



# 2015

## Congressional Report on Defense Business Operations



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This report is submitted in accordance with Title 10 United States Code (U.S.C.) § 2222, which requires that the Secretary of Defense submit to the congressional defense committees an annual report on Department of Defense compliance with the requirements of section 2222. As required, this report addresses actions taken to meet the requirements to certify obligation of funds for covered defense business systems, cost savings, and improvements in business operations. The accompanying supplement identifies Fiscal Year (FY) 2014 and 2015 defense business systems certification decisions and systems retired during FY 2014.

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## **COVER LETTER**

On behalf of the Secretary of Defense, I am pleased to provide the 2015 Congressional Report on Defense Business Operations. In the face of continued fiscal challenges, the Department is making great strides in delivering efficient, effective, and agile business operations so we can continue to maintain readiness and support and enable the warfighter.

The Office of the Secretary of Defense (OSD), Deputy Chief Management Officer (DCMO), and the Department of Defense (DoD) Chief Information Officer (CIO) continue to analyze business processes and information technology (IT) to improve effectiveness and efficiency. These offices are breaking down organizational stovepipes to create a synchronized, cross-functional, end-to-end business environment that can rapidly respond to warfighter needs in a cost-effective manner, ultimately lowering the cost to the American taxpayer.

In Fiscal Year 2014, the Department empowered the Military Departments' Chief Management Officers (CMO) to manage their business system portfolios, eliminating redundant and overlapping reviews. The OSD DCMO focused its review on the business processes and systems associated with the OSD staff, Defense agencies, and Field Activities (elements not covered by the military departments).

In accordance with Title 10 U.S.C § 2222, the Defense Business Council, co-chaired by the DCMO and CIO, certified \$6.9 Billion (B) in investments for 1,182 business systems across the Department. The certified funding amounts included \$5.2B for Current Services and \$1.7B for Development/Modernization although the Department retired numerous legacy systems. Although dollar values went down, the total number of systems remained relatively unchanged from previous years, due to the discovery of newly identified business systems, and the reclassification of some systems from either the warfighter or IT infrastructure categories.

Significant refinement of the OSD-level business enterprise architecture (BEA) is planned for this year. The reader will find in the following sections a very mixed assessment of the OSD-level BEA by the military departments, consistent with the Government Accountability Office's (GAO) findings. The OSD DCMO staff will work to make the overall BEA a more useful framework in response to this feedback.

Under the leadership of the DCMO, CIO, and Military Department CMOs, the Department continues to validate requirements for defense business capabilities and ensure business system investments are aligned to the Department's business priorities; support outcome-based performance improvements to the Department's business objectives; and generate a measurable return on investment.



**David Tillotson III**  
**Assistant Deputy Chief Management Officer**

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# I. Introduction

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The DoD continues to improve business operations and governance over defense business systems, in order to meet the Secretary of Defense’s strategic goal to reform and reshape the defense institution.

In 2014, the Department continued to evolve the Defense Business Council (DBC) to implement the Secretary’s Management Agenda and serve as a principal subsidiary body to the Deputy’s Management Action Group (DMAG)<sup>1</sup>, for defense business operations. Because of shared interest and responsibilities with regard to business processes and system architecture, the DBC is now co-chaired by the DCMO and the CIO, and vets management and business improvement issues for the DMAG. The DBC continues to serve as the Department’s Investment Review Board (IRB) for business systems, in accordance with Title 10 U.S.C § 2222. In this capacity, the DBC validates requirements for defense business capabilities; ensures business system investments are aligned to the Department’s lines of business; supports measurable improvements to the Department’s business objectives; and generates to the maximum extent practical a measurable return on investment.

The Department implemented process improvements for the FY 2015 business system investment reviews based on lessons learned from FY 2013 to FY 2014. This year, the DCMO focused portfolio reviews on the Fourth Estate<sup>2</sup>; while requiring the Military Departments to present their portfolio review results directly to the DBC. Other improvements reduced administrative overhead and resources; automated data collection previously submitted in a non-structured format; and directed organizations to clearly identify how business systems aligned to strategic initiatives and outcomes.

## II. Fiscal Year 2015 Certification Process

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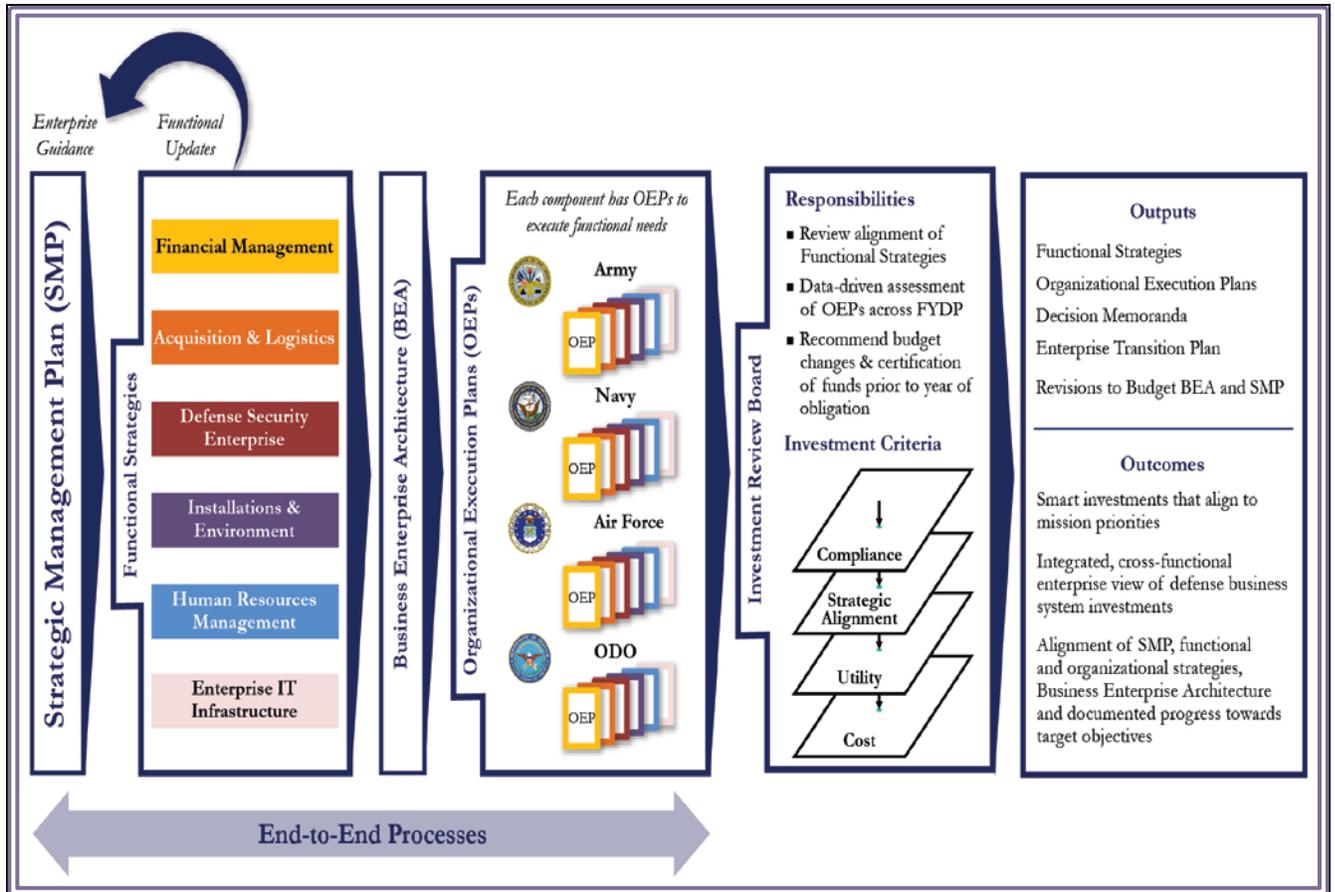
Developed in FY 2013, the Integrated Business Framework, illustrated in Figure 1, provides the DBC with a framework, in which to manage the Capital Planning and Investment Control (CPIC)<sup>3</sup> process; align investments to strategic outcomes; improve agility; and promote effective and informed decision making. No major changes were made to the Integrated Business Framework for FY 2015, and the Department continued to leverage its use to ensure a comprehensive review was conducted on defense business system certification requests.

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<sup>1</sup> The DMAG is the Deputy Secretary’s primary body for executing a common management approach across the disparate Departmental topics and processes for which he is responsible.

<sup>2</sup> The Department of Defense Fourth Estate is comprised of organizational entities which are not in the Military departments or the Combatant Commands. These include the Office of the Secretary of Defense, the Chairman of the Joint Chiefs of Staff, the Office of the Inspector General, the Defense Agencies, and Field Activities.

<sup>3</sup> As described in OMB Circular No. A-130, “Management of Federal Information Resources,” the CPIC process is designed to link budget activities and strategic priorities with achieving specific outcomes, with particular focus upon preventing redundancy and duplication. Within the DoD, the CPIC process to select, control, and evaluate IT investments is implemented at the organizational level with oversight from the DBC.



**Figure 1 - Integrated Business Framework**

Functional Strategies, developed by the Principal Staff Assistants, provide specific initiatives, outcomes, and performance measures associated with functional business operations and the IT portfolios that support them. The FY 2014 Strategies remained largely unchanged for FY 2015. A few were minimally refined to remove out-of-date initiatives and/or prioritize existing initiatives.

As with the previous two review cycles, Components developed their Organizational Execution Plan (OEP), which represents an organization's effort to select, control, and evaluate its portfolio on an annual basis; and includes data elements used to inform certification decisions. The OEP data elements provide Components a way to present their portfolio from a business operations perspective, and demonstrate their strategy for achieving business outcomes identified in the Functional Strategies. These data elements include:

- Portfolio business summary and major cost drivers;
- Investment alignment to Functional Strategy and/or organizational initiatives;
- Performance measures;
- Portfolio accomplishments;
- Roadmap to Target Environment; and
- Portfolio risks and challenges.

Components were also required to report their internal review results for selecting investments included in the portfolio, identifying duplication, and calculating anticipated Return on Investment (ROI).

In FY 2013 and FY 2014, data from both Functional Strategies and OEPs were collected in a non-structured format; such as, PowerPoint and Excel, which presented challenges to analyzing and visualizing the data in a comprehensive manner at the Department level. To overcome these challenges, the Department provided a tool, the Integrated Business Framework Data Alignment Portal (IBF Portal), to automate data collection. All Functional Strategies and a majority of the OEPs were submitted via the IBF Portal. This method ensured greater consistency in content across Functional Strategies and OEPs; improved visibility between strategic outcomes and a Component's business system investments; and enabled strategic alignment analysis to be more data-driven than was previously possible.

To demonstrate strategic alignment, Components aligned system investments to Functional Strategy initiatives populated in the IBF Portal. Components were then able to identify organizational specific initiatives, aligning them to those system investments.

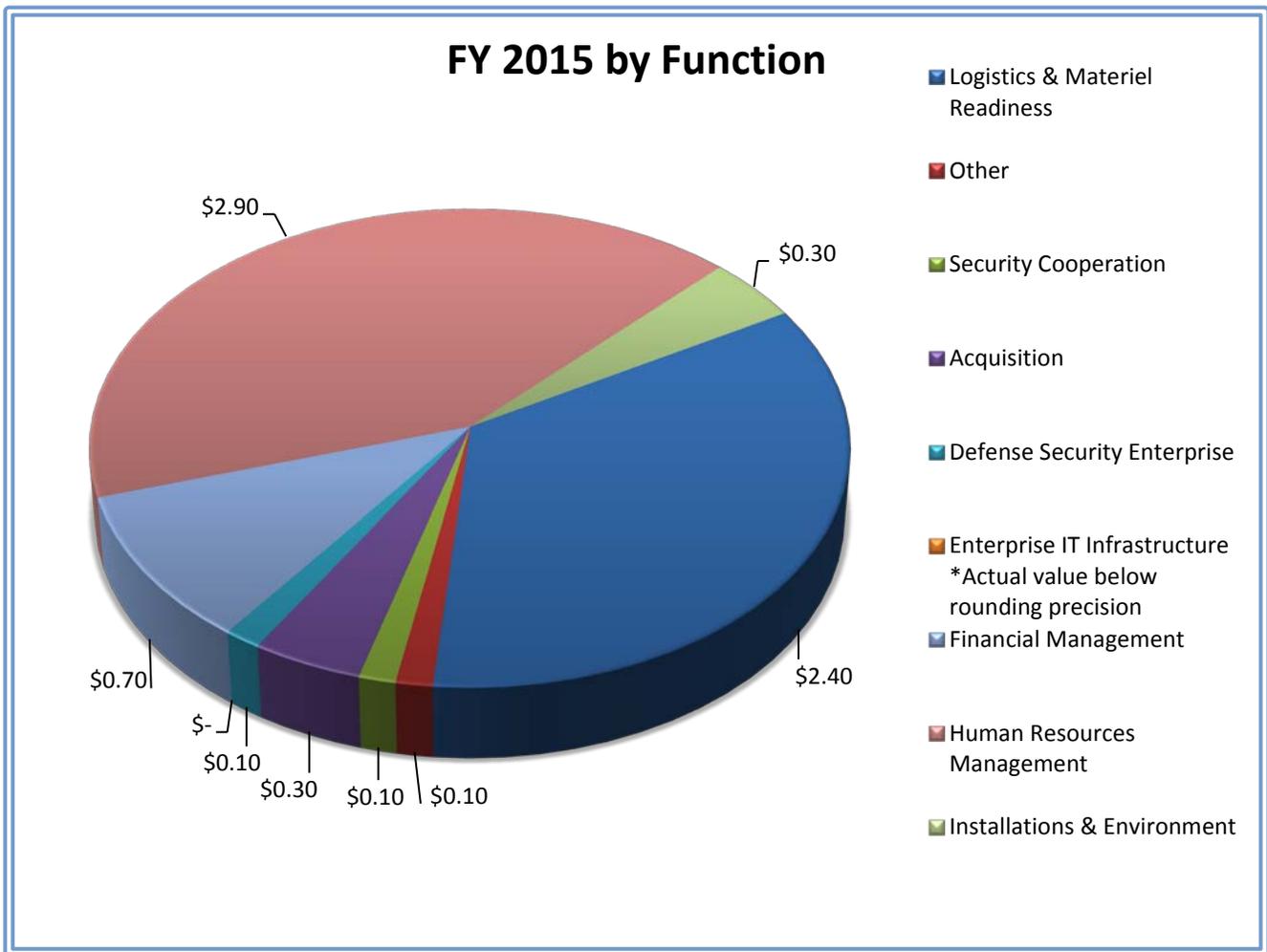
For the FY 2015 certification cycle, the DBC relied on the Military Departments' responsibility and authority to conduct internal portfolio reviews. In addition the DCMO provided focused analysis on the Fourth Estate as a single portfolio, instead of by individual Component, establishing a baseline of potentially duplicative and over-lapping systems. The Military Departments and the DCMO presented data-driven results, vice simply presenting their portfolio for certification. Results presented to the DBC addressed:

- Major Improvements/Cost Reductions;
- Return on Investment;
- Risks/Challenges;
- Deviations from Prior Execution Plans; and
- Future Goals.

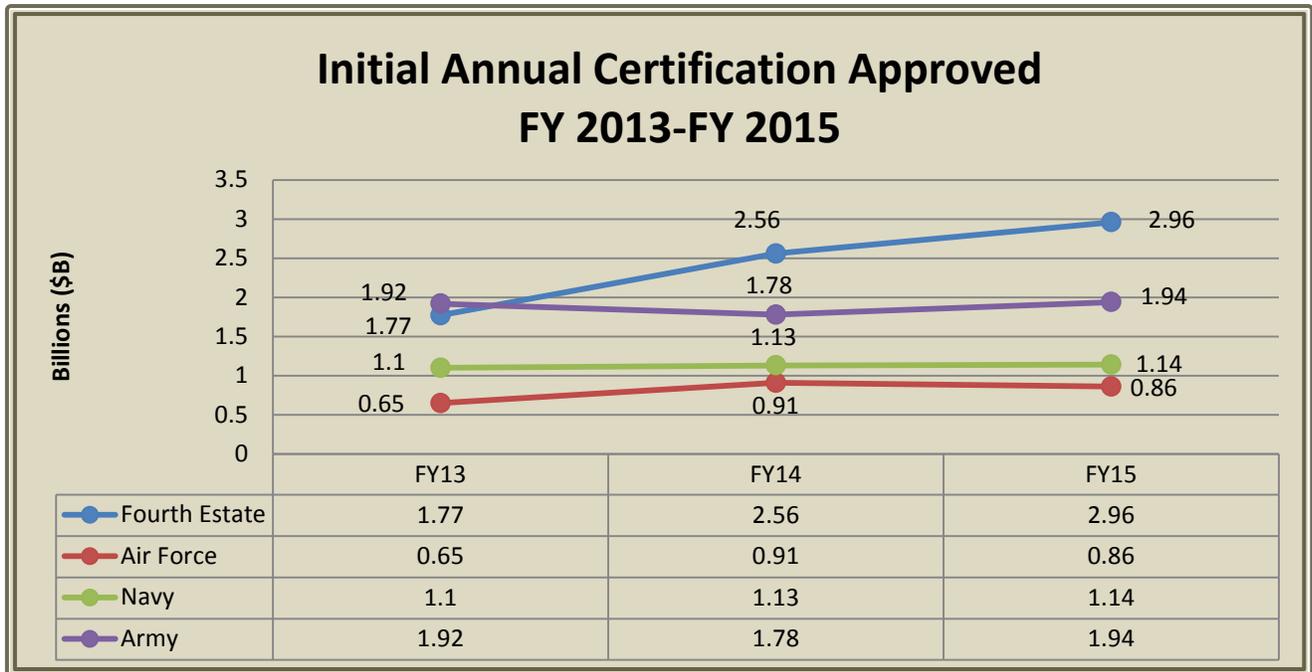
### III. Results Summary

DoD’s overall dollar investment trend for business systems is down approximately five percent, driven largely by reductions in the military departments. The total number of business systems remained relatively stagnant due to discovery of additional systems and the reclassification of some systems as business systems, which offset the number of systems retired. The Military Department portfolios decreased in dollars by approximately nine percent from the previous year. The Fourth Estate portfolio remained static in dollars from the previous year.

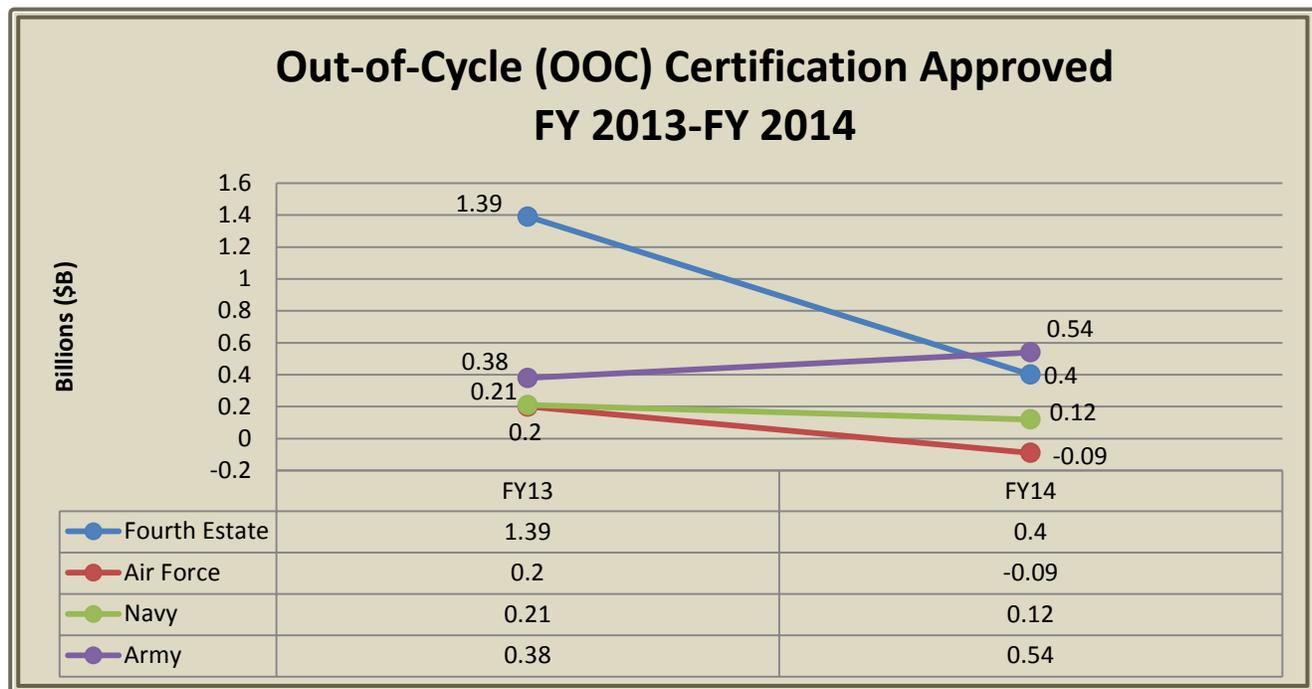
The DBC approved certification requests totaling \$6.9B for 1,182 business systems for FY 2015. The Department conditionally approved 29 Military Department and 30 Fourth Estate Development/Modernization (Dev/Mod) requests, pending DBC approval of a Problem Statement. Furthermore, seven systems were conditionally approved pending action to improve data quality in authoritative systems.



**Figure 2 - FY 2015 Approved Certification (\$M)**  
 Figure 2 provides an overview of FY 2015 certification approvals and by functional area.



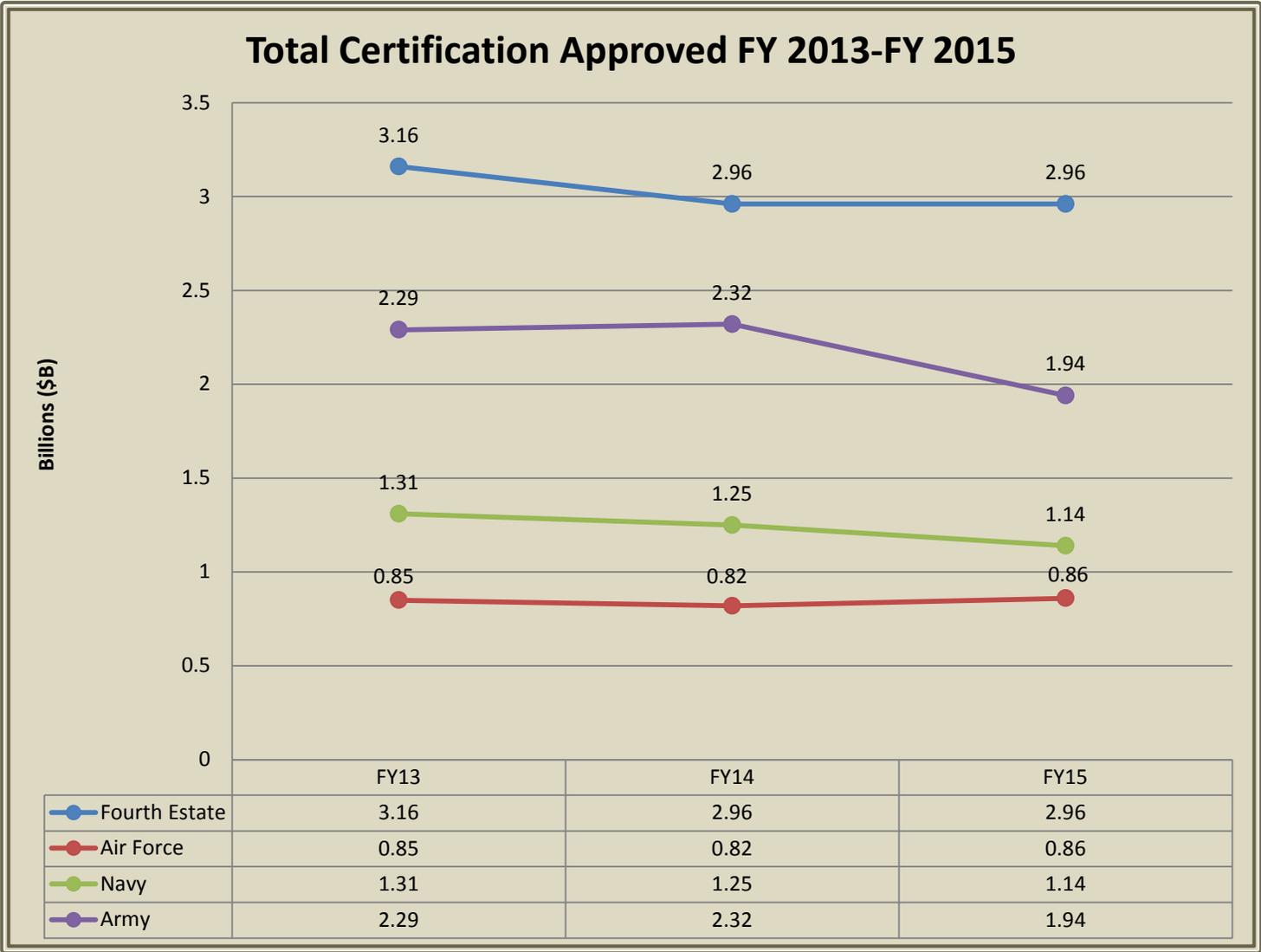
**Figure 3 - Annual Certifications Approved FY 2013-FY 2015**



**Figure 4 - Out-of-Cycle (OOC) Certifications Approved FY 2013-FY 2014**

Figure 3 above provides Department-wide Annual certification data between FY 2013 and FY 2015. Figure 4 provides Department-wide <sup>4</sup>Out-of-Cycle certification data between FY 2013 and FY 2014; FY 2015 out-of-cycle data results will be reported in the 2016 report to Congress.

<sup>4</sup> The fiscal year 2014 out-of-cycle process also allowed redistributions and reductions of previously certified amounts, while the fiscal year 2013 out-of-cycle process did not track these types of reductions.



**Figure 5 - Total Certification Approved FY 2013-FY 2015**

Figure 5 provides the Department-wide certification data between FY 2013 and FY 2015; FY 2013–FY 2014 totals include the primary request cycle and out-of-cycle certifications<sup>5</sup>. FY 2015 total reflects only the primary cycle certification data; FY 2015 Out-of-Cycle process results will be reported in the 2016 report to Congress.

<sup>5</sup> The Primary Request Cycle (PR) or initial request is for the request in an Organizational Execution Plan (OEP), which comprises the assembly or portfolios of covered business system investment requests for a fiscal year which the Defense Business Council certifies. The Out-of-Cycle (OOC) request is the vehicle for organizations to request changes to previously approved OEPs.

# IV. Business Improvements

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## A. Department of the Army



### Introduction

In 2014, the Army continued to transform its business operations to operate in a more efficient, effective, and transparent manner. The Army has a proven program to continually seek incremental improvements to its institutional organizations in order to provide ready forces in the most fiscally responsible ways to the Nation, while supporting the needs of the Warfighter. The Army is expanding its efforts to control the cost of business operations by reducing the size of headquarters units, which are viewed as both a fiscal and moral imperative while operational forces are being reduced. By retiring legacy systems and implementing other IT efficiencies, to include folding capability into our new Enterprise Resource Planning (ERP) systems, the Army is driving down annual IT costs by over 10 percent per year. The Army continues to challenge the status quo to enable the institutional Army to perform its activities faster and at reduced cost to apply more resources towards readiness.

### Results

The Army once again made significant progress toward producing auditable financial statements. The Army's commitment of senior leadership, Soldiers, and Department of the Army (DA) Civilians has enabled the achievement of several critical milestones, including the assertion of audit readiness on the SBA for FY 2015 and subsequent award of a contract to an Independent Public Accountant (IPA) to perform the audit at the direction of the DoD Inspector General (IG). The Army also asserted to the readiness of existence and completeness to the asset categories of Real Property, and Operating Materials and Supplies at the conclusion of FY 2014 and most recently received a favorable audit opinion in the FY 2015 report from the DoD IG on the existence and completeness of Army General Equipment.

The Army is aggressively addressing corrective actions identified in the most recent examination of the preparatory audit report, released in April 2014, pertaining to business process controls and system controls identified in ERP systems and associated feeder systems. These accomplishments are key building blocks as the Army progresses toward the goal of full financial statement audit readiness by the conclusion of FY 2017.

The Army's Business System Architecture has matured to the point where the key End-to-End business processes are defined and all the business IT systems that support the defined processes have been integrated. The Army has created an Enterprise Knowledge Repository (EKR) for all Business Mission Area architecture and system information. In addition to the process and system architecture, the EKR is an operational tool that contains relevant authoritative policies and information to be used by senior leaders, process owners, portfolio managers, and architects for process improvement to save the Army money.

The Army continued to leverage continuous process improvement through Lean Six Sigma (LSS) to increase the efficiency and effectiveness of business operations. In FY 2014, our LSS practitioners completed over 1,000 improvement projects providing conferred savings (savings and cost avoidance) to the Army. These efforts also provided operational benefits in areas such as logistics, maintenance, program management, and buying practices.

Exemplary efforts are captured in our most recent LSS Excellence Awards Program (LEAP) awardees. Award winners from FY 2013 include:

Assistant Secretary of the Army for Manpower and Reserve Affairs, ASA(M&RA)/G-1: Reduced process lead time by 30 percent in electronic Physical Evaluation Board processing resulting in an FY 2013 – FY 2020 financial benefit.

Assistant Secretary of the Army for Acquisition, Logistics, and Technology, ASA(ALT)/ Program Executive Office for Combat Support & Combat Service Support, PEO CS&CSS: Reduced total logistics footprint and life-cycle costs for the Joint Combat Support Systems Multi-Generation Project.

21st Theater Sustainment Command/ United States Army, Europe (USAREUR): Improved timeliness of final payment to Soldiers separating from active duty by 80 percent.

In a similar manner, the Army continues to utilize Business Process Re-engineering (BPR) to improve process efficiency. Specifically, the Army utilizes BPR approaches to re-engineer existing transactional processes to better fit into supporting software designs. A recent example is the design effort of the Integrated Personnel and Pay System-Army (IPPS-A). For IPPS-A Increment II, 157 discrete personnel processes were re-engineered to fit the capabilities of the commercial ERP, resulting in 31 re-engineered processes — an 80 percent reduction.

## Major Improvements/Cost Reductions

Ongoing Army business initiatives are having a significant impact on business operations. These initiatives represent near-term, cross functional, high impact, and enterprise-wide endeavors designed to optimize business operations and improve mission effectiveness at reduced cost. A CIO/G-6 business initiative generated huge economies of scale by implementing enterprise IT services such as email, software licenses, and cloud hosting – saving the Army over \$100M over the Future Years Defense Program (FYDP).

The Army continued to make significant progress in business system portfolio management. Army domains improved governance of the IT portfolio review process, retired over 90 legacy systems within their respective portfolios, and identified additional existing systems to properly align under the Business Mission Area.

In FY 2014, the Army made significant progress in establishing the Army's Federated ERP environment. Highlights of each Army ERP follow:

*Integrated Personnel and Pay System-Army (IPPS-A)*

IPPS-A is a web-based human resources system designed to provide integrated, multi-Component personnel and pay capabilities across the Army. Currently, over 1.1M Soldiers are provisioned in IPPS-A as part of IPPS-A Increment I fielding activities with full deployment of Increment I anticipated in the second Quarter FY 2015.

IPPS-A Increment II will deliver full integrated personnel and pay services for all Army Components, building on the trusted database delivered by IPPS-A Increment I, improving the Army's financial management processes and minimizing pay discrepancies by linking the personnel and pay functions, eliminating duplicate data entry, and reducing complex system maintenance. Significantly, the DoD approved Increment II to proceed into Engineering and Manufacturing Development, achieving its Milestone B Decision on December 19, 2014. At Full Deployment, it will have fully or partially subsumed functionalities in over 40 legacy Army personnel and pay systems, and will meet full financial statement audit requirements.

*General Fund Enterprise Business System (GFEBS)*

GFEBS was fully deployed in July 2012 as the Army's system of record for the General Fund financial management and real property accountability. GFEBS now supports over 36,000 users in 200 locations around the world. FY 2014 highlights include processing over 66 million transactions, managing \$180B in total appropriations, and attaining a 99 percent obligation rate for expiring appropriations. GFEBS enhanced the invoicing and payment process with its Procure-to-Pay Supplier Self-Service capability for nine vendors with a 98 percent success rate and is seeking authority to expand the pilot to additional vendors at this time. The program also increased CONUS vendor invoice payments processed directly out of Treasury to a total of 169,230 from 4,000 in FY 2013. GFEBS also made improvements toward resolving identified material weakness findings necessary to accomplish the FY 2010 National Defense Authorization Act requirement to produce an unqualified audit by 2017.

General Fund Enterprise Business System – Sensitive Activities (GFEBS-SA), a variant of GFEBS, is being developed to provide similar functionality for classified funds and sensitive activities. This post-Materiel Development Decision program recently concluded a successful business blueprint design work effort and conducted a preliminary design review.

*Global Combat Support System-Army (GCSS-A)*

GCSS-A provides enterprise-wide supply chain logistics capability at the tactical and installation levels and enables the Army to achieve full audit readiness. GCSS-A Increment 1 Wave 1 provides Army-wide supply and financial capabilities at the tactical unit and installation warehouse levels within the Total Army. Wave 2 will deploy maintenance, property book accountability, and additional financial capabilities to every tactical and installation level unit in the Army. As of December 30, 2014, a total of 56 percent of Wave 1 fielding's were completed with 177 of 315 Army's Supply Support Activities and Logistics Readiness Centers operating in GCSS-A. Fielding will be completed as originally planned, in the second Quarter FY 2016.

Wave 2 development is proceeding and will provide world-class Maintenance, Unit Supply, Property Book, and the remaining Finance and Materiel Management functionality to the Army. Wave 2 limited fielding began in January 2015. Full fielding of Wave 2 capabilities is expected to commence in July 2015. Fielding completion is expected in September FY 2017.

GCSS-A Increment 2 planned functionality includes an expanded Business Intelligence and predictive analytics capability as well as Army Pre-positioned Stock (APS) management to receive, store, maintain, and issue APS in an auditable manner.

#### *Logistics Modernization Program (LMP)*

LMP is designed to sustain, monitor, measure, and improve the modernized, national-level logistics support solution. LMP executes 2 million transactions daily and manages \$22B in inventory. It is deployed to 21,000 users in more than 50 locations around the world, and interfaces with more than 70 DoD systems. In 2014, the implementation of LMP Increment 2 added 9,000 new users and provided additional functionality to 5,000 existing users. In September 2014, the U.S. Special Operations Command joined the LMP user base, utilizing the system to support the retrograde of equipment from Afghanistan, filling a critical gap in asset visibility. The LMP continues to implement auditability functionality to meet the Department's financial compliance requirements by 2017.

Other business system information technology highlights include:

*Acquisition Business (ACQBIZ)* - delivers agile, secure, and integrated IT-based solutions to support the business needs, decision making, and mission success of the Army acquisition community. The program is focused on enabling "acquisition visibility" to leaders at all levels to drive their investment decisions and gain access to authoritative data. In FY 2014, ACQBIZ established an internal Requirements Review Board to improve its requirements management process resulting in a \$45M cost savings over the FYDP.

*Army Workload and Performance System (AWPS)* - is an information system that produces management reports intended to link the Army's industrial workload demands to workforce requirements. The Army has made significant strides in strengthening its oversight of AWPS including Army CMO approval of the Master Plan, directing a functional overlap assessment between AWPS and the LMP, and addressing longer term needs for an enterprise integrated labor time to task tracking capability.

*Aviation Logistics Enterprise-Platform (ALE-P)* - In 2014, Army received approval from OSD to develop an aviation logistics capability to replace two legacy systems which will provide a maintenance management and recordkeeping capability that supports all Army aviation platforms. The Army has conducted a cost benefit analysis for courses of action and an independent assessment of the cost benefit analysis is ongoing.

*Army Contract Writing System (ACWS)* - will be the Army's next generation single enterprise-wide contract writing system, replacing three legacy systems, and providing full spectrum contract management including execution and close out. The system will be designed to meet the contract activity requirements of all Army users including forward deployed disconnected users, installations, weapons systems, and secure contracting missions. In 2014, ACWS received its Material Development Decision from the Army Acquisition Executive.

## Return on Investment/Value Improvement

In FY 2014, the Army continued to emphasize process and organizational improvements to provide trained and ready forces at best value to the Nation. Examples of significant ongoing actions are:

Implementation of the Army's Better Buying Power Initiative to manage programs provided cost savings of \$914M and a further \$603M in cost avoidance.

Army governance and management processes to improve and optimize services acquisitions resulted in command savings and cost avoidance of \$588M in FY 2014. The cumulative amount of savings since reporting began in FY 2012 is now \$1.6B, which has been reinvested.

Increased efficiencies in the Army Training Model were realized by eliminating redundant requirements and re-aligning enabling events across the virtual, constructive, and gaming domains to more efficiently support live training. This achieved a cumulative annual savings of approximately four live training days and 151 training days in the virtual, constructive, and gaming environments while still meeting decisive action readiness thresholds. Analysis of the long-term cost savings of this effort is ongoing.



*Army Sgt. Jonathan Eddy mans an M240B machine gun atop a Humvee in a virtual convoy trainer on Fort Bragg, N.C., Jan. 30, 2013. Eddy, a team leader, is assigned to the 82nd Airborne Division's 1st Brigade Combat Team. U.S. Army photo by Sgt. Michael J. MacLeod*

The Army reduced reliance on contract logistics support (CLS) by analyzing over 60 options and identifying 14 near-term contractor supported functions to either eliminate or transition to Army existing capabilities resulting in \$1.9B in cost avoidance and savings for FY 2014-FY 2021. This effort also identified 34 longer-term opportunities for further analysis in FY 2015.

The Army continues to aggressively manage the post-production software support (PPSS) program and has identified almost \$700M in cost avoidance by maximizing enterprise licensing agreements, reducing field support requirements, and creating other efficiencies. The Army will continue to find ways to cut PPSS costs, while maintaining capabilities and cyber security, to avoid approximately an additional \$500M over the next five years.

The Army has taken advantage of its wartime reset program to reduce Depot Maintenance by \$1.3B over the past five years.

The Army reduced 10 Brigade Combat Teams within CONUS creating excess infrastructure capacity estimated at 18 percent. It costs the Army, on average, roughly \$3 per square foot to maintain underutilized space. The Army needs a BRAC round. Without a BRAC and the realized cost savings, the only alternative is to make additional cuts to training, manpower, and modernization to make up for shortages in installation funding. These are not cuts the Army can afford to make.

One of the most important Army reforms is the Aviation Restructure Initiative (ARI), which continued in FY 2015. The current Army aviation structure is unaffordable, so the plan avoids \$12B in costs and saves an additional \$1B annually if ARI is fully implemented. The Army cannot afford to maintain its current aviation structure and sustain modernization while providing trained and ready aviation units across all three components. The Army's comprehensive approach through ARI will ultimately allow it to eliminate obsolete airframes, sustain a modernized fleet, and reduce sustainment costs. Through ARI, the Army will eliminate nearly 700 aircraft and three Combat Aviation Brigades from the Active Component, while only reducing 111 airframes from the Reserve Component. ARI eliminates and reorganizes structure, while increasing capabilities in order to minimize risk to meeting operational requirements within the capacity of remaining aviation units across all components. If the Army does not execute ARI, it will incur additional costs associated with buying additional aircraft and structure at the expense of modernizing current and future aviation systems in the total force.

In support of the Secretary of Defense directed reductions and to preserve operational readiness, Active, Reserve and National Guard commands and organizations led by a 2-star or higher General Officer or equivalent Senior Executive were directed to take a 25% reduction to their military and civilian strength in their headquarters. These reductions have been incorporated in the Army program and budget to meet directed targets and will be implemented in 2015-2019. For Army Management Headquarters, funding and manpower were reduced by \$1.1B (includes \$750M for contracts) and 2.2K DA Civilian spaces respectively.

## Major Risks/Challenges

As with any program, the current implementation timeline for deploying the ERP system relies on current and future year budgetary support. Reduction in current funding levels puts these innovations and technology improvements at risk. If not modified, Sequestration and its associated budgetary havoc will jeopardize the timelines and deployment of planned Army business IT systems therefore delaying and degrading the benefits, including auditability.

## OSD Assistance Requests

The DBC, co-chaired by the DCMO and CIO, continues to be the premier governance body for DoD enterprise business process improvement and business enterprise architecture development coordination. Sustaining the DBC roles and functions going forward will ensure the Department continues to make efficiency gains while providing best-in-class support to our operating forces.

## Future Goals/Analysis

The Army is expanding its efforts to control the cost of business operations by executing the first wave of headquarters reductions in FY 2015 and will continue them over the next four years. In addition, ongoing detailed reviews will assess Headquarters Department of the Army (HQDA) functions and organizational design to best support HQDA missions and leader priorities within projected budget constraints and the future strategic environment. The goal is to optimize the HQDA to enable the Secretary of the Army to make better resource-informed decisions to perform Army Title 10 functions while setting the conditions for the Army to provide organized, trained, and equipped forces to combatant commanders and governors when and where needed at best cost to the Nation.

By FY 2019, the Army anticipates driving down its annual IT costs by reducing its business system portfolio through a combination of retiring outdated legacy systems and folding more capability into the federated ERP environment. On the business intelligence front, databases that previously resided in dispersed locations with limited enterprise access are being transitioned to the cloud. This data combined with enterprise business intelligence capabilities will enable better and faster resource informed decision making.

Other ongoing enterprise-wide business initiatives are in place and significantly impacting business operations. For example, huge economies of scale are being achieved for enterprise IT services such as email, software licenses, and cloud hosting. The process for civilian hiring is being reformed with significant reductions in the time to announce and fill vacant positions. The Procure-to-Pay (P2P) pilot is demonstrating End-to-End P2P capabilities within a single ERP system to reduce costs and improve audit readiness. The cost culture business initiative is institutionalizing cost management principles and practices across the Army through training, governance, and improved costing tools. This initiative will enable Army leaders to better control the cost of all operations and support to provide best value.

Improving strategic planning and performance assessments is an essential element for transforming the Institutional Army. Several organizations are doing this extraordinarily well, but it should truly be an enterprise-wide competency. To fully accomplish objectives in this area, the Army must broaden the practice of arriving at a meaningful strategy; setting tangible goals, including establishing financial targets; fixing accountability; and then routinely assessing progress toward outcomes, along with dollars spent, in order to get the maximum benefit and performance possible. The Army Plan, revised for 2015 and beyond, is implementing these practices to elevate them to enterprise-wide visibility and increased performance. FY 2015 will prove a highly impactful year for transforming the Army's Title 10 business operations and the Army is excited about the opportunities it offers.



## B. Department of the Navy

### Introduction

Like the rest of the DoD, the Department of the Navy (DON) ensures that resources are responsibly and judiciously allocated to the ultimate benefit of the warfighter and mission accomplishment. The Department continually adapts to the evolving complex and uncertain environment while remaining flexible to respond to any challenge. The DON adopted a Functional Area Manager (FAM) concept that relies heavily on the considerable knowledge and professional judgment of experts at the major commands as well as headquarters. Generally, the FAMs have some level of responsibility for requirements validation and/or program funding. These experts not only ensure the continued compliance with laws and policies, but also identify opportunities for system consolidations or new investments that can reduce total costs.

New projects or new work within existing programs must demonstrate adequate ROI to merit funding the effort from within the resource sponsor's funding. A validated requirement may also be identified as an above core DON requirement to be considered during later phases of programming and budgeting. The DON currently makes decisions about IT investments during routine tradeoff analysis that is inherent in the programming process.

The defense business system certification process occurs immediately prior to funds execution and is used as another layer of oversight to ensure there is a clear vision for the future, investments are balanced across portfolios to meet strategic needs, and system owners are complying with all necessary policy. The programming and budgeting process yields a decision to spend, but the certification process is used as an opportunity to ensure alignment and compliance.

### Results

As a result, the DON Pre-Certification Authority reviewed Business Enterprise Architecture (BEA) compliance, BPR compliance, all authoritative records, and relevant CIO metrics before requesting certification. In FY 2015 DON business system certification requests were down 10 percent.

### Deviations from Prior Execution Plans

As the DON consolidates and modernizes its portfolio, three systems were reclassified from core to legacy, including the Collaborative Information Management System, Reactor Servicing Asset Tracking, and Naval Research Information System, as they enter the 36 month window. Five systems previously scheduled to become legacy have been extended. Due to issues during source selection for four of the legacy personnel systems, the contract was not awarded until June 2014, resulting in a one year schedule slip. The Acquisition system Virtual Perimeter Monitoring System (VPMS) experienced funding limitations which limited the deployment speed of a target system. Retirement of VPMS has been delayed to reduce risk.

## Major Improvements/Cost Reductions

During FY 2014, the DON achieved significant costs savings, improvements in business operations, and alignment to strategic priorities as defined in the DON Transformation Plan.

### *Consolidation: Reduce complexity, interfaces*

In four years, the DON Financial Management (FM) systems are down by approximately 45 percent from 113 to 60. Another 10 FM systems are retiring at the end of FY 2016. In the area of Logistics, since 2008, 191 systems have been retired, with 77 going into Navy ERP. More than 10 systems are planned for retirement over the FYDP.

### *Navy Enterprise Resource Planning (ERP) – “Transition, Sustain and Optimize”*

The Navy ERP Program of Record reached Full Deployment in 2013 and was released to 39 geographic locations within six major commands. The system transitioned from Acquisition to Sustainment in 2014 and continues to deliver business capabilities while optimizing the current system infrastructure and processes to find greater efficiency. The Navy ERP Governance collaboratively delivers requirements, resourcing, and transparency amongst all stakeholders. Navy ERP has facilitated achieving audit readiness by prioritizing tasks. At least 248 related changes are scheduled.

### *Navy Personnel and Pay (PERS/PAY)*

Navy's Personnel and Pay business process re-engineering efforts are contributing to consolidating functions of three disparate capabilities into one. This will help Navy reduce redundant functions and gain efficiencies.

- Enhanced Drill Management/Record of Emergency Data & Dependency Application – Reduces in End-to-End process costs by 30 percent, while improving performance to the customer;
- Permanent Change of Station Roundup – Automates six of 15 manual orders; resolves accounting/accuracy issues; improves auditability; and reduces Anti-Deficiency Act risk; and
- Defense Military Pay Office (DMO) Migration – 86 transaction types; 600,000 transactions annually, retirement of Navy DMO.

### *Data Center Consolidation*

The DON is in the process of reducing the number of its data centers from the 2012 Baseline of 375 to an End State Goal of fewer than 25 General Purpose Data Centers. During FY 2014 20 data centers closed (18 Navy, 2 Marine Corps), for \$25.32M annual savings.

### *Application Rationalization*

Navy and Marine Corps are engaged in Service-level application rationalization projects. Application reduction is part of the DON Financial Improvement Working Group plan to improve audit readiness and protect data.

### *Cybersecurity*

Real world operation events led to improvements in threat detection and response; significant upgrade of network cyber defenses; and implementation of best practices, security configurations, and architectural changes.

During FY 2014 the DON:

- Synchronized the Navy and Marine Corps Global Address List (GAL) with the DoD GAL;
- Positioned the DON for transition to the Federal Risk Management Framework;
- Supported the Joint Information Environment Single Security Architecture;
- Completed an Insider Threat study and white paper in support of DoD CIO; and
- Developed a security controls overlay for Research Development Test and Evaluation environments to reduce the time and cost of accreditation.

## **Return on Investment/Value Improvement**

The DON continues to work aggressively to ensure that all technology investments are delivering high return on investment for the taxpayer. With just under 500 defense business systems supporting the work of hundreds of thousands of people, the DON must take a holistic view on total business operations efficiency and effectiveness including people, processes, and systems. To that end, below are three examples of efficiency and effectiveness improvements within the Human Resource Management area, where the DON worked to improve organizations and processes and then implement IT.

### *Accessions*

The computed ROI for Personalized Recruiting for Immediate and Delayed Enlistment Modernization (PRIDE MOD) is 6.34. This program reduces the officer application cycle time from six to nine months to three months. The resulting efficiency is expected to reduce officer application attrition prior to selection by 30 percent.

### *Recruitment*

The Applicant Relationship Management (ARM) Program provides an investment opportunity with a 2.22 Benefits Cost Ratio, a 4.81 ROI, and a \$17.7M Net Present Value. The ARM Program provides recruiters improved processes together with a feature-rich tool set.

### *Retirement and Separations*

With an investment of \$21.5M in the Navy Standard Integrated Personnel System, the Navy will save \$8.2M per year, processing retirements, and \$7.1M per year, processing separations. Other benefits of modernization include: decreased average processing time; increased Service Member accessibility; reduced data errors and manual data entry requirements; and improved Retirement and Savings request visibility, tracking, and reporting. Moreover, the DON continues to work with a wide range of stakeholders to implement and improve our unifying vision for each functional Business Mission Area and ensure that vision is supported by a cost-effective and agile IT architecture. This vision helped increase compliance and reduce redundancy, by retiring 11 legacy systems, within the DON portfolio.

## Major Risks/Challenges

Managing risk and mitigating challenges within the Business Mission Area is crucially important within the DON, especially during a time of such fiscal constraints. Effective risk management starts by understanding threats and vulnerabilities. The DON is mindful to build on this knowledge by identifying ways to mitigate the risks. This is done by reducing associated vulnerabilities and/or reducing potential impacts. The DON can then create different plans to mitigate risks in different areas of the organization. In FY 2015 the DON is alert and focused on the following areas:

### *Fiscal Uncertainty*

The high degree of DoD budget uncertainty creates opportunities for misaligned resources, increased costs to programs, and/or degraded performance of capabilities that can degrade warfighting capabilities and increase total ownership costs. To meet this challenge, the DON will continue to closely monitor budgets and work aggressively to align business system investments with other budgetary changes in mission areas.

### *Reduced Speed and Agility*

Current laws and policy governing defense business systems have the potential to delay rapid delivery of incremental capabilities with the potential to increase the overhead cost associated with meeting all compliance/governance requirements. To meet this risk the DON will continue to work closely with OSD DCMO to identify areas of non-value added oversight while fully complying with Title 10 United States Code § 2222.



*The guided-missile destroyer USS Winston S. Churchill conducts replenishment at sea with the Military Sealift Command fleet replenishment oiler USNS Arctic in the Atlantic Ocean, Jan. 28, 2015. The Churchill is training to prepare for an upcoming deployment. U.S. Navy photo by Chief Petty Officer Rodney Davidson*

### *Business Enterprise Architecture (BEA)*

Despite being in version 10.0, the data from the BEA has not generated actionable reporting or conclusions for management of DON business systems. This year's deployment of the BEA compliance tool was not sufficiently supported, lacked sufficient training, failed to produce accurate reporting, and suffered from basic usability and access issues. With that, the DON has adopted a maturity model to improve the accuracy and completeness of compliance content given current constraints. Department of Defense policy should be focused on limiting the scope of the BEA and focusing on delivering actionable data. Rather than broadening the data collection effort with new taxonomies and classifications akin to End-to-End processes, focus should be placed on a single, high-value aspect and generating the accurate, insightful data from a smaller dataset. Additionally, the labor cost associated with BEA compliance needs to be carefully assessed in the context of the benefits BEA provides.

### *Standard Line of Accounting (SLOA)*

As currently envisioned, the cost to comply with SLOA has the potential to significantly outweigh any benefits associated with this effort. DON will continue to work to support SLOA while also identifying realistic cost estimates for compliance to support the larger decision making process.

### *Audit Readiness*

Automated controls and business processes will be the critical factor in achieving and maintaining a clean audit opinion. The DON will continue to focus on achieving audit readiness goals through improved controls and processes.

### *Reduction of Total Ownership Costs*

A narrow focus on defense business system spending has the potential to negatively impact the identification and execution of opportunities to reduce total ownership costs across the portfolio of systems while delivering capabilities to the warfighter. To meet this challenge, the DON will continue to focus on opportunities to reduce cost and explain to OSD DCMO where targeted investments are being made to support a valid business case.

## **OSD Assistance Requests**

The current OSD oversight process supporting Title 10 United States Code § 2222 is cumbersome, costly, and slow. At the same time it does little to actually create real compliance with the law, other than slowing down new IT system and improvement introduction. While many improvements are currently in the works or already in place in FY 2015 (i.e. threshold approvals for Out-of-Cycle requests) the DON requests assistance in reducing its current administrative burden in order to improve allocation of limited resources. The existing certification policy could be more consistent and clear. Guidance needs to be issued earlier and there should be stronger collaboration in policy development.

## **Future Goals/Analysis**

The DON is evolving towards a more effective and efficient organization. While reviewing the DON portfolio, analysis focused on identifying areas of potential duplication and overlap in Fleet Operations and Maintenance; Logistics; IT acquisition and functionality; and Shore Maintenance/Shipyard technical documentation. The DON identified multiple systems which are potentially duplicative and require further review to determine if a business case exists to standardize processes and consolidate duplicative and overlapping systems. The Information Technology Procurement Request Process is currently under review and revision to improve administrative procedures and reduce overhead costs.

## C. Department of the Air Force



### Improving Governance

The Air Force continues to focus efforts on reducing the cost of business by decreasing complexity; implementing better buying practices; eliminating excess capacity and overproduction where it exists; and implementing performance-based management methods for business IT portfolio management delivery. Specifically, the Air Force implemented the “Every Dollar Counts” (EDC) campaign, comprised of 13 separate initiatives aimed at achieving efficiencies and savings across the entire Air Force enterprise. There are specific efforts ongoing at the Headquarters, Major Command and individual Airman Levels. In terms of managing the Air Force business IT portfolio, the Enterprise Senior Working Group (ESWG) is the cross-functional governance body that ensures the Air Force Business Mission Area goals, objectives, and priorities are enabled by sufficient Business Process Re-engineering (BPR). The ESWG supports the Air Force DCMOs role as the Air Force Pre-Certification Authority and the Air Force representative to the DBC.

### Results

The Air Force FY15 certification request submitted by the Pre-Certification Authority decreased by \$119.85M (12.2%) compared to the FY14 request. Several systems were retired due to continuous IT Duplication reviews and the net decrease to the portfolio was six less systems.

### Deviations from Prior Execution Plans

The Air Force continues to focus on transformation with the goal of producing more efficient operations without detriment to combat capability. The Air Force was able to accelerate planned retirement of legacy IT systems earlier than projected in the logistics portfolio. In some cases, funding decisions drove schedule slips, such as the Geobase consolidation from FY 2015 to FY 2017. Strategies to re-sequence investments efforts to build on an integrated approach occurred in the logistics portfolio causing a 36 month slip to Integrated Logistics Systems-Supply and Item Management Control System. The future Air Force Integrated Contracting Capability, which will replace seven systems, slipped two years and the CE NexGen IT slipped 12 months, delaying the sunset of Automated Civil Engineering System, Interim Work Information Management System, and Integrated Information Tool (partial).

### Major Improvements/Cost Reductions

During FY 2014, the Air Force achieved significant costs savings, improvements in business operations, and alignment to strategic priorities. Although the net decrease to the business IT portfolio was six systems, the Air Force shut down 26 systems in FY 2014. This difference was due to domain re-alignments (infrastructure systems moved to Business Mission Area) and additional systems meeting the \$1M threshold for certification.

The Air Force achieved several financial audit goals and in FY 2014 deployed Defense Enterprise Accounting and Management System (DEAMS) to 10 locations supporting 2,500 users. The logistics domain developed Financial Improvement Audit Readiness (FIAR) compliance plans to remediate/modernize 17 critical systems to obtain auditability by FY 2017. The financial management domain completed assertion package documentation for Schedule of Budgetary Resources (SBR) Assessable Units, completed Federal Information System Controls Audit Manual assessments of IT systems impacting SBR, and developed IT system corrective action plans to remediate IT weaknesses for financial audit. The human resource domain completed an independent public accountant examination of Civilian Pay and developed Corrective Action Plans to address material weakness identified.

The Air Force continues to meet enterprise infrastructure goals by moving platforms to the Defense Information Systems Agency environment and utilizing commercial mobile devices to deploy a less expensive option to view electronic technical data.



*Sgt. Andrew Morey, USMC, uses an Apple iPad tablet to look up grid coordinates aboard a UH-1Y Venom helicopter at Forward Operating Base Edinburgh, Afghanistan. Within four years, mobile devices may be widely used on the battlefield – September 1, 2014 by George I. Seffers*

## **Investments for Development/Modernization**

In order to ensure business systems investments can significantly improve business operations performance while reducing costs, a well-defined business case with clear performance measures and a positive Return on Investment (ROI) is required by AF leadership. AF FY15 top three development / modernization investments are DEAMS, AFIPPS, and MROi which account for 72% overall AF development requirements. AFIPPS and MROi have ROIs greater or close to two and twelve out of 33 (36%) of the investments have ROIs greater than two. There are seven development investments required for FIAR compliance.

## Major Risks/Challenges

As the U.S. Government strives to reduce its debt, the Air Force will be challenged to execute its missions with fewer resources. Our primary business challenge is achieving auditability. The following audit risk areas are being closely monitored:

DEAMS will not be fully deployed before the Air Force Schedule of Budget Activity (SBA) Audit commences. Air Force will need to rely on IT controls for the SBA financial audit where applicable, and ensure compensating business process controls or substantive documentation is available to support where the IT controls are lacking. The solution is to accelerate the deployment of DEAMS and remediate other logistics and financial management IT systems.

Legacy remediation corrective actions may not be fully deployed in time to meet Air Force Existence and Completeness (E&C) Audit Readiness FY 2015 goals. To remediate this risk, the Air Force will rely on IT controls for the E&C financial audit where applicable, and ensure compensating business process controls or substantive documentation is available to support this audit. The Air Force will continue remediation of logistics and financial management IT systems.

The Air Force lacks a U.S. Standard General Ledger (USSGL) compliant General Ledger in the legacy financial environment. The solution is to accelerate DEAMS deployment and inclusion of its process flows in Air Force Assessable Units, in preparation for SBA and full financial statement audits.

The Air Force relies on Fourth Estate partners to meet Audit Requirements. Several controls are in place, including: 1) mapping the processes and information exchanges and documenting the processes and information exchanges in the business enterprise architecture; 2) implementing, complying with, and validating data standards and business rules; and 3) leveraging technology to validate and enforce standards and minimize interfaces.

Finally, the Security Cooperation Enterprise Solution Enterprise Resource Planning solution may not be deployed fully in time to meet Air Force Audit Readiness goals. The Air Force continues remediation of financial management, logistics, and other integrated Security Cooperation IT systems.

## Future Goals/Analysis

In FY 2014, the Air Force decommissioned 26 defense business systems; by 2021 the Air Force plans to decommission 118 systems. Strategic drivers which focus on Air Force analysis include: 1) Continue institutional focus on the Every Dollar Counts campaign; 2) Evolve logistics core competencies to fully support Joint Doctrine; 3) Improve Acquisition workforce capabilities; 4) Integrate and streamline personnel and pay operations through business process re-engineering and technology modernization; 5) Implement an Enterprise Learning Environment; 6) Improve financial information; and 7) Strengthen internal controls.



## D. Fourth Estate

### Improving Governance

The Fourth Estate business environment includes large, diverse organizations performing a complex set of functions. To date, the Fourth Estate has been certified by component (i.e., each OSD staff element and each Defense Agency and Field Activity separately). In FY 2015, the Department reviewed the Fourth Estate as a single portfolio, identifying business processes and systems that are potentially duplicative, or over-lapping and in need of further review.

### Results

While there were moderate decreases across numerous Fourth Estate organizations due to retiring legacy systems, these were offset by increases from Defense Health Programs and reassigning systems from other mission areas to the business mission area. During FY 2015, the DCMO will use baseline certification data to pursue consolidation and business process improvement opportunities.

### Deviations from Prior Execution Plans

As the Fourth Estate consolidates and modernizes its portfolio, several organizations are able to accelerate planned retirement of legacy systems or retire systems earlier than projected.

For example, the United States Transportation Command (USTRANSCOM) is able to move up retirement of the Commercial Operations Integrated System (COINS) and Transportation Operational Personal Property Standard System (TOPS) to 2017. And while USTRANSCOM postponed planned retirement for Transportation Financial Management System (TFMS) from 2014 to 2018, due to a delay in Defense Enterprise Accounting and Management System (DEAMS), USTRANSCOM will migrate Cargo and Billing System (CAB) functionality to TFMS and fully retire CAB.

The Missile Defense Agency (MDA) had previously scheduled to migrate Comprehensive Cost and Requirements System (CCaR) capability to Project Management Resource Tools (PMRT) in FY 2016 and then to Defense Agencies Initiative (DAI). However, working with Acquisition, Technology, and Logistics (AT&L), MDA established a new transition plan allowing for a single migration directly to DAI, bypassing the interim migration to PMRT. The single transition from CCaR is the most efficient path forward and will reduce the organization's portfolio sooner than scheduled.

FedRAMP as a government program focused on enabling secure cloud computing for the Federal Government. DoD, by the virtue of its warfighting mission, has unique information protection requirements that extend beyond the controls assessed by other government agencies. Several OSD Components face potential deployment delays for identified target systems. As an example, Economic Adjustment Data System 2 (EADS2), an OUSD (AT&L) system, scheduled to be hosted in the commercial cloud, was delayed due to the time invested in design and development of DoD

cloud implementation standards and policies. Specifically, architecting the appropriate safe guards and monitoring for the sensitivity of the hosted data.

## **Major Improvements/Cost Reductions**

During FY 2014, the Fourth Estate achieved significant costs savings, improvements in business operations, and alignment to strategic priorities as defined in the President's Management Agenda and the Department's Agency Priority Goals.

### *Contract Payment Improvements*

Supporting the Agency Priority Goal to reform the Department of Defense acquisition process, Defense Contract Management Agency (DCMA) deployed a capability in Modification & Delivery Orders to electronically post mass modifications to Mechanization of Contract Administration Services, Federal Procurement Data System, and Electronic Document Access. This automated capability replaced an extensive manual workload for Administrative Contracting Officers, saving approximately 3,780 man hours. In addition, DCMA provided technical support to the Navy to develop, test and deploy Electronic Data Exchange translation maps for SeaPort, one of several Navy systems that awards and administers contracts for the Department. Automating the process to transmit contract awards and modifications reduced the high costs that Navy was incurring for manually paying invoices, saving approximately \$800k annually.

### *Supporting Audit Readiness & Strengthening Financial Management*

Fourth Estate organizations continue to make advancements to strengthen financial management controls. As business systems achieve compliance with current Standard Financial Information Structure (SFIS), Standard Line of Accounting (SLOA) and Financial Improvement Audit Readiness requirements, the Department improves accountability and transparency into its finances. As an example, the Joint Staff successfully implemented enhancements in Enterprise Business Accountability System to improve accountability with Daily Cash Reporting, reducing the time to process monthly closeout by 50 percent.

### *Process Improvement*

The Department of Defense, Office of Inspector General Hotline ("DoD Hotline") is an important avenue for reporting fraud, waste, abuse, and mismanagement regarding programs and personnel under the purview of the U.S. Department of Defense. The DoD Hotline significantly improved the efficiency of Hotline-initiated cases and administrative referral processing, by making them 100 percent electronic. Processing time for administrative investigation same day referrals were reduced from 22 days to one. As a result, the Defense Hotline's backlog for lowest priority cases has been completely eliminated.

### *Transition to Veterans*

Supporting the Department's Agency Priority Goal to provide support to Veterans as they transition to civilian life, the Defense Manpower Data Center (DMDC) successfully expanded the Defense Personnel Records Information Retrieval System (DPRIS) user base in FY 2014 to include State and County government offices. Veterans used DPRIS to make over 206,000 requests, saving the Military Departments approximately \$7.2M. DPRIS provided over 39 million electronic images of Veterans' Official Military Personnel File information, an increase of 28 percent from the previous year. Additionally, the Department of Labor converted from paper to electrons the Department of

Defense Form 214 (DD214) and used DPRIS exclusively to obtain the information required by Unemployment Compensation eligibility determination. Enabling DPRIS to conduct this process electronically increased the timeliness and accuracy of the benefit adjudication. Processing this information electronically increases Federal, State and Local government ability to efficiently and effectively provide benefits and services to our Veterans.

## Investments for Development/Modernization

In order to ensure business systems investments can significantly improve business operations performance while reducing costs, a well-defined business case with clear performance measures, a positive ROI, and a reasonable payback period is necessary. Focusing on systems with FY 2015 Dev/Mod certification requests greater than \$250K, the Department reviewed Organizational Execution Plans, Exhibit 300s and available business cases, and Problem Statements for reported ROI. Of the 92 systems with greater than \$250K in Dev/Mod funds, 15 reported a positive ROI. The Department will continue to review business cases for the systems with negative or no reported ROI.

In addition, certification requests for new Dev/Mod were conditionally approved pending submission and approval of a Problem Statement. Before funds can be obligated, the Department will use the Problem Statement to conduct a thorough review to ensure there is a valid need to invest in a system to meet a business need and the investment does not duplicate existing capabilities throughout the enterprise.



*U.S. Air Force F-15E Strike Eagles wait to receive fuel from a KC-135R Stratotanker during exercise Red Flag 15-1 on their way to Nellis Air Force Base, Nev., Jan. 23, 2015. The F-15 crews are assigned to the 4th Fighter Wing. Red Flag provides a series of intense air-to-air scenarios for aircrew and ground personnel to increase their combat readiness and effectiveness for real-world operations. U.S. Air Force photo by Airman 1st Class Aaron J. Jenne*

## Major Risks/Challenges

The Fourth Estate identified risks and challenges that inhibit the component's ability to accomplish desired outcomes.

Reliance on business process and system internal controls is key to achieving and sustaining an auditable environment. In this very constrained resource environment, the Department will need to evaluate system investments to ensure proper internal controls and corrective action plans are in place to support the Fiscal Year 2017 audit goals. In addition, the Fourth Estate organizations are actively focused on meeting the Department's audit readiness requirements and deadlines. DoD has developed a strategy to move to a full financial statement audit by Fiscal Year 2018 in accordance with the FY 2010 National Defense Authorization Act (NDAA).

The Fourth Estate's collective inability to produce, for auditors, a complete universe of financial transactions is a critical deficiency and puts our ability to start or progress through an audit at high risk. To correct this, the Office of the Deputy Chief Financial Officer, in collaboration with the Defense Finance and Accounting Service, is developing a "database repository" as a means to capture a complete universe of transactions, including sub-allotments, for all organizations who execute Treasury Index-97 funds reported on DoD financial statements. The database will serve as the Department's central repository as the support tool for collecting a single universe of transactions for Fourth Estate audit needs.

The Standard Procurement System (SPS), which automates the contracting process from procurement request receipt through award and administration to final closeout for nearly 22,000 users across the Department, was originally scheduled to cease execution of new contracting actions in FY2015 and retire in FY2017. However, multiple Components did not have a replacement system in place and were at risk of losing essential contract writing capability, which SPS provided. OUSD (AT&L), in collaboration with the DCMO and Component stakeholders, extended SPS sunset until FY 2019. This extension mitigated OSD Components' risk and provides them additional time to properly plan and budget for future contracting capabilities.

## Future Goals/Analysis

The Department will continue to improve the management of processes with a mandate to reduce costs and provide efficient and effective products and services that support the DoD missions. The investment review process has historically focused upon the Military Departments and has made demonstrable progress within the respective services. Looking forward, the Department will continue to review, identify and collaborate across the Department to take advantage of enterprise opportunities and will also make greater improvements in Fourth Estate Portfolio analysis and rationalization.

Evolving our processes and enterprise architectures to better solve warfighter problems remains a shared goal. Together the DCMO, Joint Staff, Services, Combatant Commands, and DoD agencies have instituted the Deployment-to-Redeployment/Retrograde (D2RR) framework to align business solutions to opportunities in Joint Military Operations. D2RR provides the high level enterprise view needed to better understand warfighter task and business activities through an end-to-end

process flow that links the business domain to warfighter tasks. The framework facilitates gate keeping coordination between the JCIDS and DBS requirement and acquisition processes, and leverage existing governance mechanisms such as the Joint Capabilities Board (JCB), Defense Business Council (DBC) and Joint Requirements Oversight Council (JROC) for continued improvements in data standardization and process integration across Joint Military Operations.

The Department actively uses the Business Enterprise Architecture (BEA) and analysis tools for IT portfolio management and to identify candidates for duplication and overlap analysis. During FY2016, the BEA will begin to add additional capabilities that include support for business process improvement and system investment and interoperability analysis. The BEA currently provides Defense Business System (DBS) information on the alignment to processes, functions, standards, operational activities, and system transitions with varying degrees of detail. As a first step, the BEA will add the ability to align DBS functions to mission lines of business as well as provide a sandbox review for new or proposed BEA changes. These incremental improvements to the BEA capabilities will enable the Department to not only improve the ability to analyze a portfolio for compliance and oversight but also provide organizations the ability to search the business architecture for existing enterprise systems and functions, standards, interfaces, and overall business process improvements.

## V. Acronyms

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Acronym	Definition
AF	Air Force
BEA	Business Enterprise Architecture
BPR	Business Process Re-engineering
CIO	Chief Information Officer
CLS	Contract Logistics Support
CMO	Chief Management Officer(s)
CONUS	Continental United States
CPIC	Capital Planning and Investment Control
CS	Current Services
CSIS	Center for Strategic and International Studies
DA	Department of the Army
DBC	Defense Business Council
DBS	Defense Business System(s)
DCMO	Deputy Chief Management Officer
Dev/Mod	Development/Modernization
DFAS	Defense Finance and Accounting Service
DITIP	Department of Defense Information Technology Investment Portal
DITPR	Department of Defense Information Technology Portfolio Repository
DM	Development/Modernization
DMAG	Deputy's Management Action Group
DoD	Department of Defense
DON	Department of Navy
DPS	Defense Personal Property System
E&C	Air Force Existence and Completeness
E2E	End-to-End
EDC	Every Dollar Counts
EKR	Enterprise Knowledge Repository
ERP	Enterprise Resource Planning
ESWG	Enterprise Senior Working Group
FAM	Functional Area Manager
FIAR	Financial Improvement Audit Readiness

Acronym	Definition
FM	Financial Management
FYDP	Future Years Defense Program
IBF	Integrated Business Framework
IG	DoD Inspector General
IRB	Investment Review Board
IT	Information Technology
JCIDS	Joint Capabilities Integration Development System
JROC	Joint Requirements Oversight Council
LEAP	LSS Excellence Awards Program
LSS	Lean Six Sigma
OEP	Organizational Execution Plan
OSD	Office of the Secretary of Defense
ROI	Return on Investment
SBR	Schedule of Budgetary Resources
SFIS	Standard Financial Information Structure
SIPRNET	Secure Internet Protocol Router Network
SLOA	Standard Line of Accounting
SPS	Standard Procurement System
USSGL	U.S. Standard General Ledger
USTRANSCOM	United States Transportation Command