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Exhibit R-2/R-2a, RDT&E Budget Item Justification					February 2005				
Appropriation/Budget Activity Engineering and Manufacturing Development RDT&E, DW, Budget Activity: 5					100 Item Nomenclature: Domain Management and Systems Integration - Core Business Mission Areas PE 0901200D8Z				
Cost (\$ in Millions)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Total PE Cost		0	7.298	11.802	12.386	13.158	13.191	13.568	13.459

A. Mission Description and Budget Item Justification

BRIEF DESCRIPTION OF ELEMENT

The Business Management Modernization Program (BMMP) Core Business Mission Areas were established as part of the program’s governance approach. The mission of the Core Business Mission Areas is to lead business process transformation through business process reengineering (BPR) and system integration. The results of the reengineering efforts will be documented in the Business Enterprise Architecture (BEA) and will serve as a framework to guide investments in business management operations and systems.

In accordance with the National Defense Authorization Act for FY 2005, the Secretary established the Defense Business Systems Management Committee (DBSMC), chaired by the Deputy Secretary of Defense with the Under Secretary of Defense (Acquisition, Technology, and Logistics) (USD (AT&L)) as the Vice Chair. The DBSMC will provide recommendations to the Secretary that will ensure the use of common decision criteria for DoD business system modernization to align business transformation to Warfighter capabilities and objectives. The Vice Chair will provide acquisition oversight of the Department’s business transformation efforts along with the four appointed Approval Authorities for defense business systems; USD (AT&L), USD (Personnel and Readiness), USD (Comptroller), and Assistant Secretary of Defense (Networks and Information Integration). The DBSMC is under charter as defined by Section 186 of USC Title 10. Convening in February, the DBSMC will comply with the March 15, 2005 reporting requirements mandated. Within that reporting, the DBSMC will identify that the Approval Authority Investment Review Boards (IRBs) have convened and that a threshold criteria for the review and certification of Defense Business Systems has been established. In setting up the IRBs, the DBSMC will conduct a formal review of the Defense Business Systems Modernization Program’s accomplishments to date; and review and ratify new program objectives, structure and baseline. The Program is on track to comply with all aspects of the law by September 30, 2005.

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Accomplishments/Planned Program:FY 2005:

1. The Financial Management Core Business Mission Area will begin Data modeling of the Department's program and budget formulation information. The results of the modeling will be documented in the BEA that will be used to define the requirements for a COTS system solution(s).
2. The Financial Management Core Business Mission Area will begin reengineering the cost accounting and Funds Distribution processes with a focus on data standardization. The results of the BPR will be documented in the Business Enterprise Architecture (BEA).
3. Installations and Environment Core Business Mission Area will conduct a Real Property Inventory (RPI) Analysis of Alternatives (AoA); a receipt and Acceptance BPR; establish the real property site unique identifier (RPUID) registry and develop and implement a Department-wide I&E transition plan; and conduct an "As-Is" IT systems technical health assessment.
4. The Installations and Environment Core Business Mission Area will conduct a hazardous materials management operations BPR; begin linking environment, safety and occupational requirements data with the RPI; and incorporate the results of the environmental liability reporting BPR into the BEA.
5. The Installations and Environment Core Business Mission Area will support Financial Management's financial backbone projects.

FY 2006:

1. The Financial Management Core Business Mission Area will continue modeling the Department's program and budget formulation process. The results of the BPR will be documented in the BEA that will be used to define the requirements for a COTS system solution(s).
2. The Financial Management Core Business Mission Area will begin reengineering the cost accounting and Funds Distribution processes with a focus on data standardization. The results of the BPR will be documented in the Business Enterprise Architecture (BEA).
3. The Installations and Environment Core Business Mission Area will continue business process reengineering, IT systems portfolio management; and real property unique identifier registry implementation; develop a detailed real property inventory transition plan and begin implementation; conduct AoAs for Receipt and Acceptance and hazardous materials management; and continue linking environment safety and occupational health requirements data with the RPI, BPR results will be documented in the Business Enterprise Architecture (BEA).
4. The Installations and Environment Core Business Mission Area will support Financial Management's financial backbone projects.

FY 2007:

1. The Financial Management Core Business Mission Area will model the entire Planning, Programming, Budgeting and Execution (PPBE) processes information structure to ensure integration across the PPBE. All efforts will be fully integrated within previously developed standard data structure and documented in the BEA. In addition models will be developed to ensure deployment can be accomplished given current and future systems and processes.
2. The Financial Management Core Business Mission Area will continue reengineering the cost accounting process with a focus on data standardization. The BPR will result in standard business processes that incorporate leading practices from both government and industry. The results of the BPR will be documented in the Business Enterprise Architecture (BEA).
3. The Financial Management Core Business Mission Area will continue with a functional support office at the Core Business Mission Area to facilitate the development of a common Defense Agency accounting system solution
4. The Installations and Environment Core Business Mission Area will business process reengineering, IT systems portfolio management; and develop detailed transition plans for completed BPRs.

The Installations and Environment Core Business Mission Area will support Financial Management's financial backbone projects.

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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	7.472	7.394	7.681
FY 2006/FY 2007 President's Budget	0	7.298	11.802	12.386
Total Adjustments	0	-0.174	4.408	4.705
Program Adjustment			4.200	4.300
Congressional adjustments(undistributed)			0.208	0.405

Current Budget Submit/Budget Estimate

Program Change Summary Explanation: The change from FY 2005 to FY 2006 is due to JFMIP compliant Defense Enterprise Accounting and Management System (DEAMS) initiative planned to support accounting for working capital funds at the USTRANSCOM and Air Force. Accelerating movement to JFMIP – compliant programs is central to Core Business Mission Area efforts to modernize information technology capabilities in support of the BMMP Increment 1 goal of achieving clean financial audits. General adjustments and revised economic factors account for the remaining changes from FY 2006 to FY 2007.

C. Other Program Funding Summary: N/A

D. Acquisition Strategy: The strategy will be to competitively contract with the private sector for required effort. Additional details about the Acquisition Strategy are listed in the Exhibit 300/Modified 300.

E. Performance Metrics: The performance metrics for these resources are separately addressed in the Exhibit 300/Modified 300. A separate exhibit is also included in the FY 2006 President's Budget in support of the Program Assessment Rating Tool. Additional performance metrics, other than those reported, are currently under development.

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Exhibit R-3, RDT & E, DW Project Cost Analysis										Date: February 2005		
Appropriation: RDT&E, DW, Budget Activity: 5					Program Element: 0901200D8Z					Domain Management and Systems Integration		
Cost Categories	Contract Method & Type	Performing Activity & Location	Total PYs Cost	FY 2005 Cost	FY 2005 Award Date	FY 2006 Cost	FY 2006 Award Date	FY 2007 Cost	FY 2007 Award Date	Cost to Complete	Total Cost	Target Value of Contract
Financial Management Core Business Mission Area	Interagency Agreement	OSD	0	3.489	Feb 2005	3.551	Feb 2006	3.926	Feb 2007	16.334	27.300	27.300
Installations and Environment Core Business Mission Area Technical and Administrative Services	GSA MOBIS Schedule Time and Material	OSD	0	0.809	April 2005	4.051	Dec 2005	4.160	Dec 2006	17.742	26.762	26.762
JFMIP compliant DEAMS initiative support	Interagency Agreement	OSD	0	0		4.200	Jan 2006	4.300	Jan 2007	19.300	27.800	27.800
Installations and Environment Core Business Mission Area AoA	TBD	OSD	0	3.000	April 2005	0		0		0	3.000	3.000

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Exhibit R-4, Schedule Profile																							Date: February 2005																	
Appropriation/Budget Activity RDT&E, DW, Budget Activity: 5												Program Element Number and Name 0901200D8Z Business System Transformation										Project Number and Name 210 Domain Management and Systems Integration																		
Fiscal Year	2001				2002				2003				2004				2005				2006				2007				2008				2009							
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4				
Increment 1 BPR																																								
Increment 2 BPR																																								
Increment 3 BPR																																								
Increment 4 BPR																																								

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