same system.

Table I-1: Systems Certified by Component and IRB

Component	FM IRB	HRM IRB	RPILM IRB	WSLM & MSSM IRB	Total
	Certified to Date	Certified to Date	Certified to Date	Certified to Date	Certified to Date
Army	4	29	11	16	**60**
Navy	4	13	4	30	**51**
Air Force	8	16	3	29	**56**
Joint Staff	0	1	0	0	**1**
OSD	0	1	2	2	**5**
USTRANSCOM	2	0	0	11	**13**
DECA	0	4	0	0	**4**
DISA	2	0	0	1	**3**
DFAS	10	8	0	0	**18**
DLA	1	0	1	18	**20**
TMA	0	23	0	0	**23**
DTIC	0	0	0	1	**1**
DHRA	0	2	0	0	**2**
BTA	5	2	0	9	**16**
DTRA	0	0	0	1	**1**
Total	**36**	**99**	**21**	**118**	**274**

If programs are not delivering critical business capability improvements at an appropriate return on investment, funding from these programs may be shifted to other initiatives that offer higher business value potential but that require additional resources in the short term.

Case in Point: Air Force Investment Review

In November 2005, the Air Force submitted a modernization request for Air Force Way II (AFWAY II) to the appropriate Investment Review Board (IRB) for approval. A member of the IRB, the Defense Logistics Agency (DLA), questioned whether AFWAY II was duplicative to capabilities already provided by the DoD EMALL. The DoD EMALL allows DoD and other federal customers to find and acquire off-the-shelf, finished good items from the commercial marketplace. It provides the benefits of reduced logistics response time and improved visibility of both government and commercial sources of supply. It also facilitates the use of the Government purchase card. The IRB tasked DLA to coordinate with the Air Force to establish an Integrated Product Team (IPT) to assess and compare the two systems and report their findings. The IPT found that the two systems had similar capabilities. Through the IPT, it was agreed that DoD EMALL should add functionality desired by the Components (e.g., workflow), but it should not add all the functionality of AFWAY II. Additionally, AFWAY II agreed to re-scope its modernization plans to focus primarily on those areas that EMALL could not satisfy, primarily asset lifecycle management in support of oversight and asset visibility. Thus, the AFWAY II modernization request, once appropriately re-scoped, became a better investment—as did DoD EMALL, now that requirements have been modified to better support its users.

Additionally, during the annual review for the Air Force's Predictive Model Analysis Tool (PMAT) modernization, the Air Force reported that it was under cost and ahead of schedule. Air Force portfolio managers realized that the program could save $10.6M and, at the same time, accelerate delivery of the capability by re-scoping the investment to avoid functional overlap with two other Air Force systems. In another case, the Air Force realized that by accelerating the deployment of the Enhanced Technical Information Management System (ETIMS) by two years (from FY06-10 to FY06-08), they could decrease the modernization cost from $70.6M to $12.6M.

These cases highlight how the Department is using the investment review process to improve functionality, minimize redundancy, and reduce cost.

Reducing Costs through Integration of Enterprise Business Applications and Services

Transforming DoD's business operations requires a rapid flow of information across multi-level system and organizational boundaries to support the joint warfighter. Defense enterprise integration entails transforming component-specific Enterprise Resource Planning (ERP) systems into an interoperable set of service delivery capabilities by aligning with DoD-wide Business Enterprise Architecture (BEA) standards. Enterprise integration seeks to leverage best practices across DoD ERP implementation initiatives and work toward rapid adoption of DoD-wide information and process standards. Additionally, a desired outcome is to eliminate burdensome processes that hinder successful, rapid deployment of ERP capabilities within the Components. Enterprise integration helps the Components reduce the costs of configuring Commercial Off-The Shelf (COTS) technology within and across their organizations – and to overcome the statutory, regulatory, and cultural issues of implementing commercial best practices.

Achieving Efficiencies through Enterprise System Portfolio Management

An important activity related to defense enterprise integration is the migration of IT systems from across DoD into a common portfolio of business enterprise programs to provide enhanced visibility, advocacy, and direct accountability to senior leadership and enable focused implementation of DoD Enterprise Business Capabilities.

In 2005, the DBSMC Chair established the Defense Business Systems Acquisition Executive (DBSAE) within the BTA to directly oversee designated enterprise-level business systems. Beginning in October 2006, the DBSAE will expand its oversight to include a total of 25 programs and will adopt a portfolio structure that will enable the DBSAE programs to benefit from a portfolio view of their efficiency and cost-effectiveness in supporting a more operationally-driven and responsive business environment. Emerging portfolios are Sourcing, Enterprise Finance, and Military Human Resources Management. This view will allow the DBSAE to generate portfolio-driven strategies within and between portfolios, and therefore, enable the best strategies for resources, business intelligence, hosting, and change management.

Reducing Costs by Accelerating the Acquisition Process for Business Systems

DoD is accelerating business systems acquisition through a new process called the Enterprise Risk Assessment Model (ERAM). ERAM is designed to help deliver business capabilities rapidly, by identifying program risks and providing mitigation solutions to program management. The focus is on a proactive, collaborative approach designed to provide insight instead of oversight. DoD is conducting an initial test of the process, using three of the largest current systems acquisitions. With the ERAM model, the goal is to better respond to emerging technology, make better decisions about how the Department manages investments, and deliver Business Capability improvements faster.

Improved Financial Stewardship to the American People

The Department recognizes its responsibility to the American people to manage resources carefully as it executes its mission to support the joint warfighter. DoD's financial statements are tools to help manage operational performance and demonstrate accountability to the American people and compliance with federal accountability laws and regulations.

Effective financial management depends on information that is accurate, reliable, and timely. The Department has developed a comprehensive Financial Improvement and Audit Readiness (FIAR) Plan that provides a DoD-wide strategy and systematic approach for making improvements to financial and business operations within the Components while prioritizing and synchronizing efforts to achieve an unqualified, or clean, audit opinion. The FIAR Plan charts a course to sound financial management by improving internal controls, resolving material weaknesses, and

advancing the Department's fiscal stewardship. Deployment of the business systems detailed in the ETP will drive the Department's ability to achieve a clean audit. For example, the deployment of the Capital Asset Management System-Military Equipment (CAMS-ME) will impact the Department's ability to achieve favorable audit results for military equipment. By improving DoD's audit readiness, the Department is helping to satisfy its responsibility for stewardship of the resources provided by the American taxpayer.

Improving the effectiveness and efficiency of business processes and systems across the Department will also result in improved support to our nation's warfighters. DoD's Military Pay Improvement Action (MPIA) Plan, for example, leverages the long-term Defense Integrated Military Human Resources System (DIMHRS) implementation strategy, while improving the current Defense Joint Military Pay System to ensure that soldiers are paid properly, especially those that are deployed or hospitalized. Additionally, DoD has established a Wounded-in-Action (WIA) Pay Account Management effort to address near-term DoD problems in paying wounded warfighters accurately and on-time. Improving pay accuracy is critical to satisfying our responsibility and accountability to the men and women in our Armed Forces.

Core Business Missions: Aligning Business to Support Warfighters

To support a DoD-wide process of identifying joint needs, analyzing capability gaps, and implementing improvements, the Business Mission Area (BMA) is conceptually aligned to focus on supporting the warfighting mission. This new construct enables a capabilities-based approach to enterprise business planning, resourcing, and execution. The BMA encompasses five Core Business Missions (CBMs):

Human Resources Management: The Human Resources Management CBM is responsible for all Human Resources-related processes necessary to acquire, train, and prepare personnel to populate warfighter and support organizations. This includes providing trained, healthy, and ready personnel to combatant and combat support organizations and ensuring timely and accurate access to all applicable compensation and benefits for all DoD personnel.

Weapon System Lifecycle Management: The Weapon System Lifecycle Management CBM is responsible for full lifecycle management, cradle-to-grave, of Defense acquisition of weapons systems and automated information systems to include requirements, technology, development, production, and sustainment.

Materiel Supply & Service Management: The Materiel Supply & Service Management CBM manages supply chains for the provision of materiel supply and services to maintain readiness of non-deployed warfighters and for deployed warfighters to support operations at required Operational Tempo (OPTEMPO) levels with required responsiveness. This includes all aspects associated with acquiring, storing, and transporting all classes of supply, up to the point where those supplies are provided to operational units and deployed warfighters.

Real Property & Installations Lifecycle Management: The Real Property & Installations Lifecycle Management CBM provides installations and facilities to house military forces, store and maintain military equipment and to serve as training and deployment platforms for dispatch of warfighter units. This CBM capability also provides accountability for real property assets and resources and supports environmental stewardship of assets.

Financial Management: The Financial Management CBM is responsible for providing accurate and reliable financial information in support of the Planning, Programming, Budgeting, and Execution (PPBE) process to ensure adequate financial resources for warfighting mission requirements. It provides accurate financial information to reliably cost: (1) the conduct, output, and performance of DoD operations and missions both in total and in varying levels of

organizational, operational, and resource detail; and (2) ongoing, completed, or projected programs in support of warfighting requirements.

Figure I-1: Core Business Missions

These five Core Business Missions integrate horizontally across all business functions (e.g., planning, budgeting, IT, procurement, maintenance, etc.) to provide end-to-end support. The Department's business transformation effort integrates these five CBMs to ensure that their processes, systems, and operations work in coordination with one another. The Enterprise-level business priorities, described later in this document, serve as short-term objectives, driving specific programs, delivering capabilities in support of each of the CBMs.

Each CBM is led by the appropriate Principal Staff Assistant (PSA). As CBM "owners" within the Office of the Secretary of Defense (OSD), the PSAs will ensure the alignment of transformation investments to end-to-end operational support improvements. Flag-level, uniformed representation on each CBM leadership team ensures that Service perspectives are considered during all CBM decision making.

A Business Value Added Framework to Drive Transformation

DoD is committed to building business processes with agile performance under accountable oversight. To foster the emerging culture of accountability, DoD is institutionalizing a better enterprise view of business modernization investments and their corresponding business value in both financial and operational terms. This release of the ETP includes a Business Value Added (BVA) Framework to drive transformation progress and performance management at the Core Business Mission level. The approach delivers tangible, measurable outcomes, that are important to the warfighter, and at the same time create transparency for the taxpayer. Accountability for performance cascades to the appropriate management level (DoD Enterprise, Component, or Program), with metrics at all levels aligned to the CBMs.

These CBM-level outcomes are aligned through the Business Enterprise Priorities and Business Capabilities (as depicted in Appendix E) to investments in systems and initiatives, to ensure that target programs are positively impacting the desired outcomes of the CBMs.

DoD has chosen to track the progress towards achieving ten BVA outcomes that affect the four strategic objectives of the Department's business transformation efforts: warfighter support,

rapid access to information, cost reduction of Defense business operations, and an improvement in financial stewardship. The ten BVA outcomes are:

On Time Customer Request, whose outcome is an improvement in the percentage of requisitions that are delivered by the Required Delivery Dates (RDD). Primary impacts of performance improvement in this area include cost savings, more agile response to warfighter requirements, and lower inventory.

Cash-to-Cash Cycle Time, which is measured by the time it takes for cash to flow back into a company after it has been obligated for raw materials or product support services, is an objective way to monitor the number of days of working capital required to support the order fulfillment cycle. The metric is analogous to the commercial cash-to cash-cycle but is modified to reflect the military's obligations to payables cycle. Primary impacts of improvements in this area include reduced inventory levels and improved working capital fund utilization, inventory turnover, and fill rates.

With more than 5.5 million people worldwide ... 5.2 million items in inventory ... 24,000 different suppliers ... 145,000 financial compliance requirements ... and 4,000 business systems ... defense business accountability is more important than ever before.

Time to IOC/FOC for ACAT 1 and ACAT 2 Systems, whose outcome is an improvement in the time it takes to bring major acquisition systems to Initial and Full Operational Capability. Primary impacts of this improvement include cost savings, and most importantly, faster delivery of improved capability to the warfighter.

Time to IOC/FOC for Urgent Combatant Command (COCOM) Requests, whose outcome is focused on the time it takes to satisfy an urgent request from a deployed COCOM. Primary impacts of this improvement include cost savings and faster functional availability for in-theater business needs.

Weapons Systems Operational Availability, whose outcome is an increase in the percentage of time that each weapons system is mission capable. Primary impacts include reduced support footprints and inventory, and improved weapons system availability at the tip of the spear.

Cannibalization Rate, whose outcome measures a decrease in the rate at which parts from major end-items (e.g., weapons systems) are removed from one and placed into another. The primary impacts of actions reducing the need for cannibalization are increased weapons system operational availability, higher fill rates, and improved fulfillment reliability for service parts and repairables.

Real Property Utilization, whose principal outcomes are an improvement in the availability of mission-critical and mission-dependent real property inventory, and a decrease or elimination of non-mission-dependent inventory. The primary impacts of these improvements include cost savings and a more efficient use of mission-critical and mission-dependent real property assets.

Personnel Requirements Fulfillment, whose outcome is an improvement in the ratio between the current manpower level and the level approved for an organization to deliver its current and future services. The primary impacts of this improvement include staffing of qualified personnel when and where they are needed, and greater ability to fulfill the mission.

Payroll Accuracy, whose outcome is the elimination of pay errors, either in the payment of the correct amount and in timely payment (i.e., right amount, right time). Primary impact of this improvement is cost savings and improved morale among warfighters and DoD civilians through improved delivery of this critical service.

Financial Transparency, whose outcome is an improvement in the quality, usefulness, reliability, and timeliness of financial information for decision makers. Primary impacts of financial transparency include cost savings and better decisions about the procurement, maintenance, sustainment, or reallocation of personnel, materiel, products, and services.

The BVA Framework serves to assess investment requirements against warfighter needs and facilitates alignment across the diverse portfolio of defense business programs. Over time, it will also evolve into an oversight mechanism, to assess impacts after investments have been made.

In order to achieve unity of effort across the Business Mission Area, BTA has associated business programs in the portfolio with these ten performance outcomes, and the number of programs related to each are summarized in the following table. Most of the programs impact more than one outcome, with a majority of impacts clustered in three areas: Financial Transparency, On Time Customer Request, and the Cash-to-Cash cycle time. The BVAs that have the most programs related to them are not necessarily more important or of higher priority than those with fewer programs related to them. These relationships are described in more detail in Appendix E.

Table I-2: Programs Impacting BVA Outcomes

Business Value	Enterprise Programs	Component Programs
On Time Customer Request	11	25
Cash-to-Cash Cycle Time	12	9
Time to IOC/FOC for ACAT 1 and ACAT 2 Systems	2	3
Time to IOC/FOC for Urgent COCOM Requests	2	1
Weapons Systems Operational Availability	5	7
Cannibalization Rate	2	3
Real Property Utilization	9	2
Personnel Requirements Fulfillment	2	11
Payroll Accuracy	6	6
Financial Transparency	25	21

DoD is continuing to analyze the associations among programs, Business Capabilities, Business Enterprise Priorities, and the BVA outcomes. The Department has identified and has begun collecting metrics that provide visibility into progress being made towards achieving the ten BVA outcomes. At the DoD Enterprise level, the metrics are centered on Enterprise Business Capability improvements and the programs that contribute towards their implementation. The Business Capability metrics are included in Appendix E and the System Outcome metrics in Appendix K.

Business Transformation Progress

This plan details the business transformation efforts at the Enterprise level, with six DoD Components that have the largest Business Transformation impact (Army, Navy, Air Force, Defense Logistics Agency, USTRANSCOM, the Defense Finance and Accounting Service), and in the recently-added Military Health System. Monthly, the DBSMC reviews milestone status at the Enterprise and Component levels. The review encompasses a review of the percent of milestones met compared to the 2005 baseline, the percent met for new milestones, and the total met for the year. Through September 2006, those results are:

- Percent of milestones met/on track compared to the FY06 baseline: 84%
- Percent of milestones met/on track for new FY06 milestones added since the September 2005 ETP: 100%
- Percent of all milestones met/on track when baseline and new milestones are combined: 86%

Key recent accomplishments at the Enterprise level are provided in Chapter 2. Each Component's accomplishments are provided in Chapters 3 through 8 and MHS accomplishments are provided in Chapter 9.

Chapter 2:
Business Enterprise Priorities

This section provides an update on the DoD's six Business Enterprise Priorities, covering the following information for each Business Enterprise Priority:

- Definition and Goal
- Accomplishment Highlights
- Major Milestones Planned in FY06 and FY07
- Business Capability Metrics
- Impact of the Business Enterprise Priority
- Case in Point
- Budget Summary
- Mapping of Business Enterprise Priority programs to the BVA Framework

The September 2006 version of the ETP provided an opportunity to re-baseline Key Milestone Plans to reflect executive decisions on the direction of these programs (i.e., to adjust dates from those set in the baseline Key Milestone Plans in September 2005). As a result, several milestones have been re-baselined, with explanations for each change provided in Appendix J.

Enterprise Business Transformation Programs

DoD leadership has designated programs at the Enterprise level to provide improved Business Capabilities. These programs—both systems and initiatives—are shown in Figure I-2. For all solutions, deployment involves implementing process and policy changes, training staff, implementing the necessary facility improvements, as well as realigning organizations and roles to enable transformation and increase business value.

Figure I-2: DoD Business Enterprise Priorities Systems and Initiatives

Personnel Visibility	Acquisition Visibility	Common Supplier Engagement	Materiel Visibility	Real Property Accountability	Financial Visibility
DCPDS DIMHRS DTS	DAMIR USXPORTS	ASAS CPARS *DBSE* DoD EMALL EDA *Federal IAE* - CCR - EPLS - eSRS - FBO - FedReg - FedTeDS - FPDS-NG - ORCA - PPIRS - WDOL SPS WAWF	*IUID* *LMD* *MEV* (CAMS-ME) *MILS to EDI or XML* *RFID*	*ELRV&RR* HMIRS *HMPC&IMR* KBCRS RPAD *RPAR* *RPCIPR* *RPIR* RPUIR	BEIS *DAI* *EFD* *IGT* *SFIS* *SRDS*

■ System
■ Initiative

Table I-3 is an update of the budget summary from the March 2006 Congressional Report. This update reflects amounts in the FY07 President's Budget, and includes budgets for systems and initiatives newly added to the ETP. The table provides a summary of budgeted investment resources required for the programs and offices supporting the Business Enterprise Priorities.

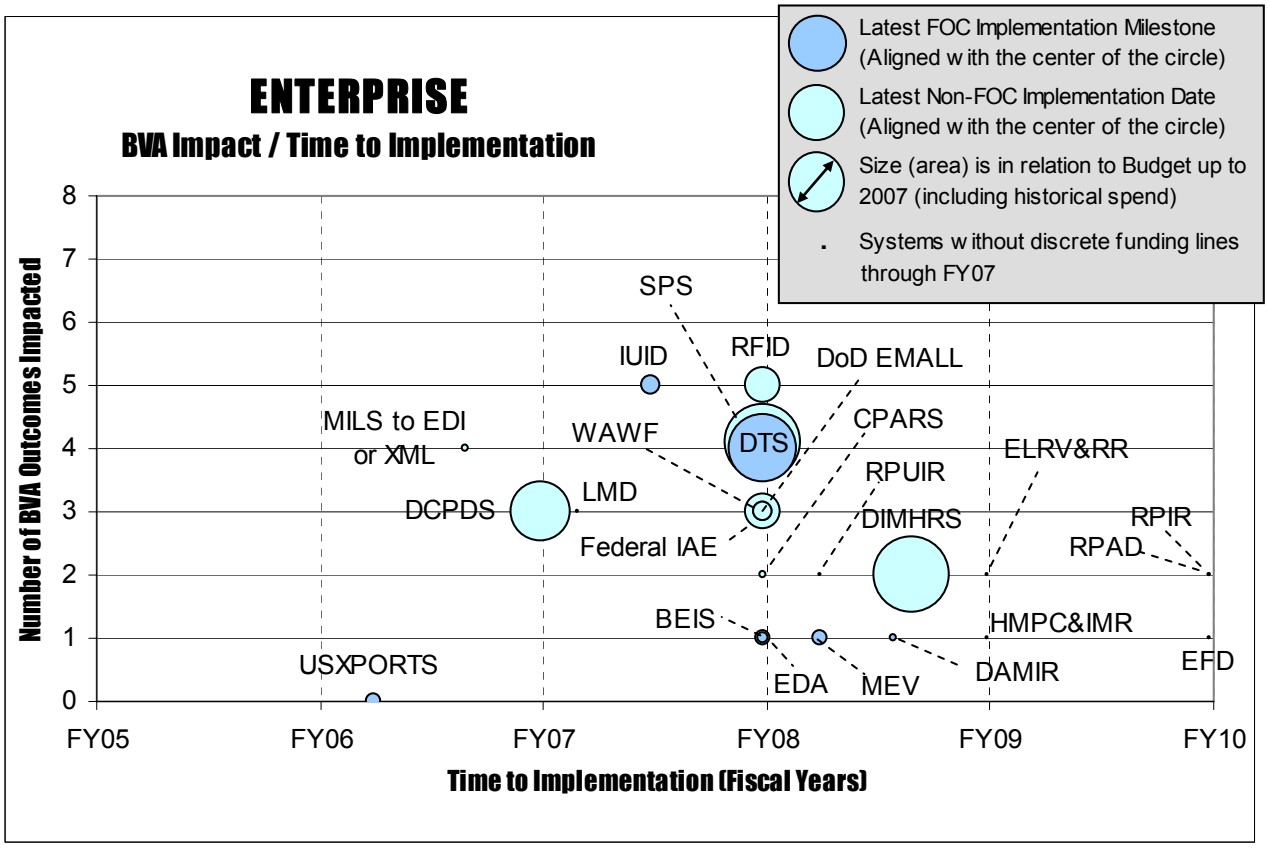
Table I-3: DoD Enterprise Budget Summary ($M)

	CBM	FY05 & Earlier	FY06	FY07	Total
Enterprise	Human Resources Management	1,124.1	185.0	115.8	1,424.9
	Weapon System Lifecycle Management	750.6	100.0	116.5	967.1
	Materiel Supply & Service Management	31.0	107.9	103.4	242.3
	Real Property & Installations Lifecycle Management	17.9	10.1	10.6	38.5
	Financial Management	7.8	18.6	16.9	43.3
	BTA (includes former BMMP budget)	420.2	151.2	156.5	727.9
	Enterprise Total	**2,351.6**	**572.8**	**519.7**	**3,444.1**

The following diagram illustrates the relative impact that Enterprise programs have on the BVAs. The diagram is arranged bottom to top to indicate the number of BVA outcomes impacted and left to right to show when a program reaches Full Operational Capability (FOC) or when it reaches the latest non-FOC implementation date (for systems that have not yet established FOC dates or for initiatives, which do not generally refer to their completed implementation as an FOC).

Each program is represented by a circle whose diameter reflects the budget amount (relative to the other programs within each diagram) up to 2007, including historical spending. When a program's circle is a "dot," that indicates that there are no discrete funding lines through FY07.

Figure I-3: Enterprise Programs – BVA Impact / Time to Implementation



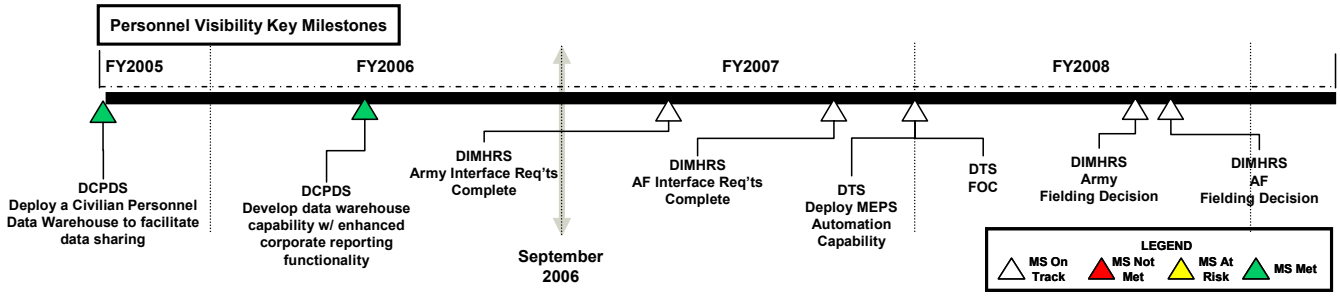
Personnel Visibility Definition and Goal

PV

Personnel Visibility (PV) is the fusion of accurate human resources (HR) information and secure, interoperable technology. PV is defined as having reliable information that provides visibility of military Service members, civilian employees, military retirees, contractors (in theater), and other U.S. personnel, across the full spectrum – during peacetime and war, through mobilization and demobilization, for deployment and redeployment, while assigned in a theater of operation, at home base, and into retirement. This includes ensuring timely and accurate access to compensation and benefits for DoD personnel and their families and ensuring that Combatant Commanders have access to the timely and accurate data on personnel and their skill sets.

The goal of PV is to provide accurate, timely and readily available personnel information (including data on military, civilians, contractors, and coalition resources supporting the operation) to decision makers.

The following graphic illustrates key milestones for achieving Personnel Visibility.



Personnel Visibility Accomplishment Highlights

- Completed Air Force and Army Go Forward Assessments for the Defense Integrated Military Human Resources System (DIMHRS (Pers/Pay)) and as a result both were directed by the DBSMC to proceed with DIMHRS (Pers/Pay) implementation.
- Established an O8/Senior Executive Service (SES) Steering Committee and a DIMHRS Configuration Control Board to ensure that DIMHRS is aligned with Service/Defense Agency needs.
- Completed an Integrated Master Program Schedule for DIMHRS that will guide the program to Full Operational Capability (FOC).
- Developed and successfully deployed Spiral 1.1 of the National Security Personnel System (NSPS) resulting in the conversion of 11,000 civilian employee files. DoD also deployed an NSPS performance tool to implement the pay-for-performance system functionality for NSPS in the assessment of employee performance.
- Fielded the Monroe Release of DTS, providing increased budget module management capability, Centrally Billed Account Reconciliation Module improvements and greater reporting access capability.
- Developed and successfully deployed the Defense Civilian Personnel Data System (DCPDS) self-service functionality that provides DoD civilian employees, and managers, with the ability to update personal information such as: telephone number and email address, disability codes, Race and National Origin (Ethnicity and Race Identification), and foreign language proficiency.

- Successfully launched two DCPDS self-service modules, My Biz and My Workplace, in March 2006. My Biz and My Workplace revolutionize the way employees and managers, respectively, view and update personnel information about themselves and their staff members.
- Consolidated the Navy's civilian HR databases from seven DCPDS instances to one instance, resulting in improved efficiency of DCPDS.
- In July 2006 a feasibility study on the merger of Civilian HR and Payroll was initiated to develop a path to the personnel visibility needed by the department

FY06 Critical Milestones	FY07 Critical Milestones
√ DCPDS: Initiate the feasibility study for an integrated DoD civilian HR/payroll providing a baseline economic case for development and implementation √ DCPDS: Implement DCPDS enterprise-wide tools for use in advanced reporting and data warehousing capability √ DCPDS: Retire the legacy civilian corporate database √ DCPDS: Complete the information assurance reaccredidation of DCPDS √ DCPDS: Develop a data warehouse capability with enhanced corporate reporting functionality to provide DoD Enterprise-wide data to support senior leaders and managers	• DCPDS: Complete the study for an integrated DoD civilian HR/payroll including a baseline economic case as the basis for the development and implementation decision. (Q2) • DIMHRS: Complete Interface Requirements (Legacy) for Army (Q2) • DIMHRS: Complete DFAS Interface for Army (Q2) • DIMHRS: Complete DMDC Interface for Army (Q2) • DIMHRS: Complete Air Force Requirements Review (Q2) • DIMHRS: Complete Interface Requirements (Legacy) for Air Force (Q3) • DTS: FOC (Q4)

Note: DIMHRS milestones are dependant on planned DoD reprogramming actions.

Impact of Personnel Visibility

Achieving Personnel Visibility will be significantly impacted by the deployment of DIMHRS, the largest enterprise resource planning (ERP) system ever attempted and the largest personnel and payroll system in the world. DIMHRS will significantly improve personnel visibility and mobilization activities by consolidating a wide range of personnel and pay systems and databases into a single system and data store. More importantly, there will only be one record per individual, allowing Service members to move between Components and even Services without causing the personnel system to create separate records, a practice that currently results in significant errors. While building upon known requirements, the DBSAE has modified the requirements refinement process to ensure that DIMHRS capabilities are more closely aligned with Service needs—to include valuable lessons learned from personnel issues raised by Operation Iraqi Freedom. DIMHRS will also address payroll issues brought before Congress in late April 2006 and serves as the cornerstone of the Military Pay Improvement Action Plan by fully integrating personnel and payroll functions into one Web-based system.

The Defense Travel System (DTS) is a fully automated, electronic, end-to-end, temporary duty (TDY) travel system for all DoD personnel. DTS allows travelers to create authorizations (travel orders), prepare all travel reservations, receive approval, generate a travel voucher, receive approval and direct deposit payment to themselves and the government charge card vendor all via a single 24/7 web portal. The DTS also provides for electronic archival of all travel documents. The system is currently deployed to over 8,500 DoD sites worldwide, maintains an availability rate in excess of 99%, provides for traveler payment from signature to deposit in approximately six days, and maintains a very low reject rate on vouchers as a result of internal system audits. All

major DoD travel sites will be deployed by end of FY06, with the majority of the Service/Defense Agency smaller sites deployed by the end of FY07.

The Civilian Personnel Management Service (CPMS) has successfully launched two Defense Civilian Personnel Data System Self Service modules, My Biz and My Workplace. My Biz provides employees with secure, real-time, online access to view information from their official personnel records including appointment, position, personal, salary, benefits, awards and bonuses, and performance. My Workplace brings key information to managers and supervisors about their employees together in one place, streamlining the human resources decision-making process and helping to balance managerial tasks with day-to-day demands more easily. My Workplace keeps managers and supervisors informed about their employees' personnel actions.

Related to possible future development, OSD Personnel & Readiness (CPMS) has initiated the feasibility study for integrating DoD Civilian Human Resources and Payroll to provide a baseline economic business case for development and implementation.

The following table depicts Business Capability metrics critical to achieving the objectives of Personnel Visibility.

Business Capability Metric	Baseline	Current	Goal
Manage Personnel and Pay: Accurate and timely pay % of pay-affecting events submitted and accurately reflected in member's pay within 15 days	36.4%	83.4%	99%
Manage Candidate Accession: Accuracy of Accession Information % of accessions that are accurately tracked	90%	First measurement: Q1 FY08	99%
Manage Assignment and Placement and Transfer: DoD Personnel Assignments and Locations % of DoD personnel whose assignment (Home, Mobilized, TDY, and Deployed) and location of the assignment are tracked accurately	First measurement: Q3 FY08	First measurement: Q3 FY08	99%

Case in Point: DIMHRS Alignment with Service/Defense Agency Needs

DIMHRS (Pers/Pay) implementation will result in significant improvements in the ability of the Services to administer Human Resources Management and track Military personnel in-theater. Obtaining the full potential of DIMHRS will require that capabilities are closely aligned with Service needs through their frequent and on-going involvement in the definition, development, and deployment of those capabilities. Initial results from the DIMHRS Go Forward Assessments indicated the need for improvement in the aforementioned alignment.

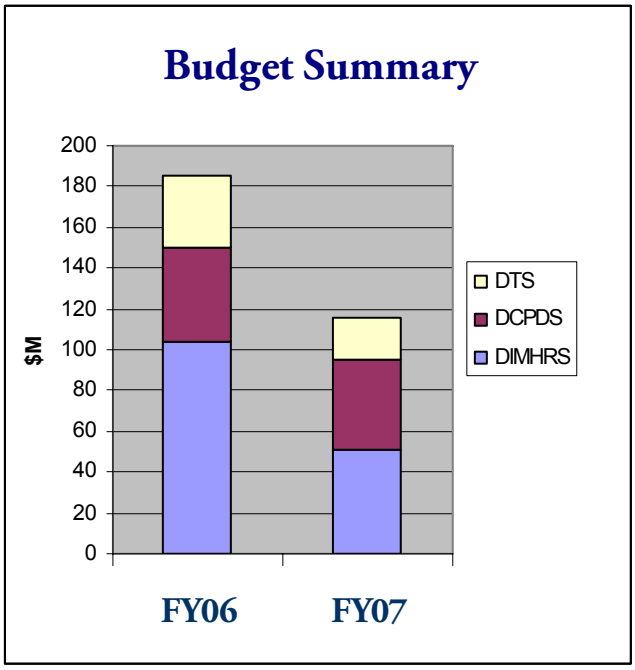
The DBSAE has tailored Go Forward Assessments and follow-on activities to ensure the initial DIMHRS Baseline and subsequent modifications to that baseline are effectively aligned and support the full spectrum of military operations. Specific DIMHRS capabilities for the Army and Air Force are planned to include:

- Providing COCOMs with an integrated view of assigned personnel
- Significantly improving mobilization/demobilization operations through the consolidation of multiple personnel records, spread across disparate systems into a single record
- Improving the quality of individual personnel records by replacing multiple disparate systems with a single integrated system
- Improving the accuracy of pay operations through the full integration of personnel and pay into single system

In addition to delivering the capabilities listed above, Service scrutiny of current Human Resources practices and procedures during the DIMHRS requirements development phase will result in a more streamlined and effective delivery of Human Resources support. The resulting requirements will be used to configure DIMHRS functionality to meet Service needs and ensure that the DIMHRS baseline remains aligned throughout the program's useful life. This process applies the lesson that just having the technology isn't enough… the people who will actually use the system have to be involved in shaping the technology they are going to get in order for transformation to succeed.

Personnel Visibility Budget Summary

The figure below shows approved FY06 and FY07 budgets for PV programs.



Systems and initiatives funded without discrete PB07 budgets:

[N/A]

Note: For additional details and explanatory notes, please refer to Appendix I in Volume 2.

Personnel Visibility Program Mapping to Business Value Added Framework

The table below illustrates how PV programs contribute to adding business value. (Programs are listed from left to right in decreasing order of investment dollars through FY07.)

Personnel Visibility	DIMHRS	DCPDS	DTS
On Time Request		●	
Cash-to-Cash			●
Time to IOC/FOC ACAT			
Urgent Requests			
Weapons Systems Ops			●
Cannibalization Rate			
Real Property Utilization			
Personnel Requirements	●	●	
Payroll Accuracy	●		●
Financial Transparency		●	●

PV's programs have consolidated personnel and pay information and streamlined personnel and pay processes, which improve the fulfillment of personnel requirements and increase pay accuracy and financial transparency.

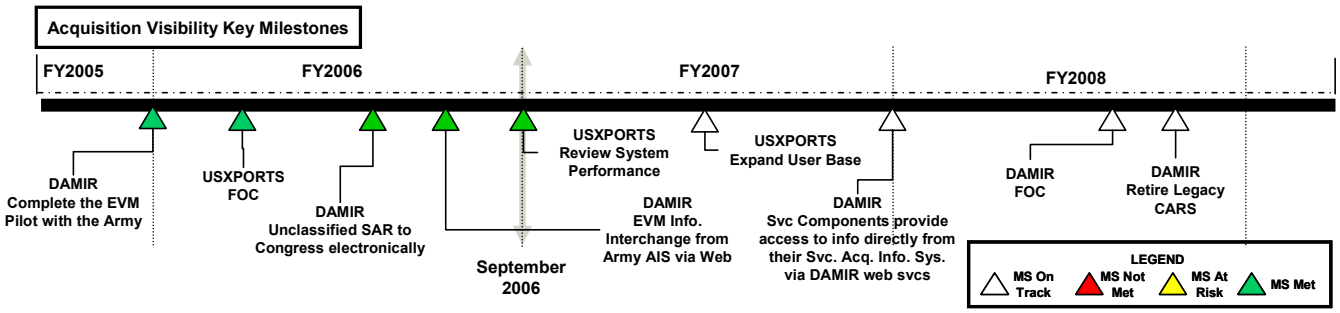
AV

Acquisition Visibility Definition and Goal

Acquisition Visibility (AV) is defined as achieving 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.

Acquisition Visibility brings transparency to critical information supporting full lifecycle management of the Department's processes that deliver weapon systems and automated information systems. Acquisition Visibility draws information requirements from objectives that are critical in supporting the effective and efficient delivery of capabilities to the warfighter.

The following graphic illustrates key milestones for achieving Acquisition Visibility.



Acquisition Visibility Accomplishment Highlights

- Submitted electronically to Congress the unclassified portions of Selected Acquisition Reports (SARs) via the Defense Acquisition Management Information Retrieval (DAMIR) system. The release of DAMIR Version 2.2 provides Congress the capability to access SAR data for eighty-nine programs using standard desktop browser technology. SAR content that can be accessed includes: Program Information; Track to Budget; Delivery and Expenditure; Operating and Support Costs, and Unit Cost (broken out from Funding and Cost). DAMIR also provides a graphical view of unit cost history, the capability to cut and paste SAR information into other documents, and new reports.
- Established coordination with the Government Accountability Office (GAO) to improve SAR data transfer required to support the review of DoD acquisitions. In the past, GAO manually re-entered SAR hardcopy data into a database, a time-consuming and error-prone method. GAO will now use DAMIR as a means to transfer SAR information more reliably and efficiently.

FY06 Milestones	FY07 Milestones
√ DAMIR: Capability to deliver Unclassified SAR data to be provided to Congress electronically via DAMIR Purview √ DAMIR: Unclassified Selected Acquisition Reports (SAR) data provided to Congress electronically via DAMIR Purview. Classified SAR data provided to Congress via classified annex √ DAMIR: Earned Value Management information exchange from Army AIS via Web services √ USXPORTS: USXPORTS V4.0 √ USXPORTS: FOC √ USXPORTS: Final System Improvements – USXPORTS V4.0 √ USXPORTS: Review System Performance	• USXPORTS: Expand user base (Q2) • DAMIR: Service Components provide access to acquisition information directly from their Service Acquisition Information Systems via DAMIR Web services rather than entering data into CARS (Q4)

Impact of Acquisition Visibility

Acquisition Visibility is focused on providing data transparency and access to Defense acquisition information that is critical to supporting full lifecycle management of the Department's business processes that deliver weapon systems and automated information systems. One of the critical business challenges faced by the Defense Acquisition community is to improve the ability to perform analyses that enable decision makers to make trade-offs in needed capabilities and their affordability. This challenge is further compounded by the divergent perspectives among the acquisition community that have driven the requirements, acquisition and budget processes further apart. In order for Acquisition Visibility to succeed, data transparency and business integration must be achieved to provide analyst and management access to required data throughout the complete acquisition lifecycle—requirements, technology, development, production, sustainment and disposal.

In the past, the Defense Acquisition community would acquire data and manually re-enter hardcopy data into a database for analysis or oversight reporting—a time-consuming and error-prone method. The aim of Acquisition Visibility is to progressively automate the data access and workflow performed by Defense Acquisition analysts and management by ensuring data transparency and integration into other business systems, as trusted sources, to provide increased visibility into the necessary data and information that may potentially impact the acquisition of required capabilities for the warfighter. Automation will improve the quality of investment decisions by facilitating portfolio development and management; and it will progressively reduce the time it takes for analysts and managers to acquire, validate, and process acquisition data and other information used for Departmental decisions, acquisition management oversight, Congressional and federal reporting, and in other tasks. Acquisition Visibility will improve the availability, consistency, and reliability of structured data; the relevance of measures; and the integration of support systems required to make timely investment and tradeoff decisions in support of the Acquisition, Technology, & Logistics (AT&L) mission in technology acquisition for the warfighter.

The following table depicts Business Capability metrics critical to achieving the objectives of Acquisition Visibility.

Business Capability Metric	Baseline	Current	Goal
Monitor Commercial Requests for DoD Technology Export: Average duration of overall Export Application receipt to Export recommendation decision Average duration from receipt of export application to the time of recommendation decision submission to government agencies	30 days	DoS: 19.5 days DoC: 14.83 days	<30 days
Manage Acquisition Oversight Integration: Availability of unclassified acquisition data for Selected Acquisition Reporting to Congressional committees Yearly percentage of unclassified Selected Acquisition Reporting (SAR) data provided to Congressional committees and other Departments through automated access to and electronic presentation	100%	100%	100%
Monitor Commercial Requests for DoD Technology Export: Data submissions from government agencies (DoS and DoC) and by industry to the DoD Technology Expert Information System shall be required only once. Quarterly percentage of submission that require re-submission of data	5%	DoS: 0% DoC: 0%	<5%

Case in Point: Improving Efficiency and Access to Acquisition Information

In April 2006, for the first time in its history, DoD was able to provide Congress with electronic access to the unclassified Selected Acquisition Report (SAR) information. Congress, the GAO and the Office of Management and Budget (OMB) can now access unclassified SAR information through the web-based DAMIR. Using standard desktop web-based browser technology, Congressional members and their staff are now able to access from their offices and display current SAR content to include: Program Information; Track to Budget; Delivery and Expenditure; Operating and Support Costs; and Unit Cost (broken out from Funding and Cost).

DAMIR is a DoD Enterprise System that provides enterprise visibility to Acquisition program information. The primary goal of DAMIR is to streamline acquisition management and oversight by leveraging the capabilities of a net-centric environment. When fully implemented in April 2008, DAMIR will provide a unified web-based interface to access the various data sources the Defense Acquisition community uses to manage Major Defense Acquisition Programs (MDAP) and Major Automated Information System (MAIS) programs. DAMIR enables the OSD, Military Services, Congress and other participating communities to access information relevant to their missions, regardless of the agency or where the data resides.

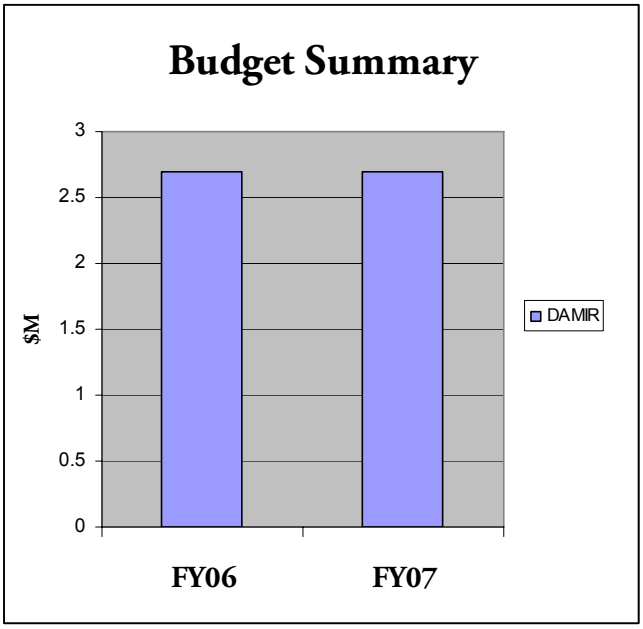
Prior to DAMIR providing electronic access, DoD prepared the hardcopy SAR, internally routed it for review and approval, and then printed seventy (70) copies of each SAR for delivery to Congress. Without the DAMIR capability, 6,230 individual SAR reports would have had to be printed, quality inspected, packaged, manually delivered and routed to seventy Congressional recipients. Cost avoidance and/or improved resource utilization associated with the hardcopy SARs for FY06 are estimated to be $463K within DoD.

As DAMIR evolves, its components will replace the need for the legacy Consolidated Acquisition Reporting System (CARS). DAMIR also provides users with new cross-cutting analysis capability. For example, they can query and find the 10 most costly programs or all programs with a breach. Based on the near-term capabilities of DAMIR, future cost avoidance and/or improved resource utilization for FY07 and FY08 are projected at $2.1M for DoD. Personnel billets have already been reduced or restructured in FY04 - FY06 based on the implementation of DAMIR. While the budget savings *have already been realized* through billet reductions and restructures in previous Fiscal Years, DAMIR's Final Operating Capability (FOC) milestone is scheduled in FY08. This projection does not take into account improvements associated with the Congressional staff or other federal agencies that are becoming or designated to become users of the DAMIR.

While accomplishing this milestone is a major accomplishment, there is more work to be done. Next steps include implementing a web-services architecture to pull required OSD oversight information from the Service systems and replacing the SAR and Acquisition Program Baseline (APB) modules of CARS with a web-based input. Once these two steps are complete, the legacy CARS will be retired.

Acquisition Visibility Budget Summary

The Budget Summary area below shows approved FY06 and FY07 budgets for AV programs.



Systems and initiatives funded without discrete PB07 budgets:

- USXPORTS

Note: USXPORTS has no current DoD funding for FY06 and FY07, but receives federal funding. For additional details and explanatory notes, please refer to Appendix I in Volume 2.

Acquisition Visibility Program Mapping to Business Value Added Framework

The table below illustrates how AV programs contribute to adding business value. (Programs are listed from left to right in decreasing order of investment dollars through FY07.)

Acquisition Visibility	DAMIR	USXPORTS*
On Time Request		
Cash-to-Cash		
Time to IOC/FOC ACAT	●	
Urgent Requests		
Weapons Systems Ops		
Cannibalization Rate		
Real Property Utilization		
Personnel Requirements		
Payroll Accuracy		
Financial Transparency		

Note: USXPORTS tracks the release of technologies and access by foreign nationals to technologies to ensure that the US retains a militarily critical cutting edge. While this is a key capability for Acquisition Visibility, it does not directly impact the broader outcomes of the BVA Framework.

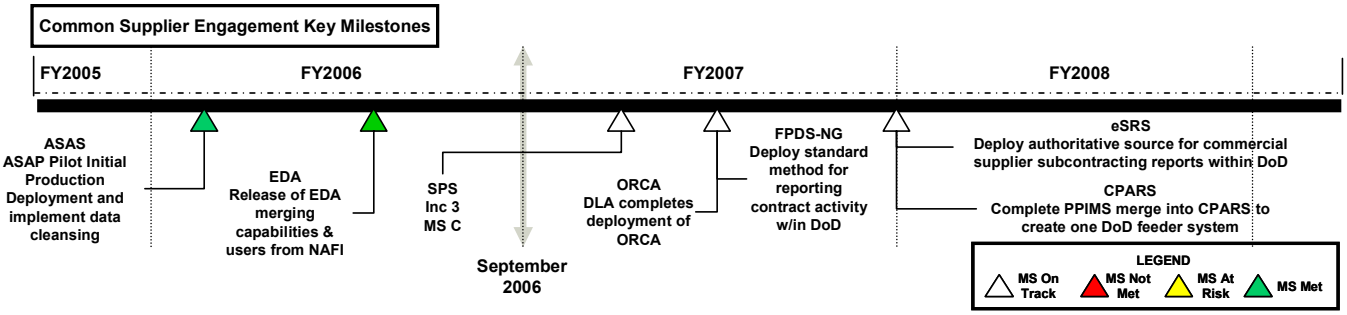
Common Supplier Engagement Definition and Goal

CSE

Common Supplier Engagement (CSE) is the alignment and integration of 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.

The primary goal of CSE is to simplify and standardize the methods that DoD uses to interact with commercial and government suppliers in the acquisition of catalog, stock, as well as made-to-order and engineer-to-order goods and services. CSE also provides the associated visibility of supplier-related information to the warfighter and Business Mission Areas.

The following graphic illustrates key milestones for achieving Common Supplier Engagement.



Common Supplier Engagement Accomplishment Highlights

- Completed the merge of Electronic Document Access (EDA) and Navy-Air Force Interface (NAFI), resulting in a 32% increase (from approximately 38,000 to 50,000) in the user base since 30 January 2006 and providing a single enterprise system for electronic document storage that also serves as a feeder system of contract information to Wide Area Workflow (WAWF).
- Initiated the transition of DoD contract sites to the machine-to-machine integration with Federal Procurement Data System-Next Generation (FPDS-NG) resulting in the transition of approximately 380 contract reporting locations (e.g., Department of Defense Address Activity Codes (DoDAACs)) supporting nearly 14,000 users (as of 1 July 2006) enabling real-time reporting of regulatory required procurement award information.
- Identified Defense Federal Acquisition Regulation Supplement (DFARS) provisions to include within the Online Representations and Certifications Application (ORCA), which will simplify the process for vendors bidding on DoD issued solicitations; vendors will be able to complete the provisions online yearly rather than with each offer submitted.
- Placed Federal Technical Data Solution's (FedTeDS) policy for use in the Federal Acquisition Regulation (FAR); since FAR case was approved and signed by the Office of Federal Procurement Policy (OFPP) in February 2006 the Government user base increased 28% from 2600 to 3400 users through 30 June 2006.

FY06 Milestones	FY07 Milestones
√ ASAS: Access additional contract data available in the Air Force (AF) and Army Contract Business Intelligence Systems √ DoD EMALL: Integration with DLA BSM for v6.1 √ EPLS: Complete re-complete of the design effort √ FedTeDS: Finalize FAR Changes √ FPDS-NG: Begin transition of DoD contract sites to the machine-to-machine interface √ CC-SF44: Phase 1 IOC √ WDOL: Fully deploy to DoD (dependent on DoL policy change) √ WAWF: Enhance functionality includes additional GFP processing capability and an interface with Navy ERP for v.3. 10	• ASAS: Define Requirements for Future Release (Q2) • DBSE: Milestone A (Q2) • FPDS-NG: Deploy standard method for reporting contract activity within DoD (Q2) • ORCA: Complete deployment to DLA (Q2) • SPS: Deployment of SPS v4.2.2 will continue to all current users (Q2) • SPS: Milestone C for Inc 3 v4.2.3 (Q2) • CPARS: Complete PPIMS merge into CPARS to create one DoD feeder system into the Past Performance Information Retrieval System (PPIRS) (Q4) • DoD EMALL: Deploy next version including improved capabilities for the ordering community (Q4) • DBSE: Establish DBSE Portfolio Governance Structure to facilitate creation of explicit business planning (Q4) • EDA: Deploy next version including enhanced tracking and resolution of Contract Deficiency Reports (Q4) • eSRS: Deploy authoritative source for commercial supplier subcontracting reports within DoD (Q4) • SPS: IOC Fielding Decision for Inc 3 v4.2.3 (Q4) • WAWF: Deploy next version including improved capabilities for receipt and acceptance (Q4)

Note: Contingency Contracting-Standard Form 44 (CC-SF44) is fundamentally a mobile version of the Standard Procurement System (SPS) and will no longer be considered a separate initiative. Future CC-SF44 accomplishments will be reported under SPS.

Impact of Common Supplier Engagement

The impact of Common Supplier Engagement (CSE) is significant for all stakeholders, including the warfighter, DoD decision makers, the industrial base, and the American taxpayer. As DoD strives towards greater simplification, standardization, and integration of the policies, processes, data, technology, and people through CSE, numerous savings in terms of cost and time for each stakeholder are shown through ongoing efforts and in recent accomplishments. Much like Amazon.com, DoD EMALL provides a streamlined world-wide procurement capability to DoD, including personnel in combatant zones, while ensuring compliance with public law and federal acquisition regulations. In the March 2006 Congressional Report, the DoD reported the accomplishment of deploying web-enabled Taxpayer Identification Number (TIN) validations to ensure data integrity between DoD and the Internal Revenue Service (IRS).

Since the release of the March 2006 Congressional Report, the Central Contractor Registration (CCR) has processed over 231,057 registrant TIN validations with 84.6% TIN match success rate, stopping 15.4% with data errors from entering the system. This signifies an improvement of the quality of registrant data in this DoD managed acquisition system which is used by all federal agencies. Additional improvements and benefits include prevention of duplicate or invalid TINs from entering the CCR. Moreover, DoD is now able to work with its partners in the Federal Acquisition community to better support serious accountability to its taxpayers. Additionally, the recent EDA/NAFI merger increased standardization of systems and FPDS-NG deployment enables less time consuming and more real-time reporting.

The BTA continues to integrate more tightly with each Component through the functional governance structure of the Defense Procurement and Acquisition Policy (DPAP), to include the Component Senior Procurement Executives (SPEs), the Contracting and Procurement Integrated Process Team (CAPI), and the various requirements boards of each program. Each of these groups supports the goals of CSE by providing a forum to communicate additional requirements, changes, and direction from the top down and by ensuring Components follow mandates and guidelines.

As the BTA drives integration efforts for DoD Enterprise programs, it similarly represents DoD's interests in all federal-level Integrated Acquisition Environment (IAE) programs. A key example is the oversight of DoD's on-going deployment of the FPDS-NG to nearly 30,000 DoD users, which is already providing previously unavailable insight into critical DoD spending patterns, related to socio-economic goals. The BTA drives the implementation of DoD-wide programs such as FPDS-NG by working closely with each Component and providing overall coordination from an enterprise level. By the end of FY06, the Department will have deployed FPDS-NG integration to approximately 380 of the 950 contract reporting locations (e.g., DoDAACs).

CSE continues efforts to play an integral role in DoD's innovative business transformation efforts, bringing greater visibility to areas such as DoD's acquisition processes and activities. The Defense Business Sourcing Environment (DBSE) initiative, as envisioned, will be a collaborative solution for the Department that will integrate the business processes for sourcing by leveraging existing and newly identified capabilities into a single, cohesive environment. The DBSE scope supports receiving requirements, strategic sourcing, contract writing, receipt and acceptance, payment management, and contract closeout activities; and will provide standard, automated sourcing capabilities. This portfolio approach to CSE capabilities, rather than individual systems (such as SPS and EDA), will require the existing governance bodies described above to transform into a robust structure, spanning multiple stakeholders, that is empowered to determine business strategies, deployment targets, and requirements. The evolution of DBSE will transition the Department's disparate Enterprise and Component-led sourcing systems to an integrated environment providing improved capabilities for the workforce and industry partners, as well as improved flexibility for addressing strategic DoD initiatives.

The following table depicts Business Capability metrics critical to achieving the objectives of Common Supplier Engagement.

Business Capability Metric	Baseline	Current	Goal
Manage Request: Line Item Visibility Percent of dollar value of all contracts whose contract line item information is visible to commodity councils	20%	29%	TBD
Manage Sourcing: Migration to Common Business Processes, Rules, and Data for Contracts % of all contracts that are produced using an authorized-as-standard DoD system	74%	70%	TBD
Manage Receipt and Acceptance: Invoice eMigration % of invoices submitted electronically via authorized payable management systems	45.4%	53.5%	TBD
Manage Payment: Authoritative Source for Vendor Pay Information % of vendor and contractor pay systems that entitle or disburse funds that utilize data contained in the authoritative vendor information source	First measurement: Q4 FY06	First measurement: Q4 FY06	TBD

Case in Point: Wide Area Workflow (WAWF)

Two of DoD's strategic objectives for business transformation include reducing the cost of business operations and improving financial stewardship. WAWF supports these objectives by helping to mitigate interest penalty payments due to lost or misplaced documents and highlights vendor offered discounts, thereby enabling DoD to reduce the cost of paying vendors. The WAWF application matches electronically submitted invoices, inspection, and acceptance documents to enable prompt, accurate payments and supports DoD's goal of moving to a paperless acquisition process. In addition to streamlining the whole receipt and acceptance process from weeks to days or minutes, WAWF reduces the cost associated with reconciliation through online access and full spectrum view of document status, minimizes re-keying and improves data accuracy, eliminates unmatched disbursements and makes all documentation required for payment easily accessible.

As a result of WAWF, DoD has significantly improved the receipt, acceptance, and payment process, resulting in:

- 95% reduction in Prompt Payment Act interest penalties when WAWF is used ($7M for the Defense Contract Management Agency (DCMA) alone)
- Elimination of 50,000 lost documents per year
- 60% reduction in progress payment rejects
- 50-80% reduction in invoice cycle time
- Elimination of the manual entry of one million documents per year
- 70% reduction in cost for DFAS Contract Pay to process invoices

WAWF provides the capability for government contractors and authorized DoD personnel to generate, capture, and process receipt and payment-related documentation, via interactive web-based applications that utilize email notifications and secure, digital signature.

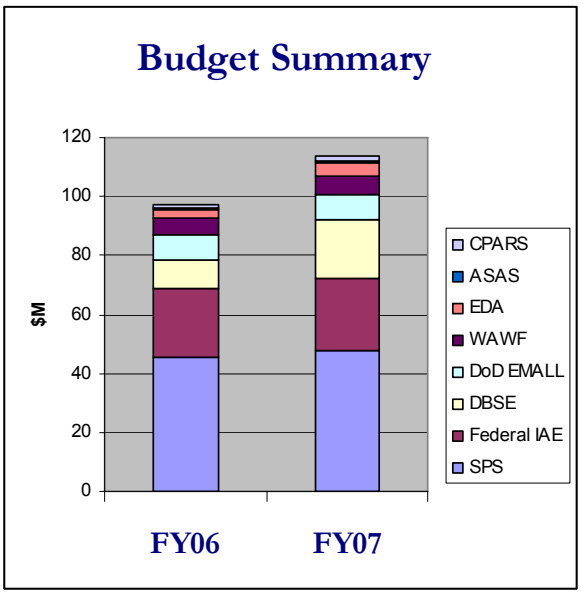
WAWF has improved the receipt and acceptance process and reduced complexity for DoD contractors, both small businesses and large corporations alike. The Honeycomb Company of America—a small Florida business that manufactures panels for a variety of aircraft - began using WAWF in August 2004. Prior to that time, they experienced significant delays in payment, which led them to borrow money against the invoices due from the Government. Since adopting WAWF, the Honeycomb Company of America has experienced perfect payment from their DoD customers. This improvement has enabled them to cancel their arrangement with their lender, and saves Honeycomb Company of America over a quarter million dollars in interest payments a year. Similarly, Parker Hannifin Corporation—a large manufacturer of motion and control technologies—has seen great improvements in their receivables since they began utilizing WAWF. On average, Parker is receiving payment within 10-15 days of invoice submission. Invoice rejections have been reduced and resolution of errors is now achieved in a more efficient manner. In addition, WAWF has enabled Parker to streamline their process by eliminating the need for DD250 (Material Inspection and Receiving Report) distribution.

This undertaking is part of the Department's drive to fulfill the promise in the August 2001 President's Management Agenda to "secure greater services at lower cost through electronic government (E-government), and can meet high public demand for E-government services. This administration's goal is to champion citizen-centered electronic government that will result in a major improvement in the federal government's value to the citizen."

While WAWF's progress to date is a major accomplishment, there is still more work to do, including assessing the feasibility of addressing impediments identified during a Spring 2006 analysis. Other next steps include continuing deployment of the existing functionality across the Department and integrating WAWF with the target Enterprise Resource Planning (ERP) systems, Item Unique Identification (IUID), Radio Frequency Identification (RFID), Personal and Real Property Accountability; Telecommunications processing; and the Standard Financial Information Structure (SFIS).

Common Supplier Engagement Budget Summary

The Budget Summary area below shows approved FY06 and FY07 budgets for CSE programs.



Systems and initiatives funded without discrete PB07 budgets:

[N/A]

Note: The SPS budget includes sources of funding from the BTA and other Components. The Federal IAE systems (CCR, EPLS, eSRS, FBO, FedReg, FedTeDS, FPDS-NG, ORCA, PPIRS, and WDOL) receive federal funds to support the program. Federal IAE is part of the President's e-Gov initiative and is funded through contributions from all federal agencies. OMB determines the yearly contribution level for DoD via the passback, and this is then provided to GSA, the IAE managing partner. For additional details and explanatory notes, please refer to Appendix I in Volume 2.

Common Supplier Engagement Program Mapping to Business Value Added Framework

The table below illustrates how CSE programs contribute to adding business value. (Programs are listed from left to right in decreasing order of investment dollars through FY07.)

Common Supplier Engagement	SPS	Federal IAE (CCR, EPLS, eSRS, FBO, FedReg, FedTeDS, FPDS-NG, ORCA, PPIRS, WDOL)	DBSE	DoD EMALL	WAWF	EDA	ASAS	CPARS
On Time Request	●	●	●	●				●
Cash-to-Cash	●	●	●		●	●		●
Time to IOC/FOC ACAT								
Urgent Requests	●		●					
Weapons Systems Ops								
Cannibalization Rate								
Real Property Utilization				●				
Personnel Requirements								
Payroll Accuracy		●	●		●			
Financial Transparency	●		●	●	●		●	

CSE programs have standardized the procurement and self-serve processes, streamlined the receipt and acceptance process, increased data accuracy, and improved contingency contracting tools which contribute to on-time customer requests, reduced cash-to-case cycle times, increased pay accuracy, and greater financial transparency.

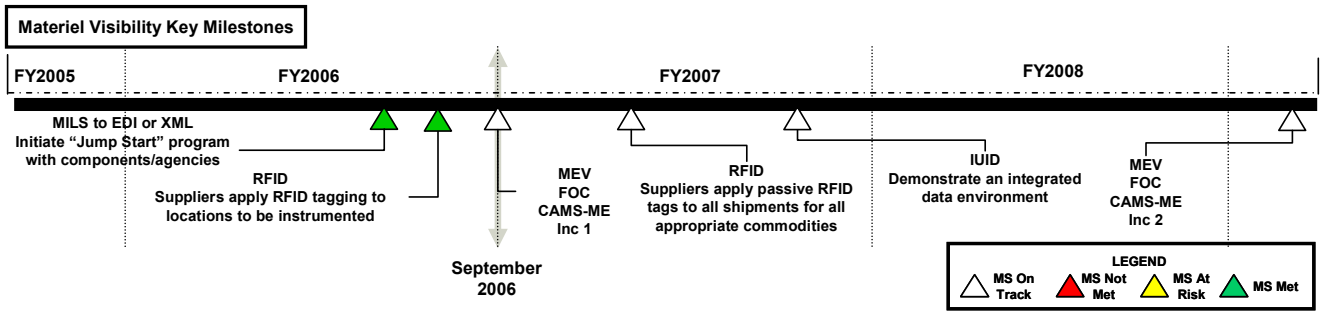
Materiel Visibility Definition and Goal

MV

Materiel Visibility (MV) is defined as the ability to locate and account for materiel assets throughout their lifecycle and provide transaction visibility across logistics systems in support of the joint warfighting mission.

Materiel Visibility will provide users with timely and accurate information on the location, movement, status, and identity of unit equipment, materiel and supplies, greatly improving overall supply chain performance. Materiel Visibility will improve the delivery of warfighting capability to the warfighter as measured in terms of responsiveness, reliability, and flexibility.

The following graphic illustrates key milestones for achieving Materiel Visibility.



Materiel Visibility Accomplishment Highlights

- Reported initial Military Equipment Value to the third quarter financial statements. This capability not only initiates the alignment of this process with Generally Accepted Accounting Principles but also provides senior DoD decision makers with reliable information in support of future strategic investment decisions.
- Achieved Initial Operating Capability of the Capital Asset Management System – Military Equipment (CAMS-ME) and established an interface between CAMS-ME and the Business Enterprise Information Services (BEIS) on 19 June 2006.
- The Department established a DFARS interim rule requiring DoD contractors supplying materiel to affix passive RFID tags at the case and palletized unit load level. This expanded rule encompasses the following classes of supply: I (where applicable), II, IIIP, IV, VI, VIII (where applicable), and IX. The RFID tags shall be affixed to shipments of these commodities headed for Continental United States depots and selected aerial ports. This added capability enhances the DoD's In-Transit Visibility thereby allowing strategic managers to optimally support their operational and tactical customers through an integrated supply chain.
- Approved the presentation of the IUID Standardization Agreement (STANAG) to the North Atlantic Treaty and Organization (NATO) Asset Tracking Interservice Working Group (ASTWG) and member nations for ratification. The ratification of IUID STANAG 2290 will improve visibility of assets within NATO's supply chain in support of coalition and combined forces and integrate IUID into lifecycle activities.
- Published a proposed Government Furnished Property (GFP) rule in the Federal Register. The proposed rule replaces the DD Form 1662 (the annual summary GFP report) and requires DoD contractors to electronically submit applicable data to the IUID registry. This capability, aimed at achieving greater fiscal and logistical accountability, will enable the DoD to effectively manage contractor held GFP through increased visibility and proper valuation of military equipment.

FY06 Milestones	FY07 Milestones
√ IUID: Standardization Agreement (STANAG) presented to nation members of NATO Asset Tracking Working Group for ratification √ MEV: IOC CAMS-ME for Increment 1 √ MILS to EDI: Identify and prioritize DLMS transactions essential to support DoD BTA MV Enterprise Priorities √ MILS to EDI: Initiate DLMS "Jump Start" program with Components/Agencies √ MILS to EDI: Publish DLMS "Jump Start" Program Management Plan √ MILS to EDI: Publish Memorandum announcing the "Jump Start" Program √ MILS to EDI: Provide initial funding for the DLMS "Jump Start" program √ RFID: Publish Defense Federal Acquisition Regulations (DFAR) clause governing application of tags to Class I (where applicable), II, IIIP, IV, VI, VIII (where applicable), and IX shipments to distribution depots and aerial ports • LMD: Item Logistics Master Data Capability Enabled • IUID: All new Government Furnished Property (GFP) on solicitations and contracts meet the IUID requirements (requires DFARS change)	• LMD: Vendor Logistics Master Data Capability Enabled (Q1) • MEV: FY06 year end close using baseline valuation methodologies (Q1) • MILS to EDI: Allocate additional funding based on performance of initial migration success (Q1) • MILS to EDI: Publish Memorandum announcing selected programs for DLMS "Jump Start" Funding (Q1) • RFID: Implement RFID at three aerial ports (Q1) • IUID: Full Operating Capability (FOC) for electronic management of DoD property in the possession of contractors (PIPC) (Q2) • MEV: IOC CAMS-ME for Increment 2 (Q4) • RFID: Implement ability to read/write passive RFID at 100% of OCONUS DLA Distribution Centers (Q4)

Impact of Materiel Visibility

Materiel Visibility initiatives will deliver improved warfighting capability through a deliberate and measured approach to providing materiel visibility across the enterprise. The BTA's data-driven strategy will increase supply chain reliability, flexibility, and responsiveness by providing the warfighter and supporting establishment with timely, accurate, and actionable information on the location, movement, status, and identity of unit equipment, materiel, and supplies. Materiel Visibility initiatives form a set of transformation catalysts that include: improved business processes; enhanced data quality and access; implementation of modern transaction standards; and new technology tools such as the Integrated Data Environment (IDE)/Global Transportation Network (GTN) that will provide a cohesive solution for management of supply, distribution and logistic information with a global perspective. These catalysts will deliver improved capabilities to the warfighter, increased efficiencies to the enterprise, and savings to the taxpayer.

The impact of MV initiatives has a significant effect on our increasing ability to improve supply chain performance. RFID improves efficiency of shipping, receiving, and inventory management by enabling hands-off processing of material. RFID benefits are being realized through multiple implementations across the services. One such example is the Fleet and Industrial Supply Center (FISC) at Norfolk Ocean Terminal. Through passive RFID technology, Norfolk has realized a 39% improvement in processing time, a 3% decrease in misrouted shipments, and a read reliability rate of 96%, which means that the accuracy of items passing the reader has vastly improved thereby improving visibility and confidence in the supply chain.

Equally significant is the progress that is being achieved with Item Unique Identification (IUID). IUID is one element of the overall DoD strategic imperative for unique identification. On 15 March 2006, the Marine Corps Maintenance Center in Albany, Georgia initiated a pilot

project utilizing the 7.5 ton crane. The components marked include the engine, transmission, main vehicle and main boom cylinder. The Marine Corps Maintenance Center IUID pilot project is documenting procedures for implementing IUID requirements as well as providing a means for identifying and adopting how-to procedures at other DoD depots. Expected benefits are life cycle maintenance and asset tracking improvements, increased visibility into maintenance operations, and improvements associated with financial and audit requirements. Uniquely identifying tangible personal property will improve the following: timely and seamless flow of materiel in support of deployed forces, asset visibility across the Department, and inventory management.

Forward momentum continues within the Materiel Equipment Valuation initiative. Over 1,100 military equipment program assessments, with a net book value of more than $300B, have been completed. CAMS-ME achieved initial operating capability on 19 June 2006. The system, using the results of the assessments, allowed DoD to report its own military equipment values in its financial statements for the first time. This is the first step in a three phased approach to meet the federal requirement to value military equipment. This effort will significantly increase Service property visibility and improve financial and acquisition information and reporting requirements. This capability provides senior decision makers with reliable and accurate information, increases credibility and satisfies the requirement of Federal Financing Standard No. 23, which requires that military equipment be capitalized and depreciated over its useful life. Additionally, this means that life cycle managers can make better investment decisions thereby improving weapons system availability.

As the Department looks to improve Material Visibility throughout the supply chain, it strives to simplify the complexities of this data driven environment and the subsequent difficulties associated with data integrity. Currently there are 10 different Logistic Master Data sources. Each emerging program builds unique interfaces to these Logistic Master Data sources resulting in duplication, lack of data synchronization, increased costs, and overall impact to end-to-end Materiel Visibility. In collaboration with the Defense Logistics Information Service (DLIS) and DLA, the Logistics Master Data Initiative enables emerging systems to build a single interface for retrieving item, vendor, and customer data to support the DoD logistics community in planning, procuring, distributing, transporting, and disposing of items to get the right item to the end customer, the warfighter, and ultimately, a cost savings to the taxpayer.

Materiel Visibility continues to focus on supporting the transformation of business operations to achieve integrated end-to-end process interoperability. The result will be interoperable processes, enabled wherever possible by common systems, and visible, accessible and authoritative data. This is developed into an integrated enterprise with interoperable business capabilities based on best practices. This means improved responsiveness, reliability, and flexibility to the warfighter.

The following table depicts Business Capability metrics critical to achieving the objectives of Materiel Visibility.

Business Capability Metric	Baseline	Current	Goal
Deliver Property and Forces: Materiel Visibility within the Supply Chain or RFID Deployment % of distribution centers and aerial ports able to read/write passive RFID	7%	7%	100%
Perform Asset Accountability: Property Accountability % of military equipment programs that have asserted to the existence and completeness of the assets within their programs	First measurement: TBD	First measurement: TBD	TBD
Deliver Property and Forces: Materiel Visibility at the Theater Level or RFID Theater Level Usage % of consolidated shipments flowing into Central Command (CENTCOM) Area of Responsibility (AOR) with RFID Tags	78%	78%	100%

Case in Point: Transitioning to Common Logistics Data Standards

In the private and public sectors alike, business data has become a vital corporate asset that must be managed and protected. Accordingly, the Department has adopted a transaction strategy to enable users to exchange information necessary to achieve their missions. DoD's technological infrastructure to deliver integrated business data is being built on the foundation of common transactions and common data standards (leveraging commercial data interchange standards when possible).

DoD has is making significant progress in this regard in the logistics area. The Defense Logistics Management System (DLMS) is a suite of central data dictionaries and directories that are enabling seamless transactional interchanges across the numerous sub-functions within the defense supply chain. The technological underpinning of DLMS is modern, commercially compatible electronic data interchange (EDI) standards (i.e., ASC X12 and XML) that enable logistics information to flow seamlessly across organizational boundaries. By adopting these standards, the DoD is gradually – and more cost-effectively – migrating away from its propriety Defense Logistics Standard Systems (DLSS) and Military Standard Systems (MILS) to a more open, unified logistics architecture that combines current and new e-applications. The resulting business benefit is improved visibility into materiel management, distribution, maintenance, transportation and supply services at all mission levels.

Although the implementation of the DLMS is relatively new, the capability is operational in several business processes, most notably DLA's Enterprise Resource Planning System Business System Modernization (BSM) supporting its Defense Supply Centers, DLA's Distribution Standard System (DSS) at the defense distribution depots, and the Defense Medical Logistics Standard Support (DMLSS).

The DMLSS replaces the multitude of legacy logistics systems with one standard DoD medical logistics system, enabling health care providers to spend less time completing administrative tasks and more time delivering important health care services. The DMLSS, co-sponsored by the Assistant Secretary of Defense (Health Affairs) and the Deputy Under Secretary of Defense (Logistics), is a partnership involving the wholesale medical logistics, medical information management, medical information technology, and user communities.

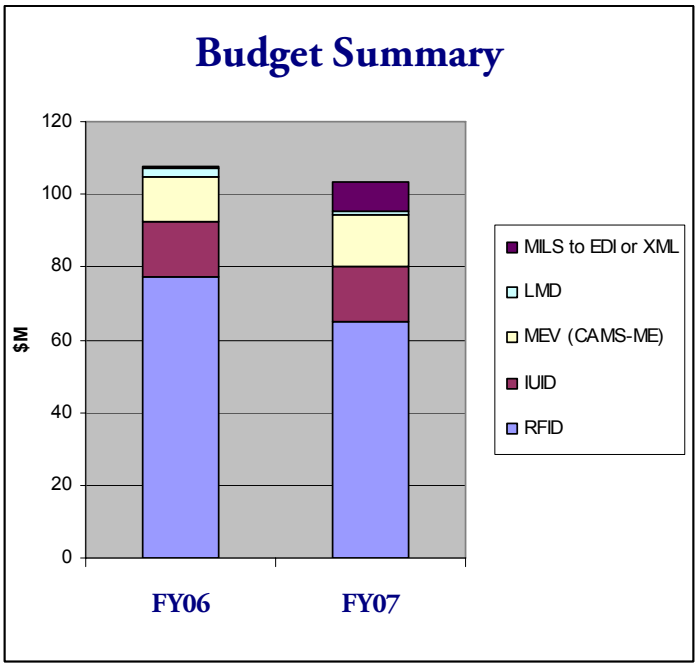
The data enhancements to DMLSS have involved phasing out the older, legacy transaction data sets and re-engineering basic functionality using ASC X12 transaction standards. These newly implemented transaction sets are enabling the "prime vendor functionality" housed within DMLSS to support just-in-time inventory management of medical items, a capability that was not possible in the previous application suite. Other advantages of the re-engineered DMLSS include lower overall prices and increased in available products (from 15,000 to 180,000 items). This increase in the number of medical items available is a direct result of integrating commercial item catalogs into DMLSS' "prime vendor functionality," yielding a much broader product choice to the health care provider community. Additionally, users of DMLSS are realizing a significant boost in responsiveness because "order receipt" time has been reduced from 20 days to an average of one day. This means that patients have faster access to more medial products at a lower cost to the Department. Other benefits accrued to using DMLSS' new data transaction standards include complete electronic invoicing and payment, a cost savings estimated at between $6M and $10M, and reduced inventory turnaround from 380 days of supply to 10 days.

As the DLMSS example above illustrates, DLMS is an important step toward implementing best-practice standards that will help transform the logistics Core Business Mission. The Department's goal is to accelerate the migration from MILS to DLMS. To that end, the Department has implemented the "Jump Start" initiative to launch the migration process via the Army's Logistics Modernization Program (LMP). The Army has targeted the first set of transactions to migrate and testing is scheduled to be completed in December 2006—implementation will occur shortly thereafter.

It's important to note that adoption of DLMS standards will enable more efficient, effective implementation of other defense enterprise-wide standards such as Item Unique Identification (IUID), Radio Frequency Identification (RFID), Standard Financial Information Structure (SFIS) and other business transformation initiatives. Taken together, these standards are a critical element of defense business transformation that provide better information visibility for warfighters, decision makers, and support personnel.

Materiel Visibility Budget Summary

The Budget Summary area below shows approved FY06 and FY07 budgets for MV programs.



Systems and initiatives funded without discrete PB07 budgets:

[N/A]

Note: RFID funding shown here only reflects Component programs for Active RFID implementation. IUID includes budgets for the Impact Card and Component programs as well as the Enterprise-level management effort. CAMS-ME system costs are included in the MEV initiative. For additional details and explanatory notes, please refer to Appendix I in Volume 2.

Materiel Visibility Program Mapping to Business Value Added Framework

The table below illustrates how MV programs contribute to adding business value. (Programs are listed from left to right in decreasing order of investment dollars through FY07.)

Materiel Visibility	RFID	IUID	MEV	LMD	MILS to EDI or XML
On Time Request	●	●			●
Cash-to-Cash	●	●			●
Time to IOC/FOC ACAT				●	
Urgent Requests					
Weapons Systems Ops	●	●		●	●
Cannibalization Rate	●	●			
Real Property Utilization					
Personnel Requirements					
Payroll Accuracy				●	
Financial Transparency	●	●	●		●

MV programs improve data integrity and asset visibility throughout the supply chain which contributes to on-time customer requests, improved weapons systems operational availability and decreased cannibalization rates, and increased financial transparency.

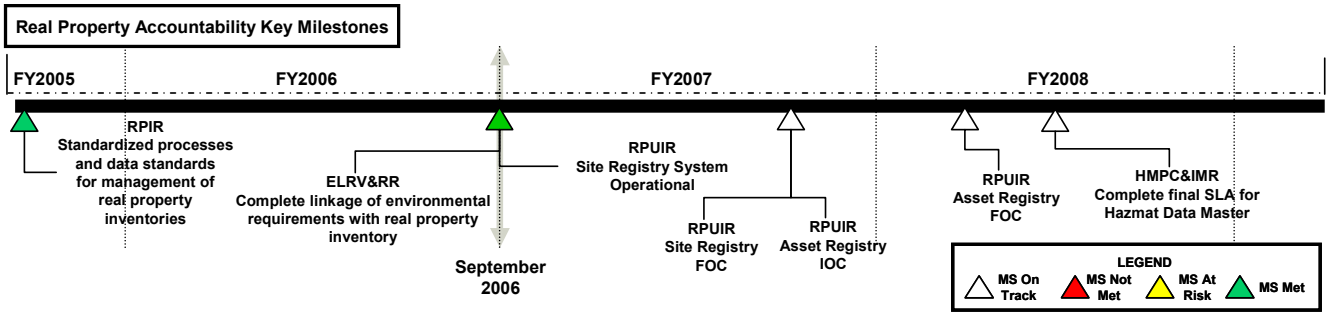
RPA

Real Property Accountability Definition and Goal

Real Property Accountability (RPA) provides the warfighter and CBMs access to near-real time secure, accurate and reliable information on real property assets, and environment, safety, and occupational health sustainability.

The RP&ILM CBM will provide the warfighter and other Core Business Missions with continuous access to I&E information.

The following graphic illustrates key milestones for achieving Real Property Accountability.



Real Property Accountability Accomplishment Highlights

- Rewrote and issued policy document (DoD Instruction 4165.14, "Real Property Inventory and Forecasting") to ensure enterprise-wide compliance with modernized procedures for managing the real property inventory. Issuance of the revised DoDI 4165.14 will assure Component-wide achievement of the enterprise outcome of accurate, authoritative, comprehensive, secure and timely enterprise-wide real property information to enhance warfighter and business mission planning and operations.
- Developed, upgraded, and/or integrated the "To Be" standard process models, logical data models, and data elements for the following initiatives into BEA 4.0:
  - Real Property Inventory Requirements (RPIR), which provides the structure for DoD-wide consistent and auditable real property financial information of newly acquired or upgraded property, including uniform depreciation and other financial management practices.
  - Real Property Construction in Progress Requirements (RPCIPR), which will facilitate enterprise-wide consistent accounting and financial management for all real property construction and capital improvement projects.
  - Environmental Liabilities Recognition, Valuation and Reporting Requirements (ELRV&RR), whose data model was expanded to include non-Defense Environmental Restoration Program (DERP) liabilities. The expansion will enable consistent accounting for and managing of DoD environmental liabilities, and provide the linkage between the liabilities and real property asset records; also delivered a requirements document.
  - Hazardous Materials Process Controls & Information Management Requirements (HMPC&IMR), which will enable the achievement of significant reduction in risks to personnel and materiel, through ready access to authoritative and timely Hazmat information; also delivered a requirements document.

FY06 Critical Milestones	FY07 Critical Milestones
√ RPIR: Conduct a "deep dive" and provide a recommendation for the To Be systems approach	• RPCIPR: Provide CIP policy revisions to OUSD(C) (Q1)
√ RPIR: Validate National Capital Region pilot site data	• HMPC&IMR: Complete draft Service Level Agreement (SLA) for Hazmat Data Master (Q2)
√ RPIR: Complete RPILM Enterprise implementation	• HMPC&IMR: Initiate planning with Logistics and Materiel Readiness (L&MR) and with Environmental Management (EM) and Environmental Readiness & Safety (ER&S) to identify target DoDIs (Q2)
√ RPAR: Complete Real Property Acceptance Requirements	• RPUIR: Site Registry fully operational (Q3)
√ RPAR: Release requirements document	• RPUIR: Asset Registry System Initial Operational Capability (IOC) (Q3)
√ RPAR: Release RPAR requirements document to RPILM Governance Board for formal coordination	• RPCIPR: Submit CIP Component implementation plans to OSD (Q3)
√ RPAR: Release revised Unified Facilities Criteria (UFC) document 1-300-08 for comment	• RPUIR: Site Registry software acceptance testing complete (Q3)
√ RPCIPR: Release CIP requirements document to RPILM Governance Board for formal coordination	• RPIR: Incorporate RPIR Space Management real property data elements in authoritative systems (Q4)
√ ELRV& RR: Complete linkage of environmental requirements with real property inventory	• RPUIR: Asset registry software acceptance testing complete (Q4)
√ ELRV&RR: Complete update of the data model with remaining environmental liability data elements	• RPAR: Submit Component RPAR implementation plans to OSD (Q4)
√ ELRV&RR: Release Environmental Liabilities Recognition, Valuation and Reporting Requirements document	• HMPC&IMR: Submit Hazmat Component implementation plans to OSD (Q4)
√ HMPC&IMR: Draft requirements document Phase I Released	
√ HMPC&IMR: Initiate HMPC&IMR BPR Phase II	
√ KBCRS: The approval of KBCRS by the DBSMC as an enterprise system	

Impact of Real Property Accountability

Providing visibility to real property data across the enterprise gives decision makers the ability to know which real property assets are available, where they are located, and their condition. Having this knowledge available 24x7 means support that is more efficient for warfighter and business mission planning and operations. The Real Property and Installations Lifecycle Management (RPILM) CBM is collaboratively developing "To Be" requirements to enable visibility and access through the application of modernized common processes and data standards. Once implemented by the Components, these processes and data standards will significantly improve the Department's capabilities. Since the March 2006 Congressional Report, RPILM has enhanced or added new transformational systems and initiatives.

The RPIR initiative is designed to address incompatibility and inaccessibility of DoD real property inventory information across the Department. As a result of the requirements produced and the active Component implementation of these, asset accountability and visibility of type, size, availability, etc., will significantly improve real property decision making for the Warfighter and Business Mission Area

The Real Property Unique Identifier Registry (RPUIR) system will provide for unique identification of all DoD real property sites and assets. Consistent with the DoD-wide mandate for unique identification of its assets, the anticipated benefits include reduced asset information

management cost, increased productivity and asset visibility, and the ability to link real property information to personnel and personal property.

The Real Property Acceptance Requirements (RPAR) initiative enables the availability of accurate and reliable information for real property managers DoD-wide. It will also assure that DoD is provided consistent and auditable DoD real property financial information on accepted real property. Requirements have already been developed detailing a standard process for accepting real property and its associated information from construction agents. Implementation of these requirements by the Components is underway.

The RPCIPR initiative will provide Enterprise-wide visibility to consistent processes and data for construction-in-progress (CIP) from construction agents to Components; provide accurate and timely CIP information, notably project status and financial data; and comply with requirements for real-time visibility of certain financial information.

The Real Property Asset Database (RPAD), a new system, will address the problem of inaccessibility of information to key DoD users. The RPAD solution uses a Net-centric and Service-Oriented Architecture (SOA) approach that will enable access to all RPIR-compliant real property data in an understandable and trustworthy real property information system, thereby reducing Component data calls and associated reporting requirements.

The ELRV&RR initiative is addressing DoD's inability to provide auditable environmental liabilities information. Resolving a material weakness, the requirements provide consistent accounting standards and processes for DoD's environmental liabilities, ultimately enabling accurate accounting of and visibility to these liabilities. In addition, the initiative has established a linkage between environmental areas of interest and real property asset records.

The HMPC&IMR initiative is addressing the enterprise-wide maintenance of hazardous materials information. Once consistently applied, the requirements will assure improved safety and reduced down-time from improper handling of hazardous materials, as well as the reduction of redundant purchases and unnecessary data searches.

The following table depicts Business Capability metrics critical to achieving the objectives of Real Property Accountability.

Business Capability Metric	Baseline	Current	Goal
Real Property Inventory: Component Population of RPIR Data Elements Annual measure of population of RPIR data elements IAW dates in Component Implementation Plans	First measurement: Q1 FY07	First measurement: Q1 FY07	100%
Hazardous Materials Process Controls and Information Management: Product Hazard Data Master Development – Regulatory Reference Data % of hazmat-related regulatory reference data in the Data Master relative to total regulatory reference data	First measurement: Q1 FY08	First measurement: Q1 FY08	95%
Environmental Liabilities Identification and Valuation: Environmental Liabilities Auditability % of real property asset records reconciled with environmental site records	First measurement: TBD	First measurement: TBD	TBD
Environmental Liabilities Identification and Valuation: Environmental Liabilities Inventory Completeness % of environmental site records reconciled with real property asset records	First measurement: TBD	First measurement: TBD	TBD

Case in Point: Real Property Business Process Transformation

In 2003, as an element of the Department-wide initiative to improve the integration of business operations and financial management, the DoD began to transform its real property management processes. The objective of real property transformation is to enhance the reliability, accuracy, and timeliness of its real property information environment for management decision making.

The real property transformation effort has established standards for implementing sustainable business processes, management controls, and core real property data elements. Through the implementation of sustainable processes and standardized data elements, these efforts are expected to reduce inefficiencies, contribute to the achievement of an unqualified audit opinion, and enhance asset accountability and visibility.

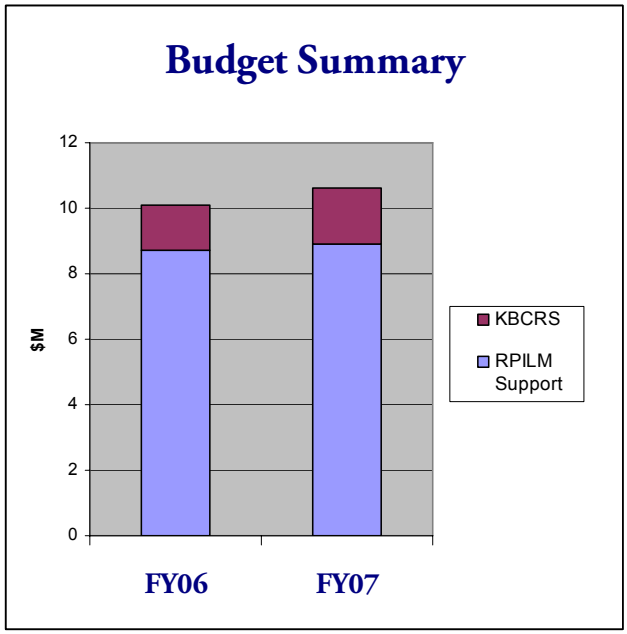
Because of the real property transformation effort, DoD was able to capitalize on the work of the real property business community by integrating the real property transformation implementation plan with the Real Property Financial Improvement Audit Readiness Plan, ensuring that improved business management drives financial accountability.

Another substantial benefit of this effort is that when the President's Management Agenda required that all federal agencies report to the Federal Real Property Profile (the federal wide database of all federal real property), using new federal data standards, DoD was able to quickly comply with the new standards because it had already begun to standardize its real property data elements.

Because DoD is the largest property holder in the federal government, with over 60% of total building square footage, the success of DoD's real property transformation effort will improve the stewardship of DoD resources and significantly improve real property accountability across the federal government.

Real Property Accountability Budget Summary

The Budget Summary area below shows approved FY06 and FY07 budgets for RPA programs.



Systems and initiatives funded without discrete PB07 budgets:

- ELRV&RR
- HMIRS
- HMPC&IMR
- RPAD
- RPAR
- RPCIPR
- RPIR
- RPUIR

Note: ELRV&RR, HMPC&IMR, RPAD, RPAR, RPCIPR, RPIR, and RPUIR are funded by ODUSD(I&E) BEI, BTA, and OUSD(AT&L), but not discretely. The funding for these initiatives is shown above as RPILM Support. Funding for all RPA initiatives will be identified in the FY08 President's Budget. HMIRS does not have a discrete budget line but its funding is included under the Minor Logistics Support System initiative. For additional details and explanatory notes, please refer to Appendix I in Volume 2.

Real Property Accountability Program Mapping to Business Value Added Framework

The table below illustrates how RPA programs contribute to adding business value.

Real Property Accountability	RPIR	RPUIR	RPAR	RPCIPR	RPAD	ELRV&RR	HMPC&IMR	KBCRS	HMIRS
On Time Request									
Cash-to-Cash									
Time to IOC/FOC ACAT									
Urgent Requests									
Weapons Systems Ops									
Cannibalization Rate									
Real Property Utilization	●	●	●		●	●	●	●	●
Personnel Requirements									
Payroll Accuracy									
Financial Transparency	●	●	●	●	●	●		●	

RPA programs uniquely identify real property assets, use standardized processes, and improve data accuracy to provide more efficient real property and installations utilization and increased financial transparency.

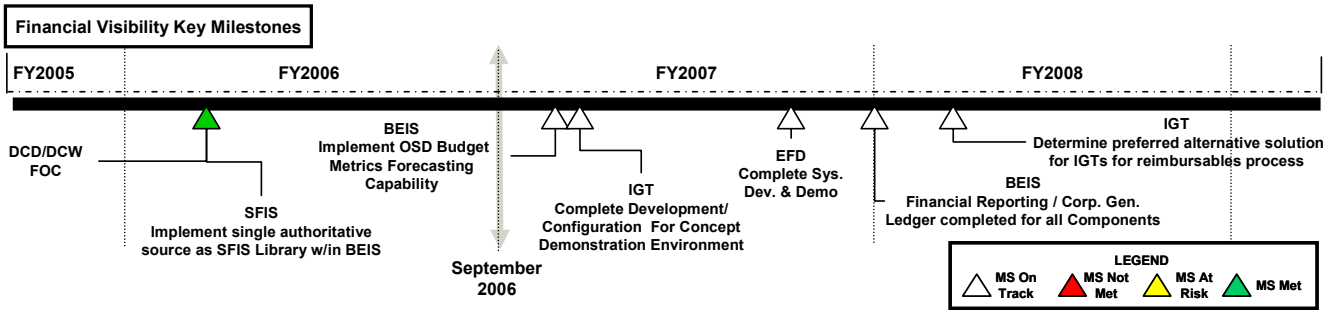
Financial Visibility Definition and Goal

FV

Financial Visibility (FV) means having immediate access to accurate and reliable financial information (planning, programming, budgeting, accounting, and cost information) in support of financial accountability and efficient and effective decision making throughout the Department in support of the missions of the warfighter.

At the highest level, the goal for Financial Visibility is more efficient and effective decision making throughout the Department and assistance in satisfying the DoD-wide effort to achieve financial auditability.

The following graphic illustrates key milestones for achieving Financial Visibility.



Financial Visibility Accomplishment Highlights

- Completed development of a corporate general ledger capability beginning with the USMC General Funds data. This capability will facilitate improved financial reporting and associated auditability.
- Deployed an executive dashboard capability for OSD Comptroller. This dashboard currently provides up-to-date information on the daily status of funds, as well as a financial view of the global war on terrorism and other contingency operations (e.g., humanitarian relief).
- Completed a functional capability assessment of existing legacy financial management systems. Developed a migration strategy for Defense Cash Accountability System (DCAS) functionality to be included in the BEIS, therefore DCAS is no longer tracked as an enterprise target system in this plan.
- Deployed the SFIS Library that serves as the central repository for maintaining and disseminating SFIS vocabulary throughout the DoD Enterprise. This capability encompasses deployment of data steward interfaces required to maintain the SFIS Library as well as deployment of web services used to provide visibility into the SFIS Library data for all DoD business systems.
- Completed and successfully delivered SFIS Phase II that defined three new elements to support financial performance management within the Department. Additionally, SFIS successfully collaborated with the Enterprise Integration (EI) Team to add approximately one hundred ERP implementation-specific business rules to BEA 4.0.
- Implemented United States Standard General Ledger (USSGL) Transaction Library in BEA 4.0. This library decomposes Treasury's general guidance into detailed transaction sets that link to specific business events. This capability will facilitate standard account transaction postings using SFIS data elements across DoD.

- Developed a set of requirements and initiated a demonstration system that will prove the concept of the Intragovernmental Transactions reimbursables model as depicted in the BEA 3.1. This system will enact the standard processes, business rules, and data elements from the architecture in an operational environment, and is the first step towards full deployment of this standard process in the DoD.
- Developed a proof-of-concept project for Enterprise Funds Distribution (EFD) to prioritize the set of "To Be" functional requirements and validate a shared operational concept capable of handling the complexity of an enterprise-level funds distribution solution. Included in this proof-of-concept are operational test scripts that use various DoD appropriations to test the viability of using an existing Government Off-The-Shelf (GOTS) product to satisfy core EFD requirements.

FY06 Milestones	FY07 Milestones
√ BEIS: Complete initiative migration from SFC to SFIS for USSGL required elements √ BEIS: Incorporate additional financial management data standard elements into corporate reporting structure √ BEIS: Implement SFIS Library as single, authoritative source for SFIS values √ BEIS: Implement Standard Fiscal Code compliant general ledger (USSOCOM) solution for other defense agencies (MDA, JCS, DSCA, WHS, TMA, DARPA) √ BEIS: Extend data processing and "corporate" GL posting capability to Marine Corps √ BEIS: Extend integration between DCW and DDRS for financial statement generation (Army) √ BEIS: Automate SFIS Library Steward Interfaces √ IGT: Define revised Scope of IGT initiative for Phase 1 √ IGT: Obtain concurrence across mission areas on processes, business rules & data elements for Phase 1 √ IGT: Define end-to-end process for IGT √ SFIS: Complete Phase II Requirements Definition √ SFIS: Implement single, authoritative source as SFIS Library within BEIS √ SFIS: Incorporate SFIS Phase II Requirements into BEA 4.0 √ DAI: Finalize AoA Guidance √ DAI: Develop As-is Situational Analysis • EFD: Complete Concept Refinement • IGT: Award contract for concept demonstration solution	• BEIS: Achieve IOC (Q1) • DAI: Define POM/Funding Strategy (Q1) • DAI: Develop Acquisition Strategy – Draft (Q1) • DAI: Develop To-be CONOPS (Q1) • EFD: Complete Technology Development (Q1) • IGT: Complete Development/Configuration for Concept Demonstration Environment (Q1) • BEIS: Implement OSD Financial Metrics Forecasting Capability (Q2) • BEIS: Deliver master requirements document for cash accountability (Q2) • SFIS: Milestone 1 – Complete CA Value Structure (Q2) • SFIS: Milestone 2 – Complete integrated lines of business (Q2) • SFIS: Milestone 3 – Establish Program Types (Q2) • SRDS: Complete Concept Refinement (Q2) • BEIS: Implement Financial Reporting for all components and Defense Agencies (Q4) • BEIS: Implement Corporate General Ledger for all components in Defense Agencies(Q4) • BEIS: Achieve FOC (Q4) • EFD: Complete System Development and Demonstration (Q4) • SFIS: Milestone 4 – Develop DoD program catalogue (Q4)

Impact of Financial Visibility

Today's financial systems environment comprises a complex mix of both legacy systems and emerging ERP systems. DoD's Financial Visibility strategy relies in part on the BEIS program and the SFIS vocabulary to address this complex environment by rolling up information from over 33 legacy systems and ERP systems to provide cost information and standard financial reporting decision makers can act upon. Key to this strategy is seamless integration of the Component ERPs with BEIS.

Recent accomplishments in BEIS—specifically, the initial implementation of a DoD corporate general ledger starting with USMC General Fund data—illustrate the progress DoD is making toward achieving enhanced end-to-end financial visibility. While the implementation of a corporate general ledger leads to improved auditability and standard reporting, it also demonstrates the Department's ability to extend both its internal and external reporting capabilities through the further implementation of BEIS infrastructure. Another important element of the BEIS infrastructure is its business intelligence capability. This capability provides the OSD Comptroller and other senior decision makers executive level visibility into the daily status of funds as well as financial information on the global war on terrorism and other contingency operations (e.g., humanitarian relief).

Decision makers also need the capability to see a common operational picture. Recently, the Intragovernmental Transactions (IGT) initiative completed development of a concept-of-operations model and common intragovernmental orders process affecting over $200B of Department funds. The Department also established two initiatives, Strategic Resource Decision System (SRDS) and Enterprise Funds Distribution (EFD), to substantively improve the Department's Planning, Programming, Budgeting, and Execution (PPBE) effectiveness and to ensure that funds and resources flow wherever and whenever they are needed. Both of these initiatives have the potential to eliminate redundancies within the PPBE processes while serving our warfighters by enabling the efficient flow of vital resources to warfighters.

DoD also made progress during the six-month period culminating in the production of BEA 4.0. These accomplishments have been critical to the progress of the DoD's business transformation efforts and to the continued success of data and process standardization to drive effective and timely management decision making. For example, a Compliance Checklist was created to help Investment Review teams evaluate system compliance with SFIS Phase I requirements. DoD also successfully delivered SFIS Phase II which defined new elements to support performance management and established a cross-enterprise governance team to guide the development of SFIS Phase III.

These accomplishments understate the impact of SFIS as an enabler of data standards throughout the greater financial management community. Working closely with the federal lines-of-business initiative, the DoD not only ensured SFIS to be in alignment with federal requirements, in many instances, the SFIS effort informed the future federal standard. Additionally, the BTA is working closely with DoD ERP programs to define an enterprise lines-of-business structure. This structure and associated SFIS data elements directly support the development of an enterprise-wide Statement of Net Cost and address a significant material weakness for the Department. SFIS data elements are also the foundation for the Defense Agency Initiative (DAI) initiative to develop a business solution for budget execution for 28 Defense Agencies.

These examples illustrate the progress of SFIS as the Department's authoritative source for financial management data standards and emphasize the importance and impact of FV. They are also reminders of DoD's responsibility as stewards of taxpayers' money.

The following table depicts Business Capability metrics critical to achieving the objectives of Financial Visibility.

Business Capability Metric	Baseline	Current	Goal
Manage General Ledger: Posting to Corporate General Ledger % of systems that are posting to the Corporate General Ledger	First measurements: Q1 FY07 and Q4 FY07	First measurements: Q1 FY07 and Q4 FY07	100%
Financial Reporting: SFIS Phase I 1002 and SF133 Compliant Reporting % of financial reports that are produced using SFIS compliant data	First measurements: Q2 FY07 and Q1 FY08	First measurements: Q2 FY07 and Q1 FY08	100%
Managerial Accounting: SFIS Compliance The relative compliance of financial systems with the Standard Financial Information Structure	First measurement: Q2 FY07	First measurement: Q2 FY07	100%

Case in Point: Enterprise Funds Distribution

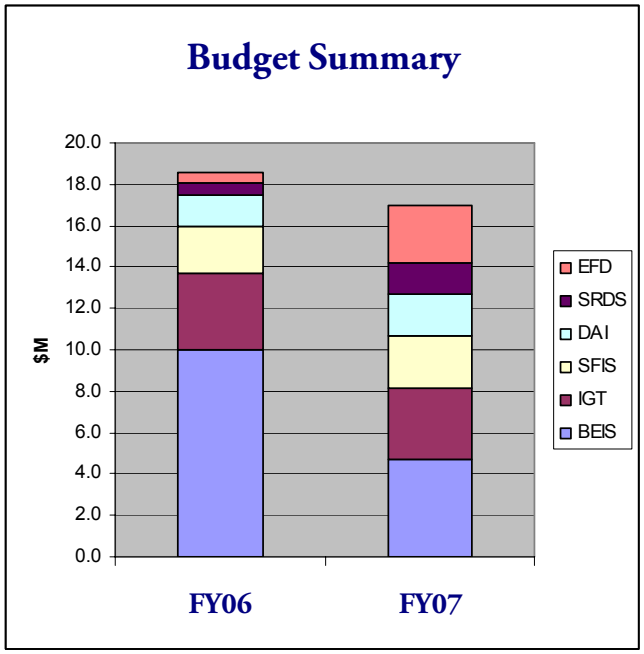
Established in 2006, Enterprise Funds Distribution (EFD) is a key initiative that will provide full visibility of appropriated funds distributed throughout the DoD by streamlining and modernizing 16 disparate funds distribution systems. The current lack of standardization and integration across DoD limits the visibility of DoD appropriations, encumbers the establishment of funding authority, and ultimately, impedes the flow of critical funding to our warfighters. In some cases, such as tracking Congressional actions as the appropriation bills move through the different committees, no system is being used at all. Rather, 11 Defense Agencies and Services are manually updating their own Excel worksheets.

The EFD initiative is overcoming these existing capability gaps and providing significant capability improvements within the Financial Visibility (FV) Business Enterprise Priority. Specifically, EFD is on track to provide full visibility of appropriated funds as they pass through and across different levels of the enterprise. By October 2007, the EFD solution will provide Component and OSD leadership visibility of Defense-wide appropriated funds down to the echelon II level and give the Department the ability to track large supplemental funding bills – like those the Department received for Hurricane Katrina relief support. While the Department today is able to partially track these funds, we expect to soon utilize BEIS, SFIS, and EFD to create a standard approach to tracking supplemental costs and to provide standard financial statement reporting.

Change is never easy, particularly changing the systems and processes of both Office of the Secretary of Defense (OSD) and Component tiers. However, EFD is a story about an entire community working toward a common vision. Working closely with the greater budget and funds distribution communities, the EFD workgroup developed a proof-of-concept project to prioritize the set of "To Be" functional requirements and validate a shared operational concept capable of handling the complexity of an enterprise-level funds distribution solution, i.e., tracking by budget line item or project code. The result is something the greater budget and funds distribution communities have long wanted—an enterprise funds distribution system that minimizes the duplication of core capabilities across Components and provides visibility both vertically (echelon levels) and horizontally (enterprise-wide)—through honest dialog and a spirit of collaboration.

Financial Visibility Budget Summary

The Budget Summary area below shows approved FY06 and FY07 budgets for FV programs.



Systems and initiatives funded without discrete PB07 budgets:

[N/A]

Note: BEIS budget figures are comprised of the combined budgets for DCD/DCW, DDRS, and DCAS. The FY06 and FY07 figures reflect only the DevMod portions of the budgets. The BEIS program is slated to receive its own individual funding line starting in FY08. For additional details and explanatory notes, please refer to Appendix I in Volume 2.

Financial Visibility Program Mapping to Business Value Added Framework

The table below illustrates how FV programs contribute to adding business value. (Programs are listed from left to right in decreasing order of investment dollars through FY07.)

Financial Visibility	BEIS	IGT	SFIS	DAI	SRDS	EFD
On Time Request		●		●		
Cash-to-Cash		●		●		
Time to IOC/FOC ACAT						
Urgent Requests						
Weapons Systems Ops						
Cannibalization Rate						
Real Property Utilization						
Personnel Requirements						
Payroll Accuracy						
Financial Transparency	●	●	●	●	●	●

FV programs capture standard data, centralize IGT orders and payment, provide better tracking of requirements, and standardize financial reporting. These improvements contribute to on-time customer requests, decreased cash-to-cash cycle times, and greater financial transparency.

Section II:
Component and Medical Transformation

Component and Medical Transformation Introduction

This section provides Component Transformation Plans for the following Components:

- Department of the Army
- Department of the Navy (DON)
- Department of the Air Force
- Defense Logistics Agency (DLA)
- United States Transportation Command (USTRANSCOM)
- Defense Finance and Accounting Service (DFAS)

This section also covers enterprise-level medical transformation:

- Military Health System (MHS)

For each Component, and for MHS, the Transformation Plan covers that Component's transformation vision, strategy, goals, and priorities; changes since the March 2006 Congressional Report; accomplishments and impacts; critical milestones for FY06 and FY07; near-term plans; budget summary; and a program mapping of systems and initiatives to the Business Value Added Framework. Each plan also includes a Case in Point illustrating a recent accomplishment.

Table II-1 is an update of the Component portion of the budget summary from the March 2006 Congressional Report.

Table II-1: Component Budget Summary ($M)

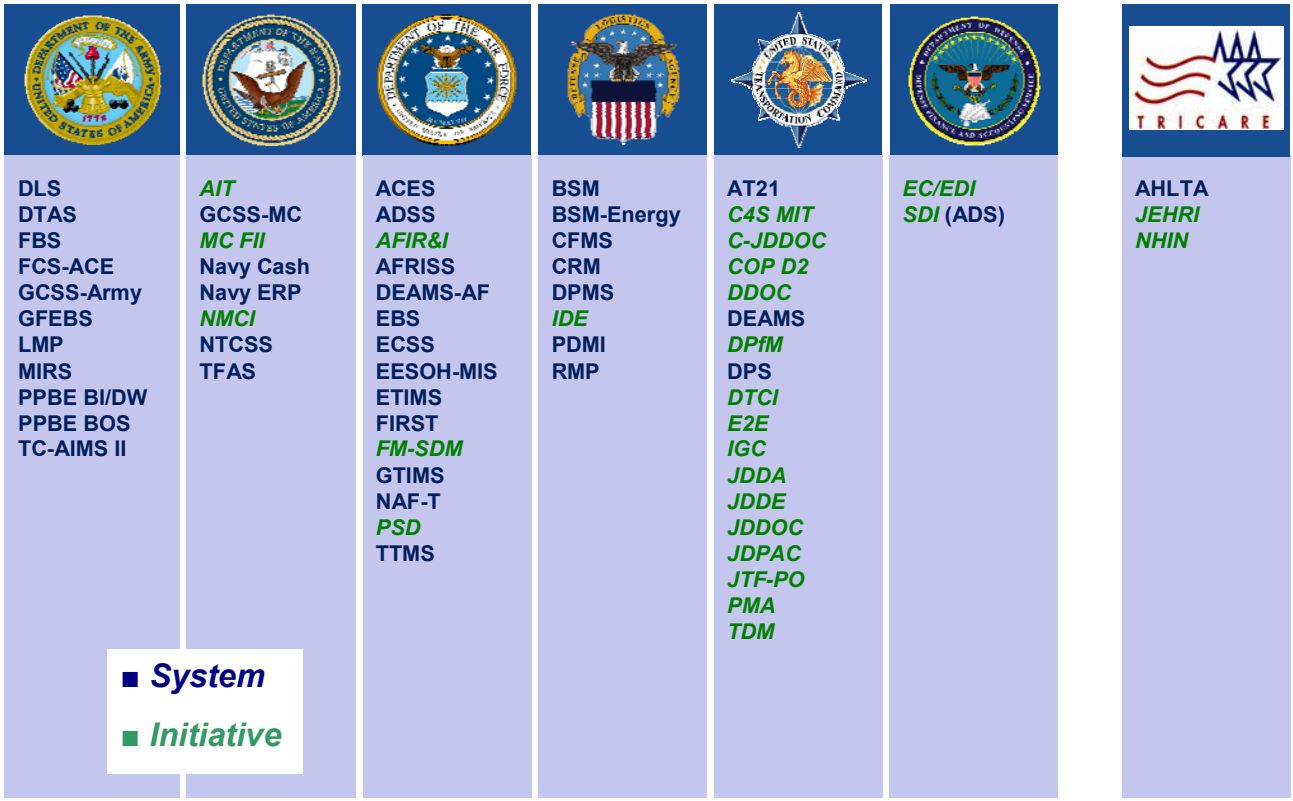
	Component	FY05 & Earlier	FY06	FY07	Total
Component	Army	2,172.2	520.4	719.5	3,412.1
	Navy	6,410.4	2,032.5	2,142.2	10,585.1
	Air Force	840.3	352.0	457.5	1,649.8
	DLA	1,469.2	303.6	157.5	1,930.3
	USTRANSCOM	14.9	31.1	29.6	75.6
	DFAS	29.5	7.4	6.7	43.6
	Component Total	**10,936.5**	**3,247.0**	**3,512.9**	**17,696.5**
Medical	MHS	874.7	226.0	219.7	1,320.4
	Medical Total	**874.7**	**226.0**	**219.7**	**1,320.4**

Table II-1 reflects amounts in the FY07 President's Budget, as submitted in February 2006. The table provides a summary of budgeted investment resources required for the programs and offices supporting Component priorities.

As with the Enterprise programs, the September 2006 version of the ETP provided an opportunity for Components to re-baseline Key Milestone Plans. As a result, some Component program milestones have been re-baselined, with explanations for each change provided in Appendix J.

Component transformation efforts cover the systems and initiatives identified in Figure II-1.

Figure II-1 Systems and Initiatives that Support Component and Military Health Priorities



Chapter 3: Department of the Army

Army Transformation Vision and Strategy

The Army is implementing dramatic changes in our force structure to realize the Army Vision: "Relevant and Ready Landpower in Service to the Nation." We are developing soldiers, leaders, and modular forces to ensure the Army remains the preeminent land power on Earth and the ultimate instrument of national resolve. Achieving this vision requires not only operational transformation; it requires business transformation. Our institutional Army is a legacy of the industrial era in which it was developed. We must adopt a culture and orientation to facilitate more responsive, flexible and efficient approaches to supporting the operational Army. The required business transformation includes leveraging the best business models and processes of American enterprise, improving situational awareness, and aligning organizational structures to core functions.

Business Mission Area Vision

A transformed Business Mission Area, which supports the Army warfighter through world class, network-centric access to knowledge, systems and services enabling confident and timely decision making across the Enterprise.

Business transformation of the Army requires commitment and constancy of vision to realize significant capability gains and cost avoidance. IT Portfolio Management (PfM) is key to developing well-supported business cases that enable IT transition planning. The Business Mission Area aims to operate within a federated architecture that supports the Army with current, authoritative knowledge processed through systems compliant with DoD business, Joint and Army warfighter architectures. Our initiatives to refine enterprise architectures and leverage industry best practices include the Single Army Logistics Enterprise (SALE) and the Single Army Financial Enterprise (SAFE). The Army will employ ERP and Service-Oriented Architecture technology to provide the integration needed for true enterprise solutions that support end-to-end business operations. Cost avoidance efforts include the Army Acquisition Business System Neck-Down Initiative (AANDI), which aids identification of IT investment candidates for elimination or termination. Strong governance is essential to timely achievement of the vision. The end-state for this transformation is not a destination, but rather the attainment of a steady state in which capabilities-based IT PfM coupled with business transformation initiatives drive Army IT investment.

Army Business Transformation Goals

The Army's Business Mission Area goals align to overall Army priorities, guiding the transformation of Army business practices and prioritization of IT investments. The judicious application of metrics to track progress towards these goals will enable the Army to measure the accomplishment of these objectives.

Increasing Situational Awareness

Increasing Situational Awareness involves establishing a common operating picture that leverages a common data framework to improve logistics, financial, personnel, and all other business capabilities optimizing decision making across the Army enterprise. A common data framework through enterprise solutions provides authorized users access to relevant data across the Army Enterprise and aligns with the Army's emerging net-centric data strategy. Enterprise Solutions provide the technology, which enables the necessary support to Situational Awareness, driving toward effective and efficient business operations. Enterprise Solutions represent the vertical and horizontal alignment of people, processes, and technology across organizational and functional boundaries to support delivery of Army capabilities based on levels of complexity and work output. The technology solutions that support actionable knowledge may be comprised of COTS software such as ERP solutions, legacy applications, middleware, data warehouses, custom developed software solutions, or a combination in an SOA.

Having timely and accurate information concerning the Army enterprise environment and the effects of decisions used to support policy and resource allocation is imperative. A common operating picture establishes a unifying view of information across Army domain environments to enable knowledgeable decision making. An Army Enterprise common operating picture will align with Joint processes and the DoD Business Enterprise Architecture. Our priorities to achieve increased situational awareness are to focus business systems modernization on supporting the warfighter; provide access to more reliable and accurate personnel and sustainment information for warfighting mission planning; reengineer the processes and enabling business enterprise solutions that resource mission operations and improve the accuracy and timeliness of information provided to Army decision makers. The result of Situational Awareness is improved actionable knowledge that enables timely responses to critical decision-making requirements.

Improving Asset Accountability

Improving Asset Accountability for the Army involves the creation of an integrated financial environment and a deployable financial management system. Fully integrated processes that provide timely, accurate and authoritative financial planning, programming, budgeting, execution, and accounting knowledge further enable Army Enterprise-wide asset accountability and enhanced financial decision making. This will improve business practices and processes for paying the force and ensuring financial and property accountability.

An integrated financial environment will provide financial data compliant with the Federal Financial Management Improvement Act (FFMIA) and DoD standards in a common format accessible throughout the Army. This advances federal financial management by ensuring that systems provide accurate, reliable, and timely information.

A deployable financial management system gives warfighting units visibility over their funding and assets in theater, providing timely, accurate data enabling sound business decisions at all levels.

Enhancing and Leveraging Synchronization

Enhancing and leveraging Army enterprise-wide Synchronization involves coordination of DoD, Joint and Army initiatives to align people, processes and technology. An integrated personnel environment will provide support systems that fully integrate personnel management and pay for both military and civilian members. This is essential for fielding and resourcing a fully integrated human resources system, while simultaneously supporting reengineered business processes, replacing failing systems, reducing data collection burdens, and enhancing readiness. The Army is preparing to implement Defense Integrated Military Human Resources System (DIMHRS), which will deliver key personnel functions and integrate pay/personnel seamlessly. This preparation will involve reducing stove-piped legacy systems and preparing remaining Army systems to interface with DIMHRS. Together, DIMHRS and remaining Army systems will provide access to more reliable and accurate personnel information for warfighting mission planning.

The Army is also implementing logistics processes and systems that provide the right sustainment support at the right time to Joint and Army commands. The goal is to provide accurate logistics data and precise forecasting that will dramatically improve efficiency, reduce costs and allow Army mission planners to make rapid, confident decisions. The Army will enhance its ability to leverage synchronization by fielding the bridging Standard Army Management Information System (STAMIS) systems, continuing fielding of the Logistics Modernization Program (LMP), and conducting the Global Combat Support System – Army (GCSS-Army) product assessment.

Improving IT Investment Strategy

Army efforts involve the identification and elimination of stove-piped or redundant systems, identification of capabilities gaps and future requirements, and result in selection of the best of breed from current solutions. Additionally, Army strategy will be focused on the continuation of current capabilities through selective investment in bridging systems. Continuous improvement of the Army's IT investment strategy is rooted in rigorous implementation of PfM, enabled by strong governance processes that result in significantly improved IT capabilities. PfM will utilize IT management tools, improve data quality, and establish governance structures to manage IT investments, demonstrate the rationale for portfolio decisions, and improve communication.

Army Priorities

The Business Mission Area (BMA) priorities are designed to directly enable the Army's Strategic Framework which defines the following overarching interrelated strategies:

- Provide relevant and ready landpower for the 21st century environment
- Train and equip soldiers to serve as warriors and grow adaptive leaders
- Sustain an all-volunteer force composed of highly competent soldiers that are provided an equally high quality of life
- Provide infrastructure and support to enable the force to fulfill its strategic roles and missions

The Army continues to mature its IT governance process and has refined Mission Area guidance to focus more clearly on business transformation. The BMA is working in concert with the Deputy Under Secretary of the Army for Business Transformation to support initiatives such as Lean Six Sigma and organizational redesign, which greatly enhance transformational efforts. We have instituted a governance structure for the BMA, which includes five Domains – Acquisition, Financial Management, Human Resource Management, Installations & Environment, and Logistics. An analysis of DoD and Army guidance, business transformation initiatives and existing Domain priorities, goals and objectives, provides a foundation for the identification of

new Mission Area priorities (with the Domain responsible for each priority shown in parenthesis).

Increasing Situational Awareness

We have selected several focus areas that facilitate a common operating picture which, in turn, leverages a common data framework.

Focus business systems modernization on supporting the warfighter (Acquisition and Logistics Domains): Outcomes of this priority are to improve support to the warfighter and provide a data and Knowledge Centric environment. These outcomes will result in an increased capability to integrate and coordinate the Future Combat System (FCS) program data and reduce the time and cost to field FCS. The primary Army systems that support this priority are the GCSS-Army, Future Combat Systems Advanced Collaborative Environment (FCS-ACE), and the Transportation Coordinators' Automated Information for Movements System II (TC-AIMS II).

GCSS-Army consists of two Components: Field/Tactical (F/T) and Product Lifecycle Management Plus (PLM+). GCSS-Army (F/T) will provide the Army's Combat Support/Combat Service Support (CS/CSS) warfighter with a seamless flow of timely, accurate, accessible and secure logistical readiness information. It will also allow the Army to reengineer tactical logistics business processes in accordance with commercial best business practices. At the operational level, PLM+ will be the hub providing enterprise level data management and SALE-related product data, and will act as the data warehouse for the exchange of Tactical and Strategic information with Army Battle Command and joint systems. GCSS-Army will allow the Army to retire 11 existing automated systems supporting tactical logistics.

FCS-ACE is an Internet based, web-centric, and federated data environment for accessing, sharing, collaborating, integrating and controlling program information. It allows authorized participants secure, immediate, and controlled access to the single source of authoritative data, including product, technical, and program management information. FCS-ACE federation services bring together Army leaders, systems integrators, and industry partners with an integrated collaborative environment. It supports all FCS program decisions and milestone reviews including preliminary design and critical design reviews. FCS-ACE streamlines the process of multi-platform weapon systems acquisition in support of business transformation.

TC-AIMS II is the joint system that automates and synchronizes the processes of planning, organizing, coordinating, and controlling unit-related deployments, sustainment, day-to-day Installation Transportation Officer/Transportation Management Officer (ITO/TMO) operations, redeployment, and retrograde operations in support of forces moving through the Defense Transportation System. It will interface with installation, unit and depot-level supply systems, the Global Transportation Network (GTN), the Joint Operational Planning and Execution System (JOPES) through the use of the Joint Force Requirements Generator II (JFRG II), and will be capable of supporting both peacetime and wartime deployments. TC-AIMS II also produces movement documentation and unit movement information used for inter and intra theater movements and moves within the United States in support of homeland defense or training exercises.

Provide access to more reliable and accurate personnel information for warfighting mission planning (Human Resources Management Domain): This priority aims to improve the overall quality, accuracy and timeliness of deployed personnel data shared among all echelons across multiple theaters of operation. In addition, improved overall visibility of the location and status of all military, civilians, contractors and friendly foreign nationals is accomplished. Enhancing situational awareness by providing a common operating picture of personnel status is a key

priority. Deployed Theater Accountability System (DTAS) is the key system designed to achieve this common operating picture. The ability to operate in austere environments with limited or intermittent network connections is critical. The capability of accounting for all classes of deployed personnel across multiple theaters by unit, day, and location is a vital priority for the Army. DTAS also provides deployment histories of individual soldiers for historical, medical and analytic purposes. Army, Marine Corps and Naval Forces in the CENTCOM area of responsibility are currently using this Army developed system.

Improve the accuracy and timeliness of information provided to Army decision makers (Installations & Environment Domain): This priority supports both Situational Awareness and IT Investment Strategy targeted outcomes. It includes the review and consolidation of Real Property Inventory and Management Systems; improved inventory and accounting functions of Morale, Welfare, and Recreation (MWR) systems; and an implementation of Common Data Store that improves that quality of data and information needed to plan, manage and evaluate installation operations including real property management.

Improving Asset Accountability

The Army selected three focus areas to improve asset accountability through modernization efforts that ensure integration of Army program and budget data. These priorities also address the long-term goals of the Army, the Department of Defense, and the President's Management Agenda for budget performance integration.

Provide an ERP System for Asset Accountability, Budget Execution and Accounting (Financial Management Domain): General Fund Enterprise Business System (GFEBS) is the ERP that will serve as the Army's financial backbone, capturing general ledger data into a single system. GFEBS will be the Single Army Financial Enterprise (SAFE) system of record for the entire Army. Another transformational element of the SAFE is the modernization efforts of the Army's Headquarters Department of the Army (HQDA) integrated program and budget business operating systems, which represent the planning, programming and budgeting portion of the SAFE architecture.

Develop a Deployable Version of the Financial Management System (Financial Management Domain): This priority involves developing a deployable version of GFEBS.

Field bridging STAMIS systems (Logistics Domain): The aim of this priority is to make critical improvements to outdated tactical logistics systems that decrease net-centric and operational risks in the tactical environment. These STAMIS improvements provide the combat force with time-sensitive, secure operational readiness data for their vehicles and equipment as well as the parts and supplies necessary to support the force. They also provide property accountability and visibility to the combat force, HQDA, and Joint Chiefs of Staff (JCS) through access to web-enabled, real-time data.

Enhancing and Leveraging Synchronization

The Army has defined two specific focus areas to synchronize current systems and capabilities with future enterprise solutions.

Provide access to more reliable and accurate personnel information for warfighting mission planning (training) (Human Resources Management Domain): This priority involves using the Distributed Learning System (DLS) to provide standardized training and training management across the Army. The objective of this priority is to increase training throughout home stations and where deployed, retire duplicate and local legacy systems, and reduce training time, enabling more Army personnel to complete IT, business and language training.

DLS is a major automated information system that uses IT to streamline training processes, automate training management functions, and deliver training using electronic means to soldiers at home or deployed. DLS supports readiness by enhancing institutional and individual training in all Army Components (Active, Army National Guard, Army Reserve, and Department of the Army Civilians). The system provides both near and long-term infostructure to enhance training, particularly in the areas of Military Occupational Skill Qualification and reclassification. Infostructure is the hardware, software, and communications information technologies and associated architectures and facilities that ensure universal access, security, privacy, and reliability of Army networks. DLS is an integral component of the DoD Advanced Distributed Learning Initiative and the strategic plan for transforming DoD training, which calls for the full exploitation of technologies to support quality education and training. DLS supports the E-Government strategy by using the web to provide training materials, by enabling the intra-agency sharing of training data, and by adopting commercial practices and products to reduce operating costs. DLS supports the President's Management Agenda by making use of distributed learning to leverage scarce training funds, provide greater agency access to training materials, and facilitating the strategic management of human capital.

Continue fielding the LMP, and conduct GCSS-Army product Assessment (Logistics Domain): This priority involves the creation of an interdependent modular logistics capability that is responsive to the Joint Force Commander across the spectrum of conflict.

The LMP is the strategic level SALE initiative and the critical system for Logistics Readiness. LMP provides the Army capability to manage national logistics processes and materiel. SALE is the creation of a "factory to foxhole" management system to organize all Army logistics movements. LMP provides a robust suite of integrated logistics management capabilities to include demand and supply planning for end items, spares, and munitions; repair, re-manufacture and overhaul of major and secondary items and ammunition; and maintenance capacity requirements planning tools. It also enables working capital fund finance and accounting. LMP is critical to ensure our information systems are joint capable and fully integrated with the initiatives of the joint Distribution Process Owner (DPO). The formal alignment of distribution architectures is achieved through the alignment of SALE, TC-AIMS II, and associated distribution systems.

At the operational level, GCSS-Army/PLM+ will be the hub providing enterprise level data management, SALE-related product data, and will act as the data warehouse for the exchange of Tactical and Strategic information with Army Battle Command, joint systems, and DLA and Army national level logistical and procurement systems.

Improving IT Investment Strategy

To implement continuous improvement of the Army's IT investment strategy, we have established a comprehensive governance structure and PfM approach. The Army's PfM process defines policy and assigns responsibilities for the Mission Areas and their Domains in the management of IT investments as portfolios. The Army PfM process will ensure that IT investments are capability-based through the analysis of their linkage to strategic goals, integrated architectures, risk tolerance levels, and potential for increased efficiencies through elimination/consolidation of redundant or outdated capabilities, outcome goals, and technical performance.

The Army is institutionalizing a standard PfM process for all Army Mission Areas and Domains that is compliant with and supportive of DoD enterprise-wide force transformation. The Secretary of the Army and the Chief of Staff, Army, have provided guidance directing the Army to:

- Specify and assign Army Mission Areas/Domain Lead responsibilities for IT Investment decisions to support the Army's strategic goals, mission, and interrelated strategies. Identify current Army IT investments necessary to support current operations and the future force.
- Identify and eliminate investment in redundant and stovepiped Army IT capabilities/systems that have marginal benefit to the warfighter.
- Make investments in the appropriate IT solutions to address the gaps identified.
- Identify specific Mission Area/Domain IT capabilities/systems to be sustained and integrated.

Army IT PfM processes are critical to the Army's transformation. A coordinated Army-wide IT PfM process is essential to the development of an IT funding strategy which reinforces Army strategic direction and transformation efforts. To further our IT investment strategy, we have defined five specific focus areas relating to our domain structure.

Decrease operational cost and cycle times, enabled by increased consistency of data, reduced re-work and data calls (Human Resources Management Domain): This priority provides targeted outcomes resulting in reliable, timely and efficient force strength accountability. It provides for improvement in accession processing by establishing a paperless environment for storing documents that result from United States Military Entrance Processing Command (USMEPCOM) functions and capabilities, automating the examination and qualification processing of applicants by capturing medical pre-screen and medical history data. It also provides the capability of documenting physical exam and screening test scores, and recording results and applicant qualifications for profile, resulting in the reduction of fraudulent enlistments.

Mature domain governance processes to allow appropriate oversight of domain transformation activities (Installations & Environment Domain): Key stakeholders in the Army I&E Domain are involved in establishing a system baseline and using PfM techniques to analyze business systems against validated business capability requirements with the goal of identifying redundant and duplicative systems.

Improve business processes and reduce redundant IT investments and systems (Installations & Environment Domain): This priority involves the redesign of the environmental lines of business and the consolidation of 48 Geographic Information System (GIS) systems into Geographic Information System-Repository (GIS-R). The GIS-R is a centrally managed repository of spatial data for Installation Managers at all levels.

Transition to net-centric enterprise systems (Financial Management Domain): This priority involves the Budget Execution Phase of SAFE and the Army Enterprise Environment.

Reduce redundant and/or stovepiped IT investments by 80% by the end of 2007 (All Domains): The desired outcome of this priority is to improve operational effectiveness by employing standardized integrated IT solutions that reduce redundant or stovepiped IT investments.

Army Domain Transformation Activities

Army BMA domains are responsible for implementing the programs to achieve the Army business transformation goals and priorities. Each BMA domain provides strategic oversight and assistance with PfM in an effort to ensure DoD Business Enterprise Architecture framework and architectural integrity is maintained. Domains also provide oversight for certification and annual review requirements.

Human Resources Management

The Army's Human Resources Management (HRM) Domain is committed to implementing a capability that integrates personnel and pay management for Active, Reserve and National Guard soldiers. The Army plans to leverage capabilities provided by the DoD Enterprise through the DIMHRS. The Army is designing and developing new business processes that will prepare the Army for the implementation of DIMHRS.

Weapon System Lifecycle Management

The Army's Acquisition Domain is modernizing its Business Capabilities through a comprehensive transition from over 60 stovepiped systems into two comprehensive business systems, Future Business System (FBS) and FCS-ACE. The FBS will be a suite of net-centric business capabilities that enable the business of acquisition. It will enable the Army Acquisition Community to evolve their business processes to execute acquisition transactions in an environment that provides seamless access to templates, data sets, requirements, guidance, schedules, forms, and the myriad of information resources that will facilitate best practices. To date, we have successfully established our FBS Program Management Office; and are on track in meeting our key milestone to complete our Initial Capabilities Document (ICD). Existing enterprise capabilities will be transitioned under the FBS program on a planned schedule.

Materiel Supply & Service Management

The Army's Logistics Domain is establishing information superiority through real-time visibility of personnel, equipment, and supplies anywhere in the distribution pipeline and within the battlespace. This requires a seamless, integrated, end-to-end network known as Single Army Logistics Enterprise (SALE). The result is a merger of separate warfighter and business systems into a single, harmonious environment from the manufacturer to the foxhole; and aligned with joint requirements.

Real Property & Installations Lifecycle Management

The Army I&E Domain is focusing on providing integration and synchronization with the emerging DoD enterprise solutions, such as Real Property Inventory; Environmental Liabilities Identification and Valuation; Real Property Acceptance; and Hazardous Materials Process Controls and Information Management. In addition the I&E Domain will focus on providing a centralized GIS capability to support all Army installations while ensuring the ability to share and move data between the DoD and other services, as required. Finally, it is the intention of the Domain to develop a single common data repository for installation and real property data and analysis to enable the network and data-centric availability of information for decision making using authoritative and timely data where and when needed by all appropriate layers of leadership.

These initiatives will utilize the capabilities and fully integrate with all appropriate Army and DoD enterprise business systems such as GFEBS, the DoD Real Property Inventory Requirements (RPIR) standards, SALE, and other emerging systems when appropriate. The

Army I&E Domain is engaged in a broad effort to dramatically improve the management of the current inventory of business systems, and thus provide for more efficient and economical support of I&E programs and processes.

Financial Management

The Army is developing the Single Army Financial Enterprise (SAFE) to integrate business operating systems and supporting sub-systems, which support PPBE business processes. The SAFE will support the Army's business transformation by integrating PPBE systems and data, capitalize on the latest COTS technology, and provide web-enabled electronic business operations. In addition, the SAFE provides an architectural framework that supports the Army's PPBE phases of the DoD PPBE process. This culminates in the annual submission of the Army's portion of the President's Budget, and Chief Financial Officer (CFO) compliant accounting and reporting operations. The major transformational element of SAFE is the implementation of the GFEBS. GFEBS is a transformation system designed to meet the requirements of the CFO Act by employing CFO-compliant general fund finance and accounting capability. This will support the DoD with accurate, reliable, and timely financial information: resulting in clean audits, improved resource execution in peacetime and in war, and information for decision makers. GFEBS will serve as the Army's financial backbone, capturing general ledger data into a single system.

Changes Since March 2006 Congressional Report

Our business transformation goals have changed as result of the maturation of our Business Mission Area. Our established governance and PfM processes are enabling us to complete our analysis cycle. That cycle further allows the evolution of binning, analyzing capabilities, identifying redundancies and gaps, which enable the selection of best of breed IT investments. This evolution has resulted in our ability to identify what business transformation activities we need to focus on.

The Army added DTAS as a key transformational system since the March 2006 Congressional Report. DTAS is transformational because it provides near real-time visibility for military and civilian personnel in a deployed theater of operations. This visibility is vital in determining the warfighting capability for all ground forces within a specific theater and supports our efforts in the global war on terror.

The Army has removed six systems—Army Contracting Business Intelligence System (ACBIS), Acquisition Information Management (AIM), Electronic Military Personnel Office (eMILPO), Science & Technology Enterprise Management (STEM), Virtual InSight (VIS), and Army Test & Evaluation Command (ATEC) Versatile Information System Integrated Online Nationwide (VISION)—from its list of transformational systems. Five of these systems (ACBIS, AIM, STEM, VIS and VISION) are key interim solutions that will provide necessary capabilities in the next four to six years and all will migrate into the single enterprise-wide solution—Future Business System (FBS). FBS is a key target transformational system. eMILPO was removed because it is planned to be subsumed by DIMHRS, a key DoD enterprise-wide target system for personnel/pay.

Although VIS was removed from the list of Army key transformation systems, we have chosen to include it as our Case in Point focus. VIS is a critical interim solution for our objective end-state and will serve to fulfill vital capabilities until VIS is subsumed by FBS.

Army Accomplishments and Impacts

The Army Business Mission Area and Army Domain PfM initiatives and enterprise solutions position the Army to achieve significant results that impact the Business Mission Area's Core Business Missions. The accomplishments outlined here detail cost savings, cost avoidance or improvements attained since the PfM process began:

Human Resources Management

- Completed Investment Review Board Certification of 26 IT investments for FY06, complying with law and exercising new IT governance structures.
- Based on the recommendations of the DoD go forward assessment of DIMHRS, the Army has stood up a DIMHRS-Army program office and continues to refine cost and schedule estimates for completion of development to meet the Army's needs for personnel/pay as well as prepare for deployment.

Weapon System Lifecycle Management

- Completed Domain Functional Area Analysis, Functional Needs Assessment, Functional Solutions Analysis and FBS Concept Decision. Submitted target FBS Initial Capabilities Document (ICD) for AROC and JCIDS approval and currently executing the FBS Analysis of Alternatives (AoA), leading to a Q1FY07 Milestone A. This will formalize the FBS program to develop and field the net-centric, suite of enterprise capabilities that will enable domain business transformation and the retirement and replacement of existing redundant and stovepipe business systems.
- Formalized the AANDI to analyze and plan the transition of existing systems to the Acquisition business enterprise end-state. Analyzed the capabilities of 93 Tier 4 business system investments for potential elimination, and five Tier 2 and Tier 3 interim systems for incorporation into the target FBS. The ongoing AANDI study has identified 9 systems as candidates for retirement, is compiling and validating 100% of the domain system modernization plans, and has identified 12 systems as candidates for transition into the enterprise end-state.

Materiel Supply & Service Management

- Completed fielding of Property Book Unit Supply Enhanced (PBUSE) to battalion level organizations and above. This fielding replaced the Standard Property Book System-Redesign (SPBS-R) system. PBUSE provides web-based access to property accountability records Army wide and is used as the primary means of transferring property between deploying and redeploying units.
- Continued the inventory of reportable IT investments in order to develop PfM plans and identify capability gaps and redundancies. LOG Domain began 2006 with 867 investments in the Army Portfolio Management Solution (APMS) and through researching each investment, identified and removed over 531 misidentified investments. LOG Domain currently has 330 IT investments recorded in the APMS, of which 303 continue to be evaluated to determine if they should remain in the Domain.
- Completed an IT strategic plan to include an investment strategy and implementation plan for delivery in Q4FY06. These plans detail missions, goals, priorities, domain governance, procedures for registration and vetting of investments.

Real Property & Installations Lifecycle Management

- Consolidated 110 servers to 48 servers and 108 sites to 16 sites for the Integrated Facilities System (IFS) project. This resulted in significant cost avoidance due to hardware, software and support costs.
- Modified IFS, the Army's Standard Army Management Information System (STAMIS) for RPI to meet the Chief Financial Officers Act and Federal Financial Management Information Act compliance - the only STAMIS within DoD to attain this compliance.
- Deployed the Army Environmental Data Base (AEDB), which resulted in a more consistent and easily managed data store, providing a consistent set of authoritative data to the Army environmental community. This effort resulted in the replacement and/or decommissioning of eight legacy systems and cost avoidance of $784,000.
- Developed the Hazardous Material Management Program (HMMP) enterprise architecture (EA), which was instrumental in defining roles and responsibilities of the program. This EA resulted in HMMP integration with the G-4 SALE and yielded a cost avoidance of $29M.

Financial Management

- Completed the GFEBS Technology Demonstration (Release 1.1) July 2006. Gained permission to go from demonstration phase to development of a live system that will tie together all financial and management systems, resulting in approximately $300M per year cost avoidance when completely fielded.
- Began the Funds Control Module (FCM) Lead Verification Site Testing (LVST) in April 2006 in Korea and with the Texas National Guard. This will preclude these test sites from over obligating funds as a result of supply transactions, and will simplify the cumbersome supply-financial reconciliation process.

Army Priority	FY06 Critical Milestones	FY07 Critical Milestones
Focus business systems modernization on supporting the warfighter	√ FCS-ACE: Blockpoint 22 √ FCS-ACE: Blockpoint 23: Deploy Capabilities for iPDR √ FCS-ACE: Blockpoint 24: Deploy Capabilities for iPDR √ FCS-ACE: Blockpoint 25: Deploy Capabilities for iPDR • TC-AIMS II: Milestone C for Block 3	• GCSS-Army: Milestone B for Increment 1 (Q1) • TC-AIMS II: FDDR for Block 3 (Q1) • TC-AIMS II: IOC for Block 3 (Q3) • FCS-ACE: Blockpoint 26-28: Develop and field FCS ACE (enhance performance by migrating to latest version of COTS product) (Q4)
Provide access to more reliable and accurate personnel information for warfighting mission planning	√ DTAS: System Qualification Testing for v3.0 √ DTAS: User Acceptance Testing for v3.0 √ DTAS: FOC for v3.0 √ DTAS: Requirements for v3.1 √ DTAS: DT&E for v3.1 √ DTAS: System Qualification Testing for v3.1 √ DTAS: User Acceptance Testing for v3.1 √ DTAS: FOC for v3.1 √ DTAS: Requirements for v4.0	• DTAS: DT&E for v4.0 (Q1) • DTAS: System Qualification Testing for v4.0 (Q1) • DTAS: User Acceptance Testing for v4.0 (Q1) • DTAS: FOC for v4.0 (Q1) • DTAS: Development for Theater 5 (Q3)

Improve the accuracy and timeliness of information provided to Army decision makers		• Demonstrate proof of concept for installation CDR (Q2)
Provide an Enterprise Resource Planning (ERP) System for Asset Accountability, Budget Execution and Accounting	√ LMP: Complete 1st (Pilot) deployment √ PPBE BI/DW: Complete AoA √ PPBE BI/DW: Milestone A √ LMP: Complete DA/OSD Management Review • PPBE BI/DW: Milestone B • PPBE BI/DW: IOC • PPBE BOS: Contract Award (Initial Analysis)	• PPBE BI/DW: Milestone C (Q1) • PPBE BOS: Milestone C (Q1) • LMP: Certification of CFO/FFMIA Compliance (Q2) • GFEBS: Milestone B (Q3) • PPBE BI/DW: Milestone B2 (Q3) • PPBE BOS: Milestone B2 (Q3) • PPBE BI/DW: Milestone C2 (Q4) • PPBE BOS: Milestone C2 A (Q4)
Field bridging Standard Army Management Information System (STAMIS) systems		• TC-AIMS II: IOC for Block 3 (Q3)
Provide access to more reliable and accurate personnel information for warfighting mission planning (training)	√ DLS: Contract Award for Deployed Digital Training Campus √ DLS: SDD for Deployed Digital Training Campus	• DLS: DT&E for Deployed Digital Training Campus (Q2) • DLS: IOC for Deployed Digital Training Campus (Q3) • DLS: OT&E for Deployed Digital Training Campus (Q4)
Continue fielding the Logistics Modernization Program (LMP), and conduct GCSS-Army product assessment	√ LMP: Complete 1st (Pilot) deployment	
Decrease operational cost and cycle times, enabled by increased consistency of data, reduced re-work and data calls	√ MIRS: Start Development for Increment 1 √ MIRS: IOC for Increment 1 √ MIRS: Start Development for Increment 2 √ MIRS: IOC for Increment 3 √ MIRS: Start Development for Increment 4	• MIRS: Improve accessions processing system modifications with MIRS to automate the entire business process (Q1) • MIRS: Improve accessions processing system modifications with MIRS StS requirements: TOSIP, e-Records, e-Security, and e-Medical (Q1) • MIRS: FOC for Increment 1 (Q1) • MIRS: IOC for Increment 2 (Q1) • MIRS: FOC for Increment 2 (Q1) • MIRS: FOC for Increment 3 (Q1) • MIRS: IOC for Increment 4 (Q1) • MIRS: FOC for Increment 4 (Q1)
Mature domain governance processes to allow appropriate oversight of domain transformation activities		• Complete Initial I&E Domain EA (Q2)
Transition to net-centric enterprise systems	√ FBS: Establish FBS Program Management Office for Concept Decision	• FBS: Complete FBS AoA for Milestone A (Q1) • FBS: Milestone A (Q1)
Reduce redundant and/or stovepiped IT investments by 80% by the end of 2007	• LMP: Complete DA/OSD Management Review • TC-AIMS II: Milestone C for Block 3	• GCSS-Army: Milestone B for Increment 1 (Q1) • TC-AIMS II: FDDR for Block 3 (Q1) • LMP: Certification of CFO/FFMIA Compliance (Q2)

Army Near-Term Plans

The following are highlights of planned near-term activities related to the BMA:

Human Resources Management

- Identify IT investments and perform detailed analysis to support the significant reduction of redundant and stovepipe systems.

Weapon System Lifecycle Management

- Complete assessment of 100% of domain business systems, their redundancies and modernization plans – Q4FY06. This enables the domain to meet the Army goal of significant reduction of redundant investments by Q4FY07.
- Complete FBS Milestone A – Q1FY07. This formalizes the FBS program to develop and field the net-centric suite of enterprise capabilities that will enable domain business transformation and the retirement and replacement of existing redundant and stovepipe business systems.
- Complete Acquisition Domain Transformation Enabling Strategy – Q1FY07, which provides the domain roadmap for business transformation.

Materiel Supply & Service Management

- Draft FY07 Log Domain Strategic Implementation Plan Q4FY06, which will set funding priorities for the next Program Objectives Memorandum (POM).
- Adopt the Army Force Generation model as the method of prioritizing the fielding of logistics IT systems. This will align fielding plans with Army force deployment schedules.
- Field PBUSE at Company and Installation levels. Once completed, this fielding will replace the Unit Level Logistics System-S4 (ULLS-S4) at Company level and DPAS at Installation level, allowing Army wide visibility of property books.

Real Property & Installations Lifecycle Management

- Complete Geospatial Information System consolidation feasibility study to achieve cost savings and meet the goal of significant reduction of redundant IT services.
- Award Common Database Repository contract, which will consolidate and reduce databases.
- Execute Project Management contract for Community Family Support Center ERP to enhance management oversight and milestone compliance.
- Continue development of Domain enterprise architecture for meeting IT investment strategic goals.

Financial Management

- Begin the GFEBS Design/Build Phase of Release 1.2, complete GFEBS Capabilities Development Document (CDD), complete GFEBS Milestone B, and demonstrate the results of GFEBS Release 1.1 to the Executive Steering Committee July 2006. GFEBS will bring auditable financial systems mandated by the CFO Act & OSD.
- Deploy Funds Control Module (FCM) Army-wide during Q1FY07. This deployment will eliminate the Installation Supply Buffer (ISB) from the DFAS - Army system inventory, saving approximately $5M per year in DFAS costs and cost avoidance of approximately $7M by avoiding the fielding of ISB to 54 Army National Guard (ARNG) sites.

Case in Point: Managing the Acquisition Program Milestone Decision Process--Virtual InSight (VIS)

The Army Acquisition Domain established and fielded the first in its suite of net-centric, enterprise capabilities intended to frame how the business of acquisition will be conducted in the future. In 2006, the Acquisition Domain completed initial fielding of the VIS system, targeted to standardize the process for preparing, staffing and managing milestone decision documentation and for scheduling and managing Milestone Decision reviews. VIS was implemented in direct response to the 2004 DoD IG Audit of Army Acquisition Program Management and MS Decision Review Process documentation. VIS will eventually become a component of FBS.

Implementation of VIS has already led to:

- Significant reduction in TDY costs due to the virtual meeting capability, with annual TDY costs reduced over $4.2M
- Faster and more consistent quality in preparation of specific milestone documentation
- Increased participation by remote organizations and greater synergy across Domain elements with VIS web conferences currently exceeding 700 per month

The VIS system is an adaptation of selected components of the Oracle Collaboration and E-Business Suites. It provides templates to guide the development of required milestone documentation, examples that can be reviewed and adapted for use, management tools for storage, versioning, staffing, comment management and adjudication, and final product preparation. It provides web conferencing capabilities to enable geographically diverse functional experts to participate in real-time document creation and modification, as well as calendar coordination enabling efficient scheduling of senior leaders. In addition to its use in support of the milestone decision process, the VIS Enterprise capability enables Integrated Product Teams (IPTs) and other groups to host virtual meetings as well as use the document management capabilities to support their mission.

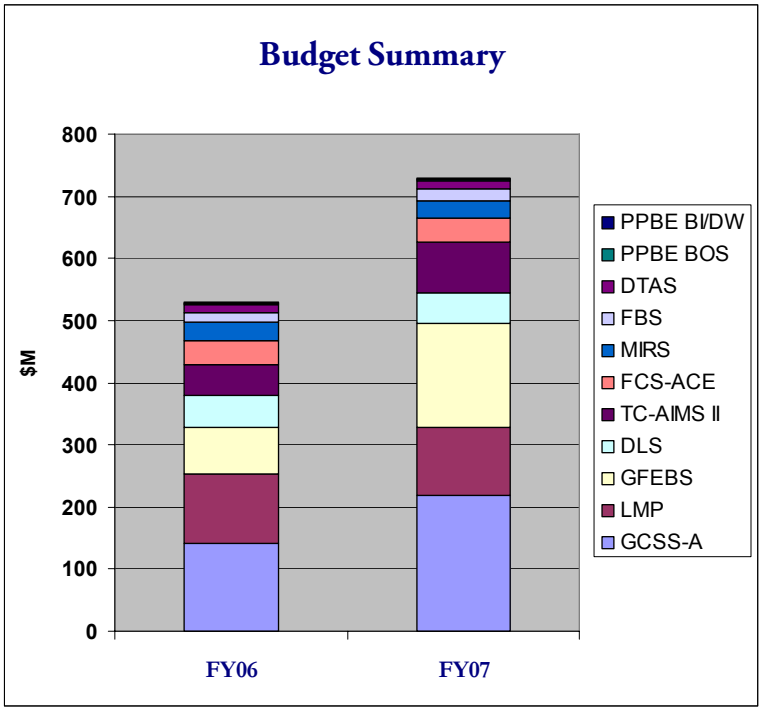
VIS was deployed with three significant objectives:

- To facilitate and reduce the workload associated with preparing required milestone documentation
- To enable centralized scheduling, readiness tracking and management of milestone decision reviews
- To enable virtual meeting capabilities and reduce TDY expenses

The biggest challenge to the success of VIS was the limitation that came from the Army's teleconferencing capability. VIS promises to provide additional value as the Army increases the number of milestone document templates, as Oracle introduces the VIS Voice Over Internet Protocol (VOIP) and full duplex VOIP capability, and as the Domain gains more experience with the scheduling features and other workload enhancing capabilities. VIS is providing the first window to the future of net-centric, enterprise systems and in doing so is demonstrating reduced cost, enhanced productivity and enhanced decision making.

Army Budget Summary

The Budget Summary below shows approved FY06 and FY07 budgets for Army programs.



Systems and initiatives funded without discrete PB07 budgets:

[N/A]

Note: TC-AIMS II budget figures represent only the Army portion of the program. For additional details and explanatory notes, please refer to Appendix I in Volume 2.

Army Program Mapping to Business Value Added Framework

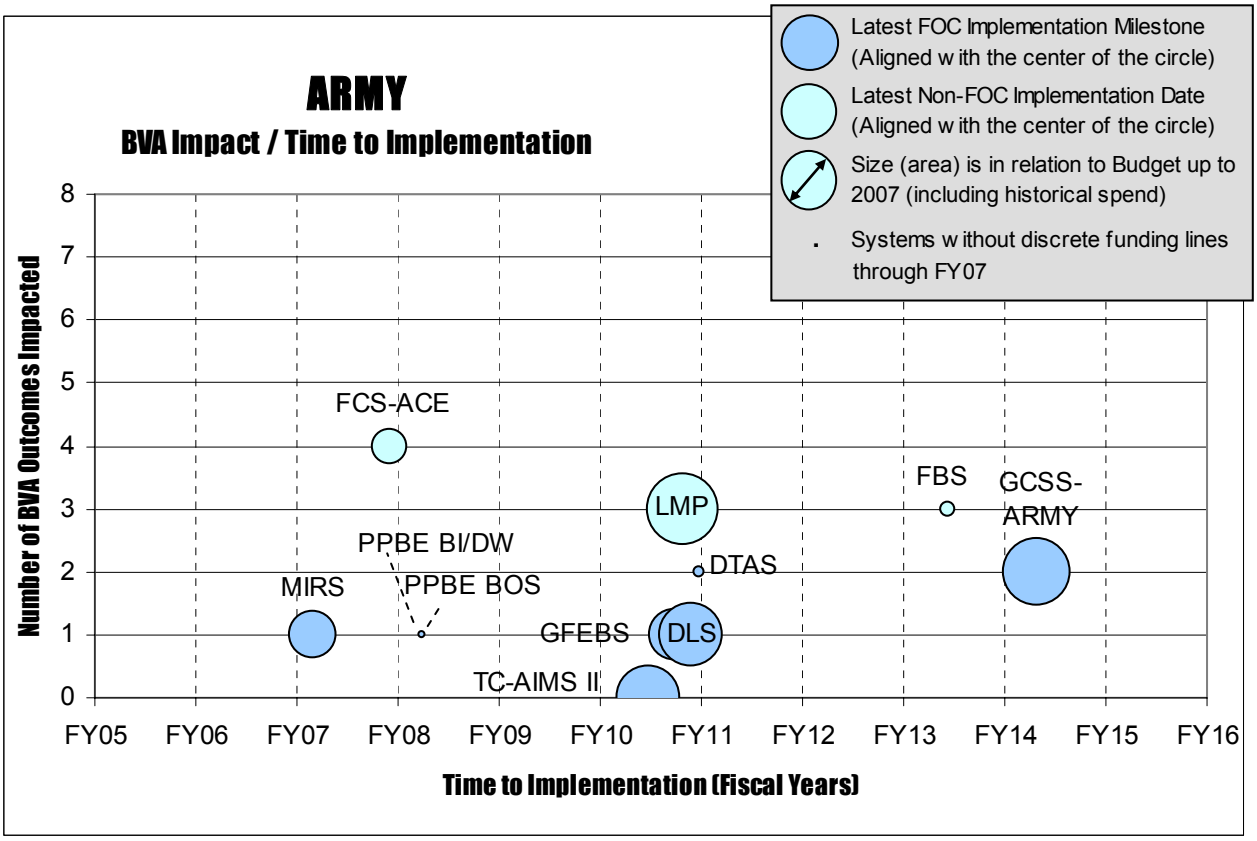
The table below illustrates how Army programs contribute to adding business value. (Programs are listed from left to right in decreasing order of investment dollars through FY07.)

Army	GCSS-Army	LMP	GFEBS	DLS	TC-AIMS II	FCS-ACE	MIRS	FBS	DTAS	PPBE BOS	PPBE BI/DW
On Time Request	●	●				●		●			
Cash-to-Cash											
Time to IOC/FOC ACAT						●		●			
Urgent Requests											
Weapons Systems Ops		●				●					
Cannibalization Rate											
Real Property Utilization											
Personnel Requirements				●			●		●		
Payroll Accuracy									●		
Financial Transparency	●	●	●			●		●		●	●

Army programs provide a balanced scorecard, increased data visibility, improved communications between buyer and seller, virtual design and development capabilities and streamlined and automated training which contribute to on-time customer support, reduced time between Milestone B and IOC/FOC of ACAT 1 & 2 systems, increased weapons systems operational availability, better fulfillment of personnel requirements, and increased financial visibility.

The following diagram illustrates the relative impact that Army programs have on the BVAs. The diagram is arranged bottom to top to indicate the number of BVA outcomes impacted and left to right to show when a program reaches Full Operational Capability (FOC) or when it reaches the latest non-FOC implementation date.

Each Army program is represented by a circle whose diameter reflects the budget amount (relative to the other programs within each diagram) up to 2007, including historical spending. When a program's circle is a "dot," that indicates that there are no discrete funding lines through FY07.



Chapter 4: Department of the Navy

Department of the Navy Transformation Vision and Strategy

The Department of the Navy's (DON's) business transformation vision is to significantly increase the readiness, effectiveness, and availability of warfighting forces by employing business process change to create more effective operations at reduced costs and by exploiting process improvements, technology enhancements, and an effective human capital strategy to assure continued mission superiority.

Naval Power 21. The Navy and Marine Corps exist to control the seas, assure access and project power beyond the sea, and influence events and advance American interests across the full spectrum of military operations. As expressed in our keystone vision document, *Naval Power 21*, naval forces are characterized by four fundamental qualities:

- **Decisiveness:** Every element of the Navy-Marine Corps team will be equipped, organized, and trained to bring decisive effects to bear against our adversaries.
- **Sustainability:** We are capable of arriving quickly and remaining on scene for extended periods.
- **Responsiveness:** Naval forces operate around the globe, around the clock. Operating from the sea, we are free of basing or permission constraints.
- **Agility:** Our flexible organization enables scalability to the requirements of any situation.

These essential qualities have remained constant, though the Navy and Marine Corps have always changed, adapted, and transformed to meet emerging threats and respond to evolving requirements. Looking to the future, we expect that naval forces will be more widely dispersed than in the past, yet by leveraging technology and innovation they will be fully netted and capable of simultaneous sea control, strike, forcible entry, special operations, sea based missile defense, strategic deterrence, and maritime interdictions. This broader, more complex mission, coupled with constrained resources, will require us to operate with a smaller number of Sailors and Marines that are better trained, better educated, and more motivated than ever before.

Enhanced sea basing and dispersed logistics will enable us to sustain our forces' warfighting capability and continue American influence as long as necessary, wherever we are called upon to deploy. By becoming a more effective and efficient enterprise and implementing innovative business initiatives, we will free resources for reinvestment in improved warfighting capabilities. The Navy and Marine Corps have defined their respective Service strategies for achieving the *Naval Power 21* vision in *Sea Power 21* and *Marine Corps Strategy 21*.

Sea Power 21 defines a Navy with three fundamental operational concepts: Sea Strike, Sea Shield, and Sea Basing, enabled by a robust information technology component, **FORCEnet**. Respectively, they enhance America's ability to project offensive power, defensive assurance, and operational independence around the globe. A supporting triad of initiatives – **Sea Warrior, Sea Trial,** and **Sea Enterprise** – will develop those core operational concepts.

- **Sea Basing** projects the United States' sovereignty globally while providing Joint Force Commanders with vital command and control, fire support, and logistics from the sea, thereby minimizing risk to vulnerable assets ashore.
- **FORCEnet** is an architectural construct designed to include standard joint protocols, common data packaging, seamless interoperability, and strengthened security, to enable the swift and effective use of information that is foundational to Sea Power 21 and Naval Power 21.
- **Sea Warrior** is the process of developing 21st century Sailors. It identifies the knowledge, skills, and abilities needed for mission accomplishment; applies a career-long training and education continuum; and employs a responsive, interactive career management system to ensure the people with the right skills are in the right place at the right time.
- **Sea Trial** is a continual process of concept and technology development through focused wargames, experiments, and exercises. It strengthens the Navy's culture of innovation and accelerates the delivery of enhanced capabilities to the Fleet.
- **Sea Enterprise** promotes change to more efficient methods of doing business through reengineering and incorporation of new technologies. This effort captures efficiencies by employing lessons from private business transformation to assess organizational alignment, target areas for improvement, and prioritize investments. Navy ERP will be the key enabler for business process transformation and generation of enterprise wide savings to support the planned recapitalization of naval forces.

Marine Corps Strategy 21 defines a Marine Corps tailored to answer the Nation's call at home or abroad. It provides the vision, goals, and objectives supporting development of enhanced strategic agility, operational reach, and tactical flexibility for joint, allied, and coalition operations. These capabilities will continue to provide the regional Combatant Commanders with scalable, interoperable, combined arms Marine Air-Ground Task Forces (MAGTF) that shape the international environment; respond quickly across the complex spectrum of crises and conflicts; and assure access or prosecute forcible entry where and when required. To execute this strategy, the operational concept of Expeditionary Maneuver Warfare (EMW) and its family of supporting concepts provide the basis for a Marine Corps that is organized, trained and equipped to conduct maneuver warfare in a joint and multinational environment. The implications of Marine Corps Strategy 21 and EMW for MAGTF Command and Control (C2) are significant and wide-ranging. EMW requires highly decentralized MAGTF C2 that still conveys Commander's Intent in a fluid and constantly changing area of operation.

Department of the Navy Business Transformation Goals

The Department of the Navy's business transformation goals are to:

- Employ business process change to create more effective operations at reduced costs.
- Exploit process improvements, technology enhancements, and an effective human capital strategy to ensure continued mission superiority.

Navy Priorities

Create a Seamless Infrastructure. Swift and effective use of information will be central to the success of our future operations. Near-instantaneous collection, analysis, and dissemination of information, coupled with computer-driven decision aids, will enable joint force commanders to make more informed decisions that will focus overwhelming offensive and defensive firepower over tremendous distances from widely dispersed forces. Integrated intelligence from joint military, interagency, and coalition sources will enable us to identify and neutralize threats far from our shores, locate and destroy anti-access challenges in littoral waters, and engage adversaries on land and in the air. Compiled data will inform critical functions, such as joint command and logistics, ensuring operational effectiveness and timely support.

The Department of the Navy has embarked on an information technology infrastructure rationalization effort, the result of which will be a core set of networks that support the Navy-Marine Corps team. ONE-NET (OCONUS network), Integrated Shipboard Network System (ISNS - afloat network), the Marine Corps Enterprise Network (MCEN), and the Navy Marine Corps Intranet (NMCI) form the nucleus of a consistent naval network infrastructure that enables effective, consistent standards and information access to Department of the Navy personnel around the globe.

Under the FORCEnet concept, the Department will join our afloat, Marine expeditionary, and overseas ashore networks into a secure, fully interoperable set of networks linking warriors, sensors, command and control platforms, and weapons into a combat force scalable to any level of conflict or crisis. These networks will not only reach out to warfighters on the edge, but also enable those warfighters to reach back to support services and authoritative data sources, and serve as the transport layer for our transformed business processes.

Create optimized processes and integrated systems. We are improving organizational alignment to reduce overhead, streamlining processes, substituting technology for manpower, and creating incentives for positive change. Lean Six Sigma ( ) is a set of tools and methods for continuous process improvement that has proven effective in industry. "Lean" embodies methods to identify and remove non-value-added activities from processes, reducing cycle time and increasing productivity. "Six Sigma" methods improve quality, reduce variability, and measure performance. Within the Navy Secretariat's transactional processes, LSS has resulted in a 48% reduction in cycle time for Below Threshold Reprogramming actions, while the Justification and Approval process for contract awards experienced an 87% cycle time reduction with significantly increased automation. Numerous other DON commands and activities have achieved efficiency

Marine Corps Aviation Continuous Process Improvement – A Success Story

Marine Corps Aviation Continuous Process Improvement (CPI) is ongoing and has achieved numerous successes through a blending of the Theory of Constraints (TOC) with Lean and Six Sigma techniques. The following are illustrative of CPI successes during the past year:

- Activated 100% of all work centers in less than a year and reduced Expeditious Repair (EXREP) items from 26 (average per month) to four (average per month).
- Applying Lean principles to ordnance supply processes led to reduction in Time to Reliably Replenish (TRR) for over 5,000 line items of Armament Weapons Support Equipment (AWSE) and Aviation Armament Equipment (AAE) from 125 days TRR to 12 days and reduction in backlog from 1,100 to less than 200 items.
- Use of "kitting" (i.e., assembling a kit, normally consisting of consumable parts) for power plants reduced ordering time from 10 hours to 40 minutes.

and productivity improvements averaging a 4-to-1 return on investment ratio in 3,300 rapid improvement events and projects.

To build upon individual organizations' successes, the Secretary of the Navy has directed Department-wide LSS implementation in a three-year action plan, enacted in Fiscal Year 2006. Appropriate LSS training is being incorporated into all officer, enlisted and civilian training curricula, and by the end of Fiscal Year 2007 all military and civilian performance evaluations will recognize LSS contributions. As of 1 August 2006, the Department has 760 LSS certified Black Belts, 3,236 Green Belts and 3,672 trained Champions. The goal is to have sufficient Black and Green Belt capacity to help leaders and process owners increase the speed of decision making, paperwork and transactions; increase levels of safety; improve the quality of work life; and realize cost savings.

The Navy ERP program was established to transform and standardize Navy business processes for key acquisition, financial, and logistics operations. Navy ERP combines business process reengineering (BPR) and industry best practices, supported by Commercial Off-the-Shelf (COTS) software, and integrates all facets of a business, using a single database to manage shared common data.

Navy ERP will be a major component of the Navy's Global Combat Support System family of systems and will provide a critical link between operating forces and support activities. Navy ERP will:

- Reduce the Navy's overall costs by applying proven industry best practices and processes and replacing legacy IT systems.
- Facilitate an end-to-end supply chain solution.
- Integrate financial management, workforce management, inventory management, and material operations.
- Enable rapid response to operating force logistics needs.

Financial Management – A Success Story

Navy ERP is the cornerstone of the future business environment, providing the "backbone" for the majority of required financial management capabilities including budget formulation and execution; funds distribution; core proprietary, budgetary, and cost accounting; and internal DON information and reports. Navy ERP will replace all core Defense Finance and Accounting Service/Department of the Navy accounting systems and approximately 200 financial feeder/budget/management information systems across the DON.

The program will build upon four successful ERP pilot projects that executed focused business transformation for limited user groups. One pilot, SMART, has been retired. The three remaining pilots (SIGMA, CABRILLO and NEMAIS) continue as production systems supporting over 23,000 users until replacement by Navy ERP. The first retirements are planned for FY08.

Navy ERP is the Navy's primary means of compliance with statutory and policy requirements for financial reform, including the Chief Financial Officers Act, the Federal Financial Management Improvement Act, and the DoD Business Management Modernization Program. Release 1.0, Echelon II & III Financials and Acquisition, will encompass General Fund (GF) and Working Capital Fund (WCF) activities and provide the ability to perform funds management from Echelon I through Echelon III. ERP will provide allocation, visibility, tracking, and reporting functionality as well as the ability to perform funds execution from distribution through disbursement. The program will conduct thorough demonstration and operational testing in FY07, while concurrently executing extensive change management, and user training.

Optimize investments for mission accomplishment. In a concerted effort to rationalize the DON's legacy applications and embrace portfolio management best practices, the DON established senior headquarters functional process owners to serve as Functional Area Managers (FAMs). FAMs are responsible for working with Echelon II and Major Subordinate commands to align processes and identify a minimal set of applications required to execute the Department's mission. An aggressive campaign is being waged to eliminate legacy networks, consolidate server support, and eliminate redundant applications. The resulting portfolio of investments will be tracked and managed to maintain a portfolio that provides the capabilities required to perform the Department's missions with the greatest efficiency achievable.

Portfolio Management – A Success Story

The Navy's Functional Area Managers, working with Navy Echelon II Command Information Officers, are reengineering business processes to create process standardization and eliminate redundant software applications, consolidate servers, and terminate legacy networks. This effort builds upon the Navy's past successes in dramatically reducing legacy applications and is coordinated through the CNO (N6) IT Asset Reduction Integrated Process Team (ITAR IPT). The ITAR IPT baselined all networks, servers, and applications in January 2006. FY06 progress through August 2006 has been an additional 14 percent reduction in networks, a 7 percent reduction in servers, and an 11 percent reduction in applications. The IPT plans to further reduce these assets by 30% during FY07 – FY09.

Transform applications and data into web-based capabilities to improve effectiveness and gain efficiencies. As discussed above, replacement of legacy applications and isolated processes with web-based capabilities will be key to improving business processes and freeing Sailors, Marines and DON Civilians from administrative functions to focus on core missions. DON enterprise portals and employment of open standards and technologies will give Sailors and Marines access to secure self-service transactions from anywhere in the world and enable transformational change in our logistics, maintenance, manpower, and financial operations.

Align Business Mission Area governance to produce a single, integrated enterprise. The DON recognized that the most senior levels of an organization must be aligned in order for transformation to succeed. The DON Business Transformation Council, chaired by the Under Secretary of the Navy, with membership including the Vice Chief of Naval Operations, the Assistant Commandant of the Marine Corps, Assistant Secretaries of the Navy, the General Counsel and the Chief Information Officer, brings the Department's senior executive leadership to bear on business transformation issues and provides Enterprise-wide policy direction and execution oversight.

The Department has also taken steps to align and integrate Navy and Marine Corps IT governance. The designation of Deputy CIOs for the Navy and Marine Corps has aligned policy development with operational responsibilities, and established formal reporting relationships with

Marine Corps Personnel Management Transformation – A Success Story

The Total Force Administration System (TFAS) continues to replace multiple administration-intensive manual processes with a suite of applications accessible from any web browser. TFAS is the cornerstone of the Marine Corps framework for moving administrative functions away from the unit level and consolidating them into Installation Personnel Administration Centers (IPAC) that will:

- Manage personnel administration requirements for multiple commands
- Play a key role in improved management of the support establishment
- Allow the Marine Corps to further decrease its administrative footprint and reposition those structure spaces to further our warfighting capability

As of June 20, 2006, over 2.6 million transactions have been reported; TFAS now processes 78 percent of all leave transactions, freeing administrators from the burden of processing 478,000 transactions.

information officers throughout the chain of command. The realignment of Navy warfighting and warfighting support networks under the Deputy Chief of Naval Operations for Communications Networks (N6) integrates responsibility for network requirements, resourcing, and development under a single authority.

The DON's functional areas are also aligned with DoD's Core Business Missions, and executive members of the DON are assigned as voting representatives of the DoD IRBs corresponding to their staff responsibilities to facilitate transformation efforts and investment review.

Changes Since March 2006 Congressional Report

The DON made only one change to its list of transformational systems and initiatives since March—deleting the EA-21 initiative.

Navy Accomplishments and Impacts

Some of the Department's accomplishments support the overall Business Mission Area or DON transformation goals:

- The DON began aggressively implementing cryptographic logon (CLO) for NMCI and non-public websites. CLO greatly increases security by changing access requirements from easily broken passwords to PKI certificates resident on the Common Access Card (CAC) and personal identification numbers (PIN). As of July 2006, 75% of the Navy's shore-based users were converted to CLO, paving the way for use of PKI certificates on the CAC for digital signature and web-based self-service transactions.
- NMCI commenced rollout to the Marine Corps, with over 80% of ordered seats delivered as of July 2006.
- The DON established the Department of the Navy Business Transformation Council to supply overarching guidance and executive leadership to DON transformation activities. Among the first issues to be considered by the Council will be the OPNAV N6 proposal for legacy asset reduction in preparation for the Next Generation of NMCI.
- The Navy staff was realigned to optimize network investments by centralizing coordination of warfighting and warfighting support analysis/assessments, requirements development, resource programming, and capability development and integration under a three star flag officer to serve as Deputy CNO for Communication Networks (N6), matrixed for effectiveness with N2 for battlespace awareness and N3 for command and control and information operations. The N6 will serve additional duty as DON Deputy CIO (Navy).

Leveraging the DoD Enterprise Software Initiative (ESI)

The DoD ESI, co-chaired by the DON, is a joint project to reduce the cost of COTS information technology and implement an enterprise process for software management. This methodology continues to create opportunities for DON to leverage its buying power and reduce per unit software licensing and maintenance fees. Accomplishments include:

- Negotiation of an Enterprise Software Agreement for software tools in support of the Department's LSS initiative. The agreement provides streamlined access to software tools needed by trained LSS Black Belts and Green Belts.
- The Navy-wide Oracle database enterprise license, obtained through the ESI-managed federal SmartBUY agreement continues to reduce Oracle product costs for the Navy. Under the license, all Navy members may use the Oracle database products, easing the move to web services.

- The ESI joint Enterprise Negotiation Team is leveraging the common software licensing needs of multiple transformational ERP programs, including Navy ERP.
- ESI participates as a member of the DoD Strategic Sourcing Directors Board, sharing successes and lessons learned with a cross section of DoD strategic sourcing initiatives.
- ESI has established Enterprise Software Agreements with six additional software publishers, continuing the positive trend toward consolidated software and software maintenance purchasing.

Other accomplishments primarily support Core Business Missions of the Business Mission Area:

Weapon System Lifecycle Management

- Navy merged its authoritative contract database, Navy-Air Force Interface (NAFI), with the DoD database, Electronic Document Access (EDA), eliminating $1.4M in annual NAFI sustainment costs and increasing information access for government, industry and the public.

Materiel Supply & Service Management

- Navy successfully demonstrated use of passive RFID ashore with the Bangor RFID Evaluation (BRE). BRE will be expanded to other high volume receivers of RFID-tagged material.

Financial Management

- Navy ERP restructured its program to release functionality in three phases, beginning with Echelon II/III Financials & Acquisition (Release 1.0), followed by Wholesale & Retail Supply (Release 1.1), and Intermediate Level Maintenance (Release 1.2) for both maritime and aviation maintenance.
- Navy ERP successfully completed Design Readiness Review, as well as Critical Design Review, for Release 1.0, Echelon II/III Financials & Acquisition.
- By implementing DoD's web-based Wide Area Workflow (WAWF) application, the Navy saved $11M in the first eight months of FY06, through lower DFAS processing fees and reduced Prompt Payment interest charges. As the DON's user base and transaction volume increase, so will WAWF-related savings. WAWF standardized business practices will aid the Department's effort to achieve favorable audit opinions on its financial statements.
- The Marine Corps completed an interface between the Defense Property and Accountability System and the Standard Accounting Budgeting and Reporting System (SABRS), eliminating the need for data calls and human intervention to report Personal Property on Financial Statements.

Navy Priority	FY06 Critical Milestones	FY07 Critical Milestones
Creating a seamless infrastructure		• NMCI: One Time Payment (OTP) (Q1)
Create optimized processes and integrated systems	√ AIT: Determine passive RFID application √ AIT: Develop POM 08 Submission √ Navy ERP: Critical Design Review for Wholesale & Retail Supply Release √ AIT: Continue COCOM Support for RFID	• GCSS-MC: Milestone C (Q3) • Navy ERP: Milestone C for Financial & Acquisition Release (Q4)

Navy Priority	FY06 Critical Milestones	FY07 Critical Milestones
Optimize investments for mission accomplishment	√ MC FII: Implement MFEAT Team for Discovery & Correction • MC FII: Implement Final Policy for Discovery & Correction • MC FII: IOC for Discovery & Correction • MC FII: Complete Analysis Identify and Implement business process solutions for Discovery & Correction • MC FII: Complete Inventory valuations for Baseline Valuations	• GCSS-MC: Milestone B for LCM Block 1 (Q2) • NTCSS: OOMA module fielding decision (Q2) • MC FII: Complete Validations, Assessments & Audits for Pre-Audit Assessments (Q4) • MC FII: Complete Validations, Assessments & Audits for Validations (Q4)
Transform applications and data into web-based capabilities to improve effectiveness and gain efficiencies	√ Identify services provided by DON web capabilities	
Align Business Mission Area governance to produce a single, integrated enterprise	√ Stand up the Business Process Transformation Council √ Stand up the Office of Assistant Chief of Naval Operations for IT √ Publish IM/IT Strategic Plan for FY2006-2007 √ Publish DON IT Policy Guidance for FY07 Expenditures	• Revise draft DON portfolio management policy (Q1)

Navy Near-Term Plans

Principal DON activities will be focused on the initial operating capability (IOC) of Navy ERP Release 1.0, and reengineering and blueprinting the Single Supply Solution (Release 1.1).

- Complete draft rewrite of DON portfolio management guidance. The new guide will go beyond the current version, published in 2002, which is a primer on portfolio management theory, to describe how the Department is putting theory into action and the governance structure that has evolved with transformation efforts.

Materiel Supply and Service Management

- Award System Integration contract for Navy ERP Release 1.1 (Q2, FY07).

Financial Management

- September 2006: Navy ERP Echelon I Funds Allocation Prototype will be introduced to validate NMCI utility and portal application and demonstrate "proof of concept" for automated funds allocation; a critical step in the development of the Echelon II/III Financials component of Release 1.0.
- Navy ERP test readiness review; required preparation for operational testing planned for completion in FY07.
- December 2006: Stand up Navy ERP disaster recovery site to provide continuity of operations capability.
- Complete Financial System Integration Office (FSIO) testing of the Marine Corps Total Force System. The tests will provide positive assurance that the Marines' integrated military pay and personnel system is operating effectively, efficiently and meets compliancy requirements for financial reporting.

Case in Point: Sea Enterprise

On the Navy's current course, with routine shifts of resources intended for recapitalization to finance current operations, the Navy risks becoming undersized and inadequately capitalized for its current and future missions and responsibilities. If uncorrected, these risks will become a reality. Simultaneously, the average age of the Navy's ships (15.2 years for surface combatants, 16.5 for submarines, and 20.5 for logistic ships) and aircraft (15.4 years) continues to rise, driving up operations and support costs. The Navy must improve recapitalization investment, and has targeted cost reductions similar to industry standards of five to ten percent. To achieve these efficiencies at every level the Navy must:

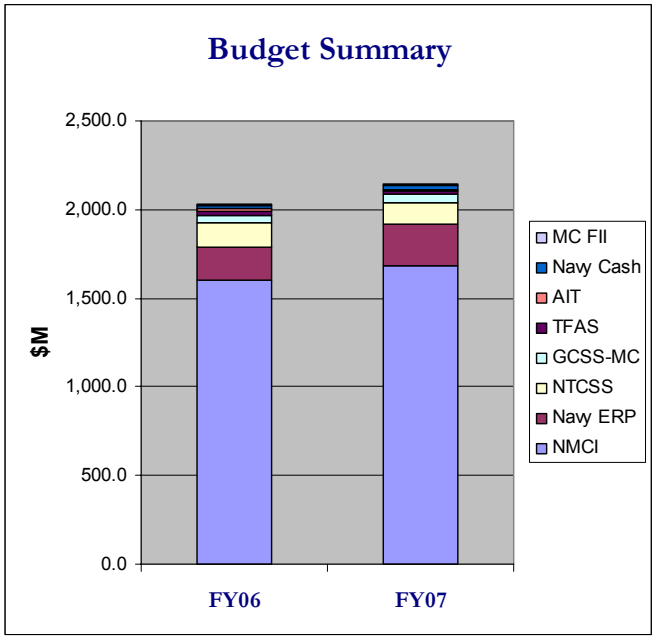
- Leverage technology to improve performance and minimize manpower costs
- Promote competition and reward innovation and efficiency
- Challenge the barriers to innovation
- Divest non-core, under-performing, or unnecessary products, services, and production capacity, especially ashore
- Merge redundant efforts to become lean and agile
- Minimize acquisition and lifecycle costs
- Maximize in-service capital equipment use
- Challenge every assumption, cost, and requirement

Sea Enterprise is the Navy's endeavor to implement required business process change and create efficiencies, freeing resources for investment in recapitalization and transformation. The following exemplify initiatives to better align our organizations and functions and transform our business processes:

- Navy Enterprise Alignment is a fundamental change to the business of manning, training, and equipping the Navy. The Navy is moving away from decentralized management organizations and processes and adopting an organizational behavior model with a single focus: providing operational forces ready for tasking in the most cost-effective manner. The enterprise management concept establishes a strategic linkage between warfare enterprises (i.e., Surface Warfare, Naval Aviation, Undersea Warfare, NETWAR/FORCEnet, and Navy Expeditionary Combat enterprises) and provider/enabler domains. Provider/enabler domains – including Manpower, Training & Education, Acquisition, Technical Authority, Logistics, Installations, Health Care, and Science & Technology – support the Fleet Readiness Enterprise in managing value streams, promoting cost transparency, and leveraging common processes and metrics to assess effectiveness and efficiency in delivering warfighting capabilities to the combatant commanders.
- Manpower, Personnel, Training & Education has adopted a seamless supply chain model for everything from recruit accession, through development to fleet distribution. The effort is beginning to produce more timely school quotas, better management of Sailors through the training pipeline, and improved match of skills to billets for Sailors arriving at their new commands.
- The Naval Sea Systems Command (NAVSEA) is concentrating every effort to become an agile, results-producing acquisition organization, as demonstrated by its SSGN project to convert fleet ballistic missile submarines (SSBNs) into powerful, modular guided missile submarines prepared to respond to today's threats. By converting existing vessels, rather than designing and building them from the keel up, NAVSEA is delivering a vital capability to combatant commanders in half the time otherwise required.
- The Naval Facilities Engineering Command (NAVFAC) has nearly completed a structural reorganization, reducing from 25 component commands to 15 that are closely aligned with Commander Naval Installations Command (CNIC) regions. Besides reducing overhead, the reorganization provides clear accountability to clients and single points of contact to contractor partners.
- Naval Supply Systems Command (NAVSUP) continues to execute its transformation plan with the completion of its realignment of Central Design Activities. Software development at one Inventory Control Point and seven Fleet Industrial Supply Centers were consolidated at the Naval Supply Information Systems Activity and the final migration of the Ordnance Information System this year will complete this effort. NAVSUP has also entered into agreement with various Naval activities under the Material Support Initiative and with Commander, Naval Installations to perform basic supply functions (Inventory Management/Control, Requisition Processing, Warehousing/Storage, Large Contracting/Simplified Acquisition and Mail Services) on a consolidated Regional basis. Personnel transfers are in process and evaluation of Information Technology impacts are underway. It is expected that standardization of these functions will eliminate redundant IT systems.

Navy Budget Summary

The Budget Summary area below shows approved FY06 and FY07 budgets for Navy programs.



Systems and initiatives funded without discrete PB07 budgets:

[N/A]

Note: Navy ERP - budget numbers presented include the budgets for the Navy ERP pilot programs. For additional details and explanatory notes, please refer to Appendix I in Volume 2.

Navy Program Mapping to Business Value Added Framework

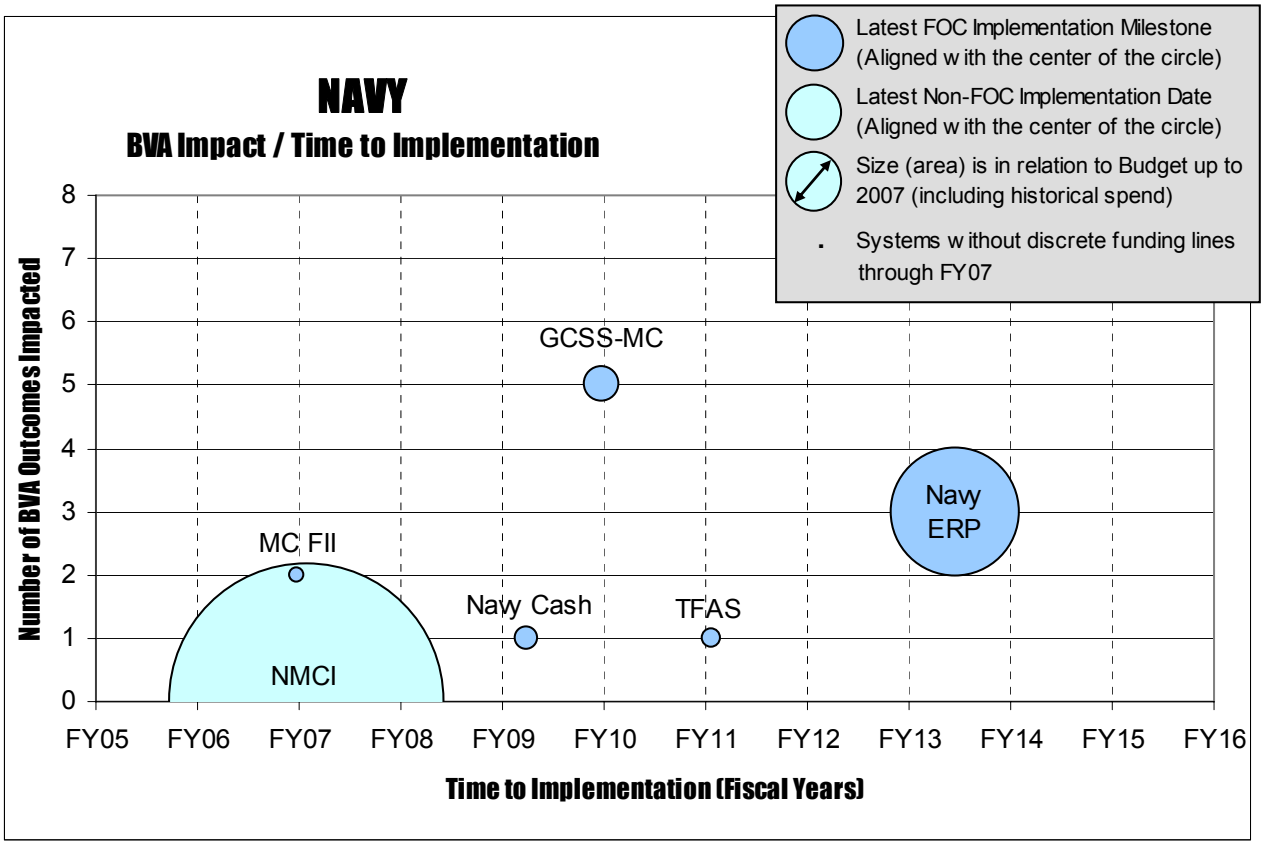
The table below illustrates how Navy programs contribute to adding business value. (Programs are listed from left to right in decreasing order of investment dollars through FY07.)

Navy	NMCI	Navy ERP	NTCSS	GCSS-MC	TFAS	AIT	Navy Cash	MC FII
On Time Request		●		●		●		
Cash-to-Cash		●		●		●		
Time to IOC/FOC ACAT								
Urgent Requests								
Weapons Systems Ops			●	●				
Cannibalization Rate			●	●				
Real Property Utilization								
Personnel Requirements								
Payroll Accuracy					●		●	●
Financial Transparency		●		●				●

Navy programs provide standardized processes and end-to-end supply chain integration, web tools, data synchronization, and automated receipt to help ensure on-time customer requests and improved cash-to-cash cycle times; support shorter supply cycles and faster delivery of combat essential items to improve weapons system operational availability and reduced cannibalization rates; provides electronic, self-service pay and personnel transactions to increase pay accuracy; and consolidates financial information into a financial "book of record" which will increase financial visibility.

The following diagram illustrates the relative impact that Navy The diagram is arranged bottom to top to indicate the number of BVA outcomes impacted and left to right to show when a program reaches Full Operational Capability (FOC) or when it reaches the latest non-FOC implementation date.

Each Navy program is represented by a circle whose diameter reflects the budget amount (relative to the other programs within each diagram) up to 2007, including historical spending. When a program's circle is a "dot," that indicates that there are no discrete funding lines through FY07.



Chapter 5: Department of the Air Force

Department of the Air Force Mission

The overall mission of the Air Force (AF) is to deliver sovereign options for the defense of the United States of America and its global interests – to fly and fight in Air, Space, and Cyberspace. The AF is organized, trained and equipped primarily for prompt and sustained offensive and defensive air operations – Airmen provide air and space power as part of an interoperable and interdependent joint warfighting team. The concept of expeditionary forces, the long reach of satellites and systems of sensors, a network of airborne and ground-based command and control elements, and mobility, fighter, bomber and attack aircraft all integrate to make the vision of Global Vigilance, Reach, and Power a reality. In this global operations context, business and combat support processes are expected to provide fast, flexible, predictable support to the warfighter. We have developed an Agile Combat Support Concept of Operations to guide the transformation of business and combat support processes and systems.

Air Force Business Transformation Vision, Goals and Strategy

The Air Force business transformation vision is to create capabilities that provide rapid and predictive operational support and response through situationally aware Commanders.

High-level Air Force enterprise transformation goals are to:

- First, improve warfighter effectiveness by fashioning fast, flexible, agile, horizontally integrated processes and systems that enable fast, flexible, agile and lethal combat forces.
- Second, establish a culture of continuous improvement to achieve increased efficiencies that will allow us to return resources toward the recapitalization of the AF weapons systems and infrastructure, return Airmen to core missions, and create an acquisition process unparalleled in the federal government.

The corresponding AF business transformation strategy is to:

- Focus operational support on improving joint warfighter effectiveness by integrating high value operational threads across domains and across combat and non-combat functions.
- Set common goals and priorities across the operational support AF enterprise.
- Re-engineer 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 AF and OSD, synchronize and accelerate them to achieve transformation.

- Harvest resources to complete operational support transformation and support modernization of AF and joint capabilities.

Air Force's Transformation Environment

The environment in which AF is transforming is characterized by the following critical factors:

- Combatant Commanders and Joint Staff reliance on interoperability of forces: Joint concepts are driving the need for better interoperability in all areas of Combat Support, enabling agile joint operations.
- Changing nature of threats, perception of future threats and ability to respond: we adapt to asymmetrical, unconventional and increased homeland threats, which shape the future Operational Support. Changing missions require different competencies, skills, training, materiel and increased decision and process speed.
- Implementation of the President's Management Agenda and Office of the Secretary of Defense priorities: AF transformation initiatives map to the President's Management Agenda and OSD priorities for better vertical integration. We also leverage joint initiatives to complement our Service transformation initiatives.
- Budget pressures over time, exacerbated by the cost of war: The pre-eminent position of the United States in maintaining world safety has engendered the need for multiple military, peace-keeping and humanitarian operations. This long-term high operations tempo taxes our people and materiel beyond the immediate resources appropriated by Congress and the AF's need to operate, sustain and recapitalize simultaneously.
- Executive, Congressional and Public scrutiny: the Armed Forces are experiencing heightened visibility and scrutiny, and must consider transparency and accountability in all their decisions.
- Communications and information technology are creating new opportunities and dependencies impacting people, processes and costs: AF can change job content, automate processes and decision support, centralize core expertise, disseminate knowledge and outsource services in new ways. With these opportunities comes the need to address threats rooted in our dependence on technology and the low cost of hostile cyber-attack.
- Industrial globalization is driving competition for people and assets: AF must remain competitive as employers and as industrial partners to ensure future access to the best employee resources. The US government should explore opportunities created by private sector pursuit of de-localization efficiencies within national security constraints.

Air Force Priorities

Based on its transformation goals, objectives, and transformation environment, Air Force has identified nine priorities:

1) **Global synchronization of supply chain (people, materiel, installations) and integration with Operations:** Improved combat and business support will be achieved through synchronization of resources needed to create a capability: people, materiel, installations, information or funds. AF will take a holistic approach to the components of capabilities, upgrade processes and technology and improve the requirements and feedback loop with Operations.
2) **Better merge mission profile, supplies, equipment, and people to strengthen total weapon systems/force management:** Operational Support (OS) will be more agile and more effectively support new missions when the dependencies between the mission profile

and the capabilities needed are defined to the appropriate level of detail in materiel and human terms. To achieve this, we will improve modeling and simulation, improve the link between missions and capabilities and between capabilities and actual resources needed.

3) **Focus on real-time command and control, decision support and predictive analysis:** We will be more effective through acceleration of information flow to and between Commanders and civilian leaders, improved information quality, ability to present decision makers with decision support and alternatives and ability to show cause-consequence relationships projected in the future (predictive analysis). To achieve this, we will simplify and accelerate processes, upgrade technology and information quality to create models needed for prediction.

4) **Leverage spending activities and more effectively use industrial partners:** Improved efficiency will be achieved by leveraging dollars spent with industry, leveraging buying power across DoD and other agencies and privatize selected tasks. We will better manage our supplier base, maintain adequate sources for materials and services, partner with industry, pay for performance, standardize requirements and methods, evaluate mission needs, upgrade processes, policies, project management and technology.

5) **Focus on delivery of Commanders' resource management capabilities versus low value-added transactional activity:** OS can return resources to core missions by doing away or automating repetitive transactional tasks. Commanders can be made more effective by leveraging a smaller cadre of expert advisory resources. We will achieve this by re-engineering our processes, reorganizing, modifying our policies, retraining our personnel and our Commanders, redefining jobs and recruitment criteria and upgrading technology.

6) **Re-engineer, share service organizations, standardize processes, regionalize support and deliver services globally:** leverage modern technologies to reduce barriers of time and space in delivering services. New services can be provided at low cost by combining activities, providing regional or global support centers, and moving to online self-service delivery models. Reorganize, adopt Internet, call centers, workflow, and other technologies, modify our policies and increase self-accountability.

7) **Treat people as the most important resource (quality of life, quality of workplace, family housing):** We will be more effective and efficient with a satisfied, empowered, stable total force of military, civilian and contractor personnel. This strategy will be implemented through benefits, workplace and family programs; training and education of military and civilian leaders; change management strategies; and changes to process, personnel accountability and contracting.

8) **Change culture to optimize performance of enterprise (align goals and metrics to focus on enterprise performance, continuous improvement):** We will be more effective and efficient when a culture change is effected that reinforces personal accountability for results and measures performance for the total AF/Joint Commander rather than for individual units/commands/specializations. We will achieve this through change management, communication of leadership intent, education, new metrics, new performance evaluation systems and criteria, and improved alignment of the goals of senior leaders.

9) **Instill more discipline and credibility in development and delivery of capabilities:** We will improve development of new capabilities through requirements management, programming, planning and program execution accomplished by formalizing expectations, setting program management standards, accelerating feedback loops to identify issues and improving accountability for requirements, development, delivery, and fielding.

Changes Since March 2006 Congressional Report

The Air Force has added three transformational systems (the Air Education and Training Command Decision Support System (ADSS), Graduate Training Integrated Management System (GTIMS), and Technical Training Management System (TTMS)) and one initiative (Personnel Services Delivery (PSD)) since March, while deleting two systems and six initiatives. These changes result from: (1) An increased focus on large-scale (development/ modernization spending over $10M in the Future Years Defense Plan (FYDP)) systems and initiatives; (2) The advent of Air Force Smart Operations 21 (AFSO21) which combines under one umbrella a number of key process re-engineering efforts; and (3) The advent of a Secretary of the Air Force sponsored Transparency Integrated Product Team that is increasingly focused on investment in the standardization, mining and presentation of existing and integrated data versus the development of new applications.

Milestones have been re-baselined for a number of systems and initiatives, most notably Defense Enterprise Accounting Management System-AF (DEAMS-AF), Expeditionary Combat Support System (ECSS) and the initiative Personnel Services Delivery (PSD). Milestones have been re-baselined because (1) Missed early milestones such as software or integrator selection led to slippage in later delivery dates; and/or (2) Milestones reported in September 2005 and updated in March 2006 were deemed overly technical or detailed and were replaced by more capabilities-oriented deliverables and/or (3) More detailed future plans have been developed since the September 2005 ETP and are now reflected in the new Milestone Plan.

Air Force Core Business Mission/Domain Transformation Activities

Personnel, Manpower, Training and Education

A key, overarching concept for Air Force Human Resources Management transformation is to fundamentally change the culture of the Air Force (through AFSO21) so that all Airmen understand their individual role in improving their daily processes and eliminating those processes that do not add to the mission.

Personnel Services Delivery Transformation – Focus on Visibility

AF is transforming its transaction, process-driven personnel system to provide maximum force support to Airmen, Commanders/Leaders, and others who utilize human resource information for analysis or decisions. To do this and improve visibility AF has established the PSD initiative to revamp its personnel service delivery model by transitioning from costly face-to-face services to web-based self-service and contact center delivery methods. This improved service delivery model leverages the web using current systems and migrating to DoD systems, such as DIMHRS, where possible PSD includes "one-stop" Contact Centers delivering services 24/7/365 to active duty, guard, reserve, civilian, family members, retirees, and annuitants. Shifting transactional processing workload, central processing will permit highly trained field personnel to deliver better commander advisory services.

Implementing the Force Development Construct

Through the Force Development construct, the AF will deliberately develop Airman competencies and integrate them with technology, strategy and tactics to produce required operational capabilities and effects. This deliberate development begins with recruiting the right mix of active, reserve and civilians to meet requirements and sustain capabilities. The new construct will deliver the necessary occupational and leadership competencies by concentrating on experience, education and training at the right time, and optimization of the time available in a career to develop Airmen. This will produce Airmen with the requisite competencies and

capabilities to lead and execute the full spectrum of AF missions. These efforts are categorized into three major areas: Transforming Force Management, Transforming Force Development, including Education & Training, and Airman and Family Readiness & Sustainment Transformation.

Transforming Force Management

The goal of PSD transformation is to leverage new web and Contact Center technologies to transform the personnel service delivery model from labor-intensive individual face-to-face transactions to one focused on centralized "self-service" delivery. 3 Star senior leadership validated the following guiding principles to solidify the way ahead for Total Force PSD Transformation: (1) Will approach as "Total Force" process redesign and implementation. (2) Develop self-service and contact center platforms using common applications. (3) Develop "virtually connected" Total Force Service Centers servicing active duty, air national reserve, guard, and civilian population, with a single PSD transformation strategic integrator.

Transforming Force Development, including Education & Training (E&T)

Air Force is working to provide a Continuum of Learning (CoL) framework, which will be a living document describing all non-technical competencies that an Airman will need to perform to meet future requirements. This will be implemented partially through the Force Development, Education & Training (E&T) vision that provides dynamic, capabilities-based training for AF personnel in support of national security requirements across the full range of integrated operations. To achieve this vision, the AF is establishing a sustained and persistent capability for providing anytime, anywhere access to an authoritative view of E&T data, leveraging enterprise capabilities of Global Combat Support System – AF (GCSS-AF).

Airman and Family Readiness & Sustainment Transformation

AF Senior Working Group members (SES and General Officer (GO) level) identified the need to connect linkages between our Airman and family personnel services and medical health and readiness services offered to Airmen and their families. DoD's emphasis on bringing like communities together in IRB meeting has served as a natural meeting point for connecting medical, personnel, family, recreational and pay services being offered to Airmen and families to support warfighter readiness. AF held senior discussions about proposed IPT efforts and anticipate IPTs to be in operation in FY07.

Acquisition

As part of the acquisition enterprise's contribution to AFSO 21, AF has begun Going Green, an integrated campaign to minimize overruns, deliver to our commitments, and restore the acquisition community's credibility. Going Green is a holistic approach to shorten review chains, flatten organizational hierarchies, tighten development cycles, and minimize inefficiencies that cause programs to cost more and take longer than our warfighters expect. The goal is to make 95% of AF acquisition programs within cost, on schedule, and within key performance parameters by 2010, while continuing to deliver best value products to the warfighter. This will be accomplished by (1) reducing total weapon system life-cycle costs and reducing operating costs of the acquisition enterprise; (2) delivering / modifying / sustaining weapons systems as promised; (3) reducing end-to-end cycle time and removing waste from enterprise processes; and (4) ensuring growth and development of the acquisition and sustainment workforce.

Agile Acquisition

Key focus areas: risk-based decision making, program stability, program planning, test transformation, leadership, and oversight. Product Support Campaign focus areas: expectation management, supplier management, process, information flow, policy, and workforce development. To support agile acquisition we will create the future acquisition business system consisting of a core integrated set of tools and information used throughout the acquisition process. Our vision is that decision makers – at all levels – will have immediate access to required information. Acquisition documentation processes will be transformed from a document-oriented single use process into a database centered document generation process that will allow re-use of key information where appropriate. One important result will be much less time spent preparing for various oversight reviews and better quality decisions. The acquisition business system will include applications selected for use by a diverse range of acquisition program offices. Emphasize will be placed flexible applications that provide integrated end-to-end processing, utilization of data standards across Air Force acquisition, identification of authoritative data, and utilization of a net-centric Service-Oriented Architecture (SOA). Where appropriate we will exploit capabilities provided by other Services.

Strategic Sourcing

Contracting business systems within the AF process in excess of $50B in appropriations annually. This is accomplished utilizing AF, DoD, and federal systems loosely connected through interfacing technologies. It is essential to produce a seamless end-to-end transaction fully integrated with the AF business architecture, encompassing procurement, logistics, and financial management. A lynchpin for transforming AF sourcing (procurement and associated business intelligence capabilities) is the Enterprise Architecture for Procurement (EAP), developed to integrate processes, business rules, workflows, data requirements, and standards across the acquisition community. Architectural efforts include pilot projects addressing spend analysis capabilities and support for the integration of AFWay requirements management and ordering capabilities with the DoD EMALL. The AF utilizes joint capabilities in our business processes through DoD systems such as SPS and WAWF. Both systems are fully deployed across AF operational contracting sites (over 100 squadrons) and efforts are underway to leverage DoD investments in these systems to enable adoption across our weapon systems contracting organizations.

Focused Science and Technology

Air Force is transforming the processes supporting its Science and Technology (S&T) mission to enable it to more effectively and efficiently lead the discovery, development, and integration of affordable warfighting technologies for our air and space force. This transformation effort will ensure that (1) long-term research focuses on shaping the future of the Air Force, (2) technology options are developed to meet the needs of capability developers, and (3) technology development responds to urgent needs. Key goals of this transformation include: (1) the Air Force Research Lab operates using sound business practices, (2) research efforts are well managed and have proper priorities, and (3) the Air Force's technical knowledge base is expanded, coordinated, and accessible.

Two Air Force key, complementary initiatives are the Scientific and Technical Enterprise System (STES) and Air Force Research Laboratory's (AFRL's) Enterprise Business System (EBS). The STES solution is a process-driven, Air Force-wide, net-centric application that provides an overarching framework for management of S&T information (STINFO), and provides the single referential source for all AF STINFO management activities. Similarly, EBS is a process-driven, COTS-based solution to build and propagate AFRL's technical knowledge base to its internal

and external customers. The planned interface between STES and EBS reflects the appropriate information "hooks" between the two systems to optimize information sharing within Air Force and DoD S&T research communities.

Logistics, Installations, and Mission Support

An overarching concept of logistics transformation is enterprise-wide, end-to-end focus on customer support to deliver best in class supply chain and logistics performance by integrating and synchronizing logistics support and predicting supply chain requirements. Superior support of an expeditionary Air Force is not constrained by geography, organization, or legacy processes, and shifts some management integration functions from tactical to operational levels where IT-enabled feedback permits rapid supply chain reconfiguration. An end goal is to provide a 20-percent increase in equipment availability and reduce operational support cost by 10-percent by FY11.

Expeditionary Logistics

The Air Force logistics vision for the future is expressed in and will be achieved through the strategies and approach for Expeditionary Logistics for the 21st Century (eLog21). eLog21 is the Air Force logistics transformation campaign plan to improve total logistics to meet both the current and future threat environment. It is a strategy that guides and synchronizes key logistics transformation initiatives to optimize expeditionary logistics and achieve future state efficiencies and effectiveness. These initiatives are being implemented across the Air Force: at Air Force Materiel Command, Air Combat Command, Air Mobility Command, Pacific Air Forces, United States Air Forces in Europe, Air Education and Training Command, Air Force Special Operations Command, Air Force Space Command, Air National Guard, and Air Force Reserve Command bases and making a difference across the Air Force today. ELog21 consists of 22 inter-related, comprehensive initiatives that are working together to transform Air Force logistics. Each initiative provides an integrated element of the carefully crafted strategy to support DoD Business Enterprise Priorities and Air Force transformation priorities while achieving eLog21 objectives to support the warfighter.

These initiatives are enabling the Air Force to move to centralized, integrated business processes with end-to-end materiel visibility and accountability by exploiting best business practices and technology. Use of an ERP solution set—Expeditionary Combat Support System (ECSS), Item Unique Identifiers (IUID), Radio Frequency Identification (RFID), and an Advance Planning System (APS)—supports DoD Business Enterprise Priorities Materiel and Financial Visibility while supporting several key Air Force priorities. The road map to this transformation is a future state logistics operational architecture based on key attributes, commercial benchmarking and LEAN process improvement that will better integrate and synchronize logistics support and predict supply chain requirements. Just as our expeditionary force presentation, packaging and tasking are evolving as a global process, we plan to shift some management integration functions from the tactical level to the operational level and manage our logistics assets and capabilities at the global enterprise level to ensure that the AF always gets the right stuff to the right place at the right time – every time.

Real Property Accountability

Real Property Accountability establishes an accurate inventory all real property assets and provides users with access to near real-time standardized data, consolidates disparate databases, and pursues technology updates to improve system maintainability and compatibility with GCSS-AF, thereby increasing use of geospatial capabilities

The vision for real property accountability and installation lifecycle management is to realize the Secretary of the Air Force (SECAF) direction to lead real property transformation in DoD and to provide leadership for real property management transformation for the DoD and its Components. That vision is to eliminate functional stovepipes in favor of an asset-based enterprise approach that leverages DoD's Business Enterprise Architecture (BEA) and its emphasis on unique identification (UID) of real property sites and assets. Current investments in implementing the BEA 3.0 Real Property Inventory Requirements (RPIR) initiative will allow the Air Force to realize the DoD Business Enterprise Priority of Real Property Accountability: capturing, describing, and sharing physical, legal, and financial characteristics of real property to support the planning and programming of future infrastructure requirements. UID will enhance current Air Force efforts to bring an operational focus to Environment, Safety and Occupational Health (ESOH) management. Air Force is leveraging real property unique identifiers (RPUIDs) to tie environmental liabilities to specific real property sites and assets, thereby improving real property accountability.

Financial Management (FM)

Financial Management initiatives are designed to create a cultural shift, from the old, transaction-based business model to a new paradigm in which financial managers are considered decision-enabling strategic partners with warfighters. FM transformation is primarily aligned with two Air Force business transformation priorities: Focus on delivery of Commanders' resource management capabilities verses low-value added transactional activities and focus on real-time command and control, decision support and predictive analysis. Through the Air Force Information Reliability and Integration (AFIR&I) Plan, FM Service Delivery Model (SDM), Modernized Systems and Initiatives, and Emphasis on People in the FM Workforce, FM will reduce transactional activities, establish transparent processes, and consolidate functionalities. These initiatives will support full compliance with the various laws related to financial management, achieving a clean audit, and producing financial transparency.

Air Force Information Reliability and Integration

Air Force Information Reliability and Integration is the Air Force's detailed plan for achieving a clean audit opinion that will result in financial transparency. This plan outlines action items and milestones that include the upgrading of systems and business processes in the financial management arena, and all the other functional areas that have an impact on achieving a clean audit. The result of the AFIR&I plan is to fully integrate all financial and non-financial processes and systems into a CFO compliant environment. The Air Force realizes an integrated effort is required and our milestones are integrated into the DoD-level Financial Improvement Audit Readiness (FIAR) plan. Additionally, inputs from 25 Air Force functional organizations, DFAS, and OSD are incorporated into the AFIR&I to create a living document that is dynamic and responsive to the ever-changing needs of AF and DoD business transformation.

FM Service Delivery Model

The financial management SDM is the result of process improvement efforts that began in 2002 and represents a redesign of the basic means by which financial activities are performed and services are provided. The SDM includes "lanes" of transformation which address the way financial services, financial advice, and financial analytic capabilities are provided to war fighters. To the FM professional, this translates to a smaller role in processing routine transactions, and a larger role in performing analytic decision support activities. For the airmen who are our customers, most inquiries and transactions will be accomplished not at the local finance office but via phone, fax or online. For commanders and senior leaders, a Center of Expertise (CoE) and

Acquisition Cost Capability will improve the objectivity and credibility of major program cost estimates.

Modernized Systems and Applications:

The financial management mission requires three basic capabilities in order to manage resources: we must ask the Congress for money (Budget Formulation); then we must allocate it to subordinate organizations (Funds Distribution); and then we must account for it (Accounting and Budget Execution). Our systems strategy supports these capabilities, and we are in various stages of development for all three. Budget Formulation via the Financial Information Resource System; distribution of funds through the Automated Funds Management (AFM) system; and accounting via the Defense Enterprise Accounting and Management System, will allow us to perform our basic financial management missions. Data generated from these systems will be available and shared through the Air Force Knowledge Services (AFKS) data warehousing capabilities. AFKS will store FM generated data, and data from other functional communities such as Logistics, Personnel, and Operations, to give authorized users access to the data they need. The FM data strategy is also being coordinated with the implementation of the Standard Financial Information Structure (SFIS). Once all key enterprise data is available in one place and in a standard format, analysis will be easier and will contribute directly to the goal of providing accurate, reliable, timely financial information with which to make resource allocation decisions.

Emphasis on People in the FM Workforce

Finally, the financial management community is placing heavy emphasis on the importance of the People in the FM Workforce. People are the single most critical factor in successful transformation, and numerous programs are in place to ensure continued workforce development through training, self-study, developmental assignments, and mentoring programs. We also have change management and knowledge management programs in place to facilitate alignment of the people and the culture with changes in the business strategy, organizational structure, and modernized information technology systems as the transformation continues to evolve. Our financial management cultural shift is well underway.

Technology and Transformation Enablement

The AF has also made progress in a number of areas that combine technology enablement, information transparency and process improvement. These include:

National Defense Authorization Act (NDAA) Certification and Portfolio Management

The Air Force has leveraged DoD enterprise transition planning and mandated certification reviews by ensuring all business systems development supports Agile Combat Support (ACS) concept of operations effects and capabilities and integrates in the AF architecture, resulting in the shutdown of 511 legacy systems and returning those resources to warfighting. The Operations Support Modernization Program (OSMP) envisions an integrated enterprise that transforms present day systems into future services sharing trusted, authoritative data across the enterprise. Reaching beyond mandated reviews, OSMP actively manages costs in its cross-functional portfolio for investment into the GCSS-AF to enable the future vision.

AF domains, with the Air Force Materiel Command Electronic Systems Center (AFMC/ESC) also continue to progress major technology initiatives, and to further the coordination of those initiatives through ongoing Portfolio Management efforts that bring together program managers to coordinate delivery of system milestones, to minimize operational risks and disruptions, and maximize the realization of expected benefits from major investments. We have recently begun publishing a coordinated high-level schedule that encompasses our ECSS, DEAMS, GCSS and

DIMHRS programs, and this schedule will be updated with the program managers on a monthly basis.

Transparency

The AF will achieve transparency by ensuring that the process of transforming data into information used at all echelons of Operations and Operational Support for decision making is authoritative—trustable, traceable, auditable, and of proven value. Transparency uncovers and makes available the functional and mission area data currently stored and utilized in a stove-piped, proprietary manner. To support cross-domain or cross-mission endeavors, transparency defines an architecture, identifies standard data naming conventions (taxonomy) and builds the data foundation needed for easy discovery, use and reuse of data and the implementation of a Service-Oriented Environment.

Service-Oriented Environment and Service-Oriented Architecture

Under a service-oriented environment (SOE), the AF will provide services based upon trusted, authoritative data shared across the enterprise. This enables a lower cost of development and a higher level of performance for net-centric information capabilities needed by combat and support missions. We will make available the functional and mission area data currently stored and utilized in a stove-piped, proprietary manner by defining an architecture and building a framework for easy discovery, use and reuse of data. This enables our legacy systems to migrate towards an SOA. We expect that successfully implementing an SOA framework will provide better service and will enable the AF to drive down the life-cycle costs of sustaining and modernizing data systems at the Air Force by $8B over the next ten years.

Operational Support Modernization Initiative

Air Force Operations Support Modernization Initiative (OSMI) funding provides initial resources for process based studies and process reengineering efforts identifying key areas of Air Force payoff. For example, OSMI identified system redundancies in flight scheduling, training management, and enterprise business systems. With $65.2M already invested, and another $64.26M identified for FY07, the Air Force works through the corporate structure to monitor all operational support modernization investments and ensure savings are identified and captured. These savings are then recapitalized for future operational support modernization initiatives, which AF senior leadership feel have high potential for operational impact and further savings.

Global Combat Support System Air Force (GCSS-AF)

Through increasing use of GCSS-AF, the AF improved the quality of information, reduced duplicative data entry by sharing authoritative data, consolidated security access, reduced the number of redundant websites by hosting content on the AF Portal with a common set of tools, processes and training, laid the foundation for significant reductions in point-to-point interfaces between systems for information sharing, and reduced duplicative infrastructure to save a minimum of $75M a year.

Air Force Accomplishments and Impacts

In the area of process and organizational change across CBMs, the Secretary of the Air Force visibly committed the department to continuous, lean-oriented process improvement and tasked the AF Smart Operations for the 21st Century (AFSO21) program to apply process improvement disciplines across Warfighting and Operations Support. Business modernization efforts will take full advantage of this program to improve end-to-end AF processes. Our leadership is fully committed to the precepts of AFSO21 and the first AFSO21 Summit, chaired by the SECAF, was held in June 2006. AFSO21 will continue to build on the Value Stream Analysis and Rapid

Improvement events in identified key processes across the AF, and has named senior-level Process Owners to shepherd the re-engineering efforts under the auspices of a four star led Process Council.

To improve decision-making information and integration within the Air Force and with DoD, the Secretary started the Transparency initiative, which will uncover and make available the functional and mission area data currently stored and utilized in a stove-piped, proprietary manner by defining an architecture, identifying standard data naming conventions (taxonomy) and building a service-oriented framework for easy discovery, use and reuse of data. The SECAF, AF Deputy Chiefs of Staff and Assistant Secretaries met in May and June 2006, and identified rapid pathfinders in the SFIS and COCOM information requirements (COCOM57) areas.

Personnel, Manpower, Training, and Education

- Total Force PSD was successfully launched 31 March 2006. Active Duty and Reserve components released new transactional capabilities, providing Airmen access to information and services 24 hours a day, seven days a week. Air National Guard and Civilian Personnel also have held process redesign workshops to streamline their service delivery.
- Implemented the new senior civilian pay for performance system, called the Senior Leader Performance and Development Management System (Sr Ldr P&DMS). Manages all aspects of the system from performance plans to feedback to performance appraisals. Spiral improvements refresh to ensure compliance with evolving OSD policy.
- Active Duty and Reserve rolled out 8 new web-based personnel service capabilities, available to Airmen 24/7/365. Initial Airmen response has been positive, with 75% reporting that the new capabilities met their needs.
- Air Force Personnel Center and Air Reserve Personnel Center Contact Centers have trained additional Customer Service Representatives and expanded operating hours to better serve Airmen.
- Improved functionality in Advanced Distributed Learning System (ADLS) delivers the required instruction and automatically tracks registration and completion, thus providing concrete metrics for required vs. delivered Education and Training.
- Completed improvements to the Air Education and Training Command Decision Support System (ADSS), easing the collection of production, resource, capacity, and cost performance, metrics, and analysis information, giving decision makers the capability to discover adverse events and trends early, determine root causes, and predict future trends.
- Increased visibility and mission effectiveness across six key training functions – course design and development, evaluation, instructor management, student management, data analysis and resource administration for the technical training organizations.

Acquisition

- Transitioned to a direct feed of contracting information to Electronic Data Access - Next Generation (EDA-NG) enabling the retirement of our NAFI legacy system for contract document distribution. In addition to retiring the NAFI system we have enabled the electronic upload of documents from our Air Logistics Centers legacy procurement system to EDA-NG for the first time, facilitating a productivity gain by that community.

Logistics, Installations, and Mission Support

- Under the Air Force Materiel Command purchasing and supply chain management initiative the AF has put into place Strategic Supplier Management agreements with the top 20 key, core AF parts and services vendors; implemented 8 weapon system commodity councils to

orchestrate and leverage parts and repair services buying; and implemented enhanced customer relations management cells at the three primary AF inventory control points. These initiatives have resulted in revised business practices and improved acquisition strategies saving the AF millions in unneeded inventory procurement and expedited parts deliveries.

- A TRANSCOM process integration effort has resulted in identifying Air Force logistics systems that directly support the Distribution Process Owner (DPO) mission and is the first step towards DPO information technology portfolio management supporting the DoD Material Visibility priority. The Air Force Cargo Movement Operation System (CMOS) has been designated a Joint DPO solution when coupled with the Army TCAIMS II. This will avoid approximately $35M in DoD development costs.
- The AF has piloted the use of commercial APS software, which will replace several critical legacy supply chain systems. These pilots have demonstrated the power of commercial tools supporting process models the USAF has developed and which will feed the ECSS program.
- The AF has developed an IUID implementation plan and prototype UID implementation on several thousand items supporting both DoD material and financial visibility objectives. The AF is also implementing active RFID across all of its bases to support an integrated DoD asset in-transit visibility mandate in support of both the DoD Material and Financial visibility objectives. The AF has also piloted several successful passive RFID and Real-Time Location System (RTLS) implementations that promise significant payback.
- We have begun implementation of the Enterprise Environmental Safety and Occupational Health Management Information System (EESOH-MIS), with the system currently in use at multiple Air National Guard bases and Hill Air Force Base, Utah. With the implementation of EESOH-MIS Version 1.2.1 in FY06, we have the capability to manage hazardous materials inventory and distribution centrally, provide hazardous waste baseline information to users service-wide, and manage both Environmental Restoration Account (ERA) and non-ERA cleanup projects. Additionally, EESOH-MIS Chemical Biological Radioactive Nuclear and Explosive information provided to the Theater Medical Information Program (TMIP) results in real-time force health protection for the warfighter on the battlefield.

Financial Management

- In order to utilize transparent processes and new systems, progress has been made in development of our FM Service Delivery Model (SDM). One significant accomplishment is the identification of a central FM services center at Ellsworth AFB. This center supports financial services delivery transformation by creating a shared services environment that centralizes "back shop" transaction processing at a centralized location and consolidates work that is currently being performed at 84 separate locations. Additional accomplishments made by the SDM were opening of the Center of Expertise (CoE) and achievement of an Initial Operating Capability. The CoE will provide expert, on-demand, specialized financial analysis for decision support to Air Force installations and Major Commands.
- The Air Force submitted the General Fund – Cash and Other Monetary Assets assertion package to OUSD(C) for approval. This represents the second line item package submitted by the Air Force, and the second line item package submitted by the Components to OSD for review. This is a substantial accomplishment for the Air Force Information Reliability and Integration (AFIR&I) plan as AF continues progression towards a clean audit opinion.
- The Defense Enterprise Accounting Management System (DEAMS) will give the Air Force a single source of authoritative data for accounting information utilizing SFIS. The DEAMS program office in FY06 awarded the System Integrator contract to implement a COTS

software solution for Increment 1. This accomplishment initiates the start of blueprinting and development of DEAMS.

- To support budget development and submission at the enterprise level, the Financial Information Resource System (FIRST) Budget Formulation (BF) deployed the Program Analysis capability (Spiral 1) in FY06. This module eliminates the need for external analysis tools, resulting in more timely and accurate decision support information for more effective resource allocation.
- Process and technology improvements to Nonappropriated Funds (NAF) financial management capability allow daily access to NAF financial data and facilitated a reduction in appropriated funds (APF) positions for FY06.

Air Force Priority	FY06 Critical Milestones	FY07 Critical Milestones
Global synchronization of supply chain (people, materiel, installations) and integration with Operations	√ EESOH-MIS: FOC for v1.2 √ ETIMS: Define Need Review (DNR) √ ACES: RPIR Phase 1 FOC √ ECSS: Selection of System Integrator	• ETIMS: Design Review (DR) (Q2) • ECSS: Blueprinting, first priority modules (Q4) • ACES: RPIR Phase 2 FOC (Q4) • EESOH-MIS: FOC for v1.3 (Q4) • ETIMS: Fielding Readiness Review (FRR) (Q4)
Better merge mission profile, supplies & equipment, & people to strengthen total weapons systems / force management	√ ADSS: Transactional undergraduate flying training data from the Time Related Instruction Management System (TRIM) and T-1 Training Management System (TMS) for Key feeder system interfaces to ADSS √ AFRISS: Automate GoANG.com/Live Chat √ ECSS: Selection of System Integrator	• GTIMS: GTIMS migration complete for Ft Rucker (Q1) • AFRISS: Develop interface with Air Force Recruiting Information Support System-Reserve (AFRISS-R) (Q4) • ECSS: Blueprinting, first priority modules (Q4) • GTIMS: Option I for Tyndall AFB (Q4) • GTIMS: Option I 8 squadrons for Luke AFB (Q4) • GTIMS: Funding needs for Kingsley Field ANG (Q4)
Focus on real-time command and control, decision support, and predictive analysis	√ AFIR&I: Fixed Asset Accounting Capability and AFAA review of capital lease reporting for Increment 3 √ DEAMS-AF: Award System Integrator Contract for Increment 2	• AFIR&I: Modify Military Equipment (ME) assertion package for Increment 3 (Q1) • TTMS: Evaluations Phase (GAS & EOC) (Q1) • AFIR&I: Audit ME baseline for Increment (Q4)
Focus on delivery of Commanders' resource management capabilities vs. low value-added transactional activity	√ ADSS: Transactional undergraduate flying training data from the Time Related Instruction Management System (TRIM) and T-1 Training Management System (TMS) for Key feeder system interfaces to ADSS √ ADSS: Production data to the Total Human Resource Managers Information Systems (THRMIS) for Key feeder system interfaces to ADSS	• EBS: GCSS-AF Level 1 integration (Q2) • First: Complete BF Spiral 2 (Cost Modeling/Force Structure Interfaces) (Q2) • PSD: Spiral 1, Block 10--AD Officer FDTK for vPersonnel Services Center (Q2) • PSD: Spiral 1, Block 20--Role-based Access/E-viewer for vPersonnel Services Center (Q2)

Air Force Priority	FY06 Critical Milestones	FY07 Critical Milestones
	√ ADSS: Personnel data from MILPDS for Key feeder system interfaces to ADSS √ EBS: Q1FY06 Release √ EBS: Q2FY06 Release √ PSD: Active Duty Military Capability Spiral 1 for Military Personnel Data System √ PSD: Results of AF DIMHRS Go Forward Assessment to be briefed to DBSMC for Military Personnel Data System √ PSD: Milestone B Decision for vPersonnel Services Center √ NAF-T: IOC √ NAF-T: Interface with IBPS √ NAF-T: Phase 1 Financial IOC √ NAF-T: Phase 3 Supply Chain Management IOC √ PSD: AFKS interface with MILPDS for Military Personnel Data System √ EBS: Integrated Project Portfolio Mgmt IOC	• EBS: FM/G2 re-hosting (Q4)
Re-engineer, share service organizations, standardize processes, regionalize support and deliver services globally	√ FM SDM: Center of Expertise IOC √ FM SDM: Financial Advisor Transformation: Realign ALO/FMA √ NAF-T: Phase 1 Financial IOC √ PSD: AFKS interface with MILPDS for Military Personnel Data System	• PSD: Centralizing HR processes currently performed at MAJCOMs for Centralization of Total Force HR Services (Q1) • FM-SDM: Financial Advisor Transformation: Realign ALO/FMA Phase 2 (Q3) • NAF-T: Phase 2 Retail sales Modernization – IOC (Q2)
Treat people as the most important resource (quality of life, quality of workplace, family housing)	√ EESOH-MIS: FOC for v1.2 √ NAF-T: Phase 1 Financial IOC	• EESOH-MIS: FOC for v1.3 (Q4)

Air Force Near-Term Plans

Personnel, Manpower, Training, and Education

- Consolidate and combine IT services in Personnel to decrease redundancy, increase congruency and decrease overall costs of separate web and operational data sources (Airman/Family Readiness, MEO/EEO, and Sexual Assault Resource Program); commencing FY06 and anticipated to complete in FY08.
- Continue to reduce the total force base-level, face-to-face transactional work by redesigning, restructuring and redirecting workload to self-service channels.
- Fully implement and leverage National Security Personnel System (NSPS) workforce flexibilities.

- Define and institutionalize a definitive learning continuum (CoL) that completely describes the combination of learning experiences that will deliberately develop Airmen and equip them with the right set of competencies.

Acquisition

- Obtain approval on an alternative acquisition strategy schedule that will accelerate the DEAMS-AF development effort, introducing a three-spiral approach in Increment 2 starting 4QFY06.
- Pilot a commercial process for managing Product Data from birth to destruction. This PDM process has been successfully modeled in a conference room pilot and will be applied to the first major AF system this year.
- Add sustainment metrics and additional Defense Acquisition Executive Summary (DAES) metrics to SMART. This provides the capability to view the complete health of a program and sets the stage for providing both AF- and DoD-level reporting through a single system.

Logistics, Installations, and Mission Support

- Stand up the Global Logistics Support Center (LSC), a further iteration of the two LSCs stood up under Base Realignment and Closure (BRAC), coupled with the consolidation of the three AF primary inventory control points into a single unified Supply Chain Command and Control node directly tied to supporting AF forces worldwide.
- Implement Repair Enterprise-21, a subset of eLog21 to further consolidate and streamline management of off-equipment repair across the AF, reshaping maintenance force structure to cut 15K Airman billets.
- Complete Air Force Cost Agency audit of the Military Equipment baseline to validate that military equipment is correctly valued, recorded in the appropriate system, and properly reported in the AF financial statements.
- Start the ECSS blueprinting process, a key foundational step in the effort to field integrated information technology capability in the form of an enterprise resource planning solution, systematically modifying logistics business processes, and turning off legacy systems now supporting isolated, disconnected processes.
- Migrate logistics data to an enterprise repository to better satisfy logistics process information dependencies required to attain a net-centric capability and needed to transform Air Force enterprise processes. A pathfinder will demonstrate data transparency and the ability to retrieve authoritative data needed by enterprise processes.
- Complete development of interim data structures to capture BEA-mandated RPIR data. The data will be migrated to the new RPIR-compliant data model in time to meet specified real property reporting requirements for end of FY06.
- Continue stand-up of EESOH-MIS capabilities in an incremental fashion; transitioning to a new lead development contractor in the Summer of FY06.

Financial Management

- Design and implement plans for Budget Transformation Operations Spiral 2 in support of the new Financial Services Delivery Model; establish Officer Joint Deployment training; deploy E-44 specialists to support the Combat Comptroller; create cross-functional accounting/budget teams; and place financial analysts in Comptroller Squadrons.
- Complete the FIRST Spiral 2 Cost Modeling and Force Structure interfaces for the Budget Formulation module. Plans call for Spiral 3 and Spiral 4 to be initiated for the FIRST program over the near-term.

- Commence implementation of the Future Financials initiative, planned for completion in FY08, which will transform the flow of financial transactions in support of our flying and logistics programs and better align financial accountability and responsibility to support providers.
- Feed information from the AFRL on R&D projects to Scientific & Technical Enterprise System (STES).
- Use GCSS-AF as the key enabler for meeting the AF Transparency goals by providing data and information-related services such as the enterprise data warehouse, enterprise service bus, business intelligence tools, and securing with role-based access. Multiple pathfinder activities will demonstrate the Transparency approach by August 2007.

Cases in Point: Transformation in Action at the United States Air Force

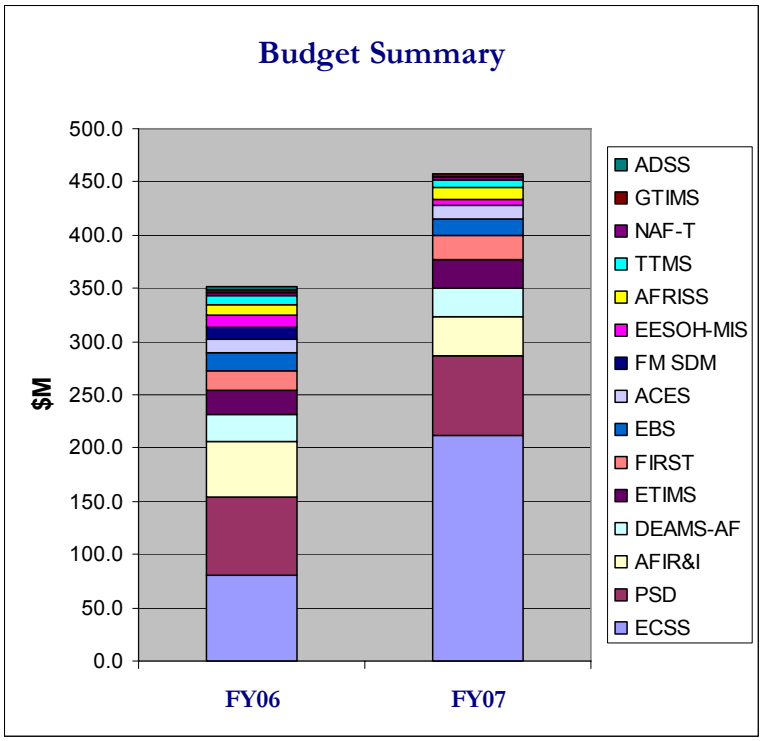
Case in Point: The Air Force has been working with USTRANSCOM to integrate its logistics enterprise architecture with the Distribution Process Owner (DPO) architecture since September 2004. This integration and information system discovery project identified an Air Force system, Cargo Management Operation System (CMOS) as a potential Joint transportation and delivery solution. CMOS received funding from TRANSCOM and OSD to expand the system to support the DPO and the Joint community, providing immediate improvement in cargo operations. The combination of architecture and systems portfolio across DoD elements will result in improved visibility of our assets, improved transit times and avoid over $35M in costs. As we leverage our much-improved understanding of DoD processes and systems, both the warfighter and the taxpayer benefit.

Case in Point: Air Force Recruiter Information Support System (AFRISS) is a unique tool used by both recruiters in the field and AF commanders to process and analyze information about all potential enlisted and officer applicants wanting to serve with the Air Force. Recruiters can securely use the system from anywhere through phone, cable or internal network access. United States Military Entrance Processing Command (USMEPCOM) uses the information to process Air Force applicants into active duty or ANG service. The office of Personnel Management (OPM) uses the data to initiate security clearances. The Air Force Personnel Center (AFPC) system exchanges data to qualify and reserve jobs for AD applicants coming into the Air Force and creates the initial personnel record. The Air Force Basic Military Training (BMT) and the Technical Training function use the information to assign classes. Through re-use of information by all participants in the recruiting process, we are creating a fast and efficient handling of applicants that helps the Air Force meet its recruitment goals.

Case in Point: NAF-T is an initiative to improve nonappropriated fund (NAF) financial management capabilities, leverage technology to eliminate non-value added business processes and return NAF and APF savings to Air Force for reinvestment. The dependencies and connections of NAF-T into the rest of the AF business systems include: Interface to Defense Civilian Personnel Data System (DCPDS) to obtain NAF personnel information for payroll processing, ability to receive data from the NAF Internet-Based Purchasing System (IBPS) to set up accounts payables and vendor payments, capability of interfacing government credit card purchases and interfaces with three AF point of sale (POS) systems supporting Clubs, Bowling, and Lodging activities. All connections are completed and system deployment began 1 Jun 06 at four installations. These efforts have improved customer access to financial data from monthly to daily, reduced 28 additional APF positions in FY06, returning $1.8M to Air Force for reinvestment in weapon systems and returned over $500,000 in NAF funds back to the installations through re-engineered processes (centralization of returned check program).

Air Force Budget Summary

The Budget Summary below shows approved FY06 and FY07 budgets for Air Force programs.



Systems and initiatives funded without discrete PB07 budgets:

[N/A]

Note: PSD budget numbers for FY06 and FY07 are consistent with PB07 budgets for PSD, MilPDS and the regional civilian centers.

Air Force Program Mapping to Business Value Added Framework

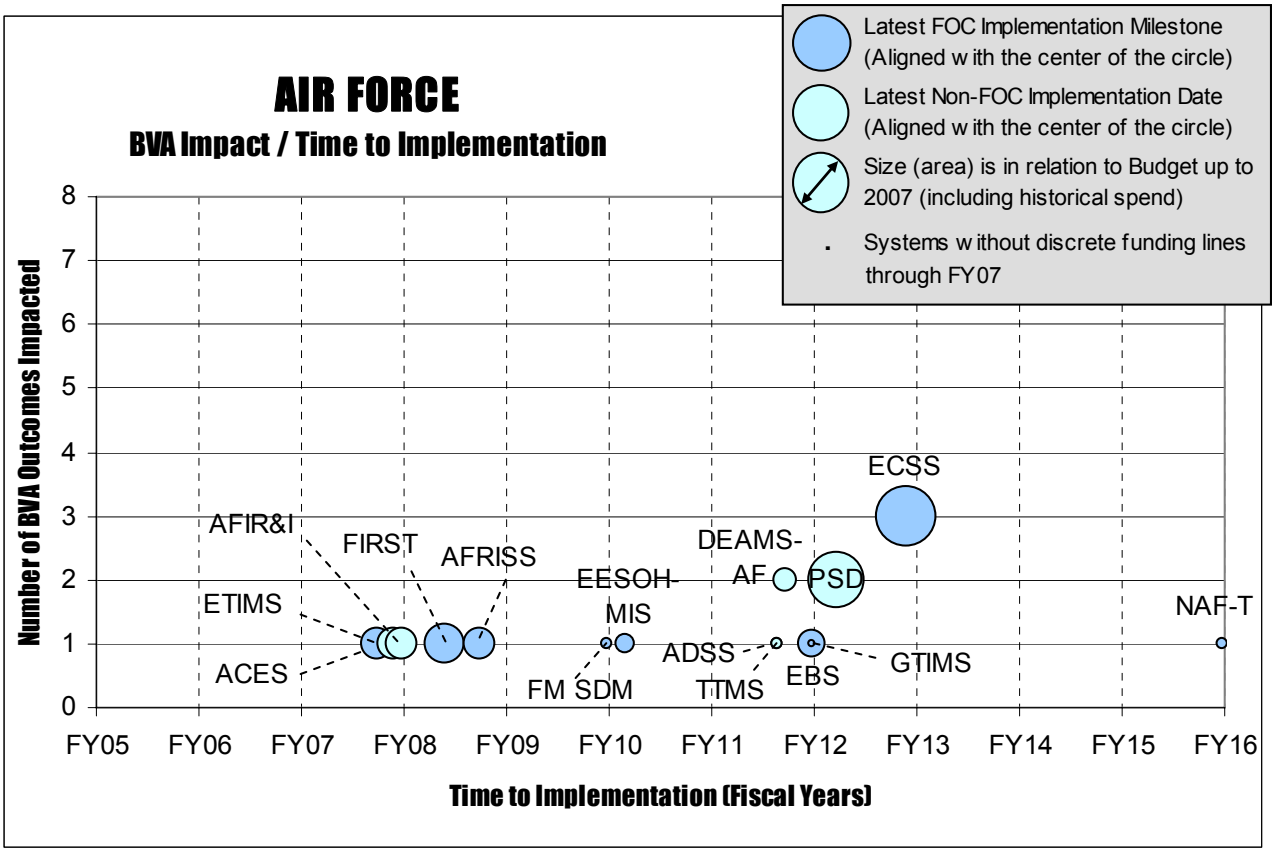
The table below illustrates how Air Force programs contribute to adding business value. (Programs are listed from left to right in decreasing order of investment dollars through FY07.)

Air Force	ECSS	PSD	AFIR&I	DEAMS-AF	ETIMS	FIRST	EBS	ACES	FM SDM	EESOH-MIS	AFRISS	TTMS	NAF-T	GTIMS	ADSS
On Time Request	●														
Cash-to-Cash	●			●											
Time to IOC/FOC ACAT															
Urgent Requests															
Weapons Systems Ops					●		●								
Cannibalization Rate															
Real Property Utilization								●		●					
Personnel Requirements		●							●		●	●		●	●
Payroll Accuracy		●													
Financial Transparency	●		●	●		●							●		

Air Force programs improve supply chain planning and decision support to provide on-time customer requests and decrease cash-to-cash cycle times; provide faster technology transition to the warfighter to improve weapons systems operational availability; use metrics, web tools, resource tracking, analysis and scheduling to improve personnel requirements fulfillment; and improve the availability and reliability of financial information to increase financial transparency.

The following diagram illustrates the relative impact that Air Force programs have on the BVAs. The diagram is arranged bottom to top to indicate the number of BVA outcomes impacted and left to right to show when a program reaches Full Operational Capability (FOC) or when it reaches the latest non-FOC implementation date.

Each Air Force program is represented by a circle whose diameter reflects the budget amount (relative to the other programs within each diagram) up to 2007, including historical spending. When a program's circle is a "dot," that indicates that there are no discrete funding lines through FY07.



Chapter 6: Defense Logistics Agency

Defense Logistics Agency Transformation Vision and Strategy

The business transformation vision of the Defense Logistics Agency (DLA) is to dramatically improve warfighter support at a reduced cost through business process re-engineering, workforce development, technology transformation, and organizational change. To achieve this transformation, DLA's Strategic Management System uses the DLA Balanced Scorecard and Transformation Roadmap to ensure alignment of its vision with the President's Management Agenda, Joint Vision 2020 (the Concept of Focused Logistics), the DoD Force-Centric Logistics Enterprise, the QDR, the DoD Risk Scorecard, DoD's Transformation Planning Guidance, and DoD's BEA. DLA's initiatives support future requirements of the warfighter by directly linking to the seven challenge areas and supporting logistics capabilities outlined in the Focused Logistics Joint Functional Concept document. These initiatives exist in structured, disciplined alignment, and DLA monitors the planned and achieved transformation outcomes with the same intensity that it manages its day-to-day mission performance and results.

This transformation will fundamentally alter DLA's core business model, supporting processes and systems architecture. At the core business model level, customer focus, supply chain management and seamless collaboration are the foundation for transformation. Organizational alignment will also be a key contributor to the end state. The agency has taken the strategic steps required to establish a single, tightly integrated organizational structure so that DLA has become and is recognized as one enterprise.

DLA's transformation strategy relies on a number of transformational initiatives, over half of which are directly enabled by COTS IT acquisition programs. No single system or initiative accomplishes all of DLA's transformation. Each leverages the capabilities of the others, and delivery of all the programs is necessary for the full realization of the transformation. The cornerstone of DLA transformation is Business Systems Modernization (BSM). BSM is the major acquisition program that is modernizing DLA business processes to be consistent with federal and Defense transformation priorities, and to support the changing warfighting support environment. Through BSM, DLA is transforming from primarily managing inventory to a broader management of customers, suppliers and information, modernizing both business practices and supporting IT systems. DLA anticipates achievement of Full Operational Capability for BSM by or before September 2007. The COTS/ERP IT foundation implemented via BSM also serves as the business process and systems foundation for complementary and extended capabilities

development in the follow-on transformational initiatives. The anticipated result is a single integrated enterprise business system for the agency by the end of 2011.

DLA Business Transformation Goals

DLA's overarching business transformation goal is to replace its legacy business and systems environment with a new business model and organizational structure, supported by COTS-based IT. Achieving this goal will make DLA a single, fully integrated enterprise with a more robust customer focus. DLA will be a manager and integrator of the supply chains essential to military readiness, which will capitalize on commercial supplier partnering capabilities.

DLA Priorities

DLA's Strategic Goals are our Component priorities. The following priorities have been identified to meet our transformational goals, and the key objective associated with each priority is stated:

Customers

Provide responsive, integrated, best value supplies and services consistently to our customers. As a Combat Support Agency, the DLA mission is to provide logistics support to the warfighter. This priority communicates how DLA will improve customer service and the level of service we have targeted to deliver. DLA aims for logistics excellence.

To achieve this priority, DLA is pursuing two strategic objectives: implementation of a comprehensive Customer Relationship Management (CRM) program (DLA Strategic Objective C1) and performance-based agreements (PBAs) with COCOMs (DLA Strategic Objective C3b). DLA is no longer the sole logistics source for its customers. Now DLA's customers can purchase from alternative vendors over the Internet using government credit cards. DLA must be more efficient, service-oriented, and conscious of readiness impacts to be competitive. CRM implementation and the use of PBAs enable DLA to address these issues and help its customers enhance their readiness.

Internal Processes

Develop, institute, and enhance the internal processes required to deliver value-added logistics solutions to the warfighter. This priority results in strategies for improved market knowledge, customer and supplier accessibility, and collaboration. Supply chain management practices are the tools to manage our internal processes. Our focus on the objectives for supply chain management and IT investment performance provide the supporting performance targets to achieve this goal.

To achieve this priority, DLA has defined a strategic objective to complete the IT transformational systems portfolio (DLA Strategic Objective IP5b). To meet this objective, DLA will complete implementation of BSM, which replaces 30-year-old Materiel Management Systems, processes embedded in those systems, and outdated/inflexible technology. DLA will provide a future architecture and enable re-engineered business processes throughout DLA with the implementation of BSM and additional complementary modernized business systems, including CRM, Distribution Planning Management System (DPMS), Integrated Data Environment (IDE), Business Systems Modernization-Energy (BSM-E), and Product Data Management Initiative (PDMI).

Learning and Growth

Ensure our workforce is diverse, enabled, and empowered to deliver and sustain logistics excellence. This priority results in human capital management strategies that model new workplace practices based on the new business model. These practices address any skills gaps, quantitatively and qualitatively measure the DLA climate and culture to ensure world-class performance, and link the other transformational initiatives to this human capital transformation.

To achieve this priority, DLA will develop and adopt a common approach to change management (DLA Strategic Objective LG2c). Secondly, DLA intends to develop and deploy an enterprise organizational alignment capability to support transformation (DLA Strategic Objective LG2d).

Finance

Manage DLA resources for best customer value. This priority sustains the strong financial discipline required for effective financial planning and management in DLA, and this priority allows DLA to provide best value to its customers. Accurate forecasts strengthen DLA's ability to project and support requirements and plan for needed resources. Compliance with the provisions of the Chief Financial Officer (CFO) Act ensures that the financial management systems produce relevant, reliable, and timely information.

To achieve this priority, DLA defined a strategic objective to develop and implement the automated systems, business processes, and controls needed to comply with federal accounting and systems requirements, and demonstrate that DLA is ready for an audit of its financial statements (DLA Strategic Objective F2a).

Changes Since March 2006 Congressional Report

The Pre-planned Product Improvement (P3I) initiative was deleted from DLA's list of major transformational systems/initiatives. Milestones were re-baselined for the Common Food Management System (CFMS) to match the revised Acquisition Program Baseline (APB), whose revision is in progress. Milestones were also re-baselined for the Reutilization Modernization Program (RMP), and BSM. The APB for RMP was revised in May 2006, and March 2006 for BSM.

DLA Accomplishments and Impacts

Customers

- In support of achieving FOC of BSM by or before September 2007, the BSM program continued to add items of supply and personnel to the BSM ERP system.
    - This added business capability, items of supply, and users to the Defense Supply Center Philadelphia (DSCP) Clothing and Textile (C&T) and Construction and Equipment (C&E) Supply Chains, the Defense Supply Center Columbus (DSCC) Maritime and Land Supply Chains, and the Defense Supply Center Richmond (DSCR) Aviation Supply Chain.
    - As of the June 2006, cutover 3,196,792 National Stock Numbers, 5,323 users, and $10B in annual demand are being managed within the BSM ERP system.
    - BSM will improve delivery time, provide commanders immediate access to stock information and allow customers to make supply queries online, place orders, and obtain automated product data information.

- The Customer Relationship Management program achieved IOC in April 2006.
  - Before CRM, past inefficiencies led to "buy-arounds" where some of the more than 30,000 individual military commands would purchase goods independently using credit cards rather than go through DLA. This made it hard to track spending, predict inventory, and leverage volume purchases.
  - CRM is the first application at DLA to leverage the ERP architecture implemented by BSM, contributing to the DLA goal of a single, integrated enterprise business system. Currently 1,200 users are using the first release of the CRM system, the first of its kind in the Department, to perform marketing, sales, and services processes. Due to the CRM streamlined business process, the agency has reduced manual processes by a total of 17 Full-time Equivalent (FTEs), effectively reducing the costs associated with the maintenance of the legacy system.
  - In FY05, DLA sales increased by $256M due to CRM. For FY06, as of 31 May 2006, DLA sales from CRM had increased by $73M. These increases in DLA sales are a direct reflection of improved customer service.

Internal Processes

- DLA's Integrated Data Environment (IDE) is a component of an emerging SOA by which DLA will integrate its systems with service architectures, and implement the DoD net-centric data strategy (i.e., make DLA data visible, accessible, understandable, and assured). This ensures data interoperability/usability with systems external to DLA, and makes that data available to applications that provide the war-fighting customer with useful decision-making information. Since IOC of the IDE in January of 2006, and the introduction of the Asset Visibility (AV) application, AV has steadily increased from 60 users per day to 240 users per day in May 2006. Additionally, the average number of queries per day has increased steadily from 350 to 900 during the same period.
- DLA is now teamed with USTRANSCOM to converge selected capabilities from DLA's IDE (supply asset visibility data) with USTRANSCOM's Global Transportation Network (GTN, transportation in-transit visibility data), via the IDE/GTN Convergence program (IGC).
  - IDE will provide the brokering and metadata services that enable "publish & subscribe" data capability, while GTN will provide the Enterprise Data warehouse capabilities and new front end for enhanced distribution capabilities. Upon completion, the IGC program will provide a single point of access for common integrated data and application services from both USTRANSCOM and DLA, enabling improved end-to-end distribution solutions, including a common logistics picture, distribution visibility and in-transit visibility.
  - The IGC program completed the Evaluation of Alternatives (EoA) study and is now operating as a single Program Management Office (PMO) between USTRANSCOM and DLA, under the Distribution Process Owner (DPO) governance structure. The EoA was completed in April 2006.
  - The PMO was established in February 2006 with the Program Manager position filled by USTRANSCOM, and the Program Executive Officer (PEO) and deputy program manager position filled by DLA. Mission and Functions of the PMO were chartered in May 2006.
  - The IGC program has been identified as an Enterprise Risk Assessment Model (ERAM) initial test case under the sponsorship of the BTA.

Learning and Growth

- As of the June 2006 cutover 5,323 users have completed the planned workforce training as part of the implementation of the BSM ERP system.
- Approximately 1,300 of DLA's workforce have been trained in CRM through June 2006. Nine thousand training instances for CRM have occurred, with each individual completing between six and eight courses.

DLA Priority	FY06 Critical Milestones	FY07 Critical Milestones
Customers: Provide responsive, integrated best value supplies and services consistently to our customers	√ CRM: Milestone C √ CRM: IOC	
Internal Processes: Develop and institutionalize the internal processes required to deliver value-added logistics solutions to the warfighter	√ CRM: Milestone C √ CRM: IOC √ DPMS: Integrate DPMS with BSM for BSM Integration √ IDE: IOC √ RMP: Milestone B	• BSM: Full-Rate Production Decision Review (FRPDR) for Release 2.2 (Q1) • BSM-Energy: FOC (Q3) • BSM-Energy: Full-Rate Production Decision Review (FRPDR) for OCONUS (Bulk & PC&S) (Q3) • DPMS: Milestone C for Reverse Logistics (Q3) • DPMS: FOC for Reverse Logistics (Q3) • PDMI: Milestone C (Q3) • PDMI: IOC (Q3) • BSM: FOC for Release 2.2.1 (Q4)

DLA Near-Term Plans

Customers

- Complete independent test events scheduled for BSM (operational assessments through December 2006) as a pre-requisite for BSM to achieve FOC by or before September 2007.
- Complete last release and independent test event (Final Operational Test and Evaluation) of BSM Energy, achieve FOC by June 2007, and complete planning to converge the Energy Supply Chain with the systems architecture introduced by BSM.
- Complete final increment (Reverse Logistics) of DPMS to achieve FOC by May 2007.
- Begin the System Development phase of RMP, with the award of a systems integration contract in the 1st Quarter FY07.

Internal Processes

- Begin the Concept Development and Demonstration phase for the IGC program in the 1st Quarter FY07. Since this program is an ERAM test case, leverage the recommendations of the ERAM team to rapidly deliver incremental capability via IGC during FY07.

Case in Point: Business Systems Modernization (BSM)

Why BSM? DLA's Standard Automated Materiel Management System (SAMMS) and Defense Integrated Subsistence Management System (DISMs) were legacy, vintage mainframe applications that lacked the modernized robust interoperability, functionality, and technical capabilities required to support the warfighter going forward.

What Is BSM? BSM is the core of DLA's enterprise transformation and fully supports the DoD BEA and the Joint Vision 2020 Concept of "Focused Logistics" – an Agile Infrastructure for Logistics. BSM is DLA's major acquisition program for re-engineering its business processes to adopt best business practices with COTS software. BSM incorporates best supply chain practices, creating process integration with customers and suppliers while re-shaping its internal structure to better focus on warfighter needs. It is a successful Enterprise Resource Plan (ERP) and Supply Chain Management system linking the entire supply chain from warfighter order through delivery.

BSM customers include:

- Military Services and other Government Agencies
- Approximately 20,000 DLA workforce users
- 30,000 registered commercial suppliers

With an investment of approximately $750M, BSM is delivering:

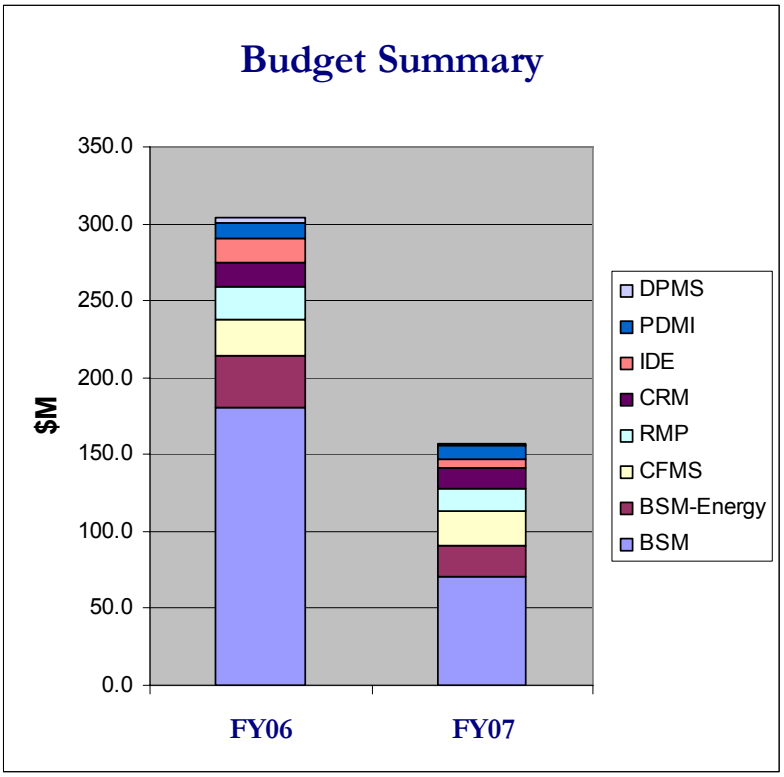
- A major re-engineering effort crossing multiple DoD supply chains (e.g., subsistence, construction, medical, etc.) to provide greatly improved end-to-end materiel, financial, and procurement management)
- The first DoD ERP implementation replacing DoD Agency-wide core business processes
- An operationally effective system supporting the warfighter

How does BSM Support DoD Business Transformation?

- *Improved Processes/Mission Impact - DLA re-engineered business processes and created a new organizational structure:*
  - Material Release Order (MRO) processing time improvement -- Receipt of requisition to release of MRO: +/- 275 minutes in BSM vice 12 hours in legacy system
  - Enhanced customer and supplier support by establishing customer-facing and supplier-facing organizations
  - Employees are trained for new jobs and placed in the new organization with focus on customers and suppliers
  - Enormous cultural shift managed with a robust change management program to prepare employees and assess organizational change readiness at various stages of BSM implementation
- *Benefit to a Broad User-base - BSM successfully used in DLA core business processes since July 2002*
  - Order Fulfillment - Over 8.1 million customer orders processed/nearly $10B in annual sales
  - Procurement - Over 2,458,000 purchasing requests processed in SAP/nearly 2,052,000 purchases
  - Finance - 9.1 million customer billing documents Issued/~211,000 vendor payments/~ $7.5B paid to vendors
  - Inventory value being managed within BSM is over $10B
- *Cost Avoidance/Savings – BSM inventory and operational savings are projected as:*
  - $764M in future inventory reductions
  - 15% improved forecast accuracy and reductions in administrative lead time
  - Automating manual tasks allows DLA to reduce its workforce by 500 FTE's resulting in $500M in savings
  - BSM operations costs are expected to be $393M less than legacy operations costs over a 10-year period
  - DLA will improve its financial accountability and achieve, for the first time, an unqualified audit assertion
- *Net-Centricity/Information Delivery* - BSM incorporates all DoD requirements for interoperability, Information Assurance, and compliance with the Global Information Grid and the Net-Centric Data Strategy

DLA Budget Summary

The Budget Summary below shows approved FY06 and FY07 budgets for DLA programs.



Systems and initiatives funded without discrete PB07 budgets:

[N/A]

Note: For additional details and explanatory notes, please refer to Appendix I in Volume 2.

DLA Program Mapping to Business Value Added Framework

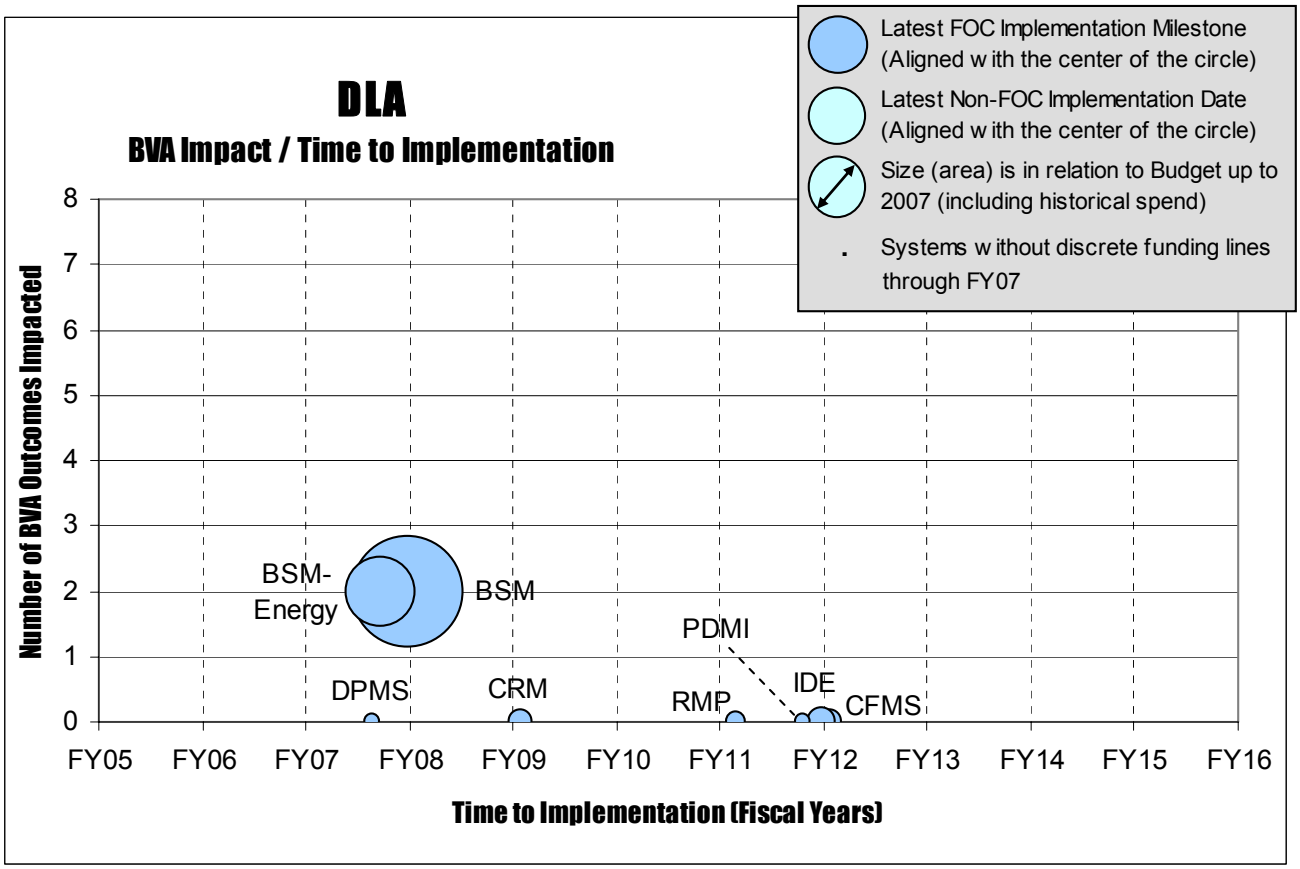
The table below illustrates how DLA programs contribute to adding business value. (Programs are listed from left to right in decreasing order of investment dollars through FY07.)

DLA	BSM	BSM-ENERGY	CFMS	RMP	CRM	IDE	PDMI	DPMS
On Time Request								
Cash-to-Cash	●	●						
Time to IOC/FOC ACAT								
Urgent Requests								
Weapons Systems Ops								
Cannibalization Rate								
Real Property Utilization								
Personnel Requirements								
Payroll Accuracy								
Financial Transparency	●	●						

DLA programs provide web tools, improved contract visibility, and compliance with installations regulatory requirements and CFO standards and practices to support on-time customer requests, improve cash-to-cash cycle times, more efficient utilization of installations, and increased financial transparency.

The following diagram illustrates the relative impact that DLA programs have on the BVAs. The diagram is arranged bottom to top to indicate the number of BVA outcomes impacted and left to right to show when a program reaches Full Operational Capability (FOC) or when it reaches the latest non-FOC implementation date.

Each DLA program is represented by a circle whose diameter reflects the budget amount (relative to the other programs within each diagram) up to 2007, including historical spending. When a program's circle is a "dot," that indicates that there are no discrete funding lines through FY07.



Chapter 7: United States Transportation Command

USTRANSCOM Transformation Vision and Strategy

The United States Transportation Command (USTRANSCOM) is the Combatant Command (COCOM) responsible for creating and implementing world-class global deployment and distribution solutions in support of the National Security Strategy. To accomplish this, USTRANSCOM's transformational vision is to change its orientation from a command that provides strategic transportation, to a command responsible for creating and implementing world-class global deployment and distribution solutions in support of the President, Secretary of Defense, and Combatant Commander assigned missions. USTRANSCOM's continuing transformation remains a process of detailed examination of existing strategic and operational processes and functions leading to the formulation of innovative and comprehensive improvements that support this vision. USTRANSCOM's enterprise integration efforts began in August 1993 when USTRANSCOM was chartered to evaluate and transform the Defense Transportation System. The prime objective of this evaluation was to eliminate duplication and save resources while retaining required functionality.

USTRANSCOM published the Defense Transportation System "As-Is" Enterprise Architecture (EA) in August 1999 and the "To Be" EA in January 2001. Using these architectures, USTRANSCOM developed and published a Migration Plan for USTRANSCOM systems, showing a timeline for migrating to the "To Be" Defense Transportation System. Annually, the CIO Program Review Process (CPRP) measures the progress of system migration against this timeline and publishes revised migration plans accordingly.

In March 2003, USTRANSCOM began to look at system investments by portfolios, grouping systems based upon common mission areas, identifying mission capabilities, and mapping the capabilities to systems. As USTRANSCOM continues to mature into its expanded distribution mission, transformational efforts have extended to functional processes as well. The transformation story presented here represents these efforts.

USTRANSCOM Business Transformation Goals

- Support the operational effectiveness of other COCOMs by providing expeditionary Command and Control (C2) capability for joint theater deployment and distribution; and by providing End-to-End (E2E) Total Asset Visibility (TAV) and In-Transit Visibility (ITV)
- Improve decision cycle time by providing functional processes and IT support that turns near real-time data into actionable information
- Promote across the DoD, financial management processes and solutions that are CFO Act compliant and improve financial management visibility
- Optimize operational flexibility in E2E distribution via improved and standardized resources, processes, and systems

USTRANSCOM Priorities

E2E Priorities

E2E priorities focus on developing an optimal end-to-end distribution process that encompasses both deployment and distribution to support the global requirements of DoD seamlessly.

Agile Transportation for the 21st Century (AT21) will transform deployment and distribution planning by applying commercial best practices for planning and management of Distribution Process Owner (DPO) responsibilities in support of COCOMs. AT21 plays a major role in closing Joint Deployment & Distribution Enterprise (JDDE) capability gaps. Within 36 months of a mid FY07 contract award, AT21 will deploy Increment 1 capability for requirements consolidation and workflow management to improve movement requirements visibility and planning support for COCOMs.

The integrated Joint Distribution Architecture (JDA) and Joint Deployment Enterprise Architecture (JDEA) provides the framework for the comprehensive mapping and alignment of the Defense Distribution and Deployment environment (supply, forces, and transportation) to support current and future warfighter requirements. The Joint Deployment and Distribution Architecture (JDDA) provides a common "reference-model" to understand the distribution and deployment operational processes, identify enabling systems, and develop the technical support structure to meet COCOM requirements for information, materiel, and forces. The JDDA alignment of common operational activities across Service/Agency organizational lines provides a first step in developing OSD's targeted federation of architectures.

IT Priorities

IT priorities focus on maximizing warfighter effectiveness, at the best value to the government, by providing optimized end-to-end distribution-related IT capabilities.

Command, Control, Communications, and Computer Systems Multi-Component Information Transformation (C4S MIT) integrates and synchronizes IT capabilities across multiple USTRANSCOM and COCOM distribution processes and information core services, resulting in reduced manpower requirements over the FYDP.

IDE/GTN Convergence (IGC) will establish common integrated data services to enable development of applications that will provide the COCOMS, Services, the DoD, and other federal agencies with a cohesive solution for management of supply, distribution, and logistics information with a global perspective. This will create a single environment between DLA and USTRANSCOM for consistent access to common, authoritative data, business standards, and information. Convergence will increase logistics information sharing across DoD.

It is essential that DoD's transportation and distribution activities have data visibility. Data visibility problems within DoD's transportation and distribution activities have been an historical issue and current efforts within JDDE will address these visibility issues.

Defense Personal Property System (DPS) will provide a single, standardized, worldwide, web-based personal property movement system, supporting over 500,000 shipments annually. DPS employs cutting-edge technology to support the "best value" approach to the future DoD Personal Property Program, known as "Families First." DPS will replace the current antiquated legacy system Transportation Operational Personal Property Standard System (TOPS) and will support an estimated $1.8B DoD Personal Property Program.

Distribution Portfolio Management (DPfM) provides the DPO with effective and efficient materiel and non-materiel options to support distribution solutions that enhance strategic support to worldwide customers. The Distribution Portfolio Manager provides justification for IT investment decisions for both the Warfighting and Business Mission Areas.

Financial Priorities

Financial priorities focus on increasing operational flexibility in end-to-end, intermodal distribution through improved and standardized key financial resources, processes and systems.

Defense Enterprise Accounting and Management System (DEAMS) will replace or interface with legacy financial systems and will provide near real-time access to financial data. A technology demonstration will be conducted at Scott Air Force Base for the Transportation Working Capital Fund and the Air Force General Fund. It will then be implemented at the remaining Air Mobility Command (AMC) bases, Strategic Deployment and Distribution Command's (SDDC) and Military Sealift Command (MSC) before deployment to the AF Major Commands.

Execution Priorities

Execution priorities focus on 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 TAV and ITV supporting COCOM operational objectives.

Port Management Automation (PMA) will support integration of water port management and manifesting functionality into the existing Global Air Transportation Execution System (GATES) system to achieve a joint port operations and manifesting system. Integration of capabilities into the GATES environment will greatly enhance client ease of use and visibility for the warfighter.

The Joint Deployment Distribution Operations Center (JDDOC) concept has proven to be a key logistics enabler. Codification formalizes the concept in policy and doctrine and identifies training and leadership required for implementation. Publishing JDDOC Template Edition 2 will provide guidance to COCOMs and DPO National Partner JDDOC augmentation teams in governance of theater JDDOCs.

Joint Distribution Process Analysis Center (JDPAC) will establish an integrated DPO analytic capability across USTRANSCOM, SDDC Transportation Engineering Agency (SDDC-TEA), and AMC to focus on joint operations and provide analytical driven courses of action to support current operations, analytically informed programmatics and transformation, while leveraging analytic expertise from our JDDE partners.

Theater Distribution Management (TDM) will leverage existing capabilities by providing the Theater Distribution and Traffic Management requirements required after implementing TC-AIMS II Block 3, sustainment phase, 30 months sooner and avoid $35M in costs. The vision is

to improve overall efficiency and interoperability of deployment/redeployment and distribution activities in peace and war.

Changes Since March 2006 Congressional Report

USTRANSCOM registered 17 new initiatives since the March 2006 Congressional Report, including acquisition programs for DPS and AT21. DEAMS acquisition milestone dates were re-baselined through the Milestone Decision Authority.

USTRANSCOM Accomplishments and Impacts

E2E Priorities

- In May 2006, obtained approval for the funding and approach for AT21 Increment 1. The first increment of AT21 will provide visibility of transportation movement requirements and will automate the command's distribution and deployment planning processes, utilizing COTS supply chain execution tools and adopting best commercial practices where feasible. As a separate initiative, TransViz, a collaborative visualization and analysis tool, was implemented in the Deployment Distribution Operations Center (DDOC), Air Mobility Command (AMC)/XOP, and Central Command DDOC.
- The E2E Supply Chain gap analysis identified 239 distribution gaps, yielding 29 gap management areas. The methodology and gap list were approved and prioritized by the JDDE community. That list now serves as the backbone of the Distribution Integrated Priority List.
- The Services and DLA completed identification of systems supporting the JDDA reference model level four operational activities. Starting in March 2006, JDDA operational activities were aligned to the OSD BEA. This federated architecture approach provides the capability to tie together by leveraging a series of individual COCOM, Service and Agency architectures, improving visibility of E2E processes and supporting enablers.

IT Priorities

- Implemented concept of operations for a transparent DPfM process. Over 270 OSD-identified systems were deemed of distribution interest. Of those 270 systems, over 200 systems have been analyzed to date for consideration as DPfM candidates. In the last year, 71 systems were eliminated, consolidated, or targeted for future migration, significantly reducing duplication and costs within the Distribution Portfolio.
- Completed the baseline integrated master transformation schedule to align C4S activities across ten focus areas related to Base Realignment and Closure (BRAC). Integration of IT capabilities across multiple COCOM and USTRANSCOM distribution processes will reduce manpower support requirements.
- Transferred PEO oversight for the GTN from the Air Force Electronic Systems Command to DLA and re-designated the GTN for the 21st Century (GTN21) Program Manager (PM) as PM for the IGC. Conducted an Evaluation of Alternatives of Convergence, which delivered high-level architecture and costs, and an implementation methodology; began an economic analysis of implementation life cycle costs/benefits; developing an Acquisition Strategy to support full convergence effort.
- A Capabilities-based Assessment Team (CBAT) composed of Services, COCOMs, DISA, and DLA identified requirements for a Common Operational Picture for Distribution and Distribution-related Deployment (COP D2) from the COCOM 129 requirements. CBAT visited COCOMs, Services, and DLA to identify systems they use and other functionality

required for a COP D2; CBAT conducted site visits with Single Mobility System (SMS), GTN, Battle Command Sustainment Support System (BCS3), Radio Frequency – In-transit Visibility (RF-ITV), Intelligent Road/Rail Information Server (IRRIS), Global Combat Support System-Joint (GCSS-J) and Asset Visibility (AV) to identify capabilities and map to JSJ4's Top 9 Priority List of COCOM 129 Requirements. COP D2 will provide decision makers at strategic, operational, and tactical levels with visibility of information they need in one portal with a single sign-on that is customizable to their needs.

- As part of JDDE, produced the ICD for providing transportation and distribution data visibility for the enterprise, developed an ICD implementation plan, and commenced implementation actions. The Joint Requirements Oversight Committee (JROC) endorsed the ICD on 11 May 2006, and included findings and recommendations for non-materiel solutions addressing the gaps examined, as well as determination of requirements for future materiel solutions.
- Started DPS Independent Validation and Verification (IV&V) testing contract; finalized the IV&V environment; test plan, and scenarios; started IV&V testing. DPS includes recommendations to improve liability and claims process, improve carrier performance through performance based contracting, implement an integrated move management system, and provide access 24 hours a day, 365 days a year at 99.5% availability.

Financial Priorities

- The DEAMS System Integrator was approved to initiate blueprinting activities. Delays in the System Integration contract award resulted in acquisition milestone date changes; new dates were approved by the MDA. DEAMS will provide a single, business system for USTRANSCOM and Air Force that is in full compliance with the CFO Act and the Government Management Reform Act when fully implemented.

Execution Priorities

- PMA Business Case Analyses (BCA) were conducted for three possible alternatives for implementation of the initiative. On 20 April 2006, leadership at USTRANSCOM approved the integration of Worldwide Port System (WPS) into GATES achieving a single port processing and manifesting system for the DoD.
- Codified the JDDOC by drafting a JDDOC Doctrine Organization Training Materiel Leadership Personnel and Facilities (DOTMLPF) Change Recommendation and submitted it to the Joint Capability Integration and Development System (JCIDS). USTRANSCOM completed the draft of the JDDOC Template Edition 2 incorporating comments from COCOMs, Services and National Partners.
- Fielded a Joint Task Force-Port Opening (JTF-PO) Aerial Ports of Debarkation (APOD) capability from assigned forces and Army personnel under the operational command of USTRANSCOM. JTF-PO for APODs will provide a joint expeditionary capability to rapidly establish and initially operate an APOD and distribution node, facilitating port throughput in support of COCOM-executed contingencies.
- Completed mapping DDOC TCJ3 activities. Mapping identified 19 main processes, 373 total activities (with 155 activities performed by TCJ3), 53 systems used by TCJ3, which were then associated with each main process. The DDOC will combine USTRANSCOM and Component Command planning and analysis functions, and co-locate the operations centers at Scott Air Force Base (AFB). This combination of functions and co-location of operations will reduce costs through economies of scale.
- Received USTRANSCOM Commander's approval of JDPAC Campaign Plan which was briefed to the DPO Executive Board. USTRANSCOM published JDPAC Charter,

appointed interim JDPAC Director, and signed Memorandum of Understanding between USTRANSCOM, AMC, and SDDC to establish virtual operations between SDDC-TEA, AMC/A9, and USTRANSCOM TCJ5/4-AS on 31 August 06.

- Completed BCA for TDM improvements and received approval by the Distribution Steering Group (DSG), IRB, and DBSMC to proceed with plan to use the enhanced capabilities within Cargo Movement Operations System (CMOS) and other programs to improve Theater Distribution. Completed site visits to Project Management Offices (PMOs), CENTCOM, and United States European Command (USEUCOM) gathering vital information used in the analysis of each system. Demonstrated the TC-AIMS II prototype Block 3 in certain USEUCOM areas in July 2006.
- The Defense Transportation Coordination Initiative (DTCI) PMO completed an RFP to support FY07 contract award goal and received proposals from interested parties. DTCI will consolidate the management and movement of one third of DoD's CONUS freight requirement under a single coordinator of transportation services.
- Published Edition 2 of the JDDOC Template, containing updates, and an annex describing JDDOC organizational structure, manning and position descriptions.
- Army sourced a 62 person surface element to support a JTF-PO team under USTRANSCOM operational control for 1 year. USTRANSCOM will continue to work assignment of Army forces to constitute three surface elements for JTF-PO by the end of FY07.
- USTRANSCOM completed a very successful Pure Pallet initiative. See Case in Point.

USTRANSCOM Priority	FY06 Critical Milestones	FY07 Critical Milestones
E2E Priorities		• AT21: Contract award for new acquisition (Q3)
IT Priorities	• IGC: Start implementing Pre-Planned Product Improvements to GTN	• DPS: DPS 1.0 IOC (Q3)
Financial Priorities	√ DEAMS: Award contract for DEAMS program system integration support for Increment 1 √ DEAMS: Declare DEAMS Standard Information Structure baseline for Increment 1	• DEAMS: Deploy initial capability for commitment accounting (Q3)
Execution Priorities		• DTCI: Contract Award (Q1) • JTF-PO: IOC (Q1) • TDM: Deliver TC-AIMS II Block 2 to selected Movement Battalion/Control Teams in USCENTCOM (Q1) • TDM: Field Financial and Air Clearance Transportation (FACTS) System to Ramstein Air Base (Q1)

USTRANSCOM Near-Term Plans

E2E Priorities

- For AT21, TransViz, the collaborative visualization and analysis tool, will be implemented at the COCOMs beginning in FY07. AT21 contract award scheduled for mid-FY07.
- Continue analysis of E2E sub-gap dependencies to provide additional focus areas for the distribution community.
- Support DoD CIO and BTA actions related to the Federation of Architectures based upon successes and implementation of JDDA alignment across organizational lines. Provide Automated Information System input to overall change management plan to support "To Be" E2E distribution environment.

IT Priorities

- Identify opportunities to reduce duplicative C4S capabilities and services across ten focus areas; identify options to integrate, synchronize, and harmonize C4S support to efficiently reduce C4S manpower support requirements.
- Start Implementing Pre-Planned Product Improvements to GTN in September 2006.
- COP D2 will complete a Business Case for near-term capability Spirals 1 and 2 by November 2006.
- Begin assessment of DPS IV&V test results during 1st Quarter FY07.
- Continue DPfM activities to identify distribution systems for further analysis and possible consolidation or migration.

Financial Priorities

- DEAMS blueprinting and key conversion decisions continue through December of 2006. Initial capability for commitment accounting scheduled for deployment at Scott AFB in 3rd Quarter FY07.

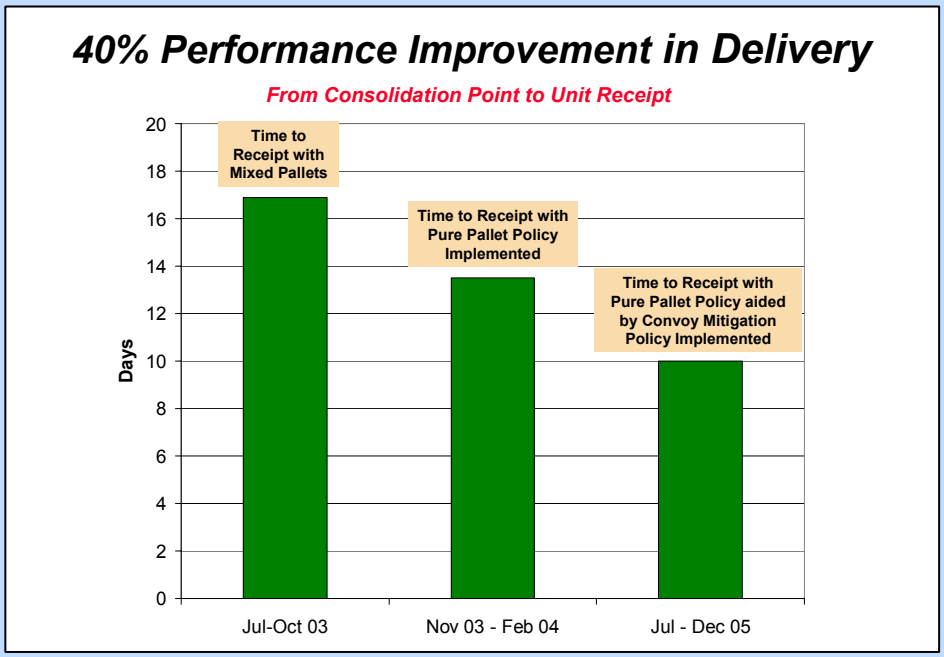
Execution Priorities

- For Port Management Automation, the integration of WPS into GATES, IOC is scheduled for 1st Quarter FY08 with FOC scheduled for 2nd Quarter FY09.
- Anticipate JROC endorsement to implement the JDDOC DOTMLPF Change Request recommendations. Publish Edition 2 of the JDDOC Template, containing updates, and an annex describing JDDOC organizational structure, manning and position descriptions.
- Recommend DDOC billets to meet BRAC reductions in USTRANSCOM TCJ3. Achieve a vision for DDOC operations that provides a framework for consolidated operations to include elements of USTRANSCOM, AMC's Tanker Airlift Control Center (TACC), and SDDC. Map SDDC's Combat Operations Center and TACC processes to systems to support DDOC. Create an implementation plan to attain DDOC vision including BRAC-based actions.
- Conduct JDPAC skill assessment and process mapping to guide transformation of SDDC-TEA billets.
- Deliver TC-AIMS II Block 2 to selected Movement Control Teams in USCENTCOM to assist redeployment, retrograde, and port operations. Field Financial and Air Clearance Transportation System to Ramstein Air Base.
- DTCI PMO plans contract award in Q1 FY07 with site activations scheduled to begin in the 2nd Quarter FY07

Case in Point: Pure Pallet

Air eligible cargo moving to deployed forces was traditionally palletized in order to achieve maximum utilization of established air channel routes, and maximum use of full pallets. As such, the route to be used was of greater priority than that of either the customer who originally ordered the material or the ultimate destination of the cargo. The requirement for full pallets often resulted in cargo for multiple destinations and customers being consolidated on a single pallet. In turn, this resulted in a requirement for rebuilt cargo pallets and associated remanifesting at each en route stop.

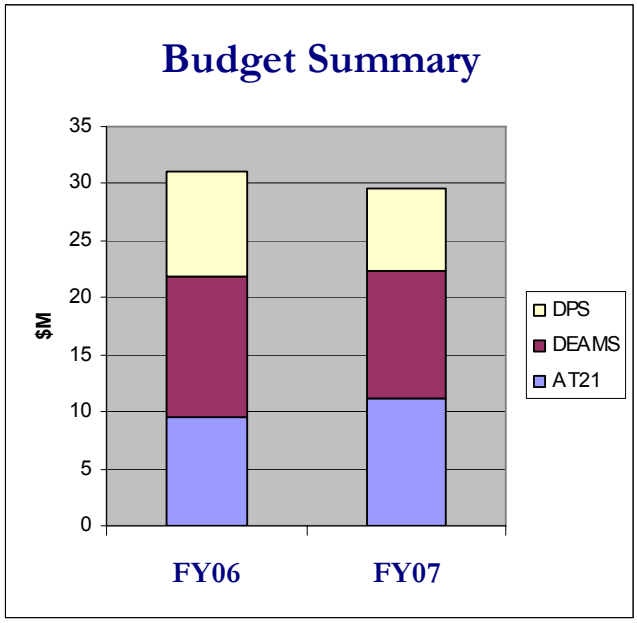
The Pure Pallet initiative reversed this order of priority. The initiative created specific routes direct to the destination. Selected air cargo was palletized at origin (the consolidation point) for a single ultimate destination or customer. Thus, a pure pallet contained material for a specific customer or group of customers in the same area. This simple change resulted in less re-handling of the cargo being moved between theaters and especially in theater. While there was additional time required to build pallets at origin, primarily due to the requirement to generate a sufficient amount of cargo, the time savings achieved after the pallet moved through the aerial port of debarkation to the final customer more than compensated. This initiative has documented a 40% improvement in the overall time required for delivery when combined with in theater process improvements, such as a convoy mitigation policy, which takes advantage of direct flights to unit locations.



The Pure Pallet process was incorporated into the Defense Transportation Regulation for implementation at the request of the supported COCOMs for designated materiel.

USTRANSCOM Budget Summary

The Budget Summary below shows approved FY06 and FY07 budgets for USTRANSCOM programs.



Systems and initiatives funded without discrete PB07 budgets:

- C4S-MIT
- C-JDDOC
- COP D2
- DDOC
- DPfM
- DTCI
- E2E
- IGC
- JDDA
- JDDE
- JDDOC
- JDPAC
- JTF-PO
- PMA
- TDM

Note: USTRANSCOM initiatives are funded from the operating budgets of affected activities. For additional details and explanatory notes, please refer to Appendix I in Volume 2.

USTRANSCOM Program Mapping to Business Value Added Framework

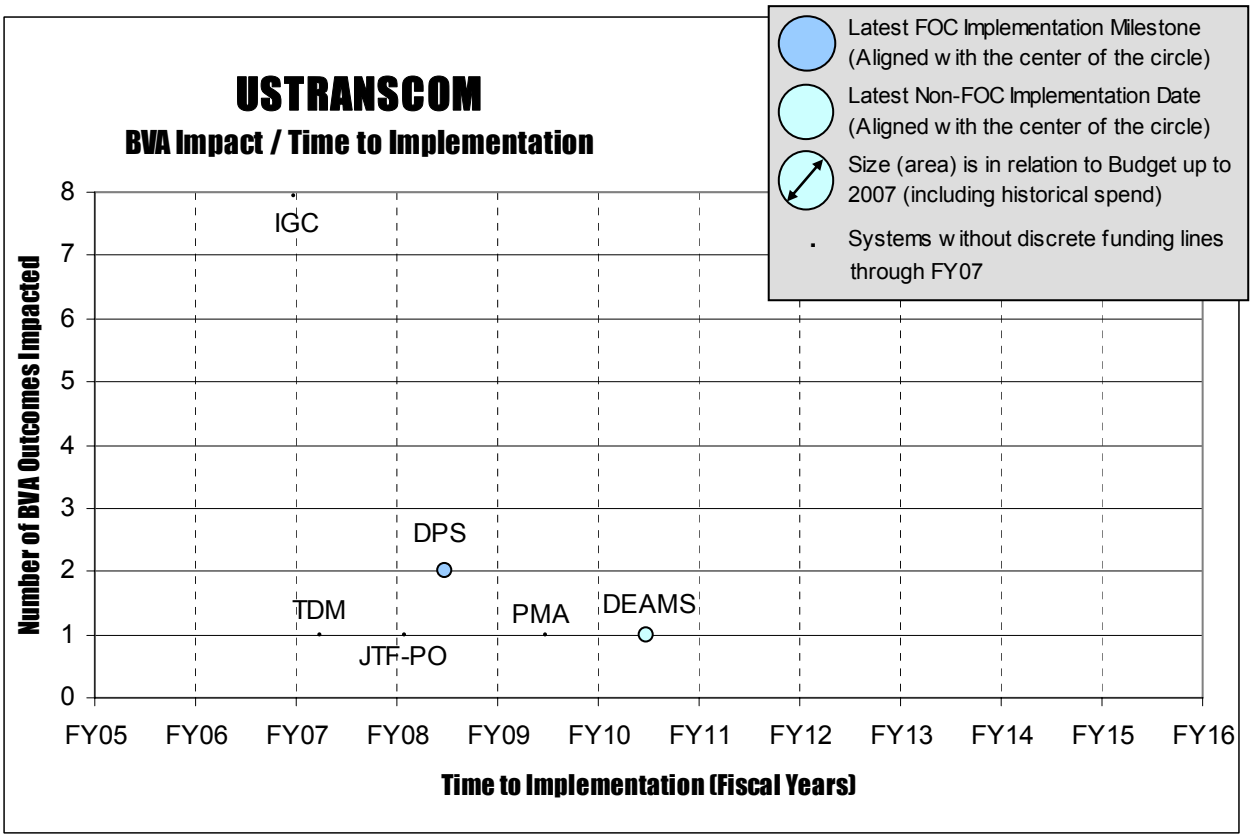
The table below illustrates how USTRANSCOM programs contribute to adding business value. (Programs are listed from left to right in decreasing order of investment dollars through FY07 – for the first three programs.)

USTRANSCOM	AT21	DEAMS	DPS	C4S MIT	DPfM	JDPAC	PMA	E2E	JDDA	IGC	COP D2	JDDE	C-JDDOC	JDDOC	JTF-PO	DDOC	TDM	DTCI
On Time Request	●		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Cash-to-Cash										●								
Time to IOC/FOC ACAT										●								
Urgent Requests										●								
Weapons Systems Ops										●								
Cannibalization Rate										●								
Real Property Utilization																		
Personnel Requirements			●							●								
Payroll Accuracy																		
Financial Transparency		●								●								●

USTRANSCOM programs provide IT analysis and evaluation processes, consolidated activities and organizations, a single port processing system, end-to-end supply chain gap analysis, a common reference model to understand distribution and deployment operational processes, improved data quality and visibility, and improved distribution visibility. The result of these and other improvements support on-time customer requests, improve weapons systems operational availability, reduce cannibalization rates, improve personnel requirements fulfillment, and increase financial transparency.

The following diagram illustrates the relative impact that USTRANSCOM programs have on the BVAs. The diagram is arranged bottom to top to indicate the number of BVA outcomes impacted and left to right to show when a program reaches Full Operational Capability (FOC) or when it reaches the latest non-FOC implementation date.

Each USTRANSCOM program is represented by a circle whose diameter reflects the budget amount (relative to the other programs within each diagram) up to 2007, including historical spending. When a program's circle is a "dot," that indicates that there are no discrete funding lines through FY07.



Chapter 8: Defense Finance and Accounting Service

Defense Finance and Accounting Service Transformation Vision and Strategy

The Defense Finance and Accounting Service (DFAS) is the largest finance and accounting operation in the world. DFAS is responsible for ensuring that accurate records are kept for the over $400B that DoD spends annually. Each business day DFAS pays out more than $1B in support of DoD's warfighting mission. As the Department's financial services provider, DFAS accounts for more than 290 different funded appropriation accounts. DFAS pays 5.9 million people including military, civilians, retirees, and their annuitants. DFAS pays 12.3 million invoices annually to contractors and vendors supplying services that contribute to the national security mission. The DFAS vision is to better enable the warfighter through finance and accounting operations excellence achieved by dependable, accurate, and reliable service at the lowest cost.

To achieve its corporate vision of being the trusted financial partner for tomorrow's warfighter, DFAS's strategic plan centers on three themes:

- Taking care of our customers – that's why DFAS exists;
- Improving our operations to become world-class in all it does; and
- Delivering a "best value" that excites customers and motivates employees.

The DFAS transformation strategy is aligned with the DoD's transformation goals and objectives and with the President's Management Agenda (PMA). For example, DFAS is aligned with the PMA's e-government strategy to reduce redundant spending by serving as a federal payroll provider and thus contributing to the standardization of payroll policies and practices. The selection of DFAS as one of four federal payroll providers generates cost savings through economies of volume and provides additional cost avoidance by limiting capital system modernization activities across government.

DFAS is transforming the finance and accounting business—modernizing and improving financial management, reducing personnel and operating costs while providing agile responses to the dynamic DoD environment, such as delivering military pay entitlements required by the global war on terror. The DFAS transformation strategy leverages and integrates competitive sourcing initiatives, BRAC opportunities to reduce excess capacity, performance-based management through the NSPS, and state-of-the-art technology. The ultimate objective of the organization is to optimize performance and maintain the downward pressure on cost.

DFAS Business Transformation Goal

DFAS's transformation goal is to produce higher quality products and services at lower costs, allowing more dollars to be directly applied to the DoD warfighting mission. To achieve this goal, DFAS will:

- Deliver error-free pay services on time. Pay issues impact people across the organization, but most importantly those who take on great personal risks and hardships in defense of the Nation. A failure in our ability to fully satisfy this basic capability risks adversely affecting the morale and readiness of our military forces at a time when more is being demanded of them.
- Provide business intelligence that supports better operational resource allocation and decision making. DFAS must provide information that arrives in time to make a difference and in a format and level of detail that can be used easily and effectively.
- Establish and maintain a partnership with customers to anticipate needs and deploy integrated solutions to enhance financial management capabilities across DoD.
- Attract, develop, and retain a first-rate work force with the skills, agility and motivation to achieve the DFAS mission. Ultimately, they are the ones who will determine the agency's success in serving the men and women who defend America.

DFAS Priorities

DFAS plans to accelerate its rate of transformation to offer best value to the warfighter, its customers, and the American taxpayer. A key component of DFAS's transformation provides for the implementation of six centers of excellence with back-up processing centers to provide redundancy of operations in the event of natural or manmade disasters. The end-state structure provides for site directors to be accountable to the DFAS Director of Operations. A Director for Standards and Compliance was established to ensure standard operations across all sites and universal compliance with laws, regulations and policies. The client executive structure will remain in place to provide a face to the customer to ensure immediate attention is focused on customer issues. To accomplish our transformation goal, the following priorities have been identified.

Reduce Number of Urgent Military Pay Problems

As part of the interim Military Pay effort, the Wounded in Action (WIA) database has been established to address problems with military pay. The WIA database integrates information from the medical, personnel, and finance systems that maintain the status of WIA soldiers who depart Southwest Asia for treatment. An integrated military payment Business Capability is essential to provide efficient and accurate military payroll processing. DIMHRS is the DoD long-term enterprise military pay solution and is designed to be a single Active/Reserve payroll and personnel system. With the termination of the interim Forward Compatible Pay (FCP), Defense Joint Military Pay System (DJMS) has been reinvigorated to address military pay system problems.

Improve Financial Performance by Automating Manual Processes and Eliminating Redundancies

An electronic processing capability will enable DFAS to automate and standardize manual processes and streamline systems to make financial information easily and readily available. Achieving this end will require process improvements and system rationalization.

- Process Improvement. Challenges in the DoD military pay program are complex, and stakeholders at every level and in every department are focused on resolving these challenges.

Every process that impacts military pay—i.e., pay computation, legislation, systems, budget, customer service, etc.—will be extensively reviewed for possible improvement.

- System Rationalization. DFAS completed business case analysis of accounting services operations for the Army, Navy, Air Force, Marine Corps, and Defense Agencies. The result was a recommendation to develop a High-Performing Organization (HPO) to realize efficiencies and savings. Similar analyses for vendor pay, disbursing, and contract services, also resulted in the recommendation to develop HPOs.

Disbursing analysis recommended a standard disbursing system in addition to centralizing disbursing operations, standardizing business processes, and leveraging US Treasury capabilities. Efficiencies will be gained and material savings achieved by eliminating the STANFINS-Redesign I (SRD I). The Automated Disbursing System (ADS) is currently operational and the targeted solution for standardized disbursing. Streamlining disbursing operations and eliminating redundant systems will lower costs to DFAS customers. As part of the disbursing overhaul, standard operating procedures are being reviewed at each disbursing location in order to identify and re-use best practices across the agency as the number of disbursing sites is reduced. A standardized disbursing process Business Capability is required to reduce sites and implement best practices at remaining locations.

DFAS supports the objectives of the DoD Financial Visibility Business Enterprise Priority and is positioned to leverage the capabilities provided by the follow systems and initiatives:

- The Business Enterprise Information Services (BEIS) builds upon existing infrastructure to provide timely, accurate, and reliable business information across DoD to support auditable financial statements and decision making. BEIS will include financial reporting, and cash reporting that consolidates disbursements and collections information from a number of disparate systems across DoD into a single, enterprise-wide capability. This capability enables standardized reporting to the US Treasury, enhanced data integrity, and financial information visibility.
- The Standard Financial Information Structure (SFIS) deployment provides an enterprise-wide standard for categorizing financial information along several dimensions to support the generation of DoD financial statements.
- The Intragovernmental Transactions (IGT) initiative standardizes, consolidates, and integrates processes and system components enhancing visibility into both the buying and selling elements of Intragovernmental transactions.
- The Defense Agency Initiative (DAI) will improve overall financial management by providing accurate, timely and authoritative financial data in a CFO-compliant business environment.
- The Enterprise Funds Distribution (EFD) initiative provides full visibility of appropriated funds at multiple levels of the DoD Enterprise and streamlines funds distribution processes for all DoD appropriations.
- The Strategic Resource Decision System (SRDS) initiative will improve accuracy of data submitted to the OMB for compiling the FYDP and improve the budget and compilation process.

DFAS has established partnerships with its customers to leverage the financial capabilities embedded in their transformation initiatives that will replace many legacy DFAS systems. These initiatives include:

- DEAMS, a financial management initiative that will transform business and financial management processes and systems to provide accurate, reliable, and timely business

information to support effective business decision making for USTRANSCOM, DFAS, and the Air Force. DEAMS will replace multiple existing systems.

- GFEBS supports transformation of Army accounting, finance, and budget processes; reduces legacy stovepiped systems; improves performance; standardizes processes; and provides accurate, reliable, and timely financial information on an Enterprise-wide basis. GFEBS replaces the following existing DFAS mainframe systems: Standard Army Finance System (STANFINS), Standard Operation and Maintenance Army Research and Development System (SOMARDS), and the Computerized Accounts Payable System (CAPS).
- Other ERP initiatives that will replace DFAS systems include DLA's Business Systems Modernization, Navy's ERP, Army's Logistics Modernization Program, and the Defense Agency Initiative for Defense Agencies.

Expand Electronic Commerce Capabilities

The difference between operating via manual paper-driven processes and operating in an electronic mode is staggering in terms of cost and time. The cost of manually processing an invoice ranges from $22 to $30 each. The cost for processing that same invoice electronically is under $4. DFAS's increasing use of web services is reducing costs; improving customer service and quality by eliminating redundant data entry; improving data accuracy; reducing interest penalties; and making timely information available. Electronic Commerce (EC) enables a seamless, paperless processing capability that reduces operating costs and frees up dollars to support the DoD mission. Steps to achieving this capability include the following:

- The DFAS Corporate Electronic Document Management (CEDM) Business Plan facilitates transformation by offering a corporate solution to eliminate movement of paper documents between DFAS sites and organizations. By modifying Voucher Attachment System (VAS) and its associated infrastructure, all types of DFAS documents can be handled ensuring that all DoD users can access these documents electronically. This improvement will avoid: (1) $1,709,991 in costs for shipping documents from closing to enduring sites; (2) $24,940,522 in annual labor costs for maintaining paper documents totaling beginning in FY10; and (3) $2,340,258 in annual Records Holding costs.
- The CEDM Business Plan will define a strategy to achieve 80% to 90% electronic rates prior to 4th Quarter FY10 to allow the electronic capture of all financial statements, disbursing vouchers and supporting documentation.
- DFAS plans to partner with the Defense Contract Management Agency (DCMA), DoD Components and DoD vendors to ensure compliance with the Defense Federal Acquisition Regulation (DFAR) clause requiring electronic submission of invoices.
- EC will leverage DoD enterprise solutions from other Core Business Missions (CBMs) to:
  - Add additional transaction types to expand the functionality in other CBM solutions: PowerTrack, WAWF, and the Defense Travel System (DTS).
  - Promote the use of WAWF to submit financial transactions electronically for all of DoD.
- EC will leverage existing IT solutions
  - Modernize the Mechanization of Contract Administration Services (MOCAS) by re-hosting the system to a Relational Database Management System. This re-host enables visibility into contract actions of all types and provides useful business intelligence to vendors that conduct business with the DoD.
  - Implement the Integrated Accounts Payable System (IAPS) Database Expansion and Re-structure (DEAR) release to provide the functionality needed to electronically process

vendor contracts, receipts and invoices in support of all EC initiatives (PowerTrack, WAWF and Purchase Card Program).

- Promote the use of the Purchase Card Program to allow DoD users to make small purchases (less than $2,500) in a streamlined electronic fashion. The cost of manual transactions are more than $24 each, whereas the cost of electronic transactions are less than $4 each.
- Aggressively market EC initiatives to DFAS process partners, and enforce current DoD mandates to process contract payment transactions electronically.

Changes Since March 2006 Congressional Report

The DFAS Disbursing High Performance Organization (DDHPO) initiative which represents the IT portion of the DDHPO was named the Standard Disbursing Initiative (SDI). Due to a delay in funding approval, milestones for SDI were re-baselined. Due to coordination issues between HQ Department of Army and the Installation Management Agency (IMA) regarding support roles, EC milestones were re-baselined.

DFAS Accomplishments and Impacts

The progress DFAS has made since the March 2006 ETP update exemplifies the resourcefulness and ingenuity of its workforce, which is the key to the agency's success. The execution of the Military Pay Improvement Plan includes analysis of military pay timeliness and accuracy and the identification of trends. Improved finance briefings to service members provide entitlement education and an increased awareness of responsibility. The termination of FCP shifts the agency's focus toward migrating the military pay systems to DIMHRS as soon as possible.

The expansion of electronic commerce will decrease the cost to customers and minimize the risks associated with paper processing. Vendor training contributed to a recent increase in electronic invoices. The CEDM solution will provide imaging, storage and retrieval capabilities to all DFAS mission areas. Participation in the DoD Miscellaneous Pay pilot programs for payments such as utilities and tuition, is a step towards identifying a solution for miscellaneous vendor payments.

The following accomplishments are a demonstration of the success achieved by DFAS in meeting the challenges presented by transformation.

Reduce Number of Urgent Military Pay Problems

- Established the WIA Account Management program to address a disconnect between soldier's medical and pay account data (see Case in Point). As part of the WIA program, more than 58,000 battle and non-battle injured military pay accounts were reviewed, The result: improved pay accuracy, a reduction in related indebtedness problems, and 92% reduction in the pay account review backlog. DFAS is on track to meet the Army's 30 September 2006 delivery date for a complete review of all backlog accounts. Moreover, the following directly relate to implementation of the WIA effort:
  - Corrections to incorrect pay and entitlement information, corrections to erroneous collection agency referrals, and suspension of indebtedness actions pending a thorough pay account review.
  - Due to additional provisions in the 2006 NDAA, an increase in approvals for forgiven debts requested by more than 300 battle and non-battle injured soldiers. Mobilization/Demobilization Support Teams processed nearly $200,000 in forgiven debts that would not have been approved prior to the 2006 NDAA.

  - An average customer satisfaction rating of between 91 to 95 percent from soldiers completing the Mobilization/ Demobilization Survey in the area of finance and pay support at four mobilization/demobilization locations.
- Conducted a joint session between Marine Corps Military Pay Operations-Kansas City and Headquarters Marine Corps to ensure that pay accounts for WIA service members receive immediate attention and prompt processing.
- Deployed the Case Management System (CMS) to Army as part of the Military Pay effort to provide a single source for monitoring and tracking pay problems. CMS provides more timely identification of problem trends, identifies areas for focused training, and allows immediate feedback for inquiries from service members. Deployment included on-site training to over 2,800 users at 58 locations.
- Trained Army Military Pay Operations, and other Indianapolis central site employees, in basic Active and Reserve Defense Milpay Office fundamentals to support BRAC transformation and prepare for the transfer of Reserve accounts from Cleveland to Indianapolis. The training will improve pay input and account maintenance as Army and Air Force pay accounts are consolidated in Indianapolis.
- Improved Savings Deposit Program (SDP) average withdrawal response time from 21 days to 2.5 days; SDP is a special savings program for service members in combat zones.
- Reinvigorated DJMS enhancements with the termination of FCP and conducted two Configuration Control Board (CCB) meetings. The first CCB meeting in three years was conducted in April 2006. Over 20 system change requests (SCRs) were approved. These modifications will support legislative change and reduce the number of manually intensive work-arounds currently in place.
- Supported DBSAE and Military Services with DIMHRS program implementation in accordance with the Deputy Secretary of Defense's transfer of program implementation to the DBSAE; the newly-formed DFAS DIMHRS Integration Office (DDIO) performed a complete review of DIMHRS system and subsystem specifications, identified discrepancies, and offered hundreds of suggestions to improve definition of functional requirements.
- Worked with DIMHRS program management to identify opportunities for re-use of FCP hardware and test scripts; provided FCP file layouts to DIMHRS to develop systems interfaces.

Improve Financial Performance by Automating Manual Processes and Eliminating Redundancies

- As one of four designated federal payroll providers, reduced costs to American taxpayers by converting 18,000 Environmental Protection Agency (EPA) pay accounts. The E-Payroll initiative consolidates 22 DoD and non-DoD payroll systems that simplifies, standardizes, and integrates payroll, human resources, and finance functions.
- Began transition of workload from closing to enduring DFAS sites as BRAC migration schedule closed four sites: Lexington, Kentucky; Oakland, San Bernardino and Seaside, California.
- Provided WAWF training to multiple vendors in preparation for EC expansion to Army. WAWF allows vendors and government "acceptors" to process transactions electronically using a single system. It ensures that invoices and receiving reports will not be misplaced or lost and that FAX copies are received. Overall, the government is better able to take discounts offered and pays less in interest due while the vendor receives timely payment on invoices submitted.

- Deployed WAWF at Army installations for Army use. The DFAS bill for Army will be reduced by an estimated $20 per line of accounting charge.
- Named the IT portion of the DDHPO the Standard Disbursing Initiative (SDI). SDI represents system changes required to implement the initiative whose final phase will involve interface re-routing to Automated Disbursing System (ADS). The efficiencies realized by consolidating operations will reduce costs to our customers and will establish DFAS as the premier disbursing provider in the public sector.
- Developed plans with customers to increase access to decision-making information through business intelligence tool suites, such as a dashboard presentation for OUSD (Comptroller) to allow oversight of special interest or high visibility areas.

Expand Electronic Commerce Capabilities

- Deployed Electronic Document Access (EDA) and Voucher Attachment System (VAS) to DFAS-CO.
- Identified a corporate EDM solution (Voucher Attachment System) that will result in cost avoidance of over $1.7M which will be realized as shipping of documents from closing sites to enduring sites is no longer required. Annual labor costs amounting to more than $24M to maintain paper documents will also be avoided.
- Continued planning for promotion of EC strategy by expanding purchase card usage to DoD users.
- Developed a formal strategic Business Plan that establishes a strategy to achieve overall electronic rates of 80-90% prior to FY08.

DFAS Priority	FY06 Critical Milestones	FY07 Critical Milestones
Reduce the number of urgent military pay problems	√ DFAS: Complete Military Payment Improvement Plan √ DFAS: Train and deploy WIA Tiger Teams to key field finance offices √ DFAS: Lift brown-out of DJMS and reinstate Configuration Control Board • DFAS: Deploy CMS to all Army Reserve units	• DFAS: Conduct training for new hires in reservist processing (Q3) • DFAS: Implement DJMS enhancements (Q4)
Improve financial performance by automating manual processes and eliminating redundant systems		• EC/EDI: Expand Vendor and DoD use of WAWF as part of EC (Q4) • SDI: Convert SRD I to ADS (DFAS Kansas City) (Q4)
Expand Electronic Commerce (EC) capabilities	√ EC/EDI: Deploy EDA and VAS at DFAS Columbus • EC/EDI: Implement DFAS Corporate EDM Business Plan for Deploy Corporate Imaging Solution to DFAS	• EC/EDI: Deploy IAPS-DEAR release at DFAS Limestone (FOC) (Q2) • EC/EDI: Deploy IAPS-DEAR release at DFAS Columbus (FOC) (Q3) • EC/EDI: Deploy DFAS MyMetrics (FOC) for Increase Business Intelligence Capabilities (Q4) • EC/EDI: Deploy OUSD(C) Dashboard (FOC) for Increase Business Intelligence Capabilities (Q4) • EC/EDI: Deploy WAWF to Army (FOC) (Q4)

DFAS Near-Term Plans

Reduce Number of Urgent Military Pay Problems

- Complete expansion of CMS for Army Reserve components to the unit level by 4th Quarter FY07. This provides Army Reserves with the same capability as Army Active for tracking and controlling pay problems. Prior to CMS, many pay problems were open, as no automated tool existed to identify and track them.
- Present options to Navy for expanding CMS. Promoting use of CMS to Navy provides benefits realized by Army.
- Continue training of new hires to facilitate the transition of Army and Air Force Reserve component pay accounts to Indianapolis from Cleveland.
- Continue to plan for the extended operational life and reinvigoration of DJMS by conducting CCB meetings.
- Continue to fully support DIMHRS implementation with assistance from the DFAS DDIO as program management activities are executed.

Improve Financial Performance by Automating Manual Processes and Eliminating Redundancies

- Continue with plans to expand WAWF which is expected to reduce hardcopy pay requests by 50%.
- Continue BRAC transition through workload migration closing five additional sites by 2nd Quarter FY07, with 12 remaining sites scheduled to be closed no later than December 2008. Expanding electronic processing and imaging reduces costs associated with the transfer of hardcopy documents between closing and enduring locations.

Expand Electronic Commerce Capabilities

- Deploy Corporate EDM Solution to DFAS sites – scan and index 55% of DFAS documents by end of FY07. This action provides DFAS and its customers with web access to scanned document images previously maintained as hard copy.
- Prepare and implement EC Business Plan which expands the focus from Accounts Payable to also include Accounting, Disbursing and Travel processes thus reducing all of DoD Component's financial management costs.
- Implement the Integrated Accounts Payable System (IAPS) DEAR release to provide the functionality needed to process EC with Air Force.
- Continue efforts to partner with DCMA, DoD Components and DoD vendors to ensure compliance with the DFAR clause requiring electronic submission of invoices.
- Continue to partner with BTA and AT&L to identify, then implement, a DoD Miscellaneous Pay solution to replace manual processing with an automated miscellaneous vendor payment solution.

Case in Point: Support for the Wounded In Action (WIA)

In February of 2005, DFAS developed a Wounded in Action (WIA) Pay Account Management effort. The purpose of this effort is to provide VIP pay account support to soldiers who have been injured in the combat zone. The effort's inception came about in late 2004 when a service member who had been wounded while serving in the combat zone experienced an issue of indebtedness on his pay account. As his story came to light, DFAS answered the call to provide better service to the warfighter who sacrifices so much for our Nation by creating the WIA effort to proactively avoid similar instances in the future. The effort's mission is to provide accurate, real time financial support to soldiers who become injured or ill while serving in a combat zone. Additionally, the WIA effort imparts a critical human dimension of world-class pay account customer service by providing VIP support to the warfighter both systemically as well as through human, face-to-face interaction. As new service members are admitted to Army hospitals, field WIA teams visit the soldier to explain his/her pay and entitlements. The soldier's case is then populated into a WIA Central Database, and visibility is established. The team may then compare medical and personnel data to the soldier's pay account. Review of the pay account is completed with the following objectives in mind:

- Ensure that the soldier's pay and entitlements are correct for the dates he/she was in the combat zone and hospitalized
- Suspend any debt from collection action until account can be fully reviewed to ensure wounded soldiers do not suffer unnecessary financial burden
- Submit all eligible debt for forgiveness
- Provide assistance to the wounded warfighter and his/her family relating to all finance matters

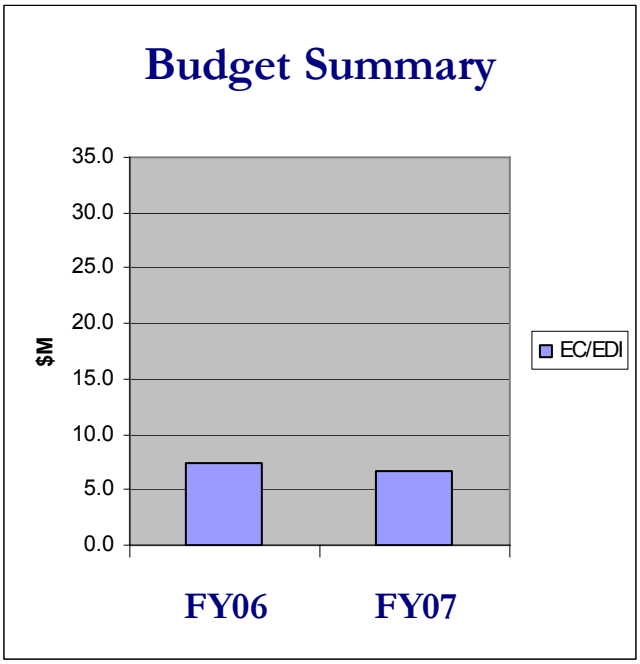
One of the biggest challenges DFAS faced was identifying the entire population of injured and/or ill soldiers. The WIA effort did not come to fruition until early 2005; however, the war in Afghanistan had been ongoing since October 2001. Visibility had to be established not only for those soldiers who were injured after the inception of the effort, but for any soldier who was injured or ill, in support of the war from its 2001 inception. The Army medical and personnel communities were instrumental in the success of identifying the affected population. They continue to provide DFAS with data feeds that contain personnel and medical information on soldiers who have been hospitalized in an Army Medical Treatment Facility. DFAS was able to search far and wide and capture the affected population. Since then, the WIA team, with support from the field, has been able to continuously track pay for these and newly wounded soldiers.

Overall, the WIA effort has successfully provided a means to monitor wounded warfighters' pay and positively impact them and their families. Visibility has been established where it never existed before. Some major accomplishments to date are as follows:

- **Data Capture:** The WIA database contains over 62,000 accounts of soldiers who have been wounded in action. This is an enormous population over which DFAS now has visibility and the opportunity to affect positive change when needed.
- **Pay Account Review:** Approximately 58,000 of the accounts in the database have been reviewed to date. This means that the WIA teams (both at the central site and in the field) have been able to determine if the soldier has had any pay problems, and if so, take corrective action.
- **Debt Forgiveness:** Currently, over $2.3M in wounded soldier debt has been forgiven due to the efforts of the WIA effort to identify and submit eligible debts for remission or waiver.

DFAS Budget Summary

The Budget Summary area below shows approved FY06 and FY07 budgets for DFAS programs.



Systems and initiatives funded without discrete PB07 budgets:

- SDI (ADS)

Note: FY07 funds for SDI are awaiting approval. For additional details and explanatory notes, please refer to Appendix I in Volume 2.

DFAS Program Mapping to Business Value Added Framework

The table below illustrates how DFAS programs contribute to adding business value. (Programs are listed from left to right in decreasing order of investment dollars through FY07 – for the first three programs.)

DFAS	EC-EDI	SDI (ADS)
On Time Request		
Cash-to-Cash		●
Time to IOC/FOC ACAT		
Urgent Requests		
Weapons Systems Ops		
Cannibalization Rate		
Real Property Utilization		
Personnel Requirements		
Payroll Accuracy	●	
Financial Transparency		●

DFAS has enabled vendors to electronically request payment for DoD purchases (non-contractual). DFAS has also reduced the number of disbursing systems and standardized its end-to-end disbursing process to improve cash-to-cash cycle times and increase financial visibility.

The following diagram illustrates the relative impact that DFAS programs have on the BVAs. The diagram is arranged bottom to top to indicate the number of BVA outcomes impacted and left to right to show when a program reaches Full Operational Capability (FOC) or when it reaches the latest non-FOC implementation date.

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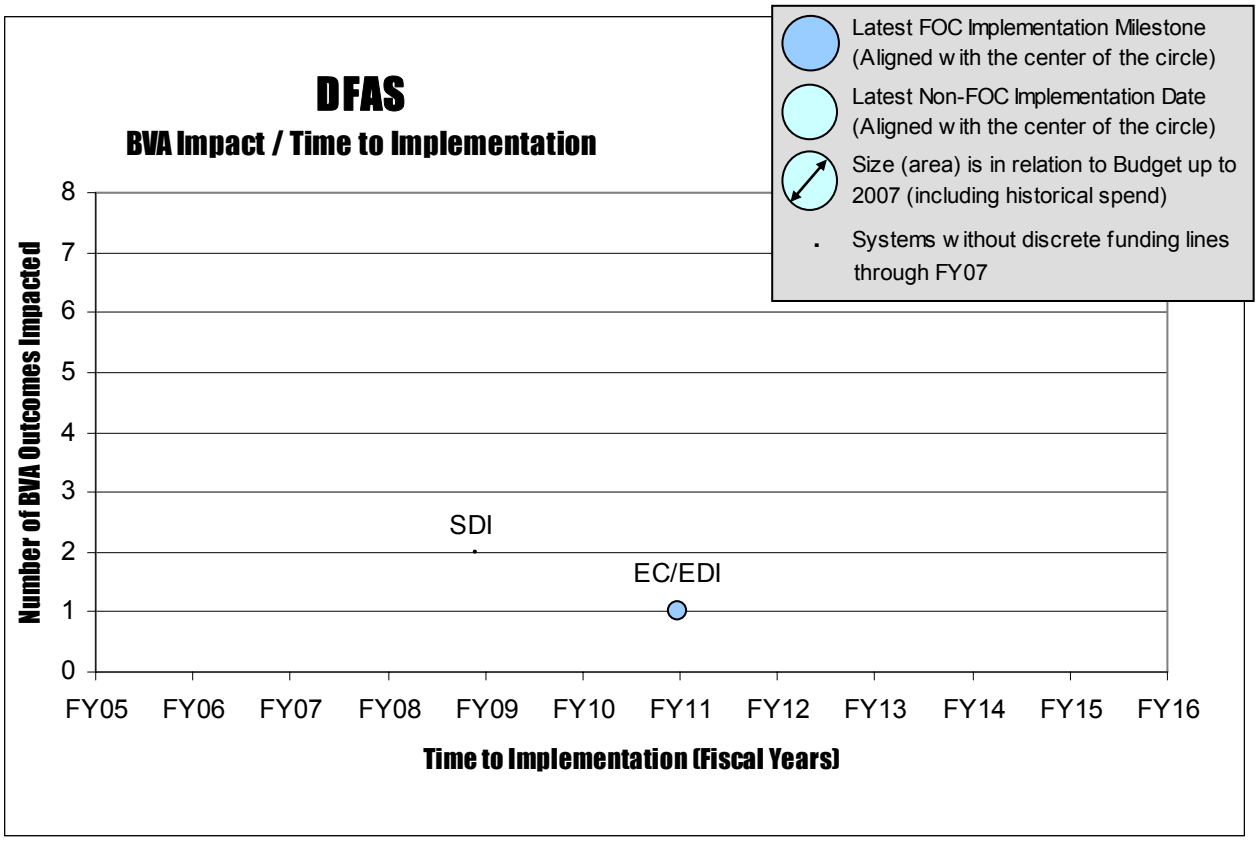


Chapter 9: Military Health System

Military Health System Transformation Vision and Strategy

The Military Health System (MHS) vision is to be a world-class health system that supports the military mission by fostering, protecting, sustaining and restoring health. The MHS business transformation plan focuses on continuity of care, a shift from reactive to proactive care, and more efficient healthcare operations.

The MHS strategy to achieve this transformation is three fold: The MHS will implement AHLTA, the DoD electronic health record, at Military Treatment Facilities (MTFs) around the world, enabling seamless visibility of health information across the continuum of medical care. The MHS will advance interagency efforts with the Department of Veterans Affairs (VA) to improve continuity of care between our healthcare delivery systems. Finally, the MHS will participate in National efforts that will advance healthcare and IT standards, define and lead the way forward for coordinated multi-entity healthcare delivery, and enable the MHS to better integrate and manage the complexities of the defense healthcare system.

This medical ETP submission is coordinated through the TRICARE Management Activity (TMA). TMA executes the direction of the Assistant Secretary of Defense (Health Affairs) (ASD (HA)) and is one of a federation of DoD activities and health service contracts (collectively referred to as the MHS) that work together to provide healthcare services and healthcare support structures that serve the Department's 9.2 million active duty and reserve, family members, and retired beneficiaries. The TMA also supports the Military Departments (including the three Surgeons General) in execution of the Departments' medical mission to maintain medical readiness and to provide medical and dental services to members of the Armed Forces during military operations.

MHS Business Transformation Goals

The MHS is transforming business practices to optimize the integration, efficiency, and effectiveness of the DoD healthcare system. The MHS will realize this transformation through the implementation of the following goals:

- **Provide continuity of care through continuity of information.** A longitudinal electronic health record will help to ensure that no matter where a patient may be—or what provider is treating them—information is readily available at the point of care. In addition to deploying greater functionality in our Military Electronic Health Record (EHR), we must integrate critical components of a Nationwide Health Information Network (NHIN) system that

spans MTFs, other federal health agencies including the VA, and the more than 190,000 private sector "network" providers that serve DoD's medical beneficiary population.

- **Transform from a reactive to a proactive healthcare system.** Through the collection, analysis, and application of longitudinal health data, our patients and providers will partner to prevent disease rather than react to it. We must also make known the value of encounter information being accumulated in electronic health records. This information allows DoD to continuously monitor health status, identify medical threats, and find new ways to protect and improve the health of individuals, communities, and our Nation.
- **Enhance the military health benefit through more efficient healthcare operations.** The EHR improves medical record coding, patient safety, and disease management; while reducing medical errors, lost patient information, and duplicative medical testing. Healthcare processes that are safe, effective, and efficient will enable us to continue to deliver the highest quality health benefit in the world.

MHS Priorities

The MHS places priority on the following activities in support of the previously stated transformational goals:

Priority #1: Provide comprehensive, globally accessible medical information and continue deployment of the Electronic Health Record

This priority involves providing comprehensive, globally accessible information that enables medical surveillance, evidence-based medicine, and effective healthcare operations; and continuing deployment of the EHR with expanded functionality such as dental and spectacle documentation.

AHLTA is the EHR that integrates patient data over time, across multiple providers, and from multiple delivery platforms of care (longitudinal data). As we complete the AHLTA deployment, train personnel and add functionality, the MHS will have more longitudinal data available for healthcare trend analysis, and for improving the quality of patient/provider interactions.

To achieve this priority, the MHS is:

- Capturing and providing medical information electronically across the continuum of care for healthcare services rendered: medical exams, changes in Service members' medical condition, and pre- and post-deployment health assessments, including assessments of mental health.
- Maintaining a clinical data repository (CDR) of computable health data to enable Population Health and Disease Management, and populate data warehouses that may be used for medical surveillance and research. This same CDR makes great strides towards maintaining a complete longitudinal record of care for each DoD beneficiary.
- Preparing for deployment of AHLTA Block II, Release 1 – Spectacle Request Documentation.
- Preparing for the deployment AHTLA Block II, Release 2 – Dental Documentation.

Priority #2: Eliminate barriers to interoperability and enable the secure sharing of beneficiary data, and medical records.

This priority involves partnering with federal and industry leaders to eliminate barriers to interoperability and enable the secure sharing of beneficiary data and medical records.

DoD and VA share a significant amount of electronic health information today. The Departments continue to pursue enhancements to information management and technology

initiatives to significantly improve the secure sharing of appropriate health information. Initiatives such as Joint Electronic Health Records Interoperability (JHERI) enhance healthcare delivery to beneficiaries and improve the continuity of care for those who have served our country. JEHRI is a joint plan deployed in two phases: (1) one way electronic data exchange (executed by the Federal Health Information Exchange (FHIE); (2) bidirectional (executed by the Bi-directional Health Information Exchange (BHIE) and Laboratory Data Sharing Initiative (LDSI) and computable data exchange (executed by the Clinical Data Repository/Health Data Repository (CHDR). These exchanges enable the transfer of protected information including outpatient pharmacy data, laboratory orders and results, radiology results, consult reports, allergy information, discharge summaries, admission information, pre and post deployment health assessment information, diagnostic codes and procedure codes.

To achieve this priority, the MHS is:

- Enabling the transfer of protected electronic health information from DoD to VA at the time of a service member's separation through FHIE. On a monthly basis, the DoD transmits to VA laboratory results, radiology results, outpatient pharmacy data, allergy information, discharge summaries, consult reports, admission, disposition and transfer information, elements of the standard ambulatory data records, and demographic data on separated service members. VA providers and benefits specialists access this data daily for use in the delivery of healthcare and claims adjudication.
- Enabling the real-time sharing of allergy, outpatient pharmacy, demographic, laboratory and radiology data between DoD BHIE sites and all VA Treatment Facilities for patients treated in both DoD and VA.
- Sending electronic pre- and post-deployment health assessment information to the VA.
- Establishing interoperability between DoD's Clinical Data Repository and VA's Health Data Repository beginning with the exchange of computable pharmacy and medication allergy data for shared patients.

Priority #3: Promote the adoption of interoperability standards for Health IT.

This priority involves introducing provisions into federal contracts for healthcare delivery services in a manner that effectively promotes the adoption of interoperability standards for Health IT.

In April 2004, the President signed Executive Order 13335 calling for Electronic Health Records for most Americans within 10 years, nationwide adoption of health information technology, and directing the Secretary of Health and Human Services (HHS) to establish the position of National Health Information Technology Coordinator. In June 2005, the Secretary of HHS announced the formation of the American Health Information Community (AHIC, or The Community), a public-private group chartered under the Federal Advisory Committee Act (FACA) assigned to advise the Secretary of HHS and recommend specific actions for making health information technology (HIT) interoperable. The Community is comprised of 16 Commissioners—eight public and eight private—including the Assistant Secretary of Defense for Health Affairs who is the DoD Commissioner.

The National Health Information Network (NHIN) works in collaboration with the AHIC as part of the National Health IT effort to enable widespread interoperability of health information across the public and private sectors. Through NHIN efforts, a blueprint architecture will emerge for an interoperable, standards-based network for the secure exchange of healthcare information. These "prototypes" will include the entities and properties necessary to unambiguously define general and use case specific network services, capabilities and functions.

To achieve this priority, the MHS is:

- Developing a plan specifying how the next generation of TRICARE contracts will include provisions encouraging the adoption of Health Information Technology Standards Panel (HITSP) standards.
- Continuing to shape American health IT standards and policy through active participation in American Health Information Community (AHIC) working groups.
- Incorporating approved Consolidated Health Informatics (CHI) standards in contracts for new development activities

Changes Since March 2006 Congressional Report

MHS is a newly added transformational effort to the ETP since the March 2006 Congressional Report.

MHS Accomplishments and Impacts

Provide comprehensive, globally accessible medical information and continue deployment of the Electronic Health Record

- As of 1 September 2006, AHLTA has been deployed at 131 of 138 DoD medical facilities and 53,924 of 63,000 total users have been trained. As we complete AHLTA Block 1 deployment, train personnel and add functionality, we are driving toward greater unification and availability of health information. Use of that information, from high-level trend analysis and crafting of preventative health programs, to enhancing point of care activities that will help transform the delivery of healthcare.
- AHLTA has patient-centered electronic medical information for 8.5 million of 9.2 million beneficiaries. This unprecedented availability of information significantly increases the DoD capability to have the right information available at the point of care.
- AHLTA has deployed a capability that allows real-time encounter documentation and enables retrieval of critical electronic medical information at the point of care for over 80% of the planned user population. This has led to benefits articulated in terms of health improvement, error reduction, cost avoidances, revenue enhancements and operational improvements.

Eliminate barriers to interoperability and enable the secure sharing of beneficiary data, and medical records

- From March 2006 through June 2006, the Federal Health Information Exchange (FHIE), the first phase of the JEHRI implementation, increased unique patients from 3.29 to 3.5 million; lab results from 45.6 to 46.9 million; radiology reports from 7.27 to 7.4 million; pharmacy records 45.8 to 47.1 million; and standard ambulatory records from 44.2 to 46.3 million. These increases have contributed to a seamless transition for separated service members enrolling for care at the VA.
- From March 2006 through June 2006, the Bidirectional Health Information Exchange (BHIE), part of the second phase of the JEHRI implementation, increased unique correlated patients from 909,000 to 1.5 million; unique new patients from 349,000 to 628,000; weekly FHIE/BHIE queries from 3,124 (June to December) to 8,690 (3rd Quarter FY06); and the number of DoD sites with BHIE operational from 8 to 15. Increasing the number of shared patients with real-time information available to DoD and VA providers enhances continuity of care for patients treated by both Departments and potentially decreases the number of

repeated laboratory or radiology tests performed since the information is readily available to the providers at the point of care.

- From March 2006 to June 2006, Pre- and Post- Deployment Health Assessment (PPDHA) forms sent to VA via FHIE increased from 1.2 to 1.3 million and unique individuals with PPDHA forms transferred to VA increased from 512,500 to 568,000. Because of these increases, more separated Service members and Reserve and National Guard members who have been deployed and are now demobilized have data available at VA if they present themselves to VA for care. (Note: Reserve and National Guard members who have been deployed and are now demobilized are eligible for VA care for 2 years post-deployment.)

Promote the adoption of interoperability standards for Health IT

- The MHS participated in AHIC working groups that recommended a set of health IT standards that will be adopted by government and private sector healthcare providers. By helping to select and shape the use of these standards, the MHS ensures that DoD interests are represented, and that these standards will be implemented by the DoD and other network providers across the Military Health System.
- The MHS implemented the use of standard contract language that includes the adoption of approved CHI standards

MHS Priority	FY06 Critical Milestones	FY07 Critical Milestones
Provide comprehensive, globally accessible medical information and continue deployment of the Electronic Health Record (EHR)	√ AHLTA: Increase the number of patient encounters in AHLTA to 22,000,000	• AHLTA: FOC for Block I • ALHTA: Increase the number of patient encounters in AHLTA to 35,000,000 (Q4) • ALHTA: Complete OT&E in anticipation of deployment of AHLTA Block 2, Release 2 for Block II (Q4) • ALHTA: Correct any ALHTA infrastructure or applications deficiencies discovered during OT&E in anticipation of deployment in next fiscal year for Block II (Q4)
Eliminate barriers to interoperability and enable the secure sharing of beneficiary data and medical records	√ JEHRI: Expand BHIE implementation to 12 additional DoD sites	• JEHRI: Implement PDHRA (Q1) • JEHRI: Obtain government acceptance approval of CHDR Phase 2, Release 1 (Medications and Allergies) (Q1) • JEHRI: Expand BHIE, part of 2nd phase of JEHRI implementation to additional sites (Q2) • JEHRI: Implement CHDR-BHIE Interface, Release 1, part of 2nd phase of JEHRI implementation (Q3) • JEHRI: Implement IDS CIS-BHIE Deployment Release 1, part of 2nd phase of JEHRI implementation (Q3) • JEHRI: Implement CHDR Phase 2, Release 2, part of 2nd phase of JEHRI implementation (Laboratory Results) (Q4)
Promote the adoption of interoperability standards for Health IT	√ NHIN: Incorporate approved CHI standards in contracts for new development activities	• NHIN: Develop DoD's plan for incentivizing purchased case provider adoption of Health Information Technology Standards Panel (HITSP) standards in future TRICARE contracts (Q2)

MHS Near-Term Plans

Provide comprehensive, globally accessible medical information and continue deployment of the Electronic Health Record

- Test the capability to share computable pharmacy and medication allergy data between the AHLTA Clinical Data Repository with the VA's Health Data Repository.
- Add the capability for documentation of Injury Cause Codes and Physical Profiles in support of a SECDEF 2006 mandate to reduce the injury rate by 75% and improve readiness.
- Expand development of AHLTA by including Composite Health Care System (CHCS) ambulatory encounter documentation (e.g., Consult Tracking; Alerts and Reminders, and Role Based Security).
- Capture and provide medical information electronically across the continuum of care for healthcare services rendered: medical exams, changes in Service members' medical condition, and pre- and post-deployment health assessments.
- Complete the worldwide implementation of AHLTA Block I across the Military Health System.
- Establish the means to assess the medical condition of members of the Armed Forces assigned worldwide, as well as those members deployed as part of contingency operations at home or abroad.

Eliminate barriers to interoperability and enable the secure sharing of beneficiary data, and medical records

- Maintain a clinical data repository (CDR) of computable health data to enable Population Health and Disease Management, and populate data warehouses that may be used for medical surveillance and research. This same CDR makes great strides towards maintaining a complete longitudinal record of care for each DoD beneficiary.

Promote the adoption of interoperability standards for Health IT

- Develop a plan to implement HITSP standards in next generation of TRICARE contracts.
- Develop contract language that will incentivize purchased care providers to adopt HITSP standards.
- Continue to participate with the Health IT Policy Council (HITPC).

Case in Point: DoD and VA Prove Partnership Means Win for Patients

Initially certified through the MHS Defense Business Transformation (DBT) Program in September 2005, the Joint Electronic Health Records Interoperability suite, JEHRI, is a true model of federal agency interoperability. What started as a simple collaborative effort between the DoD and VA in 1998, JEHRI has since emerged as a coherent plan driving the exchange of health data between the MHS and the VA. Through JEHRI, the DoD and VA are developing a health information infrastructure and architecture supported by common data, communications, security and software standards and high performance health information systems.

Unlike other MHS investments focused on unique system modernizations, JEHRI is a joint plan deployed in two phases: (1) one-way electronic data exchange (executed by the Federal Health Information Exchange (FHIE)) and (2) bidirectional (executed by the Bi-directional Health Information Exchange (BHIE) and Laboratory Data Sharing Initiative (LDSI) and computable data exchange (executed by the Clinical Data Repository/Health Data Repository (CHDR)). These exchanges enable the transfer of protected information including outpatient pharmacy data, laboratory orders and results, radiology results, consult reports, allergy information, discharge summaries, admission information, pre- and post-deployment health assessment information, diagnostic codes and procedure codes.

JEHRI is an investment that enables the creation of efficiencies between departments and business processes, reduces complexity between systems, and focuses investments on collaborative efforts. The sharing of clinical data between the DoD and VA has decreased redundant tests and procedures and reduced dependency on paper records. The result is a process that supports electronic sharing of health data leading to a reduction of costs associated with photocopying, filing, indexing and tracking of paper medical records as veterans transition from active duty into the VA Healthcare System.

FHIE has been successfully deployed and implemented across DoD and VA. As of June 2006, FHIE has enabled the transfer of historical data from DoD Composite Health Care System (CHCS) to the FHIE data repository which is accessible by VA VistA CPRS including:

- 3.5 million unique patients
- 1.8 million correlated patients
- 46.9 million lab results
- 7.4 million radiology reports
- 47.1 million pharmacy records
- 46.3 million standard ambulatory records

BHIE is operational at all VA sites and select DoD sites worldwide including 13 medical centers, 14 hospitals and more than 150 clinics. Since May 2006, BHIE has enabled the bidirectional exchange of current medical information for:

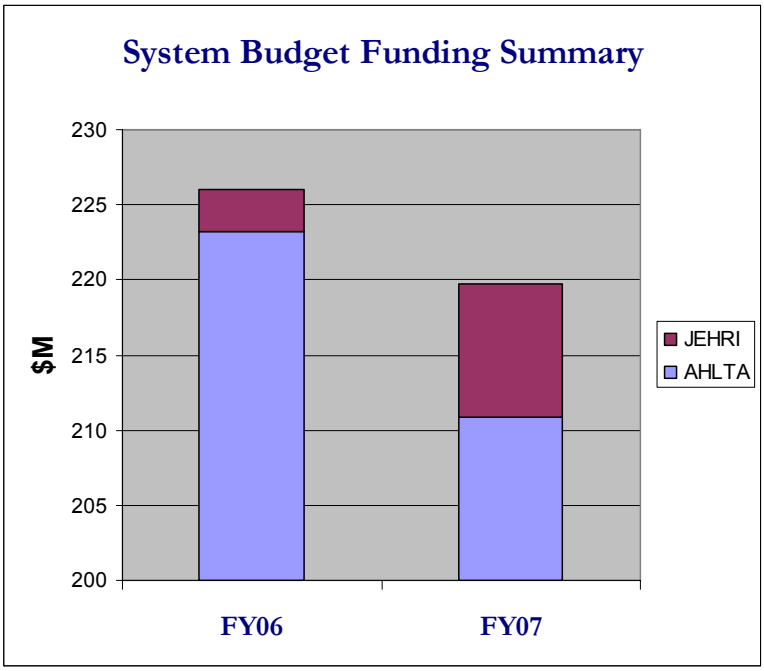
- Over 1.5 million unique correlated patients
- Over 628,000 unique new patients (not in the FHIE data depository)
- 8,690 weekly FHIE/BHIE queries in 3rd Quarter FY06

LDSI is operational between six DoD and VA locations where one Department uses the other as a reference laboratory. The El Paso and San Antonio, Texas, locations have processed over 8,200 chemistry laboratory tests using LDSI.

Both DoD and VA continue to spearhead their collaborative efforts with JEHRI. The agencies are committed to further streamlining their data exchange and their adoption of health IT. Through JEHRI and their continuous alignment to privacy and security regulations, DOD/VA have made significant strides in the delivery, quality and continuity of healthcare. Today, JEHRI is the recognized federal model for electronically exchanging health records. It exemplifies how federal agencies can take the lead in health IT adoption and prime the marketplace.

MHS Budget Summary

The Budget Summary below shows approved FY06 and FY07 budgets for TMA certified programs.



Systems and initiatives funded without discrete PB07 budgets:

- NHIN

Note: Budgets shown above are for DoD funding only. For additional details and explanatory notes, please refer to Appendix I in Volume 2.

MHS Program Mapping to Business Value Added Framework

The BVA framework is not applicable to MHS; however, MHS uses other metrics to measure business value as shown in Appendix F.

Section III:
Managing Enterprise Transformation

The mission of the Business Transformation Agency is to guide the transformation of business operations throughout the Department of Defense and to deliver Enterprise-level capabilities that align to warfighter needs.

Chapter 10: Managing Enterprise Transformation through the Defense Business Transformation Agency (BTA)

A business enterprise by its nature is not a functional, stovepiped organization, but an integrated operating entity focused on optimal performance. The BTA seeks to enable an enterprise-view of defense business performance and serve the corporate needs of the entire Business Mission Area in an integrated way. Establishing the BTA is a significant accomplishment in its own right and provides a solid foundation for future progress.

The BTA will support enterprise business transformation by centralizing resources, funding, and oversight of execution of DoD-wide business transformation activity as directed by the DBSMC. This approach is consistent with a corporate model but it is new for OSD policy offices to integrate their respective lines of business. For example, delivering a materiel receipt capability crosses the functional boundaries of logistics, financial management, and supplier engagement and uses enterprise-wide standards to ensure interoperability and accurate information flow.

Another of the BTA's most significant achievements has been developing a culture of continuous improvement to encourage a mind-set that says, "every six months, things get better." Continuous improvement relies on tangible outcomes that are measurable, that impact the warfighter and that create transparency to the taxpayer. This culture improves the current state by encouraging a passionate sense of dissatisfaction with wherever the Department is at any given time. The BTA has made progress in helping the Department see why the status quo is unacceptable and maintaining momentum for transformation by continually asking, "How are we making things better for the warfighter, decision maker, and the taxpayer?'

To support the strategic objectives for business transformation, the BTA is focused on:

- **Getting Closer to Our Customers** by achieving business transformation results that make a difference to the warfighter
- **Realizing Business Capabilities through Program Portfolio Management** using DBSAE leadership to improve the acquisition oversight of Enterprise programs
- **Guiding Transformation with Plans and Architectures** (the ETP and BEA) through an integrated approach for transformation
- **Enabling Business Agility through SOA and Federated Architecture** to manage business integration and expedite transformation by better coordinating linkages between the Enterprise, Component, and Program business IT services and architectures
- **Increasing Enterprise Integration** by leveraging best practices across DoD ERP implementation initiatives and working toward rapid adoption of DoD-wide information and process standards
- **Evolving Investment Review and Accelerating Systems Acquisition** to provide better, faster Business Capability improvements and achieve greater investment return
- **Developing and Fielding Transformation Expertise** through an active human capital strategy focused on building government skills to integrate and execute DoD's business transformation efforts

Getting Closer to Our Customers

To respond rapidly to today's warfighter at the "tip of the spear," the BTA is dedicated to serving as a coordinating bridge between the business enterprise and its customers serving in far-flung regions around the globe, providing direct support and communications between the corporate staff of the Business Mission Area and its customers in the Warfighting Mission Area.

The BTA is focusing on:

- Engaging with appropriate Joint Staff, COCOM, and Service representatives to identify cross-Component opportunities and facilitate improved support through interoperability
- Objectively documenting near-term business requirements and knitting capability gaps of the deployed tactical forces
- Facilitating implementation and resourcing of tactical-level business system and process improvements that are in keeping with the Department's Business Enterprise Priorities
- Analyzing business issues relevant to deployed warfighters to advance a Common Operational Picture (COP) for improved decision making

Within the past 12 months, the BTA has made important progress in aligning the combat support requirements of deployed warfighters to the defense business infrastructure that supports them. For example, to improve materiel visibility, the BTA has accelerated delivery of important functionality to a Warfighting Mission Area system, the Battle Command Sustainment Support System (BCS3). The BCS3 is a maneuver sustainment command and control (C2) system, being used by deployed soldiers and Marines, that fuses sustainment, in-transit, and force data to aid commanders in making critical decisions at all levels (strategic, operational, and tactical). Via new technology insertion into BCS3, the BTA-sponsored enhancements have included integrating "ground deviation alerts," container management capabilities, and improved transportation capacity planning. The BTA continues to work closely with the Army and Marine Corps to accelerate delivery of these improvements to help meet the immediate needs of ground forces needing a COP for shared battlespace awareness.

The BTA is also supporting enhancements in areas such as cargo movement operations and mortuary affairs.

In-Theater Business Transformation Conferences

The BTA has been actively and directly involved in assessing improvements to the business architecture of in-theater operations. The BTA frequently supports and participates in several business transformation conferences in the Continental United States (CONUS) and in-theater in the CENTCOM AOR. These events have brought together uniformed members of the armed forces with interagency officials and thought leaders from the private sector, non-governmental organizations, and academia to examine options to improve the economic lines of operation in Iraq to enhance effectiveness and sustainability of those operations. The BTA is supporting these events to synchronize current enterprise-related business transformation efforts with in-theater initiatives. Specifically, the BTA is assessing common enterprise-level business processes and associated systems supporting contingency contracting, logistics, and funds distribution; with a goal of accelerating stabilization and reconstruction operations in Iraq. These in-theater business efforts align to the Business Enterprise Priorities.

Next Steps for Warfighter Support

Based on lessons learned from recent military operations in Iraq and Afghanistan, business transformation now includes greater emphasis on stability operations. That is, today's operational environment involves not only military force, but also simultaneous economic and diplomatic efforts, informational campaigns, and multinational collaboration.

The BTA is playing an important role in helping to shape this new operating environment. Through its Task Force to Support Improved DoD Contracting and Stability Operations in Iraq (see Chapter 1), the BTA is looking at ways to modernize and adapt existing systems and procedures to better respond to warfighter needs and accelerate reconstruction efforts and stability operations in Iraq.

Specifically, the Task Force is working to:

- Deploy a common system and business process for contingency contract management in Iraq (in English and Arabic) to provide online access through locally-available technology, non-electronic communication, and other rapidly available communication vehicles
- Create better contract bid visibility and access to Iraqi industry using a vetted database of Iraqi contractors
- Partner with OSD policy offices and Joint Staff, Service Procurement Executives, to rapidly close identified contingency contracting policy issues
- Identify DoD business enterprise processes, systems, and/or policy issues affecting flexible execution of contracting aligned to the CENTCOM Commander's intent
- Accelerate contingency operations doctrine definition in the Business Mission Area and adjusting the BEA accordingly

Once specific problems are defined and scoped for improvement, the Task Force will develop and deploy as simple and elegant a solution as possible within 90 days. The Task Force will deploy a support team in country in order to facilitate delivery of solutions and improve business and stability operations. Follow-on efforts will focus on locally sourcing DoD contracts, beginning with basic commodities, to reduce costs and stabilize the economic infrastructure.

Additionally, defense business transformation will strengthen support to the warfighting community in creating a business and information environment adept at supporting rapid, reconfigurable, and synchronized military operations. The focus will be to:

- Engage with Joint Staff, COCOMs, and Services to deepen understanding of challenges and successes realized by operating forces – participating in warfighter-sponsored workshops, analyzing support trends, conducting lessons learned forums, and disseminating feedback within the BTA.
- Strengthen alignment to joint requirements, planning, and programming – leveraging lessons learned from military operations, COCOM's Integrated Priorities List (IPL), and Joint Warfighting Capability Assessments to identify short-term capability gaps that require immediate action.
- Continue delivering critical near-term business capability improvements needed by warfighters today – shifting from a peacetime, CONUS, and centralized mindset to a customer-focused, contingency-oriented, distributed approach.

Realizing Business Capabilities through Program Portfolios

DoD's business transformation focus has moved from planning to implementation. The BTA is central to this focus, driving implementation of the programs that will deliver Business Capability improvements.

In 2005, the DBSMC Chair established the Defense Business Systems Acquisition Executive (DBSAE) within the BTA to directly oversee designated enterprise-level business systems. The position of DBSAE was filled in December of 2005. The DBSAE also serves as the Milestone Decision Authority (MDA) for programs assigned by the DBSMC, manages DoD enterprise level business system acquisitions, and has authority over budget formulation for all such systems. The DBSAE's relationship to the DBSMC removes multiple decision-making layers and resolves enterprise-level issues at the executive level. The DBSAE also establishes strategic vision for enterprise-wide programs and serves as a key advocate for the programs.

The DBSAE leadership has improved the acquisition oversight of Enterprise programs, and is progressively adding Enterprise-level systems and initiatives to its oversight in an effort to provide better, more coordinated and efficient management of these programs.

Major DBSAE accomplishments since the March 2006 Congressional Report on business transformation include:

- Established a DoD level governance model in the form of a DIMHRS executive (Major General/Rear Admiral – O8 level) Steering Committee, chaired by the DBSAE and operating under a coordinated, approved charter which engages more DoD senior leadership.
- The DIMHRS Steering Committee also approved a Configuration Control Board process that will prove vital to helping the Enterprise Program Management Office (EPMO) provide functionality and program control.
- Provided a Defense Travel System (DTS) status update to the DBSMC; fielded the Monroe Release and adopted a new DoD O8 level Governance/Steering body for this critical enterprise system.
- Provided Policy Guidance for DBSAE systems to support the FY08 President's Budget.
- Institutionalized the DBSAE Integrated Transaction Architecture Workshop to provide greater integration and interoperability.

- Established a PEO/portfolio structure with transition leads responsible for exercising oversight and program control on behalf of the DBSAE and managing program transition to full DBSAE control. The management provided by the transition leads maximizes interoperability, minimizes redundancy and thereby reduces costs.

To support the delivery of capabilities that are high-priority to the DBSMC and Deputy Secretary, the BTA has established a new Directorate of Priority Projects. The directorate is overseeing the delivery of critical enterprise services such as BEIS Phase I, the Strategic Resource Decision System (SRDS), and the Intragovernmental Transactions (IGT) initiative.

Next Steps for Realizing Business Capabilities through Program Portfolios

Over the next year, the DBSAE will assume responsibility for additional Enterprise-level systems and initiatives to provide better, more coordinated and efficient management of these programs. The DBSAE will use the recently-developed steering committees to further integration and address cross-Component issues affecting enterprise systems. Additionally, the DBSAE is working to integrate the architectures of those systems to enable them to operate in an SOA environment.

Guiding Transformation with Plans and Architectures

Defense business modernization is being successfully guided by a complementary set of transformation tools that include the ETP and BEA. The use of these tools, and the approach for transformation, is described in DoD's *Business Transformation Guidance (BTG),* published in June 2006.

The ETP articulates a systematic process for delivering improved capabilities that will have a major impact on the performance of the Department's Core Business Missons. The BEA provides the architectural framework for the Department's interoperable information infrastructure.

In FY07, there will be an increased emphasis on rigorously applying the cornerstone tools that have been driving business transformation over the past year. As these tools mature, they are successfully making the transition from conceptual to operational, becoming an integral part of the transformation tapestry.

Enterprise Transition Plan (ETP)

The Enterprise Transition Plan guides and tracks the business transformation of the DoD Business Mission Area by: (1) describing what DoD is trying to achieve and how we will know when we get there; (2) capturing milestones and metrics to guide Business Capability improvements; (3) identifying tangible benefits for each investment; and (4) documenting a baseline against which to measure progress. Components develop strategies, schedules, and budgets and define Business Capabilities in their transition plans that are then incorporated into the DoD-wide ETP. The Enterprise and Component priorities, as well as the detailed plans for achieving them, are aligned in the ETP. The ETP summarizes planning information for selected programs that support the Enterprise priorities and for Component programs that support Component or Enterprise priorities. This summary provides an integrated product for communicating and measuring progress.

ETP enhancements since the March 2006 Congressional Report are focused on three aspects of Business Capability improvement: (1) measuring Department progress in achieving Business Capability improvements, (2) documenting Business Capability gaps and identifying which solutions address each gap, and (3) more clearly articulating the functional scope and organizational span of solutions.

Measuring Progress

The ETP is now tracking a more integrated set of performance outcomes at the system, Business Capability, and CBM levels. At the DoD Enterprise level, performance management is focused on achieving Business Enterprise Priorities via Business Capability improvements and program implementations. Across the entire Business Mission Area (both Enterprise and Component levels) this plan is now documenting the impact of programs on the ten BVA outcomes. The ETP tracks System Outcome metrics in Appendix K, Business Capability metrics in Appendix E, and progress towards achieving the BVA outcomes in Chapters 2 through 9 with details in Appendices E and F. Moreover, DoD is measuring progress through the achievement of system and initiative milestones. The milestone plans in the ETP have been rebaselined (i.e., dates were adjusted from those documented in the baseline Key Milestone Plans in September 2005) to reflect the implementation realities that have emerged over the last year and reflect the realignment of the Department's priorities in delivering capability improvements.

Gap Analysis

Since March 2006, the BTA has been working on a rapid data collection effort to document how BEA architecture elements (including Business Capabilities) contribute to resolution of significant DoD issues (mission needs, problems, materiel weaknesses, and unanswered questions), also called Business Capability gaps. For this initial assessment, gaps were identified based on priority issues and included:

- Lack of accurate and timely access to military pay and benefits information
- Lack of personnel visibility during inter-Component transfers, mobilization, and temporary assignments
- Lack of full visibility of appropriated funds as they pass through and across different levels of the enterprise
- Misaligned Statement of Net Accounts
- Fragmented and unsynchronized Logistic Master Data
- Unreconciled intragovernmental transactions
- DoD real property inventory information is incompatible across the Defense Components and is inaccessible to key users

For each gap, functional subject-matter experts (SMEs) and architects diagnosed the root cause of the gap (such as inaccurate data or differing processes) and mapped the gaps to the BEA and the ETP. For example, for the issue of unreconciled intragovernmental transactions, root cause analysis identified more than ten contributing factors to the existence of a persistent material weakness. The four root causes deemed most influential to resolving the larger issue were addressed during BEA development.

Benefits of this analysis include the ability to link top “As Is” findings/issues to the most influential solution elements in the BEA and ETP and to check implemented solutions against Business Capability gaps. The gap analysis results can also be used to support decisions about priorities for business transformation, capability improvements, and future BEA and ETP development.

Functional Scope and Organizational Span

With this version of the ETP, the DoD is depicting the functional scope and organizational span of system solutions. Appendix E now shows which Enterprise and Component target systems support each Business Enterprise Priority, while the online version of the ETP shows the scope and span of all Enterprise and Component target systems. These depictions provide a means to better understand and articulate which Business Capabilities will be improved and which

organizations will be impacted. They also provide the structure and content to understand the enterprise alignment among systems, and to coordinate who is improving the system functionality for which users across the Department to better focus improvements, avoid gaps, minimize overlaps, and invest accordingly.

Next Steps for the Enterprise Transition Plan

The March 2007 BTA Congressional Report will update the status of this plan, reflect the 2008 President's Budget, and align to BEA 4.1 changes.

The September 2007 ETP update will align to BEA 5.0, reflect a tighter federation of architectures and transition plans across the Business Mission Area, as well as more concrete steps toward implementing an SOA approach.

Over the next year, DoD will enhance performance metric tracking, improve the quality of system functional scope and organizational span information, better integrate Component plans with Enterprise plans, better federate plans for each Business Capability, and evaluate adding other Components to the ETP.

DoD will also improve the production of the ETP by implementing the processes described in the BTG, including a more robust process for identifying Business Capability gaps and prioritizing associated improvements, and improving the authoritative sources of planning data.

All metrics reported through the ETP will be reviewed to ensure they link performance improvement at the system, initiative, capability and enterprise levels to improvements in business or financial value. Where a metric does not directly link to an improvement in business value, DoD will evaluate new metrics to drive an improvement in business value.

In sum, these improvements will result in a plan that supports improved decision making – and those decisions will provide better and quicker benefits to the warfighter, decision maker, and taxpayer.

Business Enterprise Architecture (BEA) 4.0

As required by the FY05 NDAA, BEA 4.0 provides the architectural framework for an information infrastructure for the DoD, including business rules, requirements, data standards, system interface requirements, and the depiction of policies and procedures. This framework is provided through a set of DoD Architecture Framework products, including Operational, Technical, System, and All View products.

BEA 4.0 was developed under a federated approach to architecture whereby the full scope of the DoD Business Mission Area is covered by the BEA together with Component architectures. Under this approach, BEA 4.0 addresses the DoD Enterprise-wide requirements. Components and Programs will then create their relationships to the enterprise BEA using federation strategies and principles. This federated approach for the BEA, which began with BEA 3.0, is markedly different from earlier attempts to manage a single, centralized architecture spanning the full range of functions and activities of the Department. This transformation effort focuses on providing tangible outcomes for a limited set of priorities, and developing an architecture that is integrated, realistic, and actionable. The current scope, defined by the six Enterprise priorities, permits the BEA to develop and expand in a controlled and consistent fashion. The framework and architecture products developed for these Enterprise priorities will be extended to all defense business systems and initiatives. As new priorities are identified and existing priorities mature, DoD will refine and extend the BEA to address the required capabilities.

This approach provides the most appropriate balance between meeting the requirement to articulate Departmental business processes and an architecture that supports the implementation

of those Defense business solutions determined to be the highest priorities of the Department in support of the warfighter.

Enhancements to the BEA in Version 4.0 focused primarily on three Business Enterprise Priorities: Acquisition Visibility, Financial Visibility, and Real Property Accountability. In addition, all Business Enterprise Priorities participated in general cleanup activities, including an effort to improve the Process Model (OV-6c) that brought BEA process diagrams into conformance with business process modeling notation. This effort simplified process diagrams, thus improving visualization and usability of the process models and the overall architecture.

Acquisition Visibility continued to focus on the development of critical executive-level business processes that were identified as gaps in previous BEA releases. Efforts included the hierarchical repositioning of the "Manage the DoD Decision Support System" on the Enterprise Node Tree as "Execute DoD Decision Support System", along with the re-alignment of the supporting sub-activities. These executive-level business decision processes drive and/or affect all other business processes within DoD. This improvement effort initiates the illustration of the executive-level decision-making business activities within the Department; captures the Department's executive-level and cross-cutting business activities; and provides the capacity to further identify critical touch points with the Component and Federated Enterprise Architectures.

Financial Visibility focused on the Planning, Programming, and Budgeting (PPB) process and the Funds Distribution process. PPB was revised to reflect updated DoD and other federal guidance. Benefits of an integrated PPB process include the elimination of duplicate information reported to Congress, the elimination of multiple submission formats, the provision of a consistent data structure across appropriations, the integration of PPB data, and the consistent reporting of program and budget data.

The Funds Distribution process and data requirements were enhanced in BEA 4.0 to:

- Streamline funds distribution processes for all DoD appropriations
- Standardize funds distribution data across the enterprise
- Automate the audit trail between the President's budget submission and appropriations enactments
- Automate and integrate funds authorization documents (FADs), track funds reprogrammed, and electronically track funds distributed for execution
- Provide full visibility of appropriated funds as they pass through and across different levels of the enterprise

Financial Visibility and Common Supplier Engagement also made minor updates to the intragovernmental transactions (IGT) processes and business rules that were integrated into the BEA in version 3.1. The IGT updates address one of the DoD's material weaknesses (financial eliminations) by way of standardized, consolidated, and integrated processes and system components.

Real Property Accountability (RPA) focused on three areas: Construction in Progress (CIP), Environmental Liabilities, and Hazardous Materials. In the area of Hazardous Materials (Hazmats), the effort involved enhancing the common business process and data models for developing Hazmat process controls. The result is the initial integration of sound Environment, Safety, and Occupational Health (ESOH) management into mission activities to provide authoritative Hazmat data across DoD, improved visibility and accountability for Hazmats, and most importantly, protect people, property, environment and mission capability. In the area of Environmental Liabilities, RPA integrated the data requirements needed to support a complete, accurate, and visible inventory of environmental liabilities reconciled with asset records. This work addresses a long-standing material weakness within the Department. Additionally, RPA

worked on BEA changes that allow for reliable and consistent reporting of CIP to project and financial managers, as well as contributing to the achievement and sustainment of an unqualified audit opinion.

Responsive to the boundaries of tiered accountability, the BEA also re-established the requirements within the Laws, Regulations and Policies (LRP) repository. The LRP now provides more user-friendly data for assistance in determining BEA compliance by mapping to the BEA at the high-level chapter and/or section level of each applicable requirement, versus the detailed (sentence-level) mappings previously captured and maintained. This initiative also included the improvement of the leveling of the requirements to the enterprise processes across all of the Business Enterprise Priorities. This resulted in reducing the number of detailed requirements in the repository from over 122,000 to fewer than 10,000 without forfeiting the quality of the LRP repository.

In preparation for future BEA development, a Look Ahead High-level Enterprise Activity Model (OV-5 Node Tree) was delivered with the BEA 4.0. This establishes a high-level hierarchical structure for later detailed decomposition of DoD business activities. This effort substantiates the importance of strategic planning; facilitates subsequent spiral development planning activities for future BEA iterations, and serves as a communications tool for socialization and integration of the DoD BEA with Component and Federated enterprise architectures.

Case in Point: Using Architecture to Address Business Problems

Solving the intragovernmental transactions material weakness illustrates how DoD is using the BEA to enable transformation. As with any problem, DoD began its transformation approach by understanding the Business Capability gaps (e.g., problems, mission needs, and unanswered questions) and determining the Business Capability improvements required. Transformation is achieved as Business Capability improvements (via people, process, and technology) are realized.

DoD has a well-documented material weakness of being unable to adequately account for intragovernmental transfers of funds or assets – leading to problems with budgeting and funds execution as well as preventing a clean audit. To address this, the BTA has made solving this problem an objective of the Financial Visibility Business Enterprise Priority and created an IGT initiative to address it. The analysts assigned to the IGT initiative determined that the most influential root causes (gaps) of IGT are:

Data:

- A Trading Partner number is not captured on all contracting source documents
- A common document number is not carried throughout interagency contracting process

Processes and Business Rules:

- Transactions are inconsistently recorded across agencies
- Accounting methods are inconsistently applied across agencies

These root causes were then addressed by BEA 3.1 processes, data, and business rules as well as the Standard Financial Information Structure (SFIS) data standard (on the requirements side). The new requirements were built into the plans for systems improvements (on the implementation side). The BTA also identified an opportunity to expedite change by piloting an IT service—the Intragovernmental Value-Add Network (IVAN) demonstration system to mediate transactions and enforce required data standards and rules.

This illustrates how DoD's business transformation approach uses an architecture, a data standard, and an IT service to fundamentally transform DoD's business through improved financial visibility. Visibility, in turn, will allow more effective budgeting and funds execution.

Next Steps for Extending the Business Enterprise Architecture

To better support business transformation, the BTA will release BEA 4.1 in March 2007. It will focus on three areas:

- Stabilizing the BEA
- Improving its usability
- Increasing its visualization qualities

BEA 4.1 will increase the value that architecture brings to DoD's transformation efforts. This improvement is guided by responses to an online questionnaire and a series of focus groups, both of which served to provide requirements for stabilizing the BEA, increasing its utility and enhancing its visualization. Focus groups included representatives from investment review boards, Component enterprise architects, and program managers of major DoD business systems. Planned improvements will enable the BEA to better support informed decision making and investment review, ensure the BEA is useful, usable and properly configured to guide implementation and allow federation of the BEA, Component, and Program architectures in support of common business capability improvements. The requirements gathered will serve as the foundation for senior leadership to then determine the prioritized scope and content for BEA 4.1 and beyond.

Stabilizing the BEA

Stabilizing the BEA will minimize changes in those areas where the architecture is adequate, and focus enhancements on areas where it is not. This will expedite program implementation by eliminating unnecessary changes, while making changes to provide additional guidance where necessary. As part of stabilization, the Department will determine critical needs (current Business Capability gaps as well as new desired outcomes) whose solution will benefit from inclusion in the BEA (e.g., those gaps that can be addressed by more clearly depicting enterprise-wide processes, information, rules, or providing a common reference for target systems and initiatives to achieve interoperability and integration). As each need is validated and prioritized, it will be assigned to a future BEA release. With the focus of transformation efforts remaining on implementation, only limited architecture content expansion is being considered for inclusion in the next version(s) of the BEA. One area planned for inclusion in BEA 4.1 is expanded content of the SFIS Phase 3 data standards, which focus on cost accounting. The BTA will also address other content needs identified through feedback on BEA 4.0.

To further enhance the stabilization of the BEA, and with the emphasis on implementation, the BTA is determining a method by which the maturity of business capability improvements is able to be expressed architecturally. This will allow programs to fully assess their compliance to the architecture within a dynamic environment. In addition, the BTA will also improve the description and delineation of which BEA elements provide rules and requirements for business operations and which provide context for federation and analysis.

Increasing BEA's Utility

The BEA is a tool used in processes throughout DoD's Business Transformation Approach (e.g., setting priorities that align with DoD's overall strategy, determining the scope and span of solutions, planning transformation, funding programs, managing investments, implementing programs, and evaluating progress). The use of the BEA in these various processes is maturing concurrently with the architecture itself. To stay aligned with the needs of these processes, the BEA will adapt to increase its utility. Currently, the BTA plans to increase BEA utility by:

- Establishing a BEA help desk
- Simplifying architecture diagrams
- Holding more frequent sessions to introduce the BEA to new users and obtain feedback from focus groups
- More clearly identifying changes within the architecture between each release

Enhancing BEA's Visualization

Enterprise architecture is a robust tool used to document transformation and alleviate risk. However, the BEA, in its native format (Telelogic System Architect), is accessible only to those

who both own a license and understand the underlying structure of the architecture. This poses challenges for program managers to glean meaningful requirements and for planners to understand the envisioned "To Be" state. To mitigate this, the BTA has also delivered a fully integrated and linked internet (HTML) version of the architecture (which also links the BEA and ETP). In addition, the BTA released in July the Architecture Compliance and Requirements Traceability (ACART) tool, which provides a significantly enhanced user interface to the BEA. ACART enables each program impacted by BEA requirements to drill down to those requirements that are specific to that program's scope. Opportunities remain to further enhance the visualization of BEA. These include:

- Tailoring architecture views to display information for a specific system or program
- Bundling architecture information by Business Capability
- Provide clear linkage and visibility from the BEA to Component and Program architecture products federated across the Business Mission Area.

Enabling Business Agility through SOA and Federated Architecture

Business agility will be enabled by a modular, federated integration of applications and software. As the Department is engaged in deploying a set of enterprise-level solutions that include data standards, systems, and service delivery applications, it has also devised a federation strategy to manage business integration.

By implementing the federation strategy, DoD will expedite its business transformation by better coordinating linkages between the Enterprise, Component, and Program business architectures. This strategy uses the Business Transformation Approach described by the BTG, guiding DoD through the documentation of required Business Capability improvements in architectures and transition plans, and through interoperable implementations.

A key aspect of the federation strategy includes the establishment of an SOA at the Enterprise level. The SOA will provide the technical foundation for interoperability that the Department requires to be more agile and adaptable, while ensuring the information assurance controls are in place to protect and defend the information and information systems by ensuring their availability, integrity, authentication, confidentiality, non-repudiation, and providing for restoration of information systems by incorporating protection, detection, and reaction capabilities.

Implementing the federation strategy will enable business architectures and transition plans at Component and Program levels to align to the BEA and ETP while preserving their autonomy to define the required Business Capability improvements for their unique requirements. Federation follows a tiered accountability approach, which means in this context that each tier is responsible for developing its own architectures as well as aligning its transformation with the strategic direction of the DoD.

DoD's federation strategy will focus on three parallel efforts.

- Federate DoD's business architectures (blueprints) around the BEA following the tiered accountability approach for transformation described in the BTG. This linking provides decision makers with information visibility needed to determine how DoD will deliver Business Capability improvements. It will be supported by the Investment Management (IM) Framework which analyzes and identifies both gaps and overlaps in current capability delivery and a methodology for asserting compliance of component or program architectures with the BEA.

- Federate business systems and information services delivery by developing an infrastructure (Business Transformation Engine (BTE)) to support an SOA. The BTE will leverage and build upon existing EIEMA capabilities to enable more agile, efficient delivery of IT support for business processes by implementing the DoD Net-Centric Data Strategy, minimizing point-to-point interfaces, and eliminating duplication of applications and systems.
- Implement federation across the DoD by incrementally deploying IT services which leverage existing infrastructure, systems, vendors, and contracts. Each service will be much smaller and more modular than existing systems, enabling implementation of each service measured in months, rather than years.

Next Steps for SOA and Federation

Over the next year, the Department will begin implementing all three efforts of the BMA Federation Strategy and Roadmap using service-oriented technology.

Implement Operational View Processes and Tools

The BMA supports the Department's efforts toward establishing a set of federation standards implemented by federating repositories and piloting solutions. However, given the need to move rapidly in transforming DoD's business operations, coupled with the NDAA certification requirement, the BMA has instituted additional tools and processes to achieve federation in the near term with existing resources.

The IRBs use information from the IM Framework to identify overlaps and gaps in capability support in order to properly assess and direct resource allocation within the overall business systems investment. The IM Framework provides a mapping across all tiers of capability support towards meeting Enterprise priority objectives. Within the Department's global business systems inventory, each target business system (regardless of where it is architecturally represented) maps where its system functions (SV-5 activities) overlap the BEA. This mapping is collated to visually illustrate how Enterprise Business Capabilities are being supported.

To assist the IRBs and Components in assessing compliance of the Component and Program architectures to the BEA, the BTA has developed the ACART tool. ACART provides a user interface to the BEA that enables each program to assess alignment to the detailed BEA requirements related to pertinent Business Capabilities, Activities, Processes, Business Rules, and Data Standards.

It is expected that ACART data will also reveal BEA shortfalls that will serve as requirements for future versions of the BEA. It is also anticipated that ACART will be used by Components to align their own enterprise architectures with the BEA.

By implementing the ACART tool, the BTA is better enabling BEA-aligned implementation of programs. Results and feedback of the automated alignment have already begun shaping the BEA—over 100 SFIS business rules were added to BEA 4.0 as a result of this feedback. Future BEA versions will be more implementable as facilitated by the ACART tool.

Implement SOA Test and Production Environments

Within the next 12 months, the BTA will implement a business transformation infrastructure (BTI) test environment and subsequent production environment to support goals of the DoD Net-Centric Data Strategy through the establishment of an SOA. In establishing the SOA, the BTA will leverage core enterprise services provided through DISA Net-Centric Enterprise Services (NCES) where available, as well as establishing appropriate business IT services. The BTI will enable interoperation and interconnection of business systems and applications when they need to exchange information by making information visible, accessible, and understandable across federation boundaries. The BTI's technical standards and policies will enable the federation of business operations defined within the BEA. In addition, the BTI provides the standards, policies and technical infrastructure needed to support BMA federation with the other DoD Mission Areas.

Begin Prototyping the SOA

Over the next year, the BTA will begin implementing a series of leave-in-place prototypes to quickly begin leveraging value from the SOA – solving targeted integration problems and filling key capability gaps. Initial candidates for prototypes include: (1) Interoperability Rules and Filters; (2) Interoperability Controller; (3) Services Directory; (4) Centralized Funds Transfer; (5) DFAS Standard Disbursing Initiative (SDI); and (6) End-to-End Business Activity Monitoring (BAM). As part of the planning and evaluation process, the BTA will develop "To Be" technical specifications, business cases, and a detailed implementation schedule.

Increasing Enterprise Integration

To advance enterprise integration as part of its corporate accountability, this year the BTA created the Enterprise Integration Division to focus on enterprise application integration and delivery of enterprise business intelligence and services. Enterprise integration seeks to leverage best practices across DoD ERP implementation initiatives and work toward rapid adoption of DoD-wide information and process standards. This division consists of DoD functional experts, BEA architects, and ERP experts working together with DoD Components.

Enterprise Integration also focuses on integrating key ERP systems that are being implemented within the Military Services. The BTA is working to ensure that those ERP implementations are consistent with the BEA and consistent with each other. The BEA provides the architectural framework for the enterprise information infrastructure and includes business rules, requirements, data standards, system interface requirements, and the depiction of corporate-level policies and procedures.

Part of the joint analysis work that is being conducted with the Component ERP programs relative to BEA requirements is the ability for the EI team to capture feedback from the programs on the content within the BEA. Feedback in areas such as clarity, specificity, and implementability of the BEA are used to shape future BEA versions. Suggestions for updates to the BEA will be considered based on this open dialogue, facilitated by the BTA.

Next Steps for Enterprise Integration

In FY07, the BTA will continue to work closely with several of the Component ERP programs on validating their understanding of some of the highest priority elements incorporated into the BEA. This includes hands-on analysis of application-specific configurations being implemented in SAP and Oracle Applications programs across the Department. Some of the initial areas of focus include: SFIS Phase I, integration of requirements with the BEIS for corporate-level

financial reporting, and the new requirements for Intragovernmental transactions that were introduced in BEA 3.1.

Evolving Investment Review and Accelerating Systems Acquisition

In an effort to provide better, faster Business Capability improvements, the BTA is evolving its investment review process and implementing a new process called the Enterprise Risk Assessment Model (ERAM) to improve acquisition process outcomes and enhance the effectiveness of DoD business systems.

Investment Review

The work being undertaken by the Investment Review Boards (IRBs) is a maturing and continually improving process. Key accomplishments in this area point to improved management of business system investment expenditures, not merely the number and types of systems certified. As part of this evolution, the Department has created a new Investment Management (IM) Framework that focuses on total investment needed to achieve specific Business Capability improvements supporting the Core Business Missions. The IM Framework development is an iterative process and will provide an overarching business investment framework to be used by Components presenting their investments to the appropriate IRB. The intent of the framework is to provide context for all of a Component's investments. Detailed information regarding the IRB review and approval process is outlined in the *Investment Review Process Overview and Concept of Operations for Investment Review Boards.*

In the IM Framework, systems are grouped by business investment areas and mapped to BEA activities. The IM Framework provides a snapshot of a Component's business investments and facilitates the identification of gaps and redundancies. Included for each system is a summary of the certification amount, benefit-to-cost ratio and an alignment to operational activities and key business outcomes—all of which allow modernizations from investment areas to be compared to each other on the basis of value (financial and operational).

After a year of executing the investment review process, the BTA has recognized the need to expand guidance, refine procedures and automate processes to create better auditability, consistency and value. A new BEA Compliance policy document was issued to explain to IRBs, Components, and Program Managers the process for assessing compliance with DoD's BEA. DoD has also issued updates to the previously issued IRB Concept of Operations (CONOPS) and User Guidance. These documents reflect lessons learned and help to streamline processes by automating the generation of much of the documentation and reports used by the IRBs. The CONOPS also addresses a new process for performing annual reviews for all business systems investments over $1M.

Next Steps for Investment Review

To ensure better support to our warfighters and enable financial accountability, DoD will evaluate business system investments with respect to business and financial value. In addition to the BVA Framework described earlier, the IRBs will begin tracking two Lifecycle Return-on-Investment (ROI) financial metrics: Benefit Cost Ratio (BCR) and Net Present Value (NPV). A lifecycle ROI analysis measures the financial return of all cash flows resulting from an investment in a system, from initiation of its development to a point in time beyond its attaining Full Operational Capability (FOC). Using the BCR and NPV together in an analysis allows a manager to better judge the relative financial merits of each program.

Over the next year, the BTA will focus on improving and integrating management data for architecture, transition planning, and investment review to enable more efficient and effective processes. Thus far, DoD has established authoritative repositories for budget and IT Portfolio management information for programs and integrated them into the investment certification process. The BTA is also working closely with the DoD CIO on developing portfolio management guidance and co-chairing the IT Management Data Community of Interest (COI).

Over the long term, the Department will integrate the certification and annual review processes with other investment related processes in the Department, such as the annual Budget submission and the milestone requirements associated with the Defense Acquisition Process, in parallel with streamlining these processes to ensure that capabilities are delivered faster to the warfighter.

Enterprise Risk Assessment Model (ERAM)

The QDR states: "The unpredictable nature of Defense programs can be traced to instabilities in the broader acquisition system. Fundamentally reshaping that system should make the state of the Department's major acquisition programs more predictable and result in better stewardship of the U.S. tax dollar." Additionally in January 2006, the Defense Acquisition Performance Assessment (DAPA) Project provided an independent review of and recommendations for how to improve the DoD acquisition process. Similar recommendations in the past had not been able to produce lasting change; however, a new concept led by the BTA called ERAM shows promise.

ERAM is designed to improve acquisition process outcomes by identifying program risks and providing mitigation solutions. The ERAM focuses on facilitating the rapid delivery of a capability, rather than the delivery of a system, through a proactive, collaborative approach that provides insight instead of oversight. Through the ERAM model, DoD can better respond to risks associated with emerging technology, make better decisions about how to manage investments, and more rapidly deliver Business Capability improvements.

Since the March 2006 Congressional Report, the Under Secretary for Defense (Acquisition, Technology, and Logistics) in an April 2006 memo, approved an initial test of the ERAM concept. Systems taking part in the initial test include DIMHRS, GFEBS, and IGC.

Next Steps for ERAM

The BTA will continue efforts in improving the acquisition process outcomes for business systems by finishing the three ERAM test cases and presenting findings and mitigation strategies to the respective IRBs and the DBSMC. The BTA will continue to assess the affect of the mitigation recommendations on the ongoing implementation of the test programs. Additionally, if approved by the DBSMC, the BTA will begin to institutionalize the ERAM process by leveraging lessons learned and evaluating any regulatory or policy changes that would be required to support the new process.

Developing and Fielding Transformation Expertise

People are among the greatest assets of any successful organization, and the BTA is committed to developing a world-class workforce. The BTA has been actively engaged in recruiting and developing talent with the necessary transformation expertise to effectively lead, integrate and execute its transformation efforts. In a very short timeframe the BTA has developed a workforce skilled in the fundamental disciplines of transformation such as: enterprise architecture, transition planning, program management, and information technology. In addition, it has brought in subject matter experts in defense financial management, supply chain management, real property management, and human resource management.

The BTA has utilized a variety of hiring strategies and authorities to build its workforce, hiring highly-qualified experts from private industry, current military members with hands-on programmatic experience, current federal employees, and contractors with a broad range of transformation and systems knowledge. Implementation of the NSPS will further advance BTA's efforts to align performance expectations and required competencies with agency strategic goals. The BTA is also implementing various recruitment, training, development, and mentorship programs uniquely suited to its workforce and mission.

Next Steps in the Human Capital Strategy

The BTA recognizes that the professional knowledge and technical competencies required for effecting transformation are, by definition, distinct from the status quo. As a result, the BTA has begun an Agency-wide human capital strategic planning effort that evaluates present workforce capabilities, projects future requirements, and lays out explicit strategies to address current and projected shortfalls. An important initial step in this effort is the development of a BTA Human Capital Strategy, a first draft of which is slated for completion in early FY07.

A key objective of this strategy will be to develop and deploy a cadre of transformation-savvy professionals who can advance business transformation efforts throughout the Department. The BTA is working to develop an executive leadership development program to build the core transformation competencies of the Department's future leaders, ensuring they have the ability to effectively employ people, process and technology in transforming DoD's business operations. This strategy involves rotational assignments in the BTA and Components, which will allow DoD's leaders to integrate plans and leverage best practices across the Department.

Ongoing Working Relationship with GAO

The Department continues to work closely with GAO to further the goals of defense business transformation. On 15 May 2006, the GAO released their latest report on the DoD's business transformation efforts, GAO Report 06-658, entitled "Business Systems Modernization: DoD Continues to Improve Institutional Approach, but Further Steps Needed." This was the second consecutive positive report from the GAO, acknowledging the Department's progress on virtually all fronts of the Defense Business Transformation effort. Areas where GAO specifically reported progress include: the overall institutional approach to business systems modernization; new versions of the BEA and the ETP; compilation of a central defense business systems inventory; and control of investments in defense business systems. As of this release of the ETP, the Department believes there are only five GAO recommendations that remain open. These recommendations cover the topical areas of communications, workforce planning, the role of pilot programs, and architecture planning.

Communications

One open GAO item recommends that the Department enhance its business transformation efforts via a proactive marketing and communications effort. A dedicated Communications team, reporting directly to the Director of the BTA, actively drives communications within the organization. These efforts have been largely focused on the challenge of creating a new Defense Agency—building the tools and establishing the procedures that effectively forge a new organization from teams gathered from around DoD. There has been less effort to date focused externally; however, the effort has benefited greatly from growing external recognition (and associated coverage) of the Department's progress. The Communications team's focus will shift over the next six months to tap into these external opportunities, and we invite GAO to assess our progress in this area following the March 2007 Congressional Report.

Workforce Planning

Another open GAO recommendation implores the Department to develop and implement a comprehensive Human Capital Management Plan to guide its business transformation efforts. The Department agrees with this recommendation and is taking steps to address it. As a result, the BTA is currently engaged in an Agency-wide human capital strategic planning effort that will result in the development of a BTA Human Capital Strategy. The first draft of the strategy is slated for completion in early FY07 and will be highlighted in the March 2007 Congressional Report.

Role of Pilot Programs

The GAO has recommended that the Department establish a policy on pilot programs, limiting them to low-cost, low-risk prototype investments. The Department agrees with the intent of this recommendation, which is consistent with the goals stated in the Service-Oriented Architecture (SOA) section of this document. The issuance of policy on pilot programs must be considered within the context of the newly issued Federation strategy, which is based upon SOA, and the Department's examination of acquisition practices through the ERAM model. The Department will assess this issue over the next six months and issue new policy as appropriate.

Architecture Planning

The two remaining open GAO recommendations (one previously outstanding recommendation as well as the new recommendation from GAO's most recent report – GAO #06-658) both address essentially the same topic – planning for future releases of the business enterprise architecture. The Department partially agrees with these recommendations.

The Department agrees that clearly defining a process for assessing newly arising capability needs and building them into the overall transformation plan is essential. Key to this process is an effective governance structure. DoD's business transformation governance, led by the DBSMC and PSAs, set the business transformation priorities for the Department. The process for transforming the Department's business operations to achieve those priorities is addressed by the recently published BTG, which will be updated and enhanced over time as needed. The BTA is further defining the activities in each of the steps outlined in the BTG and is developing a repeatable timeline for key events.

The Department also agrees that providing a more comprehensive forward view of capability improvements that will be built into the architecture over time provides important visibility to the future course of the DoD's business transformation efforts. To that end, the ETP provides highlights of the Business Capability improvements that are planned for the next release of the BEA as well as notional plans for improvements identified for future releases. This effort has accelerated the BEA 4.1 planning schedule ahead by four months (compared to previous

releases). In future ETP releases, the Department will endeavor to define this view of planned capability improvements further into the future. However, even with a more mature planning process, the Department must maintain its agility to adjust course based on emergent business requirements coming from our warfighters and key decision makers.

In the future, the ETP and Annual Report to Congress will provide additional high-level milestones for BTA activities, including the additional detail for the capability improvements to be addressed by the BEA; however, the Department strongly believes that the detailed project plan, internal metrics, and workforce plan to support BEA development should be managed internal to the Department (rather than overseen by Congressional Defense Committees as recommended by GAO).

Both the BTA and GAO fully recognize that the Department's business transformation program will be a long-term effort. Success will require hundreds of changes over an extended period of time coordinated by focused leadership at the top and supported by cultural change across the Department. GAO has recognized the Department's progress in establishing the necessary structures, tools and infrastructure to guide change. We welcome their partnership in now working towards delivering the capabilities identified and planned.

Summary

As the warfighting mission of the Department demands increasing levels of agility and responsiveness to meet dynamic threats to national security, it is imperative that DoD's business operations rapidly modernize to match the warfighting mission agility. Overall, the business operations of DoD need to become more interoperable and joint, just as warfighting operations have become. In order to accomplish this, strong and dedicated senior leadership, structured collaboration, and sustained commitment across the Department will be needed.

The Defense Business Transformation effort has moved beyond its initial discovery and infrastructure-building phases and begun to implement transformational programs and processes that will improve the business capabilities of the Department through a focus on people, process, and technology. The Department has achieved significant progress in such areas as military equipment valuation, which represents fully 27 percent of all DoD assets, and the implementation of SFIS, which will allow all DoD financial systems to speak the same language, and will facilitate more accurate compilation and reporting of financial information.

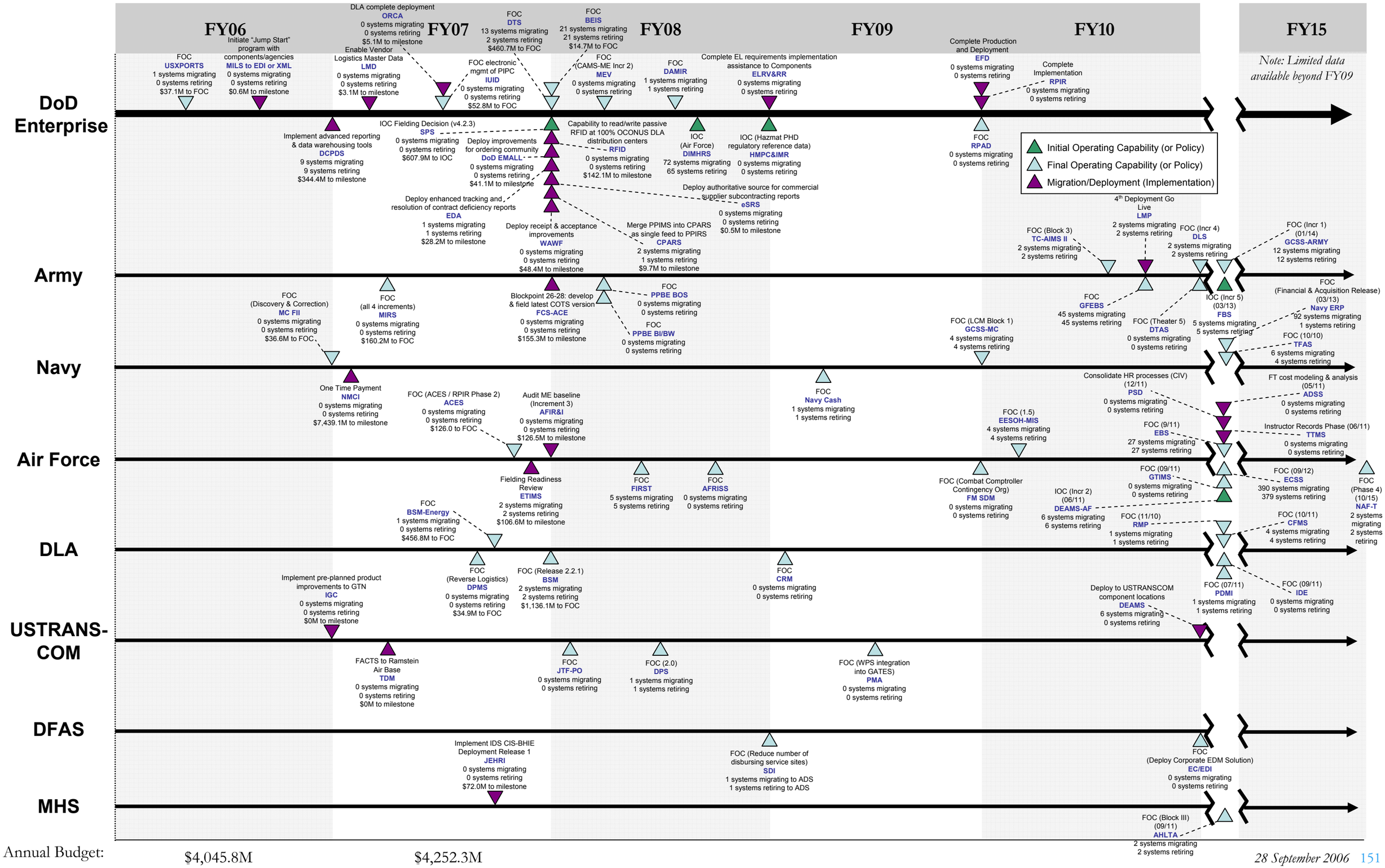
The Business Capability improvements detailed in the ETP, along with the FIAR Plan and other efforts, are reducing the cost of operations, increasing speed and efficiency, improving internal controls and financial accountability, and most importantly, positively impacting our primary mission: supporting the Nation's warfighters. The Department's recent success was affirmed by GAO in two consecutive reports (November and May), which cited important progress in this area, and by the OMB, which elevated the Department's progress rating from yellow to green.

Moving forward, DoD will focus its efforts on executing this DBSMC-approved plan to provide improved support to warfighters and decision makers and enable greater financial accountability. Specifically, the Department will execute an aggressive schedule to improve business capabilities and will monitor progress through an enhanced performance management framework. Furthermore, the BTA will continue to integrate the Enterprise-level architecture and Enterprise Transition Plan with Component plans and architectures, and will align products, federate architectures, and publish updated versions of the BEA and ETP in March 2007.

ETP Appendices

The updated ETP appendices are found in a separate volume, and as indicated below, some portions of these appendices are found exclusively online. The ETP appendices contain the following information:

If you are looking for	Look in this appendix
A list of DoD Enterprise, Component, and Medical target business systems and initiatives. Contains additional information such as the Lead Core Business Mission, Certification Authority, as well as matrices showing functional scope and organizational span (online)	Master List of Systems and Initiatives
Enterprise-level system and initiative objectives, milestones, and cost and migration data, at a glance.	A: DoD Enterprise Transformation Summary
Component and Medical system and initiative objectives, milestones, and cost and migration data, at a glance.	B: Component and Medical Transformation Summary
Graphics with key milestone dates for each key Enterprise and Component-level system and initiative.	C: Transition Timeline (Plan of Record) (also included in this volume)
A timeline showing key dates for the BTA and business transformation related activities.	D: BTA Management Timeline
Tables and figures that depict: • Business Enterprise Priority objectives • Business Capability outcome metrics • Business Value Added Framework Impacts • Functional Scope and Organizational Span of Systems and Initiatives • Business Capability Gap Analysis • Key management information about systems and initiatives (System/Initiative Charts – online only)	E: BEP - Business Capability - System/Initiative Tables
Tables that present: • Component/Medical transformation goals and priorities • Component/Medical systems and initiatives, the Component priorities they support, and business capabilities they provide • Component/Medical priorities with Targeted Outcomes, Milestones, and Metrics • Other systems and initiatives of interest • Business Value Added Framework Impacts	F: Component and Medical Transformation Priority System/Initiative Tables
The System Evolution Description (SV-8), showing the migration of legacy systems and key milestones.	G: System Migration Diagrams H: System Migration Summary Spreadsheets (online only) J: Key Milestone Plan
Summary budget information for Enterprise, Component, and Medical systems and initiatives, as well as budgets for Enterprise Transformation Support.	I: Funding Summary
Milestones by Business Enterprise Priority, Component, and Medical Transformation.	J: Key Milestone Plan
System-level outcome metrics for Enterprise systems.	K: Enterprise Program Performance Measurement


FY06
FY07
FY08
FY09
FY10
FY15
Note: Limited data available beyond FY09
DoD Enterprise
Army
Navy
Air Force
DLA
USTRANS-COM
DFAS
MHS
Initial Operating Capability (or Policy)
Final Operating Capability (or Policy)
Migration/Deployment (Implementation)
FOC USXPORTS 1 systems migrating 0 systems retiring $37.1M to FOC
Initiate "Jump Start" program with components/agencies MILS to EDI or XML 0 systems migrating 0 systems retiring $0.6M to milestone
Enable Vendor Logistics Master Data LMD 0 systems migrating 0 systems retiring $3.1M to milestone
DLA complete deployment ORCA 0 systems migrating 0 systems retiring $5.1M to milestone
FOC electronic mgmt of PIPC IUID 0 systems migrating 0 systems retiring $52.8M to FOC
FOC DTS 13 systems migrating 2 systems retiring $460.7M to FOC
FOC BEIS 21 systems migrating 21 systems retiring $14.7M to FOC
FOC (CAMS-ME Incr 2) MEV 0 systems migrating 0 systems retiring
FOC DAMIR 1 systems migrating 1 systems retiring
Complete EL requirements implementation assistance to Components ELRV&RR 0 systems migrating 0 systems retiring
Complete Production and Deployment EFD 0 systems migrating 0 systems retiring
Complete Implementation RPIR 0 systems migrating 0 systems retiring
FOC RPAD 0 systems migrating 0 systems retiring
Implement advanced reporting & data warehousing tools DCPDS 9 systems migrating 9 systems retiring $344.4M to milestone
IOC Fielding Decision (v4.2.3) SPS 0 systems migrating 0 systems retiring $607.9M to IOC
Deploy improvements for ordering community DoD EMALL 0 systems migrating 0 systems retiring $41.1M to milestone
Capability to read/write passive RFID at 100% OCONUS DLA distribution centers RFID 0 systems migrating 0 systems retiring $142.1M to milestone
IOC (Air Force) DIMHRS 72 systems migrating 65 systems retiring
IOC (Hazmat PHD regulatory reference data) HMPC&IMR 0 systems migrating 0 systems retiring
Deploy authoritative source for commercial supplier subcontracting reports eSRS 0 systems migrating 0 systems retiring $0.5M to milestone
Deploy enhanced tracking and resolution of contract deficiency reports EDA 1 systems migrating 1 systems retiring $28.2M to milestone
Deploy receipt & acceptance improvements WAWF 0 systems migrating 0 systems retiring $48.4M to milestone
Merge PPIMS into CPARS as single feed to PPIRS CPARS 2 systems migrating 1 systems retiring $9.7M to milestone
4th Deployment Go Live LMP 2 systems migrating 2 systems retiring
FOC (Block 3) TC-AIMS II 2 systems migrating 2 systems retiring
FOC (Incr 4) DLS 2 systems migrating 2 systems retiring
FOC (Incr 1) (01/14) GCSS-ARMY 12 systems migrating 12 systems retiring
FOC (Discovery & Correction) MC FII 0 systems migrating 0 systems retiring $36.6M to FOC
FOC (all 4 increments) MIRS 0 systems migrating 0 systems retiring $160.2M to FOC
Blockpoint 26-28: develop & field latest COTS version FCS-ACE 0 systems migrating 0 systems retiring $155.3M to milestone
FOC PPBE BOS 0 systems migrating 0 systems retiring
FOC PPBE BI/BW 0 systems migrating 0 systems retiring
FOC GFEBS 45 systems migrating 45 systems retiring
IOC (Incr 5) (03/13) FBS 5 systems migrating 5 systems retiring
FOC (Financial & Acquisition Release) (03/13) Navy ERP 92 systems migrating 1 systems retiring
FOC (LCM Block 1) GCSS-MC 4 systems migrating 4 systems retiring
FOC (Theater 5) DTAS 0 systems migrating 0 systems retiring
FOC (10/10) TFAS 6 systems migrating 4 systems retiring
One Time Payment NMCI 0 systems migrating 0 systems retiring $7,439.1M to milestone
FOC (ACES / RPIR Phase 2) ACES 0 systems migrating 0 systems retiring $126.0 to FOC
Audit ME baseline (Increment 3) AFIR&I 0 systems migrating 0 systems retiring $126.5M to milestone
FOC Navy Cash 1 systems migrating 1 systems retiring
Consolidate HR processes (CIV) (12/11) PSD 0 systems migrating 0 systems retiring
FT cost modeling & analysis (05/11) ADSS 0 systems migrating 0 systems retiring
FOC (1.5) EESOH-MIS 4 systems migrating 4 systems retiring
FOC (9/11) EBS 27 systems migrating 27 systems retiring
Instructor Records Phase (06/11) TTMS 0 systems migrating 0 systems retiring
Fielding Readiness Review ETIMS 2 systems migrating 2 systems retiring $106.6M to milestone
FOC FIRST 5 systems migrating 5 systems retiring
FOC AFRISS 0 systems migrating 0 systems retiring
FOC (Combat Comptroller Contingency Org) FM SDM 0 systems migrating 0 systems retiring
FOC (09/11) GTIMS 0 systems migrating 0 systems retiring
FOC (09/12) ECSS 390 systems migrating 379 systems retiring
FOC (Phase 4) (10/15) NAF-T 2 systems migrating 2 systems retiring
IOC (Incr 2) (06/11) DEAMS-AF 6 systems migrating 6 systems retiring
FOC (11/10) RMP 1 systems migrating 1 systems retiring
FOC (10/11) CFMS 4 systems migrating 4 systems retiring
FOC BSM-Energy 1 systems migrating 0 systems retiring $456.8M to FOC
FOC (Reverse Logistics) DPMS 0 systems migrating 0 systems retiring $34.9M to FOC
FOC (Release 2.2.1) BSM 2 systems migrating 2 systems retiring $1,136.1M to FOC
FOC CRM 0 systems migrating 0 systems retiring
Deploy to USTRANSCOM component locations DEAMS 6 systems migrating 0 systems retiring
FOC (07/11) PDMI 1 systems migrating 1 systems retiring
FOC (09/11) IDE 0 systems migrating 0 systems retiring
Implement pre-planned product improvements to GTN IGC 0 systems migrating 0 systems retiring $0M to milestone
FACTS to Ramstein Air Base TDM 0 systems migrating 0 systems retiring $0M to milestone
FOC JTF-PO 0 systems migrating 0 systems retiring
FOC (2.0) DPS 1 systems migrating 1 systems retiring
FOC (WPS integration into GATES) PMA 0 systems migrating 0 systems retiring
Implement IDS CIS-BHIE Deployment Release 1 JEHRI 0 systems migrating 0 systems retiring $72.0M to milestone
FOC (Reduce number of disbursing service sites) SDI 1 systems migrating to ADS 1 systems retiring to ADS
FOC (Deploy Corporate EDM Solution) EC/EDI 0 systems migrating 0 systems retiring
FOC (Block III) (09/11) AHLTA 2 systems migrating 2 systems retiring
Annual Budget:
$4,045.8M
$4,252.3M

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FY06 | **FY07** | **FY08** | **FY09** | **FY10** | **FY15**

Note: Limited data available beyond FY09

DoD Enterprise

No Defined Future Critical Milestone Dates:
CCR* HMIRS
FBO* PPIRS*
FedReg*

** System is deployed*

- BEA Release
- FOC USXPORTS
- BEA Release
- Initiate "Jump Start" program with components/agencies — MILS to EDI or XML
- Fully deployed to DoD — WDOL*
- BEA Release
- Enable Vendor Logistics Master Data — LMD
- Develop to-be CONOPS — DAI
- System approved by DBSMC — KBCRS
- Complete re-compete of the design effort — EPLS*
- Finalize FAR Changes — FedTeDS*
- Implement advanced reporting & data warehousing tools — DCPDS
- BEA Release
- Submit CIP Component implementation plans — RPCIPR
- Milestone A — DBSE
- DLA complete deployment — ORCA
- Deploy standard method for reporting contract activity within DoD — FPDS-NG
- Complete Concept Refinement — SRDS
- Define requirements for future release — ASAS
- FOC electronic mgmt of PIPC — IUID
- Milestone 4-DoD Program Catalogue — SFIS
- Determine preferred solution for intragovernmental transactions — IGT
- BEA Release
- FOC DTS
- FOC BEIS
- Deploy improvements for ordering community — DoD EMALL
- Deploy receipt & acceptance improvements — WAWF
- Component implementation plans to OSD — RPAR
- FOC (CAMS-ME Incr 2) — MEV
- IOC Fielding Decision (v4.2.3) — SPS
- Merge PPIMS into CPARS as single feed to PPIRS — CPARS
- Deploy authoritative source for commercial supplier subcontracting reports — eSRS
- Asset Registry fully operational — RPUIR
- Capability to read/write passive RFID at 100% OCONUS DLA distribution centers — RFID
- Deploy enhanced tracking and resolution of contract deficiency reports — EDA
- IOC (Air Force) — DIMHRS
- FOC DAMIR
- Complete EL requirements implementation assistance to Components — ELRV&RR
- IOC (Hazmat PHD regulatory reference data) — HMPC&IMR
- Complete Production and Deployment — EFD
- Complete Implementation — RPIR
- FOC RPAD

Legend
- Initial Operating Capability (or Policy)
- Final Operating Capability (or Policy)
- FDDR (or Other Standard Milestone)
- Migration/Deployment (Implementation)
- Other (Non-Standard Milestones)

Army

- FOC (all 4 increments) — MIRS
- Blockpoint 26-28: develop & field latest COTS version — FCS-ACE
- FOC PPBE BOS
- FOC PPBE BI/BW
- Retire SIGMA Pilot — Navy ERP
- 4th Deployment Go Live — LMP
- FOC (Incr 4) — DLS
- FOC (Incr 1) (01/14) — GCSS-ARMY
- FOC (Block 3) — TC-AIMS II
- FOC GFEBS
- FOC (Theater 5) — DTAS
- IOC (Incr 5) (03/13) — FBS

Navy

No Defined Future Critical Milestone Dates:
NTCSS

- Continue COCOM Support for RFID — AIT
- One Time Payment — NMCI
- FOC (Discovery & Correction) — MC FII
- Audit ME baseline (Increment 3) — AFIR&I
- Retire CABRILLO Pilot — Navy ERP
- FOC Navy Cash
- FOC (LCM Block 1) — GCSS-MC
- Retire NEMAIS Pilot (12/10) — Navy ERP
- FOC (Financial & Acquisition Release) (03/13) — Navy ERP
- Consolidate HR processes (CIV) (12/11) — PSD
- FOC (10/10) — TFAS
- Instructor Records Phase (02/11) — TTMS
- FOC (09/11) — EBS

Air Force

- FOC (ACES / RPIR Phase 2) — ACES
- Fielding Readiness Review — ETIMS
- FOC FIRST
- FOC AFRISS
- FOC (Combat Comptroller Contingency Org) — FM SDM
- FOC (v 1.5) — EESOH-MIS
- IOC (Incr 2) (06/11) — DEAMS-AF
- FT cost modeling & analysis (05/11) — ADSS
- FOC (09/11) — GTIMS
- FOC (09/12) — ECSS
- FOC (11/10) — RMP
- FOC (10/11) — CFMS
- FOC (Phase 4) (10/15) — NAF-T

DLA

- FOC (Reverse Logistics) — DPMS
- FOC BSM-Energy
- FOC (Release 2.2.1) — BSM
- FOC CRM
- FOC (07/11) — PDMI
- FOC (09/11) — IDE

USTRANSCOM

No Defined Future Critical Milestone Dates:
C4S MIT E2E
C-JDDOC JDDA
COP D2 JDDOC
DDOC JDPAC
DPfM

- Implement pre-planned product improvements to GTN — IGC
- Contract award — DTCI
- FACTS to Ramstein Air Base — TDM
- Contract award for new acquisition — AT21
- FOC — JTF-PO
- FOC (2.0) — DPS
- FOC (WPS integration into GATES) — PMA
- ICD Implementation Plan actions — JDDE
- Deploy to USTRANSCOM component locations — DEAMS

DFAS

- FOC (Reduce number of disbursing service sites) — SDI
- FOC (Deploy Corporate EDM Solution) — EC/EDI

MHS

- Give incentive to purchased-case providers to adopt HITSP standards in future TRICARE contracts — NHIN
- Implement IDS CIS-BHIE Deployment Release 1 — JEHRI
- FOC (Block III) (09/11) — AHLTA

Annual Budget: $4,045.8M $4,252.3M

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Acronym List

Acronym	Spell-out
AANDI	Army Acquisition Business System Neck-Down Initiative
ACAT	Acquisition Category
ACES	Automated Civil Engineer System
ADS	Automated Disbursing System
ADSS	Air Education and Training Command (AETC) Decision Support System
AFIR&I	Air Force Information Reliability & Integration Action Plan
AFRISS	Air Force Recruiting Information Support System
AFSO21	Air Force Smart Operations 21
AHLTA	(No spell-out)
AIS	Automated Information System
AIT	Automated Identification Technology
AoA	Analysis of Alternatives
AOR	Area of Responsibility
APB	Acquisition Program Baseline
APMS	Army Portfolio Management Solution
ASAS	Acquisition Spend Analysis Service
AT&L	Acquisition, Technology, and Logistics
AT21	Agile Transportation for the 21st Century
BCR	Benefit Cost Ratio
BEA	Business Enterprise Architecture
BEIS	Business Enterprise Information Services
BEP	Business Enterprise Priority
BMA	Business Mission Area
BPR	Business Process Reengineering
BRAC	Base Realignment and Closure
BSM	Business Systems Modernization
BSM-ENERGY	Business Systems Modernization - Energy
BTA	Business Transformation Agency
BTE	Business Transformation Engine
BTG	Business Transformation Guidance
BTI	Business Transformation Infrastructure
BVA	Business Value Added
C4S MIT	Command, Control, Communications, and Computer Systems Multi-Component Information Transformation
CAMS-ME	Capital Asset Management System - Military Equipment
CBM	Core Business Mission
CCR	Central Contractor Registration
CDD	Capability Development Document

Acronym	Spell-out
CFMS	Common Food Management System
CFO	Chief Financial Officer
CIO	Chief Information Officer
CIP	Construction in Progress
C-JDDOC	Codification of the Joint Deployment Distribution Operations Center
COCOM	Combatant Command
COI	Community of Interest
CONOPS	Concept of Operations
CONUS	Continental United States
COP D2	Common Operational Picture for Distribution and distribution-related Deployment
COTS	Commercial Off-the-Shelf
CPARS	Contractor Performance Assessment Reporting System
CSE	Common Supplier Engagement
CRM	Customer Relationship Management
DAI	Defense Agencies Initiative
DAMIR	Defense Acquisition Management Information Retrieval
DBSAE	Defense Business Systems Acquisition Executive
DBSE	Defense Business Sourcing Environment
DBSMC	Defense Business Systems Management Committee
DCPDS	Defense Civilian Personnel Data System
DDOC	Deployment Distribution Operations Center
DEAMS	Defense Enterprise Accounting and Management System
DEAMS-AF	Defense Enterprise Accounting and Management System - Air Force
DECA	Defense Commissary Agency
DFARS	Defense Federal Acquisition Regulation Supplement
DFAS	Defense Finance and Accounting Service
DHRA	Defense Human Resources Activity
DIMHRS	Defense Integrated Military Human Resources System
DISA	Defense Information Systems Agency
DITPR	DoD Information Technology Portfolio Repository
DLA	Defense Logistics Agency
DLMS	Defense Logistics Management System
DLS	Distributed Learning System
DLSS	Defense Logistics Standard Systems
DMLSS	Defense Medical Logistics Standard Support
DoC	Department of Commerce
DoD	Department of Defense
DoDI	Department of Defense Instruction
DoD EMALL	DoD Electronic Mall

Acronym	Spell-out
DoDAAC	Department of Defense Address Activity Code
DON	Department of the Navy
DoS	Department of State
DOTMLPF	Doctrine, Organization, Training, Materiel, Leadership, Personnel, and Facilities
DPfM	Distribution Portfolio Management
DPMS	Distribution Planning and Management System
DPO	Distribution Process Owner
DPS	Defense Personal Property System
DSS	Distribution Standard System
DT&E	Developmental Test and Evaluation
DTAS	Deployed Theater Accountability System
DTIC	Defense Technical Information Center
DTCI	Distribution Transportation Coordination Initiative
DTRA	Defense Threat Reduction Agency
DTS	Defense Travel System
E2E	End-to-End Supply Chain Gap Analysis
EBS	Enterprise Business System
EC/EDI	Electronic Commerce/ Electronic Data Interchange
ECSS	Expeditionary Combat Support System
EDA	Electronic Document Access
EDI	Electronic Data Interchange
EESOH-MIS	Enterprise Environmental Safety and Occupational Health Management Information System
EFD	Enterprise Funds Distribution (Initiative)
EHR	Electronic Health Record
EIEMA	Enterprise Information Environment Mission Area
ELRV&RR	Environmental Liabilities Recognition, Valuation and Reporting Requirements
EPLS	Excluded Parties List System
ERAM	Enterprise Risk Assessment Model
ERP	Enterprise Resource Planning
eSRS	Electronic Subcontracting Reporting System
ETIMS	Enhanced Technical Information Management System
ETP	Enterprise Transition Plan
FAR	Federal Acquisition Regulation
FBO	Federal Business Opportunities
FBS	Future Business System
FCS-ACE	Future Combat Systems Advanced Collaborative Environment
Federal IAE	Federal Integrated Acquisition Environment
FedReg	Federal Agency Registration

Acronym	Spell-out
FedTeDS	Federal Technical Data Solution
FHIE	Federal Health Information Exchange
FIAR	Financial Improvement and Audit Readiness
FIRST	Financial Information Resource System
FM	Financial Management
FM SDM	Financial Management Service Delivery Model
FOC	Full Operational Capability
FPDS-NG	Federal Procurement Data System-Next Generation
FYDP	Future Years Defense Program
FV	Financial Visibility
FY	Fiscal Year
GAO	Government Accountability Office
GCSS-Army	Global Combat Support System - Army
GCSS-MC	Global Combat Support System Marine Corps
GFEBS	General Fund Enterprise Business System
GFP	Government Furnished Property
GIG	Global Information Grid
GIS	Geographic Information System
GOTS	Government Off-the-Shelf
GPS	Global Positioning System
GTIMS	Graduate Training Integrated Management System
HMIRS	Hazardous Materials Information Resource System
HMPC&IMR	Hazardous Materials Process Controls & Information Management Requirements
HR	Human Resources
HRM	Human Resources Management
I&E	Installations and Environment
IAE	Integrated Acquisition Environment
ICD	Initial Capabilities Document
IDE	Integrated Data Environment
IGC	Integrated Data Environment (IDE) / Global Transportation Network (GTN) Convergence
IGT	Intragovernmental Transactions
IOC	Initial Operational Capability
IPT	Integrated Product Team
IRB	Investment Review Board
IT	Information Technology
ITV	In-Transit Visibility
IUID	Unique Item Identification Registry
IV&V	Independent Validation and Verification

Acronym	Spell-out
IVAN	Intragovernmental Value Add Network
JCIDS	Joint Capabilities Integration and Development System
JDDA	Joint Deployment and Distribution Architecture
JDDE	Joint Deployment & Distribution Enterprise
JDDOC	Joint Deployment Distribution Operations Center
JDPAC	Joint Distribution Process Analysis Center
JEHRI	Joint Electronic Health Record Interoperability
JROC	Joint Requirements Oversight Council
JTF-PO	Joint Task Force-Port Opening
KBCRS	Knowledge Based Corporate Reporting System
LMD	Logistics Master Data
LMP	Logistics Modernization Program
LSS	Lean Six Sigma
MAIS	Major Automated Information System
MC FII	Marine Corps Financial Improvement Initiative
MDA	Milestone Decision Authority
MEV	Military Equipment Valuation
MHS	Military Health System
MILS to EDI or XML	Transition from MILS to EDI or XML
MILS	Military Standard Systems
MIRS	MEPCOM Integrated Resource System
MSSM	Materiel Supply & Service Management
MV	Materiel Visibility
NAF-T	NAF Financial Transformation
Navy ERP	Navy Enterprise Resource Planning
NCES	Net-Centric Enterprises Services
NDAA	National Defense Authorization Act
NHIN	Nationwide Health Information Network
NMCI	Navy Marine Corps Intranet
NPV	Net Present Value
NSPS	National Security Personnel System
NTCSS	Navy Tactical Command Support System
OCONUS	Outside the Continental United States
OMB	Office of Management and Budget
ORCA	Online Representations and Certifications Application
ODUSD	Office of the Deputy Under Secretary of Defense
OSD	Office of the Secretary of Defense
OT&E	Operational Test and Evaluation

Acronym	Spell-out
OUSD(AT&L)	Office of the Under Secretary of Defense (Acquisition, Technology, and Logistics)
OUSD(C)	Office of the Under Secretary of Defense (Comptroller)
OUSD(P&R)	Office of the Under Secretary of Defense (Personnel & Readiness)
P&R	Personnel & Readiness
PDMI	Product Data Management Initiative
PfM	Portfolio Management
PMO	Program Management Office
PMA	Port Management Automation
POM	Program Objective Memorandum
PPBE	Planning, Programming, Budgeting and Execution
PPBE BI/DW	PPBE Business Intelligence Data Warehouse
PPBE BOS	PPBE Business Operating System
PPIRS	Past Performance Information Retrieval System
PSA	Principal Staff Assistant
PSD	Personnel Service Delivery
PV	Personnel Visibility
QDR	Quadrennial Defense Review
RDD	Required Delivery Dates
RFID	Radio Frequency Identification
RMP	Reutilization Modernization Program
ROI	Return on Investment
RPA	Real Property Accountability
RPAD	Real Property Asset Database
RPAR	Real Property Acceptance Requirements
RPCIPR	Real Property Construction In Progress Requirements
RPILM	Real Property and Installations Lifecycle Management
RPIR	Real Property Inventory Requirements
RPUIR	Real Property Unique Identifier Registry
S&T	Science and Technology
SAFE	Single Army Financial Enterprise
SALE	Single Army Logistics Enterprise
SAR	Selected Acquisition Reports
SDI	Standard Disbursing Initiative
SECAF	Secretary of the Air Force
SFIS	Standard Financial Information Structure
SLA	Service Level Agreement
SOA	Service-Oriented Architecture
SPS	Standard Procurement System
SRDS	Strategic Resource Decision System Initiative

Acronym	Spell-out
STAMIS	Standard Army Management Information System
T&E	Test and Evaluation
TAV	Total Asset Visibility
TC-AIMS II	Transportation Coordinators' Automated Information for Movements System II
TDM	Theater Distribution Management
TDY	Temporary Duty
TFAS	Total Force Administration System
TMA	TRICARE Management Activity
TTMS	Technical Training Management System
UFC	Unified Facilities Criteria
USSGL	United States Standard General Ledger
USTRANSCOM	United States Transportation Command
USXPORTS	US Export Systems
VA	Department of Veterans Affairs
WAWF	Wide Area Workflow
WDOL	Wage Determinations OnLine
WIA	Wounded-in-Action
WSLM	Weapons System Lifecycle Management