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Exhibit R-2/R-2a, RDT&E Budget Item Justification								February 2007	
Appropriation/Budget Activity Engineering and Manufacturing Development RDT&E, DW, Budget Activity: 5					100 Item Nomenclature: PE 0605016D8Z – Financial Management System Improvements				
Cost (\$ in Millions)	Prior Year	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Total PE Cost	251.115	36.791	0	0	0	0	0	0	0

A. Mission Description and Budget Item Justification

The Business Management Modernization Program (BMMP) will drive greater innovation and higher levels of efficiency throughout the Department Of Defense. BMMP’s mission is to transform business operations to achieve improved Warfighter support while enabling accountability. BMMP is implementing enterprise level business capabilities to accelerate department-wide improvements in business processes and information systems. The next-generation BMMP is now characterized by the following agenda for action:

- Provide future business capabilities necessary to support the Warfighting Mission, and focus the activity of business system modernization on acquiring those business capabilities.
- Identify business capabilities that should be common throughout the DoD business enterprise and direct the implementation of enterprise-wide systems with greater visibility at the highest levels of leadership within the Department.
- Control current and future investments in business systems through the governance of the Defense Business Systems Management Committee (DBSMC) and Investment Review Boards (IRBs).

The program is optimizing previous architectural work, focusing more intently on enhancing DoD enterprise-wide business capabilities, and has realigned governance to facilitate the implementation of measurable capabilities aligned to support the Warfighter. In realigning the BMMP, the Department has identified Business Enterprise Priorities, which are supported by the newly established governance process.

The goal of BMMP is to focus on *deploying* advanced capabilities that are DoD wide in scope. System consolidation, although important, is not an objective – it is an outcome of capability-focused transformation. A capabilities-focused approach will naturally lead to systems reduction while maintaining focus on critical transformation objectives.

This new collaborative structure for decision-making is designed to eliminate past barriers to effective integrated operations and improve the defense Business Management Area execution where it is needed most – supporting the Warfighter!!

Program Accomplishments and Plans/New Starts:

FY 2006:

1. Implement the ETP (bi-annual updates).
2. The following rapid deployment capabilities will be provided to the Warfighter:

Name	Description	Impact
USXPORTS	USXPORTS provides an enterprise system that will improve the export control practices of the Department of Defense, Commerce and State.	<ul style="list-style-type: none"> •Significantly reduces the amount of paper used in the export control process within DoD. •Data is moved in a secure electronic environment to authorized DoD users. •Precedent searches are run automatically based on sets of pre-defined user criteria.
DoD FPDS-NG Reporting Application	Develop, deploy & maintain a modernized tool through which to receive machine-to-machine contract action reports from contract writing systems to Federal FPDS-NG.	The Navy will not be able to report contract actions.
Standard Procurement System (SPS) (Increment 2 Sustainment)	Supports Increment 2 deployment by the Services; critical to upgrading SPS Incr 3 due to Milestone C decision in Feb 2006 & deployment in Jul 06; only 20% of sites and 31% of users have been migrated; additional 14000 users and 450 sites to go; also includes server migration.	Delay in getting all users to same Increment; heightened programmatic risk with delay of Increment 3 deployments. Inability to deploy SPS to remaining weapon systems communities and continued maintenance of legacy applications.
WAWF	Supports Phase 2 and 3 integrations w/ DLA for 3.0.9 release in Dec 2005; critical to timing of DLA's DSS upgrade and BSM (EDI 861) both scheduled for Jan 2006. Cost avoidance of separate testing if included in v3.0.9 release versus later	Potential delay of BSM deployment & Milestone C decision; rejection of UID information passed from DSS to WAWF. Additional cost if not part of release 3.0.9. Required by July 25.

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	<p>patch of approximately \$60K.</p>	
<p>BEIS/Standard Financial Information Structure Deployment</p>	<p>The Standard Financial Information Structure (SFIS) is a comprehensive data structure that supports requirements for budgeting, financial accounting, cost/performance management, and external reporting across the DoD enterprise.</p>	<p>Links program execution to performance, budgetary resources, and actual financial information. Provides contracting officers visibility into linkages between funding, execution, and performance. Standardizes financial reporting data across DoD, reduces costs by streamlining systems and enhancing interoperability. Enables decision-makers to efficiently compare similar programs and activities across DoD</p>
<p>Advanced Shipping Notice (ASN)</p>	<p>DLA Consolidation and Containerization Points (CCPs) are now provided EDI 856 SC/A transaction sets as advance shipping notices of shipment arrivals that will be processed for onward movement by air or ocean container.</p>	<ul style="list-style-type: none"> •Improved in transit visibility from contractor and vendor sources of supply. Increased data availability for onward movement planning,. •Reductions in re-requisitioning due to lack of visibility of shipments from contractor and vendor ASN data and information received by automated means adds significant value to the onward movement planning process as well as to the in transit visibility and asset visibility processes. •Reduces the time needed to plan onward movement actions since the movement can be planned in advance of shipment receipt. •ASN information reduces the time needed for planning lift allocations since anticipated shipments can be inserted in the lift planning process sooner.

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<p>Assisted Determination of Semantic Equivalence by Intelligent Agents (ADSEIA).</p>	<p>Develops software based on the processing of structured data by intelligent agents to develop recommendations of semantic equivalence, accompanied by statistical degrees of confidence for the contextual data upon which the recommendation was based.</p>	<p>Frees critical human resources from data processing to the complex tasks of functional analysis and decision making.</p>
<p>DLMS Bridge</p>	<p>Supports a partial near term implementation of the Item Unique Identifier (IUID) and the Radio Frequency Identification (RFID) initiatives. It places middleware in front of legacy receiving systems that are not currently capable of interfacing with other systems using the DLMS.</p>	<p>Enables implementation of RFID receiving by legacy systems that are not DLMS compliant and supports passing of UID data to the UID registry.</p>
<p>DoD Master Data (DMD)</p>	<p>Provides the capability to identify, manage, synchronize and make master data available in shared spaces, focusing on the item, vendor and customer masters.</p>	<p>Accessible, accurate, timely, and trusted source of data for the warfighter. Identification of authoritative sources. DoD common capability in shared space. Synchronization of master data</p>
<p>DoD Standard Truck Manifest</p>	<p>Funds implementation and construction of a DOD standard truck manifest transaction set in both EDI and XML schemas; provides visibility of truck shipments in theater in GTN 21 beyond the POD.</p>	<p>Manifest transaction set will permit visibility of truck shipments in theater in GTN 21, and provide visibility beyond the POD to the destination Supply Support Activity (SSA), eliminates error-prone manual processes, and fully automates manual process.</p>
<p>DODAAD Reengineering</p>	<p>This is a continuation of an ongoing initiative to reengineer the DODAAD. The effort is to overcome deficiencies that are inherent in the architecture of many of the DOD reference repositories that were put in place well before current technology capabilities.</p>	<p>Improves accuracy and currency of DODAAD data. Insures consistency of authoritative source database and utilize authoritative sources of customer master data to support application systems.</p>

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<p>Ontology/Intelligent Collaborative Assistance</p>	<p>Provides DOD's deployment and distribution elements with an integrated, ontology-based, intelligent collaborative toolset that is focused on Distribution & Deployment Operations Center (DDOC) planning and re-planning, decision-support, automated discovery of changing conditions, query assistance, and in-transit visibility.</p>	<ul style="list-style-type: none"> •Ontology-based software and autonomic computing utilize the 'understanding' that can be represented within an information-centric (data in context) software. •Provides intelligent decision-support with collaborative software agents and automated interpretation of data. •Systems discover, diagnose, and react to disruption automatically reconfiguring themselves under dynamically changing conditions. •Anticipate, detect, identify, and protect themselves from external and internal attacks.
<p>Shipment Visibility/Warfighter Support (SFWS)</p>	<p>Loss of visibility of containers in current operations has resulted in waste of perishables, excessive costs (since containers are normally leased), and unnecessary personnel costs to seek them out and return them for use/return.</p>	<p>Pull-based fulfillment system, that responds to actual demand, provides instant access to real time information throughout the network and supports postponement strategies</p>
<p>Weapon System Management Product Data Interoperability using the Standard for the Exchange of Product Model Data (ISO 10303)</p>	<p>Converts the highest leverage DoD data objects that support business transformation WEB-language interpretable data exchange sets (DEX) in compliance with the international standard titled Standard for the Exchange of Product Model Data (STEP).</p>	<p>More accurate and interoperable data that optimizes spare parts ordering, reduction of backlogs and customer wait times. It also improves accountability of defense material, and reduces workload to manage redundant product life cycle data for defense weapon systems.</p>
<p>Real Property Inventory Requirements</p>	<p>The initiative goal is to make consistent real property data (fiscal, physical, legal, environmental and geospatial) available across DoD through development of an integrated real property inventory where data is maintained by the authoritative source.</p>	<ul style="list-style-type: none"> •Improved ability to achieve an unqualified audit opinion •Appropriately coordinated and integrated business processes •Effective business processes that eliminate duplication •Effective and comprehensive data management, including enterprise-wide data standards fostering transparency and interoperability

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FY 2007-2009:

Accomplishments for FY 2007 and beyond are separately addressed in the budget exhibit for the Business Transformation Agency.

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B. Program Change Summary	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
FY 2007/2008 President's Budget	75.987			
FY 2008 BES	36.791			
Total Adjustments	+3.710			
Congressional Adjustments(Distributed)	+5.000			
Congressional Adjustments(Undistributed)	-1.290			
Reprogrammings	-42.906			

Program Change Summary Explanation:

FY 2007 reflects the Deputy Secretary of Defense's decision to functionally transfer these mission's requirements, and resources to the Defense Business Transformation Agency (BTA). The details of the BTA are addressed in a separate exhibit.

Schedule: Maintenance of the Department-wide BEA, perform Business Process Modeling (BPM) and integration Domain Business Process Engineering into the BEA.

Technical: Not Applicable

C. Other Program Funding Summary: N/A

D. Acquisition Strategy: The strategy will be to contract with the private sector for required effort, to include public accounting firms.

E. Performance Metrics: The performance metrics for these resources are separately addressed in the Exhibit 300, Part 1.C. Performance Goals and Measures.

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Exhibit R-3, RDT & E, DW Project Cost Analysis										Date: September 2006		
Appropriation: RDT&E, DW, Budget Activity: 5					Program Element: 0605016D8Z					Transformation Support Office		
Cost Categories	Contract Method & Type	Performing Activity & Location	Total PYs Cost	FY 2007 Cost	FY 2007 Award Date	FY 2008 Cost	FY 2008 Award Date	FY 2009 Cost	FY 2009 Award Date	Cost to Complete	Total Cost	Target Value of Contract
Architectural Development/Maintenance	Competitive Blanket Purchase Agreement	BMMP	200.607									
Independent Verification and Validation and OCI functions; Risk assessment; Systems Engineering Support	Competitive Time & Material	BMMP	5.800									

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Business Enterprise Priorities (Details Provided in Transition Plan)	Competitive Time & Material	BMMP	0									
Governance, Transition, IRB & Start-up costs for Defense	Competitive Time & Material	BMMP	0									

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R-4 Schedule Profile - Item No. 20-3 of 20-4

Exhibit R-4, Schedule Profile																									Date: September 2006											
Appropriation/Budget Activity RDT&E, DW, Budget Activity: 5										Program Element Number and Name 0605016D8Z – Financial Management System Improvements										Project Number and Name Transformation Support Office PE 0605016D8Z																
Fiscal Year	2005				2006				2007				2008				2009				2010				2011				2012				2013			
	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
Develop BEA 2.4	△																																			
Develop BEA 3.0						△																														
Transition Plan						△																														
Develop BEA 4.0								△																												
Transition Plan								△																												

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