

UNCLASSIFIED

|                                                                                                             |         |         |         |         |                                                                |         |         |               |            |
|-------------------------------------------------------------------------------------------------------------|---------|---------|---------|---------|----------------------------------------------------------------|---------|---------|---------------|------------|
| <b>Exhibit R-2/R-2a, RDT&amp;E Budget Item Justification</b>                                                |         |         |         |         |                                                                |         |         | February 2007 |            |
| Appropriation/Budget Activity<br>Engineering and Manufacturing Development<br>RDT&E, DW, Budget Activity: 6 |         |         |         |         | 100 Item Nomenclature:<br>Defense Travel System – PE: 0605124D |         |         |               |            |
| Cost<br>(\$ in Millions)                                                                                    | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009                                                        | FY 2010 | FY 2011 |               | Total Cost |
| Total PE Cost                                                                                               | 25.701  | 19.612  |         |         |                                                                |         |         |               | 45.313     |

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

The Program Management Office (PMO) for the Defense Travel System (DTS) was established to provide procurement management and system fielding support worldwide. The Defense Travel System (DTS) is the Department of Defense’s integrated order writing, reservation, and accounting solution for temporary duty travel (TDY) requirements. The purpose of DTS is to reengineer travel management processes to meet unique DOD mission, security and financial system requirements within Federal and DOD policies and regulations. DTS is a key element for DOD to get to a clean audit opinion. DTS was designated as an ACAT IAM Program on May 28, 2002 and is fully compliant with all statutes and regulations for a DoD Major Automated Information System.

Each addition of functionality will build upon the core DTS baseline and provide increased capabilities to DTS users. As an evolutionary acquisition program, the DTS must remain flexible enough to be able to support the iterative process of developing a set of capabilities that will provide a useful and supportable operational system to the Services and Agencies and Department of Defense as a whole.

UNCLASSIFIED

UNCLASSIFIED

**Accomplishments/Planned Program (\$ Millions):**

**FY 2006 ACCOMPLISHMENTS \$19.612:**

\$4.244 - Continue development, test, and integration of Financial Partner System (FPS) interfaces and software releases, FPS system changes, continue to update Interface Control Documents and Memorandums of Agreement (MOA).

\$11.937 -Completed CBA Reconciliation Module and Monroe software release development and testing. Continued to redesign and recode the Travel Manager portion of the DTS. Completed development and testing of usability enhancements and transportation reports functionality.

\$2.025 - Program Management and Engineering Support

\$\$.206 - DMDC Archive Development and Test

\$1.200 - GEX to Financial Partner System mapping

UNCLASSIFIED

R-1 Shopping List Item No 138

Page 2 of 5

UNCLASSIFIED

| <b>B. Program Change Summary</b>         | <u>FY 2005</u> | <u>FY 2006</u> | <u>FY 2007</u> |  |
|------------------------------------------|----------------|----------------|----------------|--|
| FY 2006/2007 President's Budget          | 0              | 20.116         | 0              |  |
| FY 2007 President's Budget               | 0              | 19.612         | 0              |  |
| Total Revised Estimate                   | 0              | 19.612         | 0              |  |
| Total Adjustments                        |                | (.504)         |                |  |
| Congressional Adjustments(Distributed)   |                |                |                |  |
| Congressional Adjustments(Undistributed) |                | (.088)         |                |  |

**Current Budget Submit/Budget Estimate**

**Funding:** The change from FY 2006 to FY 2007 is in accordance with *DEPSECDEF Memo "Establishment of the Defense Business Transformation Agency (BTA)"* dated 07 October 2005, which directed the transfer of manpower and other related resources of the PMO-DTS under the newly established acquisition organization, the BTA in FY 2007.

**Schedule:** Full Operational Capability (FOC) – Objective: September 2006 – Threshold: September 2007

**Technical:** All of the KPP thresholds are met and four of the six KPP objectives are already met

**C. Other Program Funding Summary: N/A**

**D. Acquisition Strategy:** The PMO-DTS has recently updated its acquisition strategy and it is evaluated and coordinated through the Overarching Integrated Product Team (OIPT) Members for signature.

**Performance Metrics:** Northrop Grumman Mission Systems (NGMS) is the developer of the DTS software. The corporation is under a contractual EVMS reporting requirement for the cost plus incentive fee (CPIF)/ cost plus fixed fee (CPFF) contract for the development of DTS under delivery order 26 (DO26). The cumulative CPI to date (data ending 28 July 2006) is 1.013 and the cumulative SPI to date (data ending 28 July 2006) is 0.970. Cost and schedule performance are green. DO26 is 94.56% complete based on the negotiated contract cost of \$32.4M.

The incentives for DO26 are being tracked by cost (30% of fee pool), schedule (40% of fee pool), and quality (30% of fee pool) with upper and lower boundaries to ensure success.

UNCLASSIFIED

UNCLASSIFIED

| Exhibit R-3, RDT & E, DW Project Cost Analysis |                        |                                |                |              |                           |              |                    |              |                    | Date: September 2006  |            |                          |
|------------------------------------------------|------------------------|--------------------------------|----------------|--------------|---------------------------|--------------|--------------------|--------------|--------------------|-----------------------|------------|--------------------------|
| Appropriation: RDT&E, DW, Budget Activity: 6   |                        |                                |                |              | Program Element: 0605124D |              |                    |              |                    | Defense Travel System |            |                          |
| 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 |
| System Engineering & Testing                   | FFP/T&M                | PMO DTS / Arlington, VA        |                |              |                           | 0.80         | NA                 | 1.65         | May-07             |                       | 2.45       | 2.45                     |
| Testing                                        | CPFF/FFP               | PMO DTS / Arlington, VA        |                |              |                           | 2.085        | Apr-07             | 3.73         | Mar-07             |                       | 5.82       | 5.82                     |
| Development                                    | CPFF/CPIF              | PMO DTS / Arlington, VA        |                |              |                           | 5.42         | Apr-07             | 3.06         | Mar-07             |                       | 8.48       | 8.48                     |
| Development for DTS Interface with GEX         | T&M                    | PMO DTS / Arlington, VA        |                |              |                           | 0.9          | Jul-06             | 1.07         | Oct-06             |                       | 1.97       | 1.97                     |
| DTS Travel Reports                             | N/A                    | PMO DTS / Arlington, VA        |                |              |                           | 0.98         | NA                 | 0            | Sep-07             |                       | 0.98       | 0.98                     |

PMO DTS transferred to the Defense Business Transformation Agency in mid-FY06. Only those contract costs relevant to the period subsequent to the transfer are shown above.

