Fiscal Year 2012 Budget Estimates
Business Transformation Agency (BTA)

February 2011

BUSINESS TRANSFORMATION AGENCY
Operation and Maintenance, Defense-Wide
FISCAL YEAR (FY) 2012 Budget Estimates

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Operation and Maintenance, Defense-Wide Summary ($ in thousands)
Budget Activity (BA) 4: Administrative & Service-Wide Activities

	FY 2010 Actuals	Price Change	Program Change	FY 2011 Estimate	Price Change	Program Change	FY 2012 Estimate
BTA	119,436	+1,632	+22,373	143,441	1,419	-144,860	0

I. Description of Operations Financed: The Secretary has directed the disestablishment of the BTA by June 30, 2011. Certain policy, integration, and oversight functions will transfer to the Office of the Deputy Chief Management Officer (DCMO). Certain acquisition related functions of the BTA will transfer to the Defense Logistics Agency (DLA). The remaining functions of the BTA will be eliminated. The details of these functional transfers and eliminations are provided in Section III C, Reconciliation of Increases and Decreases, below.

The Business Transformation Agency (BTA) conceptualizes, develops, implements and coordinates business transformation efforts across the Department of Defense (DoD) to adapt proven, off-the-shelf technology to securely process more data into accurate, usable information in less time at reduced cost through standardized, simplified and streamlined business processes.

The BTA directly supports the mission of the warfighter in Iraq and Afghanistan through the Task Force to Improve Business and Stability Operations (TFBSO). Support is funded through the Army. The Task Force reviews and assesses DoD business enterprise processes and associated systems in Iraq and Afghanistan which affect contracting, logistics, funds distribution, and financial management. The Task Force focuses on providing systems solutions to support the theater commander's goals for reconstruction and economic development.

DoD's business enterprise must be closer to its warfighting customers than ever before. Joint military requirements drive the need for greater commonality and integration of business and financial operations. Changes in the nature of military operations place increased pressure on the business infrastructure to provide mission-driven, adaptive and agile services and information. To support this transition, Defense business operations must be as nimble, adaptive and accountable as any organization in the world.

The BTA has identified the following six concepts as the foundation of business transformation efforts. These concepts form the basis for measuring results.

- Achieve **Strategic Alignment,** one-by-one, of mission areas throughout the organization with DoD's approach to optimizing its business processes.

- **Standardize** essential operational data, processes, and business rules in order to significantly improve the Department's ability to process and share information throughout the enterprise.

- **Simplify** the Department's overly complex business rules that complicate operations, lead to expensive and risk-filled solutions, and inhibit breakthrough performance improvement.

- **Streamline** the Department's core end-to-end business processes to eliminate non-value added activities and achieve significant improvements in the efficiency and effectiveness of business operations.

- Eliminate **Stovepipe** operations; optimize end-to-end processes.

- Deploy **Systems and Services** rapidly and cost effectively with a conscious focus on sound requirements management and comprehensive risk mitigation to achieve improved efficiency and effectiveness throughout the entire DoD enterprise.

As the single Agency responsible for DoD Enterprise Business Transformation functions, the BTA establishes and promulgates requirements, principles, standards, systems, procedures, and practices governing business transformation. Defense business operations are being streamlined so that DoD can quickly deliver warfighting capabilities, within resource constraints, and achieve benefit from economies of scale. Better integration reduces costs by improving information quality, minimizing system customization, and allowing DoD to leverage commercial best practices in implementing business systems.

The BTA vision is to be the champion for driving and accelerating improvements to business operations across the Department of Defense. The BTA vision supports consolidation and streamlining of the various DoD business transformation activities, increasing efficiency, and strengthening acquisition oversight of business transformation initiatives and systems, eliminating redundancy and overhead.

The BTA uses the Business Enterprise Architecture (BEA) as the blueprint for the consolidation of business systems across the Department. The BEA is the DoD-approved architectural framework and information infrastructure for the Department, and includes business rules, requirements, data standards, system interface requirements, and the depiction of policies and procedures. The DoD Architecture Framework (DoDAF) products, including operational, technical, system, and All View products, prescribe the BEA framework. The BEA, using the DoD Tiered Accountability concept, reflects key business enterprise priorities within the core business mission areas of the Department. Through the Tiered Accountability concept, a DoD Component is responsible for defining an enterprise architecture associated with their own tier of responsibility, while complying with the policy and BEA at the DoD Enterprise-level.

The Department's business objectives include improved requirements management, a single face to industry (our suppliers and vendors), and expanded use of business and energy intelligence to achieve improved performance and greater cost efficiencies across the Department. Further, the Department will define and implement policies, procedures, standards, and interface requirements that improve the preparation of a general ledger. This will ultimately lead to improved asset visibility and accountability across the Department and submission of an auditable financial statement.

The BTA's nine operating directorates focus on delivering meaningful and measurable progress toward defense business system modernization and transformation:

- Defense Business Systems Acquisition Executive (DBSAE)
- Chief of Staff (CoS)
- Contracting
- Enterprise Planning and Investment (EP&I)
- Transformation Priorities and Requirements – Financial Management (TP&R-FM)
- Transformation Priorities and Requirements – Supply Chain Management (TP&R-SCM)
- Transformation Priorities and Requirements – Human Resources Management (TP&R-HRM)
- Enterprise Integration (EI)
- Warfighter Requirements Office (WRO)

Defense Business Systems Acquisition Executive (DBSAE): The DBSAE develops, coordinates, and integrates programs, systems, and initiatives providing enterprise-wide business capabilities to the warfighter. The DBSAE directly oversees designated enterprise-level business systems development/adaptation and implementation.

Chief of Staff (CoS):   The CoS provides centralized support across the BTA for programming, policy, financial management, administrative services, pay and personnel, travel, training, facilities and space management, security, property accountability, Information Technology (IT) support, communications and Public Affairs and Procure-to-Pay support.

Contracting: The BTA Contracting office is recently established to perform in-house contracting directly with vendors rather than relying solely on military inter-departmental purchase requests (MIPRs).

Enterprise Planning and Investment (EP&I):   The EP&I ensures rapid delivery of business capabilities to the warfighter.   The EP&I provides an enterprise-wide framework to facilitate informed decision-making for managing business transformation, built on the foundations of tiered accountability and Service interoperability/cooperation.   The Business Enterprise Architecture (BEA) team develops, maintains, and coordinates architecture content and updates; implements policies; aligns the architecture with the Core Business Missions (CBMs), Components, and the Federal Enterprise Architecture (FEA); and conducts testing of the architecture.   The Enterprise Transition Plan (ETP) team maintains and coordinates content, format, and revisions; collects, maintains and reports on enterprise program metrics; and updates the document as necessary.

Transformation Priorities & Requirements (TP&R):   TP&R is made up of three directorates: Financial Management, Supply Chain Management, and Human Resource Management.   Each directorate is the primary link to the Principal Staff Assistants (functional business requirement owners) within the Office of the Secretary of Defense.   The TP&R identifies enterprise-level business capability gaps and specific needs for enterprise-level capabilities and business priorities.   TP&R focuses on establishing Enterprise Standards for processes, data (common vocabularies), integration and implementation.

Enterprise Integration (EI):   The EI ensures DoD Enterprise Resource Planning (ERP) implementation initiatives leverage best practices, ensures rapid adoption of DoD-wide information and process standards as defined in the Business Enterprise Architecture (BEA), and eliminates burdensome processes that hinder successful, rapid deployment of ERP capabilities within the components.   The EI promotes the adoption of best practices through collaborative engagement and participation in the acquisition process.

Warfighter Requirements Office (WRO):   The WRO addresses immediate business process and system challenges that adversely affect current operations.   WRO delivers near-term value by connecting the Department's business mission to the warfighter and identifying and addressing frontline opportunities.   The WRO has an externally facing customer focus, carrying the Business Mission Area forward to the Warfighting Mission Area.

Please go to website for more information: http://btalive.bta.mil/

Enterprise-level Business Priority Areas
The Department's integrated transformation plan, detailed in the Enterprise Transition Plan (ETP), addresses six of the DoD-wide Business Enterprise Priorities (BEP).   These priorities cover a broad range of the Department's personnel, logistics, real property, purchasing, and financial management requirements.   The following paragraphs describe the DoD Business Enterprise Priorities (BEP) and highlight the benefits.

Personnel Visibility: Personnel Visibility (PV) is the fusion of accurate human resources (HR) information, and secure interoperable technology.   PV includes military service members, civilian employees, military retirees, contractors (in theater), and other U.S. personnel across the full spectrum – during peacetime and war, through mobilization and demobilization, for deployment and redeployment, while assigned in a theater of operation, at home base, and into retirement.   This includes ensuring timely and accurate access to compensation and benefits for DoD personnel and their families and

ensuring that Combatant Commanders have access to the timely and accurate data on personnel and their skill sets. System used to support PV: Defense Travel System (DTS)

Common Supplier Engagement (CSE): The primary goal of Common Supplier Engagement (CSE) is to simplify and standardize the methods that DoD uses to interact with commercial and government suppliers in the acquisition of catalog, stock, and made-to-order and engineer-to-order goods and services. CSE is the alignment and integration of the policies, processes, data, technology and people to provide a consistent experience for suppliers and DoD stakeholders to ensure reliable and accurate delivery of acceptable goods and services to support the warfighter. CSE also provides the associated visibility of supplier-related information to the warfighting and Business Mission Areas. The systems used to support the CSE: Electronic Document Access (EDA), Standard Procurement System (SPS) and Wide Area Workflow (WAWF).

Materiel Visibility (MV): Materiel Visibility (MV) will provide users with timely and accurate information on the location, movement, status, and identity of unit equipment, materiel, and supplies, regardless of procuring service greatly improving overall supply chain performance. The MV Business Enterprise Priority will improve the delivery of war fighting capability to the warfighter as measured in terms of responsiveness, reliability, and flexibility. The system used to support the (MV) Goals: Item Unique Identifier (IUID)

Financial Visibility (FV): Financial Visibility provides immediate access to accurate and reliable financial information (planning, programming, budgeting, accounting, and cost information) to improve financial accountability and efficient and effective decision making throughout the Department in support of the warfighter's missions. The goal of FV is to effect changes in financial management aimed at reducing investment and operating costs. Systems used to support the (FV) Goals: Defense Agency Initiative (DAI),

Electronic Funds Distribution (EFD) Note: need to address an auditable financial statement here, see paragraph seven above.

Real Property Accountability: Real Property Accountability (RPA) provides the warfighter and Core Business Missions (CBM) access to near-real-time secure, accurate, and reliable information on real property assets, environment, safety and occupational health sustainability. The Real Property Installations Lifecycle Management CBM will provide the warfighter and other CBMs with continuous access to Installations and Environment (I&E) information.

II. **Force Structure Summary**: Not required.

BUSINESS TRANSFORMATION AGENCY
Operation and Maintenance, Defense-Wide
FISCAL YEAR (FY) 2012 Budget Estimates

III. Financial Summary ($ in thousands)

A. BA Subactivities	FY 2010 Actuals	Budget Request	FY 2011 Congressional Action Amount	Percent	Appropriated	Current Estimate	FY 2012 Estimate
BTA Program Management	1,282	2,908				2,906	0
EP&I	611	921				920	0
EI	0	500				500	0
TPR	11,428	13,898				13,888	0
WRO	6,603	4,005				4,002	0
CoS	28,998	28,404				28,383	0
DBSAE Executive Office	7,285	6,061				6,057	0
BEIS Portfolio	6,998	9,900				9,893	0
DAI		371				371	0
EIW	2,925	1,600				1,599	0
DISS		10,600				10,593	0
DTS	9,830	9,496				9,489	0
EDA	4,284	2,000				1,999	0
GEX	3,863	3,677				3,674	0
IVAN	1,495	1,504				1,503	0
IUID	2,818	0				0	0
DCMO/LSS	7,223	10,365				10,358	0
SPS	16,645	20,075				20,061	0
WAWF	4,771	5,309				5,306	0
VIPS	2,377	11,847				11,839	0
BTA TOTAL	**119,436**	**143,441**				**143,441**	**0**

B. Reconciliation Summary	Change FY 2011/FY 2011	Change FY 2011/FY 2012
Baseline Funding	143,441	143,441
Congressional Adjustments (Distributed)		
Congressional Adjustments (Undistributed)		
Adjustments to Meet Congressional Intent		
Congressional Adjustments (General Provisions)		
Subtotal Appropriated Amount	143,441	
Fact-of-Life Changes (CY to CY Only)		
Subtotal Baseline Funding	143,441	
Anticipated Supplemental		
Reprogrammings		
Price Changes		1,419
Functional Transfers		-84,100
Program Changes		-60,760
Current Estimate	143,441	0
Less: Wartime Supplemental		
Normalized Current Estimate	143,441	

C. Reconciliation of Increases and Decreases	Amount	Totals
FY 2011 President's Budget Request (Amended)		**143,441**
1. Congressional Adjustments		0
a. Distributed Adjustments		
b. Undistributed Adjustments		
c. Adjustments to meet Congressional Intent		
e. Congressional Earmarks		
FY 2011 Appropriated Amount		
2. War-Related and Disaster Supplemental Appropriations		0
3. Fact of Life Changes		0
FY 2011 Baseline Funding		**143,441**
4. Reprogrammings (requiring 1415 Actions)		
Revised FY 2011 Estimate		**143,441**
5. Less: Item 2, War-Related and Disaster Supplemental Appropriations and Item 4, Reprogrammings		
FY 2011 Normalized Current Estimate		**143,441**
6. Price Change		1,419
7. Functional Transfers		-84,100
a. Transfers In		
b. Transfers Out		

C. Reconciliation of Increases and Decreases	Amount	Totals

1) The Business Transformation Agency is being disestablished and DLA Operations & Maintenance is assuming responsibility of the following systems under the name DoD Enterprise Systems Development & Demonstration: Defense Travel System, Business Enterprise Information Systems, Wide Area Workflow, Standard Procurement System, Global Exchange System, and Defense Business Systems Acquisition Executive (FY 2011 Baseline: $38,300 thousand, -61 FTEs) -38,300

2) Electronic Document Access (EDA) transferred from Business Transformation Agency to DLA to improve visibility and accuracy of contract-related data and supports interoperability of DoD acquisition systems (FY 2011 Baseline: $3,000 thousand) -3,000

3) Virtual Interactive Processing System (VIPS) transferred from Business Transformation Agency to DLA to implement U.S. Military Processing Command's reengineered business processes to qualify applicants for military service(FY 2011 Baseline: $7,600 thousand) -7,600

4) Transfers resources from Business Transformation Agency (BTA) to Office of the Deputy Chief Management Officer (DCMO) based on SECDEF decision to disestablish BTA. Funding will support the integration and coordination of the Department's business operations, to ensure performance plans, goals, and measures are aligned with DoD strategic goals. Program amount is based on initial transfer of $35,200K, applied reductions for SECDEF efficiencies, price and inflation adjustments, and transfers funding to Core Operating Program of $2,951K for Civilian Pay, netting to new base transferred $30,366K. (FY 2011 Baseline: $35,200 thousand, -46 FTE) -35,200

C. Reconciliation of Increases and Decreases	**Amount**	**Totals**
a. Annualization of New FY 2011 Program		
b. One-Time FY 2012 Increases		
c. Program Growth in FY 2012		
9. Program Decreases		**-60,760**
a. Annualization of FY 2011 Program Decreases		
b. One-Time FY 2012 Decreases		
c. Program Decreases in FY 2012		
BTA disestablishment in FY 2011 per SECDEF decision (FY 2011		
Baseline: $59,341 thousand , -134 FTE)	-60,760	
FY 2012 Budget Request		**0**

IV. Performance Criteria and Evaluation Summary

The Agency is currently working with other DoD representatives to develop performance metrics by Business Enterprise Priority (BEP). The OMB 300 exhibits and recent update to the Enterprise Transition Plan (ETP) provide some measures of performance, although they may have Defense-wide applicability and cross multiple appropriations.

A. Personnel Visibility –

DISS	FY10		FY11	
	Baseline	Actual	Target	Goal
Clearance Processing Time – In Days	72	64	62	60
Electronic Adjudication – Actions in Thousands	8	185	200	225
Processing Time for Initial Investigations – In Days	80.75	44	40	40

B. Common Supplier Engagement (CSE): ($ in thousands)

SPS: FY 2010 – 984,395 contract actions processed using SPS throughout DoD obligating $187,313,937.

FY 2011: 1st Quarter data not yet available.

WAWF: FY 2010 – 147,957,629 transactions processed using WAWF throughout DoD for invoices totaling $497,704,402,506.

IV. <u>Performance Criteria and Evaluation Summary</u>

FY 2011 (through December 2010): 39,813,725 transactions processed using WAWF throughout DoD for invoices totaling $243,910,571,818.

BUSINESS TRANSFORMATION AGENCY
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2012 Budget Estimates

V. __Personnel Summary__	__FY 2010__	__FY 2011__	__FY 2012__	Change FY 2010/ FY 2011	Change FY 2011/ FY 2012
Active Military End Strength (E/S) (Total)					
Officer	4	7	0	3	-7
Enlisted					
Civilian End Strength (Total)					
U.S. Direct Hire	222	247	0	25	-247
Foreign National Direct Hire					
Total Direct Hire	222	247	0	25	-247
Active Military Avg Strength (A/S)(Total)					
Officer	4	7	0	3	-7
Enlisted					
Civilian FTEs (Total)					
U.S. Direct Hire	208	241	0	33	-241
Foreign National Direct Hire					
Total Direct Hire	208	241	0	33	-241
Foreign National Indirect Hire					
Memo: Military Technician Included					
Memo: Reimbursable Civilians Included					
Average Annual Civilian Salary ($ in thousands)	116,854	118,391	0	1,537	-118,391
Contractor FTEs (Total)	613	613	0	0	-613

VI. <u>OP 32 Line Items as Applicable (Dollars in thousands):</u>

OP 32 Line	FY 2010 Actuals	Change FY 2010/FY 2011 Price	Program	FY 2011 Estimate	Change FY 2011/FY 2012 Price	Program	FY 2012 Estimate
101 Exec, Gen'l & Spec Scheds	33,530	0	8,491	42,021		-42,021	0
308 Travel of Persons	1,068	13	929	2,010	28	-2,038	0
673 Def Fin & Accounting Svc		0	495	495	7	-502	0
912 GSA Leases (SLUC)	6,615	99	-1,023	5,691	80	-5,771	0
913 Purch Util (non fund)	0	0	50	50	1	-51	0
914 Purch Com (non fund)	812	11	-590	233	3	-236	0
920 Supplies/Matl (non fund)	488	6	478	972	14	-986	0
921 Print & Reproduction	12	0	-12	0	0	0	0
922 Eqt Maint Contract	2,061	25	-1,763	323	5	-328	0
923 Facilities Maint by Contr	32	0	391	423	6	-429	0
925 Eqt Purch (non fund)	3,715	53	3,514	7,282	102	-7,384	0
931 Contract Consultants	0	0	3,380	3,380	47	-3,427	0
932 Mgt Prof Support Svcs	8,876	107	13,505	22,488	315	-22,803	0
933 Studies, Analysis & Eval		0	4,073	4,073	57	-4,130	0
934 Engineering & Tech Svcs	6,545	77	18,241	24,863	348	-25,211	0
987 Other IntraGovt Purch	4,961	20	-3,537	1,444	20	-1,464	0
989 Other Services	50,721	1,221	-24,249	27,693	386	-28,079	0
Total	**119,436**	**1,632**	**22,373**	**143,441**	**1,419**	**-144,860**	**0**

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