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Exhibit R-2, RDT&E Budget Item Justification							Date: February 2005	
APPROPRIATION/BUDGET ACTIVITY DEFENSE WIDE RDT&E BA 6				R-1 ITEM NOMENCLATURE Capital Asset Management Systems -Military Equipment Evaluation (CAMS-ME)			PE 0604140D8Z	
COST (\$ in millions)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Total PE Cost	0.000	0.000	4.812	5.648	6.149	0.000	0.000	0.000

**A. Mission Description and Budget Item Justification:**

CAMS-ME has been approved by the Finance and Accounting, Logistics, and Acquisition Domains as the Mid-Term Systems Solution for reporting the value of military equipment (ME). As part of the Department’s enterprise system solution for valuing and reporting ME, CAMS-ME will maintain the work in process (WIP) cost, calculate the value of ME, and depreciate delivered ME end items over the course of their useful lives. CAMS-ME will be developed by the Department of the Navy working with OUSD(AT&L), and with Air Force and Army assistance, to ensure that all ME valuation requirements are met.

Implementation of CAMS-ME will:

Provide reliable and accurate information to decision makers

- Total acquisition cost of assets will be consistently determined
- Decision makers will get comparable information over time and between programs
- It will allow better investment planning for replacements

Increase public confidence in the Department’s ability to account for its assets and help achieve a clean audit opinion.

Bring the Department into compliance with the Chief Financial Officers Act of 1990 and the Federal Financial Management Improvement Act of 1996.

The RDT&E budget funds business process modeling & analysis, configuration management, system engineering, reports design, hosting implementation, and software development costs for the CAMS-ME DoD-wide Enterprise Solution.

PROGRAM ACCOMPLISHMENTS AND PLANS

FY 2004 Accomplishments: N/A

FY 2005 Plans: N/A

FY 2006 Plans:

Capital Asset Management System-Military Equipment (CAMS-ME)

- Migrate from the baseline valuation tool release 1 to release 2
- Primary purpose is to change from calculating asset values at the program level (phase 1) to a contract level (phase 2)
- Will be used by the P&E Policy Office, and DoD Components for maintaining and updating the baseline and for valuing military equipment assets delivered under contracts awarded post 10/1/06
- The system will include the functionality described in phase 1 and will have added capabilities to calculate asset and program Work-In-Process values using data obtained from the contract (e.g., asset values calculated using average contract value) and values for certain identifiable Government Furnished Property items embedded in the military equipment end items.
- Will have the capability to exclude (e.g. spares) or separately account for (e.g. ground support equipment) ancillary ME items
- The automation of the system will be limited to a number of interfaces to receive disbursement data at the contract level

FY 2007 Plans:

Capital Asset Management System-Military Equipment (CAMS-ME)

- The primary purpose is to automate the interfaces necessary for calculating the 'full cost' of an asset on a per/individual asset basis
- Data exchanges/interfaces utilizing Wide Area Work Flow, Unique Identifiers, and service logistics systems will be leveraged to compute transaction level asset valuations, as appropriate
- This system will be used until long-term Service-specific solutions (phase 4) are developed, tested and fully implemented

**B. Program Change Summary:**

	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Previous President's Budget:	0.000	0.000	0.000	0.000
Current FY2006 President's Budget Submission:	0.000	0.000	4.812	5.648
Adjustments to Appropriated Value:			+4.812	+5.648
Congressional Program Reductions:				
Congressional Rescissions:				
Congressional Increases:				
Reprogrammings:				
SBIR/STTR Transfers:				
Other:			+4.812	+5.648

**C. Other Program Funding Summary:**

	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
Procurement	0.000	0.000	3.515	3.521	3.527	3.531	3.535
O&M	0.000	0.000	2.600	3.300	3.200	1.300	1.300

**D. Acquisition Strategy. N/A**

**Performance Metrics.** The outcome goals for the Military Equipment Valuation project and CAMS-ME are to implement a system (CAMS-ME) that will provide reliable and accurate information to decision makers so that total acquisition cost of assets will be consistently determined; decision makers will get comparable information over time and between programs; and to allow better investment planning for replacements. In addition, CAMS-ME will help increase public confidence in the Department's ability to account for its assets and help achieve a clean audit opinion. It will also bring the Department into compliance with the Chief Financial Officers Act of 1990 and the Federal Financial Management Improvement Act of 1996.

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Systems Engineering	MIPR	SSC SD	0	0		3.609	Q1	4.236	Q1	4.612		
Liscenses												
tooling												
GFE												
Award Fees												
Subtotal Product Development	0	0	0	0	0	3.609	0	4.236	0	4.612	0	0

Remarks: The product development budget funds the core development of the CAMS-ME DoD-wide Enterprise Solution. Systems engineering support will be rolled out in multiple phases (spiral development) and is necessary for configuring the software to meet the function, technical, and Information Assurance requirements. Activities within the phases include requirement gathering, data mapping, data conversion, developing system interfaces, compatibility testing, establishing a development environment, and providing necessary documentation (e.g. Acquisition Strategy, Test and Evaluation Master Plan, and Test Plans).

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Exhibit R-3 Cost Analysis (\$ in millions)							Date: February-05					
RDT&E Defense-wide			PE Code: 0604140D8Z				CAMS-Military Equipment Evaluation					
Cost Categories (Tailor to WBS, or System/Item Requirements)	Contract Method & Type	Performing Activity & Location	Total Pys Cost	CY Cost	CY Award Date	BY1 Cost	BY1 Award Date	BY2 Cost	BY2 Award Date	Cost To Complete	Total Cost	Target Value of Contract
Development Support	MIPR	DFAS-Columbus	0	0		144.36	Q1	169.44	Q1	184.47		
Software Development												
Training Development	MIPR	DFAS-Columbus	0	0		336.84	Q1	395.36	Q1	430.43		
Integrated Logistics Support												
Configuration Management												
Technical Data												
GFE												
Subtotal Support	0	0	0	0	0	481.2	0	564.8	0	614.9	0	0

Remarks: The development support budget funds DFAS-Columbus to establish a secure hosting environment for the CAMS-ME DoD-wide Enterprise Solution. Development support will include server migration to DFAS, along with hardware and software configuration. The training development funding will be used to develop a training program for end users and a call center to provide operational and technical valuation support for Component users located throughout CONUS. This will include training plans for each wave. Additionally, equipment and training of superusers, standard users and help desk personnel. The documentation and training materials will be an integral part of this effort. Preparations for both live facility and virtual training will be needed to deploy each release.

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Exhibit R-3 Cost Analysis							Date: February-05					
APPROPRIATION/BUDGET ACTIVITY			PROGRAM ELEMENT				PROJECT NAME AND NUMBER					
Cost Categories (Tailor to WBS, or System/Item Requirements)	Contract Method & Type	Performing Activity & Location	Total Pys Cost	CY Cost	CY Award Date	BY1 Cost	BY1 Award Date	BY2 Cost	BY2 Award Date	Cost To Complete	Total Cost	Target Value of Contract
DT&E	MIPR	SSC-SD				288.72	Q1	338.88	Q1	368.94		
OT&E	MIPR	DFAS-Columbus				433.08	Q1	508.32	Q1	553.41		
Tooling												
GFE												
Subtotal T&E	0	0	0	0	0	721.8	0	847.2	0	922.35	0	0

Remarks: The T&E budget funds the developmental and operational testing of the CAMS-ME DoD-wide Enterprise Solution. Development Test & Evaluation funds support unit, string, stress, and integration testing. Operational Test & Evaluation budget funds support user acceptance testing and quality assurance testing. The mentioned tests are necessary for system Certification and Accreditation (CA) and for the Initial Authority To Operate (IATO).

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APPROPRIATION/BUDGET ACTIVITY			PROGRAM ELEMENT				PROJECT NAME AND NUMBER					
Cost Categories (Tailor to WBS, or System/Item Requirements)	Contract Method & Type	Performing Activity & Location	Total Pys Cost	CY Cost	CY Award Date	BY1 Cost	BY1 Award Date	BY2 Cost	BY2 Award Date	Cost To Complete	Total Cost	Target Value of Contract
Contractor Engineering Support												
Government Engineering Support												
Program Management Support												
Program Management Personnel												
Travel												
Labor (Research Personnel)												
Overhead												
Subtotal Management	0	0	0	0	0	0	0	0	0	0	0	0

Remarks: The management support funding is provided by a different appropriation.

Total Cost	0	0	0	0	0	4.812	0	5.648	0	6.149	0	0
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Remarks:

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