

DEFENSE WORKING CAPITAL FUND

**DEFENSE-WIDE
FISCAL YEAR (FY) FY 2015
BUDGET ESTIMATES**

OPERATING AND CAPITAL BUDGETS



**MARCH 2014
CONGRESSIONAL DATA**

**DEPARTMENT OF DEFENSE
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
DEFENSE-WIDE WORKING CAPITAL FUND**

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The estimated cost of report or study for the Department of Defense is approximately \$126,000 for the 2014 Fiscal Year. This includes \$2,520 in expenses and \$124,000 in DoD labor.

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**DEPARTMENT OF DEFENSE
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
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**DEFENSE-WIDE WORKING CAPITAL FUND
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014**

DEFENSE-WIDE SUMMARY

The Defense-Wide Working Capital Fund (DWWCF) consists of six activity groups. The Defense Logistics Agency (DLA) operates three of these activity groups, the Defense Information Systems Agency (DISA) operates two activity groups, and the Defense Finance and Accounting Service (DFAS) operates one activity group.

The DFAS was formed in January 1991 from the Military Services finance and accounting functions. The mission of the DFAS is to lead the Department of Defense (DoD) in finance and accounting by ensuring the delivery of efficient, exceptional quality pay and financial information.

The DISA was reorganized in 1991 from the former Defense Communications Agency. The mission of the DISA is to engineer and provide command and control capabilities and enterprise infrastructure to continuously operate and assure a global net-centric enterprise in direct support to joint warfighters, National level leaders, and other mission and coalition partners across the full spectrum of operations.

The DLA, formed in the early 1960s, operates the Supply Chain Management (SCM), Energy Management, and Document Services activity groups. The DLA SCM manages the materiel from initial acquisition, to storage and distribution, and then finally reutilization or disposal. The DLA Energy Management provides comprehensive worldwide energy support for the military services and other authorized customers. The DLA Document Services provides time sensitive, competitively priced, and high quality printing and digital services. The mission of the DLA is to provide effective and efficient worldwide support to warfighters and our other customers.

DEFENSE-WIDE WORKING CAPITAL FUND CASH

The table below displays the actual DWWCF cash balance at the end of FY 2013 and projected balances for year-end through FY 2015. These plans project a decrease of \$1,278.9 million in cash from the beginning of FY 2013 thru FY 2015, and 4.2 days of cash at the end of FY 2015.

Dollars in Millions	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
Beginning of Period, Cash	2,209.8	2,683.4	1,298.7
Disbursements	47,743.6	49,817.0	48,302.4
Collections	46,747.1	48,719.7	47,804.1
Net Outlays	996.5	1,097.3	498.3
<u>Direct Appropriation</u>			
FY 2013 Received	39.1		
FY 2014 Received		46.4	
FY 2015 Request			44.3
<u>Overseas Contingency Operations Appropriation</u> ¹			
FY 2013 Received	191.0		
FY 2014 Received		131.7	
FY 2015 Request			86.2
<u>Transfers</u>	1,240.0	-465.5	0.0
End of Period, Cash	2,683.4	1,298.7	930.9

FY 2013 Cash: The DWWCF Cash balance increased \$473.6 million due to Net Transfers of \$1,240.0 million. This was partially offset by net outlays of \$996.5 million. The DWWCF received \$230.1 million in appropriated funding. This included \$39.1 million in direct appropriations for Reutilization, Transfer, and Disposal (RTD) costs and \$191.0 million in Overseas Contingency Operations (OCO) appropriations. The DLA SCM received \$191.0 million primarily for continuing operations at the six established DLA Disposition Services' sites (four in

¹ "Because the Administration has not yet made final decisions about an enduring presence in Afghanistan after calendar year 2014, the Budget includes a placeholder for the Department of Defense's 2015 OCO funding. This number is a placeholder and appears solely for the purposes of estimating reimbursable rates and cash balances in DOD working capital fund activities. Once DOD's OCO needs for 2015 are determined, a budget amendment package will be transmitted subsequent to release of the Budget."¹

Afghanistan, one in Kuwait, and one in Qatar). Transfers were due to Transfers In for the DLA Energy Management (\$1,394.0 million to offset increased fuel costs), partially offset by the Transfer Out for the DLA SCM (-\$154.0 million to the Army Working Capital Fund (WCF) for Consumable Item Transfers (CIT)). The FY 2013 ending cash balance was \$2,683.4 million, or 12.2 days of cash.

FY 2014 Cash: The DWWCF projects to outlay \$1,097.3 million due to losses in both the DLA SCM and DLA Energy Management activities (\$612.0 million and \$561.5 million respectively). Projected net outlays for the DLA SCM are due to:

- (1) audit readiness contracts
- (2) payments to the Military Services for Logistics Reassignment of Items (F/A-18 and CIT)
- (3) disbursing for materiel with a long financial lead time for which obligations were made in a prior fiscal year
- (4) disbursing for FY 2013 overseas contingency operations obligations
- (5) lower sales based on forecasted lower demand
- (6) the return of a portion of Accumulated Operating Results (AOR) to customers

The DLA Energy Management net outlays are due to higher actual refined product costs in first quarter than budgeted. The DWWCF received \$46.4 million in direct appropriations for RTD costs and \$131.7 million in OCO funding. Of the \$131.7 million received, the DLA Energy Management received \$85.0 million for Combat Fuel Losses and Fuel Transportation/Terminal Operations and the DLA SCM received \$46.7 million primarily for the DLA Disposition Services (to support the scheduled drawdown of the Operations Enduring Freedom mission in Afghanistan and to support the Satellite Communications Services (SATCOM) for all activities in Southwest Asia (SWA)). Transfers are due to Transfers Out for the DLA Energy Management (-\$347.5 million to the Operation and Maintenance, Defense-Wide account) and the DLA SCM (-\$118.0 million to the Army WCF for CIT). The FY 2014 ending cash balance is projected to be \$1,298.7 million, or 6.3 days of cash.

FY 2015 Cash: The DWWCF projects to outlay \$498.3 million due projected losses in the DLA SCM activity (\$804.7 million); which are partially offset by a projected gain in the DLA Energy Management activity (-\$196.8 million). Projected net outlays for the DLA SCM are due to:

- (1) lower sales projections and associated collections

- caused by a decreasing customer Operations Tempo
- (2) residual disbursements to the Military Services for F/A-18 and CIT stock
 - (3) AOR return to customers

This submission requests \$44.3 million in direct appropriations for RTD costs and \$86.2 million in OCO funding ². Of the \$86.2 million requested, the DLA Energy Management is requesting \$46.9 million and the DLA SCM is requesting \$39.3 million. The FY 2015 ending cash balance is projected to be \$930.9 million or 4.2 days of cash.

² "Because the Administration has not yet made final decisions about an enduring presence in Afghanistan after calendar year 2014, the Budget includes a placeholder for the Department of Defense's 2015 OCO funding. This number is a placeholder and appears solely for the purposes of estimating reimbursable rates and cash balances in DOD working capital fund activities. Once DOD's OCO needs for 2015 are determined, a budget amendment package will be transmitted subsequent to release of the Budget."²

DEFENSE-WIDE WORKING CAPITAL FUND - TOTAL
SOURCE OF NEW ORDERS AND REVENUE
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
(Dollars in Millions)

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
1. New Orders:			
a. Orders from DoD Components			
Army	10,157.0	10,478.9	9,787.5
Operations & Maintenance	7,016.3	7,438.1	6,901.6
Research Development Testing & Evaluation	290.3	233.7	185.7
Procurement	264.5	241.7	236.6
Military Construction	25.9	21.0	15.2
Family Housing	82.1	65.9	46.1
Military Personnel	2,358.6	2,383.3	2,306.1
Other	119.3	95.2	96.2
Navy	7,030.9	6,974.1	7,033.4
Operations & Maintenance	6,255.5	6,187.5	6,256.6
Research Development Testing & Evaluation	18.2	10.2	10.6
Procurement	194.5	198.2	193.7
Military Construction	1.3	1.8	1.9
Family Housing	0.6	0.6	0.5
Military Personnel	540.1	549.7	535.6
Other	20.7	26.1	34.5
Air Force	8,321.9	8,954.3	9,448.2
Operations & Maintenance	6,595.7	7,114.9	7,503.9
Research Development Testing & Evaluation	117.8	133.6	141.3
Procurement	17.2	33.0	33.3
Military Construction	0.0	0.0	0.0
Family Housing	5.6	5.9	6.0
Military Personnel	1,526.9	1,594.2	1,687.3
Other	58.7	72.7	76.4
Marine Corps	1,074.0	1,118.2	1,119.4
Operations & Maintenance	803.5	864.0	871.2
Research Development Testing & Evaluation	0.2	0.2	0.3
Procurement	30.9	16.4	16.0
Military Construction	0.0	0.0	0.0
Family Housing	0.0	0.0	0.0
Military Personnel	228.8	232.9	226.9
Other	10.6	4.7	5.0
Defense-Wide	4,771.5	5,087.1	5,271.1
Operations & Maintenance	1,762.2	2,210.6	2,450.4
Research Development Testing & Evaluation	278.8	124.9	128.3
Procurement	183.4	153.6	156.3
Military Construction	0.0	0.0	0.0
Family Housing	0.0	0.0	0.0
Military Personnel	0.0	0.0	0.0
Other	2,547.1	2,598.0	2,536.1

Other	57.6	244.8	230.5
Operations & Maintenance	45.8	227.8	219.9
Research Development Testing & Evaluation	4.6	4.4	4.5
Procurement	0.3	0.0	0.0
Military Construction	0.0	0.0	0.0
Family Housing	0.0	0.0	0.0
Military Personnel	0.0	0.0	0.0
Other	6.9	12.6	6.1
 Total New Orders	 31,412.9	 32,857.4	 32,890.1
Operations & Maintenance	22,479.0	24,042.9	24,203.6
Research Development Testing & Evaluation	709.9	507.0	470.7
Procurement	690.8	642.9	635.9
Military Construction	27.2	22.8	17.1
Family Housing	88.3	72.4	52.6
Military Personnel	4,654.4	4,760.1	4,755.9
Other	2,763.3	2,809.3	2,754.3
 b. Orders from Other Fund Activity Groups	 12,050.9	 12,270.0	 12,133.2
Army	2,470.9	2,486.0	2,394.4
Navy	2,763.5	2,736.7	2,717.3
Air Force	5,644.7	5,757.9	5,708.1
Marine Corp	1.2	1.7	1.6
Defense-Wide	1,170.6	1,287.7	1,311.8
 c. Total DoD	 43,463.8	 45,127.4	 45,023.3
 d. Other Orders:	 2,791.4	 2,941.4	 3,045.7
Trust Fund	35.9	27.9	28.5
Federal Agencies	728.2	864.4	888.0
Non Federal Agencies	637.2	713.9	759.1
Exchange Activities	0.0	0.0	0.0
Foreign Military Sales	1,390.1	1,335.2	1,370.1
 2. Carry-In Orders	 3,394.3	 3,138.3	 2,895.2
 3. Total Gross Orders	 49,649.5	 51,207.1	 50,964.2
 4. Carry-Out Orders	 -3,138.3	 -2,895.2	 -2,775.9
 5. Gross Sales	 46,511.2	 48,311.9	 48,188.3
 Disposition Services - Sales Proceeds	 101.5	 73.6	 63.2
 6. Credits & Allowances	 -718.4	 -1,162.8	 -1,176.3
 7. Net Sales	 45,894.3	 47,222.7	 47,075.2
 8. Reimbursable Sales	 609.5	 853.9	 797.3
 9. Total Revenue	 46,503.8	 48,076.6	 47,872.5

<p style="text-align: center;">DEFENSE-WIDE WORKING CAPITAL FUND SUMMARY FISCAL YEAR (FY) 2015 BUDGET ESTIMATES REVENUE AND EXPENSES MARCH 2014 (Dollars in Millions)</p>			
	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
Revenue:			
Gross Sales	45,433.7	47,535.9	46,990.9
Operations	45,340.6	47,428.8	46,885.2
Capital Surcharge	(18.1)	(35.3)	(57.5)
Depreciation excluding Major Construction	111.2	142.4	163.2
Major Construction Depreciation	0.0	0.0	0.0
ADPE & Telecommunications Equipment	0.0	0.0	0.0
Other Income	1,948.4	2,265.3	2,209.7
Refunds/Discounts (-)	(718.4)	(1,162.8)	(1,176.3)
Total Income	46,663.7	48,638.4	48,024.3
Expenses:			
Cost of Materiel Sold from Inventory	32,637.5	32,131.4	30,560.0
Materiel-Related	0.0	0.0	0.0
Salaries and Wages:			
Military Personnel Compensation & Benefits	66.4	62.2	63.2
Civilian Personnel Compensation & Benefits	3,591.9	3,886.5	3,872.6
Travel & Transportation of Personnel	30.9	64.8	62.3
Materials & Supplies (For Internal Oper)	105.8	159.8	153.4
Equipment	411.7	540.3	551.3
Other Purchases from Revolving Funds	646.6	751.4	763.9
Transportation of Things	817.9	978.6	975.8
Inventory Maintenance	55.6	286.9	272.5
Depreciation - Capital	246.0	320.2	336.8
Printing & Reproduction	67.6	84.7	83.8
Advisory and Assistance Services	63.9	115.4	114.8
Rent, Communication, Utilities, & Misc.	2,123.7	2,175.3	2,231.8
Other Purchased Services	6,548.1	8,276.2	8,269.9
Total Expenses	47,413.6	49,833.7	48,312.1
Operating Result	(749.9)	(1,195.3)	(287.8)
Less Capital Surcharge Reservation	73.5	74.9	76.7
Plus Passthroughs or Other Approp Affecting NOR	0.0	0.0	0.0
Other Adjustments Affecting NOR	1,147.6	(884.2)	40.1
Net Operating Result (NOR)	471.2	(2,004.6)	(171.0)
Prior Year Adjustments	0.0	0.0	0.0
Other Changes Affecting AOR	0.0	(98.4)	(404.0)
Prior Year AOR	1,964.9	2,438.4	335.4
Accumulated Operating Result (AOR)	2,436.1	335.4	(239.6)
Non-Recoverable Adjustments Impacting AOR	2.3	0.0	(211.4)
Accumulated Operating Results for Budget Purposes	2,438.4	335.4	(451.0)

Defense Finance and Accounting Service



Fiscal Year (FY) 2015 Budget Estimates Defense Working Capital Fund (DWCF) President's Budget Submission March 2014

The estimated cost of report or study for the Department of Defense is approximately \$ 14,000.0 . This includes \$ 100.0 in expenses and \$ 14,000.0 in DoD labor.

14-C-0700

**Fiscal Year (FY) 2015 Budget Estimates
Defense Finance and Accounting Service
March 2014**

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DEFENSE FINANCE AND ACCOUNTING SERVICE

OVERVIEW

As the world's largest finance and accounting operation, the Defense Finance and Accounting Service (DFAS) mission is to lead DoD in finance and accounting by ensuring the delivery of efficient, exceptional quality pay and financial information.

DFAS works in partnership with defense agencies, military services, and combatant commands to provide timely business information to key decision-makers. Focusing on the finance and accounting needs of the military services, DFAS allows the Warfighter to better concentrate on their mission. DFAS is committed to performing timely finance and accounting services at the lowest cost, with a high degree of accuracy, utilizing electronic processes wherever possible. DFAS provides a diverse set of accounting, finance, and technical services to customers to include:

Commercial Pay: DFAS continues to efficiently process customer invoices in an accurate and timely manner. During FY 2013, DFAS processed more than 10.3 million commercial invoices while increasing utilization of electronic commerce (electronic receipt of contracts, invoices and receiving reports). This, along with other process improvements, has resulted in reduced cycle-time, errors, and rework which has helped DFAS to reduce customer bills and free up resources to support the warfighter.

Military/Civilian Pay Services: During FY 2013, DFAS processed over 161.8 million pay transactions and disbursed over \$579 billion. DFAS managed more than \$700 billion in the Military Retirement and Health Benefits Funds. DFAS continuously pursues initiatives to enhance our value to our customers by finding innovative ways to improve service and reduce costs. For example, military and civilian customers can access payroll information anywhere a secure internet connection is available. In addition, customers are able to enter time and attendance, process travel claims, expedite payment of claims, and receive electronic leave and earnings statements and W-2s. Transitioning to an electronic environment has resulted in broader and faster availability of data, more functionality and hands-on control for our customers, and more efficient processes.

Accounting Services: DFAS accounted for 1,232 active DoD appropriations while maintaining 270.4 million general ledger accounts. The mission of Accounting Operations is to provide responsive and professional financial management and accounting services, analyses, and consultation services to the Department of Defense and other customers. Accounting Operations works daily to meet this goal with outstanding customer service and a consistent focus on helping customers become more audit ready every day.

Information Technology (IT): Information Technology services are critical to the DFAS mission. DFAS technology services include planning, developing architectures, designing, building, operating, and maintaining essential telecommunications and computing infrastructure as well as system development, maintenance, and customer support. DFAS's IT directorate focuses on the continuous improvement of our systems and infrastructure support services. IT takes the lead in advising and implementing the DFAS strategy to take advantage of evolving technology that enables a framework of continuous improvement. The constantly changing technological environment necessitates continuous management focus on IT planning, development and maintenance of systems, and daily infrastructure operations.

Budget Assumptions and Efficiencies

As a Working Capital Fund, the DFAS budget is based on the business transactions required to effectively provide services to our customers. Consequently, the DFAS budget will be responsive to changes in customer workload. In turn, resources will be aligned internally to effectively serve our customers and to reflect the conservative fiscal environment currently facing the Department of Defense. DFAS shaped the FY 2015 - 2019 President's Budget with a focus on maintaining quality service while striving to reduce customer bills. Efficiencies and assumptions included in the DFAS Program Budget are:

- Identifying areas of opportunity to take significant reductions in manpower attributable to gained efficiencies while maintaining a high level of quality and customer service.
- Maintaining high quality accounting support to DFAS customers with continued focus on Audit Readiness and Enterprise Resource Planning (ERP) systems; DFAS has built ERP Vendor Pay billing rates to recoup costs as customers continue to migrate workload to ERPs.
- Continuing to provide a dedicated infrastructure, including client liaisons, educational programs and system upgrades, to support customer audit assertion and audit execution.
- Continuing to focus on in-sourcing of mission related functions, where doing so will generate long term cost savings and continuity of quality.
- Identifying ways to increase cost efficiencies by consolidating servers, reducing database sizes, strategically managing hardware replacement schedules, in-sourcing expertise, and working with customers to accelerate legacy system retirement, historical data storage and system consolidations.

- Continuing to identify and implement opportunities to utilize paperless and “hands free” services with a focus on reducing usage of paper statements, vouchers, and invoices that will reduce the cost of postage, printing, and labor.
- Continuing to mature unit cost tracking and analysis to aid DFAS in evaluating and validating customer billing rates throughout the year. This will allow DFAS to better assess potential future rate adjustments as well as more closely monitor the status of budgetary resources.
- Utilizing business case analyses to evaluate administrative infrastructure to ensure a continuous focus on an efficient headquarters operation. Budget figures include a significant reduction in headcount as a direct result of a self-initiated reorganization and business practice consolidation of headquarters functions.

Budget Summary

The following table provides the DFAS Defense Working Capital Fund (DWCF) and Capital Purchases Program (CPP) estimates for Cost, Revenue, and Personnel data.

Financial Operations

(Dollars in Millions)

	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>
<u>Authority</u>			
Operating	\$1,292.6	\$1,415.7	\$1,374.5
Less Depreciation	<u>\$-57.0</u>	<u>\$-39.1</u>	<u>\$-37.5</u>
Operating Authority	\$1,235.6	\$1,376.6	\$1,337.0
Capital Obligations	\$19.7	\$41.8	\$32.7
<u>People</u>			
Civilian FTE's	11,370	12,183	11,569
Civilian End Strength	11,560	11,976	11,363
Military End Strength	29	29	29

Revenue and Cost

(Dollars in Millions)

	<u>FY 13</u> <i>Actual</i>	<u>FY 14</u> <i>PB 14</i>	<u>FY 15</u> <i>PB 15</i>
Revenue	\$1,281.5	\$1,469.7	\$1,414.7
Cost of Operations	\$1,292.6	\$1,415.7	\$1,374.5
Operating Results	\$ -11.1	\$54.0	\$40.2
Adjustments – Other	\$11.2	0.0	0.0
Net Operating Results (NOR)	\$.1	\$54.0	\$40.2
Accumulated Operating Results (AOR) – Beginning	\$-41.2	\$-41.1	\$ 12.9
Adjustments	0.0	0.0	0.0
AOR - Final	\$-41.1	\$12.9	\$53.1

DFAS reduced its costs in FY 2013 by more than 12 percent, but planned customer orders did not materialize at budgeted levels resulting in an AOR of \$-41M, despite significant cost efficiencies. In PB 14 FY 2014, DFAS built an adjustment into its rates to account for the negative AOR. Given continued uncertainty of customer workload in the current fiscal environment, DFAS also increased its FY 2015 rates to accommodate potential workload reductions in the year of execution and to bring DFAS cash levels to the recommended 7 to 10 day level.

The DFAS budget reflects a focus on embracing new technology, use of more efficient systems, and reduced reliance upon contractor staff. DFAS anticipates further reductions and cost savings to customers through the Future Years Defense Program (FYDP) as a result of customers continuing to move to electronic commerce for payment processing, troop drawdowns resulting in lower workload, as well as reductions and efficiencies driven by the current fiscal environment.

Capital Investment Program

(Dollars in Millions)

	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>
Total Obligations	\$19.7	\$41.8	\$32.7
Total Capital Outlays	\$27.5	\$26.5	\$36.0

The DFAS capital program shows growth from FY 2013 to FY 2015 based on increased capital requirements within the Agency and requirements to comply with Department of Defense initiatives. FY 2013 requirements under executed by \$8.2M and obligation authority was carried over into FY 2014 due to competing requirements and loss of time due to furloughed employees.

The ADPE and Telecommunications Equipment budget has grown gradually from \$14.9M in FY 2013 to \$20.6M in FY 2015. Increases include the continuation of the Private Base Exchange (PBX) effort at various DFAS sites as well as the continued effort of enhancing VTC capabilities. The PBX projects will provide cost effective telecommunication services through standardization and structure. In addition, services based on common protocols and methodologies will provide enhanced capabilities and reduce costs. Moving towards a network based on Internet Protocol (IP) trunking and Voice over Internet Protocol (VoIP) instruments will better enable DFAS to meet its mission goals and objectives. Enhancing VTC capabilities will allow DFAS to implement a redundant infrastructure that enables more reliable service as well as implementing a scheduling system that can be accessed by all sites that will allow scheduling to be more efficient. DFAS' Enterprise Local Area Network (ELAN) also shows increases due to enhanced services driven by DoD and other Federal mandates, technical sustainment due to vendor end life, cost savings initiatives and innovative solutions. Finally, \$3.8M of FY 2013 budgeted capital was carried over into FY 2014 for efforts that were unable to obligate in FY 2013.

Software requirements under executed in FY 2013 due to competing requirements for internally developed software as well as loss of time due to furloughed employees. Beginning in FY 2014, DFAS has realigned excess capital dollars to comply with the Secretary of Defense's memo dated September 14, 2012, which requests an "all hands" effort to improve business practices to ensure we are operating in a common sense, accountable and modern business environment. The policy memo established a DoD Standard Line of Accounting (SLOA) and updated the Standard Financial Information Structure (SFIS). Additionally, \$4.4M was carried over from prior years into FY 2014 for efforts that were unable to execute in FY 2013.

The Minor Construction program has decreased from FY 2013 to FY 2015 as projects are shifting into the current year for execution. This is due to increased security and safety requirements at DFAS sites, ensuring compliance with mandates as well as the safety of our personnel.

Fiscal Year (FY) 2015 Budget Estimates
Changes in the Costs of Operation
Defense Finance and Accounting Service
March 2014
(Dollars in Millions)

FY 2013 Actual	\$	1,292.6
Pricing Adjustment:		
FY 2014 Civilian Pay Raise	\$	6.9
Annualization Prior Year Pay Raise	\$	-
Inflation Adjustment	\$	6.4
Program Changes:		
Military Personnel Compensation	\$	(1.8)
Civilian Personnel Compensation	\$	91.7
Travel & Transportation of Personnel	\$	3.5
Material & Supplies	\$	0.6
Equipment	\$	2.0
Other Purchases from Revolving Funds	\$	1.1
Transportation of Things	\$	0.4
Depreciation	\$	(18.9)
Printing & Reproduction	\$	0.3
Advisory & Assistance Services	\$	4.6
Rent, Communications, Utilities and Misc. Charges	\$	(0.6)
Other Purchased Service	\$	26.9
FY 2014 PB 2014 Estimate:	\$	1,415.7
Pricing Adjustment:		
FY 2015 Civilian Pay Raise	\$	7.6
Annualization Prior Year Pay Raise	\$	2.5
Inflation Adjustment	\$	7.2
Program Changes:		
Military Personnel Compensation	\$	0.1
Civilian Personnel Compensation	\$	(47.3)
Travel & Transportation of Personnel	\$	(1.3)
Material & Supplies	\$	(0.3)
Equipment	\$	4.2
Other Purchases from Revolving Funds	\$	(5.8)
Transportation of Things	\$	(0.5)
Depreciation	\$	(2.3)
Printing & Reproduction	\$	(0.6)
Advisory & Assistance Services	\$	1.6
Rent, Communications, Utilities and Misc. Charges	\$	2.8
Other Purchased Service	\$	(9.2)
FY 2015 PBR 2015 Estimate:	\$	1,374.5

**Fiscal Year (FY) 2015 Budget Estimates
Sources of New Orders and Revenue
Defense Finance and Accounting Service
March 2014
(Dollars In Millions)**

				FY13	FY 14	FY 15
1. New Orders						
a. Orders from DoD Components:						
APPN		Client	Customer			
Total Capital	DW	Defense Agency	Defense Finance and Accounting Service	6.9	12.6	6.1
Total Family Housing		Army	Army Family Housing	0.0	0.4	0.0
O&M		Air Force	Core Work	256.5	277.8	279.0
O&M		Army	Core Work	487.3	565.3	505.8
O&M		Marine Corps	Core Work	47.0	50.6	52.0
O&M		Navy	Core Work	199.3	221.7	224.1
O&M	DW	Defense Agency	Business Transformation Agency	0.0	0.0	0.0
O&M	DW	Defense Agency	US Court of Appeals for the Armed Forces	0.0	0.0	0.0
O&M	DW	Defense Agency	Defense Acquisition University	0.9	1.1	0.9
O&M	DW	Defense Agency	Defense Contract Audit Agency	3.8	5.0	4.3
O&M	DW	Defense Agency	Defense Contract Management Activity	5.8	7.1	6.7
O&M	DW	Defense Agency	Domestic Dependent Elementary & Secondary Schools	0.1	0.0	0.0
O&M	DW	Defense Agency	Defense Health Program	25.3	31.4	33.6
O&M	DW	Defense Agency	Defense Human Resources Activity	1.4	2.1	2.3
O&M	DW	Defense Agency	Defense Intelligence Agency	0.7	1.1	1.1
O&M	DW	Defense Agency	Defense Information Systems Agency	6.6	11.4	11.2
O&M	DW	Defense Agency	Defense Logistics Agency	5.8	9.2	9.4
O&M	DW	Defense Agency	Defense Legal Services Agency	0.3	0.3	0.3
O&M	DW	Defense Agency	Defense Media Activity	0.9	0.8	1.1
O&M	DW	Defense Agency	Department of Defense Civilian Personnel Management Service	0.0	0.0	0.0
O&M	DW	Defense Agency	Department of Defense Comptroller	0.0	0.2	1.3
O&M	DW	Defense Agency	Department of Defense Prisoner of War/Missing In Action Office	0.2	0.3	0.3
O&M	DW	Defense Agency	Department of Defense Education Activity	5.2	7.8	7.5
O&M	DW	Defense Agency	Department of Defense Inspector General	1.7	1.9	1.9
O&M	DW	Defense Agency	Defense Security Cooperation Agency	20.4	27.7	26.6
O&M	DW	Defense Agency	Defense Security Service	1.0	0.8	0.8
O&M	DW	Defense Agency	Defense Threat Reduction Agency	2.2	2.7	3.5
O&M	DW	Defense Agency	Defense Technology Security Administration	0.3	0.4	0.4
O&M	DW	Defense Agency	Joint Chief of Staff, Office	0.7	1.0	0.7
O&M	DW	Defense Agency	Military Housing Privatization Initiative	0.4	0.6	0.8
O&M	DW	Defense Agency	National Defense University	0.5	0.8	0.7
O&M	DW	Defense Agency	National Geospatial-Intelligence Agency	4.2	4.2	4.0
O&M	DW	Defense Agency	National Security Agency	0.9	1.2	1.5
O&M	DW	Defense Agency	Office of Economic Adjustment	0.3	0.2	0.3
O&M	DW	Defense Agency	Pentagon Force Protection Agency	3.1	0.3	0.3
O&M	DW	Defense Agency	Department of Defense, Office of	0.0	0.5	0.6
O&M	DW	Defense Agency	Special Operations Command	0.0	5.5	4.3
O&M	DW	Defense Agency	Washington Headquarters Service	0.0	4.0	4.3
Total O&M				1,083.0	1,245.3	1,191.7
RDT&E		Army	Army	0.0	0.0	0.0
RDT&E		Navy	Navy	1.4	1.7	1.8
RDT&E		Air Force	Air Force	0.0	0.0	0.0
RDT&E	DW	Defense Agency	Business Transformation Agency	0.1	0.0	0.0
RDT&E	DW	Defense Agency	Center for Countermeasures	0.1	0.1	0.1
RDT&E	DW	Defense Agency	Defense Advanced Research Projects Agency	0.0	2.3	2.4
RDT&E	DW	Defense Agency	Defense Technical Information Center	4.9	3.7	3.7
RDT&E	DW	Defense Agency	Missile Defense Agency	3.6	3.7	4.6
RDT&E	DW	Defense Agency	Washington Headquarters Service	0.0	0.0	0.0
RDT&E	DW	Defense Agency	Defense Logistics Agency	1.3	0.0	0.0
Total RDT&E				11.4	11.4	12.6
a. Total Orders from DoD Components:				1,101.3	1,269.7	1,210.4

**Fiscal Year (FY) 2015 Budget Estimates
Sources of New Orders and Revenue
Defense Finance and Accounting Service
March 2014
(Dollars In Millions)**

				FY13	FY 14	FY 15
b. Orders from Other Fund Activity Groups						
APPN		Client	Customer			
WCF		Air Force		3.2	7.3	8.7
WCF		Army		13.7	15.6	16.0
WCF		Marine Corps		1.2	1.7	1.6
WCF		Navy		33.3	34.9	35.3
WCF	DW	Defense Agency	Defense Commissary Agency	15.1	18.3	18.3
WCF	DW	Defense Agency	Defense Information Systems Agency-DITCO	8.1	10.3	9.7
WCF	DW	Defense Agency	Defense Information Systems Agency	3.0	0.0	0.0
WCF	DW	Defense Agency	Defense Logistics Agency	47.5	57.8	67.0
WCF	DW	Defense Agency	Military Traffic Management Command	1.8	2.4	3.4
WCF	DW	Defense Agency	TRANSCOM	5.5	7.8	7.1
WCF	DW	Defense Agency	Defense Technology Security Administration	0.0	0.0	0.0
WCF	DW	Defense Agency	Washington Headquarters Service	0.1	0.0	0.0
WCF	DW	Defense Agency	Pentagon Force Protection Agency	0.2	0.0	0.0
b. Total Orders from Other Fund Activity Groups				132.7	156.1	167.1
c. Total DoD				1,234.1	1,425.8	1,377.6
d. Other Orders						
		US Dept of State	US Dept of State	0.0	0.0	0.0
		US Dept of Treasury	US Dept of Treasury	1.8	0.9	0.0
		US Dept of Veteran Affairs	US Dept of Veteran Affairs	30.7	29.5	28.6
		US Dept of Energy	US Dept of Energy	1.1	1.0	1.0
		US Dept of Health Human Services	US Dept of Health Human Services	7.8	7.0	3.3
		US Corps of Engineers	US Corps of Engineers	3.6	3.9	4.0
		Environmental Protection Agency	Environmental Protection Agency	1.5	0.8	0.0
		US Coast Guard	US Coast Guard	0.0	0.0	0.0
		Executive Office of the President	Executive Office of the President	0.2	0.2	0.1
		Broadcast Board of Govenors	Broadcast Board of Govenors	0.1	0.0	0.0
		Foreign Military Sales	Foreign Military Sales	0.2	0.0	0.0
		Commercial (Citi, EDS, etc)	Commercial	0.4	0.5	0.0
d. Total Other Orders				47.4	43.9	37.1
1. Total New Orders				1,281.5	1,469.7	1,414.7
2. Carry-In Orders				0.0	0.0	0.0
3. Total Gross Orders				1,281.5	1,469.7	1,414.7
4. Carry-Out Orders				0.0	0.0	0.0
5. Gross Sales				1,281.5	1,469.7	1,414.7
6. Credit				0.0	0.0	0.0
7. Net Sales				1,281.5	1,469.7	1,414.7

**Fiscal Year (FY) 2015 Budget Estimates
Defense Finance and Accounting Service
Revenue and Costs
March 2014
(Dollars in Millions)**

	FY2013	FY2014	FY2015
Revenue			
Gross Sales			
Operations	1,237.4	1,430.6	1,377.2
Depreciation except Major Construction	44.1	39.1	37.5
Other Income	0.0	0.0	0.0
Customer Bill Adjustment	0.0	0.0	0.0
Refunds/Discounts (-)	0.0	0.0	0.0
Total Income:	1,281.5	1,469.7	1,414.7
Costs			
Salaries and Wages:			
Military Personnel Compensation & Benefits	4.5	2.7	2.8
Civilian Personnel Compensation & Benefits	913.6	1,012.2	975.0
Travel & Transportation of Personnel	3.9	7.5	6.3
Materials & Supplies (Internal Operations)	2.0	2.7	2.4
Equipment	1.0	3.0	7.2
Other Purchases from Revolving Funds	118.1	121.3	117.6
Transportation of Things	0.7	1.0	0.6
Depreciation - Capital	57.0	39.1	37.5
Printing and Reproduction	4.4	4.8	4.3
Advisory and Assistance Services	21.6	26.3	28.4
Rent, Communications, Utilities, & Misc. Charges	34.4	34.4	38.0
Other Purchased Services	131.4	160.9	154.4
Total Expenses	1,292.6	1,415.7	1,374.5
Operating Result	-11.1	54.0	40.2
Depreciation, Non-DWCF Acquired PP&E	11.2	0.0	0.0
Adjustments to NOR	0.0	0.0	0.0
Net Operating Result	0.1	54.0	40.2
PY AOR	-41.2	-41.1	12.9
AOR Adjustments	-	-	-
Accumulated Operating Results	-41.1	12.9	53.1

Exhibit Fund-14 Revenue and Costs

**DEFENSE INFORMATION SYSTEMS AGENCY
FISCAL YEAR (FY) 2015
BUDGET ESTIMATES**



**DEFENSE WORKING CAPITAL FUND
INFORMATION SERVICES**

March 2014

DEPARTMENT OF DEFENSE
DEFENSE INFORMATION SYSTEMS AGENCY
Defense Working Capital Fund

Information Services Activity Group: Overview

FISCAL YEAR (FY) 2015 BUDGET ESTIMATES

The Defense Information Systems Agency (DISA) is a combat support agency responsible for planning, engineering, acquiring, fielding, and supporting global net-centric solutions to serve the needs of the President, Vice President, the Secretary of Defense, and other Department of Defense (DoD) Components. Its goal is to enable information dominance and support the war fighters and those who support them.

Defense Information Systems Agency
Information Services Activity Group
Key Budget Data

(\$ in millions)	FY 2013*	FY 2014	FY 2015
Revenue	\$6,823.9	\$8,132.1	\$8,462.8
Cost	\$6,787.5	\$8,118.6	\$8,362.3
Net Operating Result	\$36.4	\$13.5	\$100.5
Prior Year Accumulated Operating Results (AOR)	\$78.7	\$115.1	\$128.6
Ending AOR	\$115.1	\$128.6	\$229.1
Retained AOR	\$0.0	\$0.0	\$229.1
AOR for Budget Purposes	\$115.1	\$128.6	\$0.0
Capital Budget	\$81.3	\$66.8	\$65.2
Civilian Work years	3,346	3,638	3,605
Military End Strength	84	98	88

The table above provides a summary of the financial accounts and personnel levels reflected in this budget request for the Information Services activity group. FY 2013 data are actual results. Please note data in all tables may not add due to rounding.

The DoD Information Technology Enterprise Strategy and Roadmap (ITESR) outlines twenty-six initiatives to improve IT effectiveness and security, including increased use of enterprise services, consolidation ("normalization") of networks, standardization of hardware and software platforms, data center consolidation, virtualizing applications, use of enterprise shared services, adoption of the "cloud-first" policy, and maximum use of enterprise-level contracts for things like Commercial Off the Shelf (COTS) software, hardware, and IT support services to leverage the volume and scope of DoD's purchasing power. DoD consolidation will drive workload re-alignments to DISA's Information Services Activity Group.

DISA is uniquely positioned to provide the kind of streamlined, rationalized enterprise solutions the Department is looking for to effect IT transformation: it owns/operates enterprise and cloud-capable Defense Enterprise Computing Centers (DECCs), the world-wide Defense Information Systems Network (DISN), and the Defense IT Contracting Organization (DITCO). The DECCs routinely see workload increases of +11 percent each year – before these major new initiatives begin to fully impact the Department. As part of the Department's transition to the Joint Information Environment (JIE), eight of DISA's DECCs have been identified as Continental United States (CONUS) Core Data Centers (CDCs), and Defense Enterprise Email (DEE) has been identified as a DoD Enterprise Service. DISA also anticipates continuation of partnerships with other federal agencies as they consolidate, for example the DoD/VA Integrated Electronic Health Record (iEHR) agreement to host all medical records in the DECCs, and the OMB mandate that DoD provide Public Key Infrastructure (PKI) services to other federal agencies on a reimbursable basis. We continue to move forward on enterprise email for Army, Air Force, Joint Staff, and others, we have completed an agreement with Army to consolidate optical networks in Europe with other geographical regions to follow, and we have initiated an Enterprise License Agreement (ELA) line of business with a low fee of 0.5 percent.

This budget anticipates DoD's successful implementation of these IT efficiency initiatives by projecting likely workload increases for Defense Enterprise Email (DEE), Defense Enterprise Portal System (DEPS), and cloud computing consistent with federal and departmental goals. Additionally, the DoD CIO has established DISA as the service provider for DoD Cloud Broker Services as well as DoD Mobility. As the DoD Cloud Broker, DISA will establish and maintain comprehensive knowledge of all DoD cloud requirements as well as all commercial and government cloud service providers. DISA will serve as the single DoD point of entry for all DoD cloud services, and maintain/monitor the use, performance, and delivery of all DoD cloud services. As the DoD Mobility service provider, DISA provides commercial gateways and the required Mobile Device Management and Mobile Application Store infrastructure to support the use of various mobile devices.

This budget proposes retention of AOR to address Obligation Authority and cash constraints limiting the operational flexibility of the fund. By incorporating significant efficiencies, the budget minimizes rate increases while addressing increasing demand for services and providing recapitalization of the fund.

The DISA operates the Information Services Activity Group within the Defense-Wide Working Capital Fund (DWCF). DISA DWCF consists of two components, the **Computing Services (CS)** and the **Telecommunications Services/Enterprise Acquisition Services (TS/EAS) Groups**. As our business areas continue to evolve, they are interdependent cost centers of an integrated technical architecture. As a result, this legacy division of the Information Services Activity Group is moving toward full integration into a single business entity pending replacement of legacy systems. For rate setting purposes, DISA assesses profit/loss factors holistically. In this budget, the Information Services activity group retains all accumulated profits in order to recapitalize the fund.

Rate Changes for Major Programs

	FY 2015 Rate/Fee	Percent Change
DISN Subscription Services Share Price	\$151,579	1.90%
Standard Contracting Fee	2.5%	25.00%
Enterprise License Agreement Contracting Fee	0.5%	0.00%
<u>Computing Services Composite Change</u>	-	<u>-0.74%</u>
IBM Mainframe	-	-3.00%
Server Storage	-	-13.31%
Server Basic Level 2	-	0.00%
All Other Computing Services Rates	-	1.85%

DEPARTMENT OF DEFENSE
DEFENSE INFORMATION SYSTEMS AGENCY
Defense Working Capital Fund
Computing Services

FISCAL YEAR (FY) 2015 BUDGET ESTIMATES

The Computing Services business area operates the Defense Enterprise Computing Centers (DECCs), which provide mainframe and server processing operations, data storage, production support, technical services, and end-user assistance for command and control, combat support, and eBusiness applications across the DoD.

The DoD CIO is leading efforts within the Department to consolidate data centers, continue adoption of enterprise services (e.g. DoD Enterprise Email, DoD Enterprise Portal Service), and foster adoption of cloud computing—all of which will directly impact Computing Services. At the forefront of these initiatives is the Department's push towards the Joint Information Environment (JIE) and the designation of DISA DECCs as Core Data Centers (CDCs). CDCs are the backbone of the JIE and are highly capable, highly resilient data centers providing standardized hosting and storage services to the enterprise within the Single Security Architecture currently being implemented. CDCs also enable a significant reduction in the total number of DoD data centers by serving as consolidation points for computing and storage services currently hosted across hundreds of Component facilities.

As IT services previously provided by a DoD Component migrate to DISA's enterprise solutions, workload grows. As a result, both revenue and cost estimates for DISA's data centers increase through the budget years; however, this migration of workload to DISA offers the DoD Components efficiencies, which should result in reductions greater than DISA's growth. Efficiencies that management is pursuing include facility closures, consolidation and centralization of storage management, streamlined IBM mainframe management, and increased staffing ratio targets in system administration, service desk, and security information assurance application hosting across the DECCs.

As mentioned in the overview for the Information Services Activity Group, rates are set to recapitalize the cash corpus of the fund and improve DISA's unobligated balance. This is displayed in the subsequent summary chart for Computing Services, in which DISA plans to retain \$17.8 million of accumulated operating results through FY 2015. Additional details on operating cost and rates are discussed in later sections.

Computing Services Key Budget Data

(\$ in millions)	FY 2013*	FY 2014	FY 2015
Revenue	\$913.0	\$1,018.6	\$1,096.0
Cost	\$935.2	\$1,030.4	\$1,041.5
Net Operating Result	(\$22.2)	(\$11.9)	\$54.6
Prior Year Accumulated Operating Results (AOR)	(\$2.7)	(\$24.9)	(\$36.8)
Total AOR	(\$24.9)	(\$36.8)	\$17.8
Retained AOR	\$0.0	\$0.0	\$17.8
AOR for Budget Purposes	(\$24.9)	(\$36.8)	\$0.0
Capital Budget	\$50.2	\$49.2	\$49.6
Civilian Work years	1,997	2,041	2,012
Military End Strength	5	6	6
Projected Obligations	\$766.3	\$1,058.5	\$1,060.5

*Fiscal Year 2013 data are actuals.

Overview

Currently, there are eleven DECCs, nine in the continental United States and two outside the continental United States (OCONUS). A Theater Enterprise Computing Center (TECC) was established in 2009 in Southwest Asia. Since completing its transformational initiative in 2005, the DECCs have been configured for maximum operational efficiency. The facilities continue to be highly accessible secure data processing centers with dual high-capacity Defense Information Systems Network connectivity and organic defense in depth, resulting in a secure and robust computing infrastructure. They feature automated systems management to control computing resources and to gain economies of scale. Additionally, Computing Services provides “assured computing”, whereby all mission-critical data is continuously available to customers. The Computing Centers employ highly skilled and experienced teams of government and contractor personnel to manage hardware and software applications encompassing a broad spectrum of computing, storage, and communications technologies. The facilities have been designed and are managed to provide secure, available, and interoperable environments for both classified and unclassified processing under military control. Collectively these facilities provide a robust enterprise computing environment to over four million users through:

- Twenty-three mainframes
- Over ten thousand servers
- 19,500 terabytes of storage
- Approximately 450,000 square feet of raised floor
- Redundant connectivity to the Defense Information System Network core

The subsequent table displays their locations. All CONUS DECCs, with the exception of Huntsville, have been designated as Core Data Centers as part of the Joint Information Environment.

DECC Locations
Mechanicsburg, PA Montgomery, AL Oklahoma City, OK Ogden, UT Columbus, OH San Antonio, TX St. Louis, MO Warner Robins, GA Huntsville, AL – Closing by FY 2015
OCONUS Pacific OCONUS Europe OCONUS Bahrain

The Computing Services business area provides information processing for the entire gamut of combat support functions, such as transportation, logistics, maintenance, munitions, engineering, acquisition, finance, medical, and military personnel readiness. The applications hosted on the mainframes and servers enable the armed forces and agencies to:

- Provide for the command and control of operating forces
- Ensure weapon systems availability through management and control of maintenance and supply
- Ensure global force mobility through management and maintenance of the airlift and tanker fleets
- Provide sustainment through resupply and reorder capabilities
- Provide operating forces with information on the location, movement, status, and identity of units, personnel, equipment and supplies
- Manage the information for the medical environment and patient care
- Support DoD business, contracting, financial, payroll and eBusiness applications

Following guidance from DoD CIO and Departmental strategies for data center consolidation and cloud computing, DISA plans to evolve the existing data centers' capabilities to establish the primary foundation for DoD's Core Data Centers under the Joint Information Environment (JIE) concept. This budget submission includes alignment of the DECC footprint to the core and regional data center strategy outlined in the DoD Information Technology Enterprise Services Roadmap (ITESR) initial implementation plan. Each of the DISA data centers will meet the standards outlined in the ITESR to include facilities/physical attributes, delivery of enterprise services, security/information assurance attributes, standardized operations/performance, and formation of an Enterprise "Cloud" through an integrated data center infrastructure management capability.

Highlights

Computing Services provides a variety of enterprise infrastructure services that continue to move the Department's data processing toward more centralized and standardized solutions.

Enterprise infrastructure enables a collaborative environment and trusted information sharing end-to-end that can adapt to rapidly changing conditions with the goal of *protected data on protected networks*. The Core Data Center service offering, DoD Enterprise Email, DoD Enterprise Portal Service, GIG Content Delivery Service, and the Cloud Services Portfolio are capabilities that align with this strategic vision and leverage the power of the DECCs on the Department of Defense Information Network. These services are discussed in further detail below:

DISA's basic ***Core Data Center (CDC)*** offering consists of a cloud service capable of hosting most X86-based applications and systems that can be virtualized. The service provides our mission partners access to a pool of virtual processor, memory, network, and storage capabilities that the mission partners manage themselves. The resources can be used to provision Windows and Linux operating environments to customer-specified sizes, up to eight virtual cores and 32GB virtual memory. Collectively, the computing resources allocated to each customer system are designated Virtual Data Centers (VDCs). Each VDC can be managed by the mission partner as a logical data center enclave. The service is provided through a self-service interface that enables mission partners to order, provision, and directly manage their VDC resources.

DoD Enterprise Email (DEE) has officially been designated by DoD CIO as the enterprise email capability for the Department. DEE provides enterprise email capability to the end user from any location globally in a secure manner. Computing Services has developed this email service for customers who require seamless collaboration across the entire Department, as well as email capabilities that are both network-enabled and commander-centric.

DISA's design provides redundancy both locally and remotely for all components of the system. The email service features Pods which are the primary core of the service, and Mini-Pods providing coverage to the edge. Pods contain the distributed capacity architecture across seven Continental United States (CONUS) DECCs as well as the two OCONUS DECCs, while the mini-Pods are hosted at non-DECC customer sites. Mini-Pod infrastructure may be deployed as-needed to customer sites to alleviate network distance constraints and bandwidth congestion. Each Pod currently allows for approximately 50,000–75,000 business class users and 27,000–30,000 remote users. Mini-Pods have the capacity to service approximately 30,000 users and are scalable to suit customer requirements.

Additionally, optional capabilities such as journaling and mobile device support are available to customers at an additional charge. Journaling is a service that permanently saves each message that a specified user sends or receives and may be required for some flag officers or high ranking appointees. Journaling customers will be charged based on the number of gigabytes of storage used beginning FY 2015. Furthermore, DISA is offering a service to provide mobile support to customers billed on a per device basis. This service supports the new Mobility program and associated devices as well as legacy BlackBerry devices and has now been enhanced to also support the new BlackBerry 10 (i.e. BBZ10) smart-phone capability.

DoD Enterprise Portal Service (DEPS) is a Software as a Service (SaaS) offering that provides a flexible, web-based collaboration capability to the DoD enterprise. DEPS administrators create site collections and provide DoD Components the ability to independently create and manage their organization, community and mission-focused sites. DEPS supports multiple authentication mechanisms to include Common Access Cards (CAC) and Personal Identity Verification (PIV) while leveraging Attribute Based Access Control (ABAC) for authorization decisions. Subscribing organizations brand their sites and manage their content in order to satisfy mission requirements. The platform includes a suite of MS Office Web applications – the Web browser versions of Word, PowerPoint, Excel and OneNote. DEPS provides location and device-independent access to documents and preserves the user interface across end user devices. Computing Services has developed DEPS version 2.0 in FY 2014 to support multiple network accessibility (NIPRNet, SIPRNet, and Internet). DEPS version 2.0 also supports both multitenant and single tenant environments, providing flexibility to meet customer requirements.

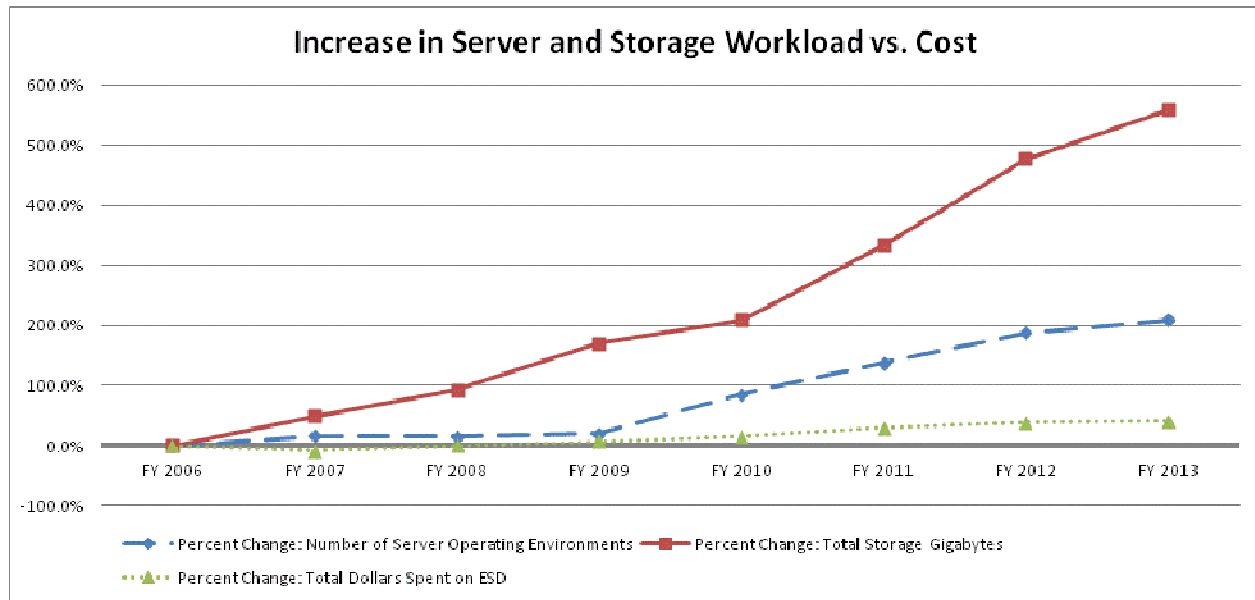
GIG Content Delivery Service (GCDS) has been designated as the DoD enterprise solution for distributed content caching by the DoD CIO. GCDS provides the capability to bring web content and applications closer to the end-user, minimizing download times and increasing connection speed by forward-staging information across the Defense Information Systems Network (DISN). The service currently covers 85 regions and is in 12 countries around the world. In certain cases, GCDS hardware is hosted at Defense Enterprise Computing Centers, but is also hosted in bases, camps, and stations around the world. The sustainment costs of the service are included in the DISN subscription share price, as the network performance gains that GCDS is able to deliver benefit DISN customers. Customers requiring customization of their GCDS environment work with Computing Services and are charged on a reimbursable basis for implementation costs, including consulting and advanced engineering services.

Cloud Services Portfolio is a collection of DISA's current and future cloud services and is designed to facilitate simplified and consistent delivery and consumption of discrete services. The portfolio will be managed to coordinate the release of various cloud services to ensure a common look, feel, and service delivery model. Services incorporated in the Portfolio include:

- ***Rapid Access Computing Environment (RACE)*** is an Infrastructure as a Service (IaaS) product supporting development and test for DoD hosted systems. RACE capabilities include the self-service provisioning of processor, storage, networks, and other fundamental computing resources that permit the customer to deploy and run arbitrary software on the provided Operating System (OS). The customer has control over operating systems, storage, and deployed applications.
- ***MilCloud (Infrastructure as a Service)*** is a current initiative to develop a future cloud service that will replace RACE and provide a full path to production (Dev, Test, Prod) capability. This new IaaS will enhance current RACE capabilities and create the infrastructure required to automate the installation and configuration of virtual machines (VMs) and automate the orchestration of the various manual steps required in the current fulfillment process. MilCloud will provide customer self-service rapid fulfillment of infrastructure service orders in support of new hosting workload.

Computing Services Trends: Increasing Workload and Efficiency

As shown in the table below, demand for DISA's server and storage computing services has grown significantly since FY 2006. Since that year, the number of customer driven server operating environments (OEs) has increased by 210 percent, and total storage gigabytes have increased by 560 percent. Over the same timeframe, the cost to deliver all computing services has increased by only 42 percent. In short, customers are demanding considerably more services and are at the same time benefiting from DISA's unique ability to leverage robust computing capacity at the DECCs.



MAJOR CHANGES BETWEEN FISCAL YEAR ESTIMATES:
Computing Services
Cost of Operations

(\$ in millions)	FY 2013*	FY 2014	FY 2015
FY 2014 President's Budget	\$981.9	\$1,234.8	
FY 2015 Budget Estimates	\$935.2	\$1,030.4	\$1,041.5
Change FY 2014 President's Budget to FY 2015 Current Estimate	(\$46.7)	(\$204.4)	
Change FY 2014 Current Estimate to FY 2015 Current Estimate			\$11.1

*Fiscal Year 2013 data are actuals.

FY 2014 President's Budget Submission to FY 2014 Current Estimate

Computing Services' FY 2014 cost of operations decreases by -\$204.4 million from the FY 2014 President's Budget. Although workload estimates for cloud computing, DoD Enterprise Email, and DoD Enterprise Portal Service are expected to increase steadily through the budget years, non-labor and labor cost for supporting these services have been reduced by -\$198.1 million from the FY 2014 President's Budget, largely due to slower than anticipated adoption of these services by the DoD community. Costs are further reduced by -\$10.0 million due to management efficiency initiatives implemented across the DECCs, including the elimination of currently vacant positions, VSIP/VERA offerings, and increased staffing ratios which lead to reductions in system administration, service desk, and information assurance staffing. There are also savings of -\$3.2 million from a new storage contract re-compete, and depreciation estimates have been reduced by -\$3.3 million due to project delays. These savings and efficiencies are partially offset by increases, to include \$1.9 million for a one-time purchase of an Oracle software license in support of customer workload growth, \$6.5 million for the overlap of a processor contract during re-compete, and \$1.9 million to support the development of the new Working Capital Fund Core accounting system.

FY 2014 Current Estimate to FY 2015 Current Estimate

The cost of operations from FY 2014 to FY 2015 is expected to increase by \$11.1 million. Of this increase, \$16.2 million is due to inflation. Workload estimates increase by \$35.1 million due to the expansion of DoD Enterprise Email and DoD Enterprise Portal Service. Depreciation increases by \$9.6 million as facility projects are completed, and an additional \$3.0 million is included as result of an increase in the contracting fee for DISA's Defense IT Contracting Organization (DITCO). These cost increases are almost entirely offset by management efficiencies and other programmatic reductions. Management efficiencies total -\$30.9 million and include previously discussed savings as a result of increased staffing ratios, alignment of the DECC footprint to the JIE strategy, and removal of one-time VSIP/VERA costs. Other programmatic reductions of -\$21.9 million include savings from the transition to new storage and processor contracts, completion of the FY 2014 one-time purchase of an Oracle software license and workstation tech refresh, and reduced costs supporting the new Working Capital Fund Core accounting system.

Capital Investment Program Summary: Computing Services

(\$ in millions)	FY 2013*	FY 2014	FY 2015
Equipment	\$37.0	\$36.0	\$37.5
ADPE and Telecom	\$1.1	\$0.5	\$0.5
Software	\$9.5	\$10.0	\$10.1
Minor Construction	\$2.7	\$2.7	\$1.5
Total Program Authority	\$50.2	\$49.2	\$49.6
FY 2014 President's Budget	\$50.2	\$49.2	
Change FY 2014 President's Budget to Current Estimates	\$0.0	\$0.0	
Change FY 2014 Current Estimate to FY 2015 Current Estimate	-	-	\$0.4

*Fiscal Year 2013 data are actuals.

FY 2014 President's Budget to FY 2014 Current Estimates:

The FY 2014 current estimate reflects no change from the FY 2014 President's Budget estimate.

FY 2014 Current Estimate to FY 2015 Current Estimate:

There is a \$0.4 million net increase in capital requirements from FY 2014 to FY 2015. Of this, a \$1.5 million increase is required to support facilities upgrades for mechanical systems, cooling towers, and Uninterruptable Power Supply units. Software increases \$0.1 million for additional software management tools to improve network administrators' ability to manage server security and provisioning and to better monitor and address performance issues. Minor construction decreases \$1.2 million. Together, these facility and data center administration tool upgrades will aid in better aligning the DECC footprint with the goals set forth in the DoD Information Technology Enterprise Services Roadmap.

Civilian Manpower

(\$ in millions)	FY 2013*	FY 2014	FY 2015
Civilian End Strength	1,945	2,068	2,035
Civilian Full Time Equivalents	1,997	2,041	2,012
Civilian Labor Cost	\$237.0	\$238.8	\$233.7

*Fiscal Year (FY) 2013 data are actuals.

End strength and FTEs have been significantly reduced from the FY 2014 President's Budget, primarily driven by previously planned workload for enterprise services and cloud computing that will not materialize. Further reductions are a result of the implementation of new management efficiency initiatives and restructuring of the workforce, to include the elimination of currently vacant positions and offering of VSIP/VERA, which began in FY 2013. These reductions are partially offset by increases in other customer workload and the conversion of contractors to government employees.

Although savings initiatives associated with workforce restructuring have been implemented beginning FY 2013, full time equivalents increase in FY 2014 to support various new workloads, as described above. Full time equivalents are then reduced in FY 2015 as the DECC footprint is better aligned to the Joint Information Environment strategy.

Military Personnel

(\$ in millions)	FY 2013*	FY 2014	FY 2015
Military End Strength	5	6	6
Military Labor Costs	\$0.8	\$0.9	\$0.9

*Fiscal Year (FY) 2013 data are actuals.

This submission represents the three year average fill rate for Computing Services in accordance with DoD financial policy.

Performance Measures

DISA's information services play a key role in supporting the Department's operating forces. As a result, DISA is held to high performance standards. In many cases, performance measures are detailed in Service Level Agreements (SLAs) with individual customers that exceed the general performance measures discussed in the remainder of this section.

Computing Services Performance Measures

The Computing Services business area tracks its performance and results through the Agency Director's Quarterly Performance Reviews. There are two key operational metrics which are presented to the DISA Director in conjunction with regular, recurring Quarterly Program Reviews. The two metrics depicted in the table below reflect the availability of critical applications in the Defense Enterprise Computing Centers. The first metric, "Availability of Service," expressed as a percentage of uptime, represents application availability from the end user's perspective and includes all outages or downtime regardless of root cause or problem ownership. The second metric, "Quality of Service" represents DISA's performance, i.e., how well DISA is executing its responsibilities exclusive of factors outside the agency's control such as last mile communications issues, base power outages or the like. The goals represent averages across the entire enterprise. Higher or lower service objectives may be established with individual customers (based upon mission requirements, cost and risk) as codified in respective Service Level Agreements.

Service Objective	FY 2013 Actual	FY 2014 Operational Goals	FY 2015 Operational Goals	Service Description
Availability of Service	99.38%	98.5%	98.5%	Percentage of application availability, including all downtime associated with unscheduled outages, within the operational environment that impacts the end user
Quality of Service	99.90%	99.5%	99.5%	Percentage of application availability exclusive of factors outside the Agency's control (e.g. last mile communication)

Computing Services FY 2015 Rates

DISA proposes a composite -0.74 percent rate decrease in FY 2015. Two services primarily account for this decline; IBM CPU and Server Storage Basic Local decrease by three and 13 percent, respectively, to align rates more closely with the FY 2015 unit cost. Server Basic Level 2 remains unchanged, while the remaining FY 2015 proposed individual service rates increase at less than the rate of inflation (+1.85%).

DISA Computing Services' budget has two basic methods of cost recovery: stabilized fixed rates and direct reimbursement of actual cost. The chart below shows the composite change in each stabilized rate category:

Service	FY 2015 Rate Change
IBM Mainframe Rate	-3.00%
Server Storage	-13.31%
Server Basic Level 2	0.00%
All Others	1.85%
Composite Rate Change	-0.74%

Mainframe, Storage, and Enterprise Services Rates

IBM Mainframe Rates	FY 2014	FY 2015
CPU Hours (per Hour)	\$499.9834	\$485.0000
IBM LINUX (per Hour)	\$30.9422	\$31.5146
Unisys Mainframe Rates	FY 2014	FY 2015
SUPS (Per Hour)	\$13.9949	\$14.2538
Unisys Storage (MB/Day)	\$0.0204	\$0.0208
Storage Rates	FY 2014	FY 2015
IBM Storage (MB/Day)	\$0.0003	\$0.0003
IBM Long Term Storage (MB/Day)	\$0.0002	\$0.0002
Server Basic Local Service (GB/Month) [Basic Local/Remote]	\$1.3266	\$1.1500
Server Basic Remote Service (GB/Month) [Shared COOP]	\$0.5581	\$0.5684
Server Operational Local (GB/Month) [Local Failover]	\$0.5931	\$0.6041
Server Operational Remote (GB/Month) [Shared or Dedicated COOP]	\$1.3890	\$1.4147
Server Tier 2 Basic Local Service (GB/Month)	\$1.2428	\$1.2658
Enterprise Services Rates	FY 2014	FY 2015
ATAAPS (per Account/Year)	\$12.95	\$13.19
DoD Enterprise Email (DEE) (per Account/Year)	\$39.22	\$39.95
*DoD Enterprise Email (DEE) Journaling (per GB/Year)	\$82.00	\$5.54
**DoD Enterprise Email (DEE) Mobile Devices (per Device/Year)	\$35.40	\$36.05
**DoD Enterprise Portal Service (DEPS) (per Account/Month)	\$6.21	\$6.77

* DEE Journaling will be charged on a per GB/year basis beginning FY 2015. This service remains unstabilized and may be updated in execution to recover actual cost.

** These services remain unstabilized in FY 2014 and FY 2015 and may be updated in execution to recover actual cost.

FY 2014 – FY 2015 Server Rates (Monthly)

Server Rates (Monthly)	FY 2014	FY 2015
Server Basic Level 2 (OE/Month)	\$1,459	\$1,459
Server Basic Level 3 (OE/Month)	\$2,551	\$2,598
Server Basic Level 4 (OE/Month)	\$2,817	\$2,869
Server Basic Level 5 (OE/Month)	\$3,047	\$3,103
Server Basic Level 6 (OE/Month)	\$10,105	\$10,292
Hardware Services Level 1 x86 (vCPU/Month)	\$79	\$80
Hardware Services Level 3 x86 (OE/Month)	\$349	\$355
Hardware Services Level 4 x86 (OE/Month)	\$582	\$593
Hardware Services Level 5 x86 (OE/Month)	\$3,606	\$3,673
Hardware Services Level 2 Non-x86 (OE/Month)	\$970	\$988
Hardware Services Level 3 Non-x86 (OE/Month)	\$1,598	\$1,628
Hardware Services Level 4 Non-x86 (OE/Month)	\$3,202	\$3,261
Hardware Services Level 5 Non-x86 (OE/Month)	\$8,217	\$8,369
Hardware Services Level 6 Non-x86 (OE/Month)	\$19,655	\$20,019
Database Software Level 2 (OE/Month)	\$692	\$705
Database Software Level 3 (OE/Month)	\$3,178	\$3,237
Database Software Level 4 (OE/Month)	\$6,492	\$6,612
Database Software Level 5 (OE/Month)	\$7,281	\$7,416
Database Software Level 6 (OE/Month)	\$15,780	\$16,072
Application Support (OE/Month)	\$1,003	\$1,022
Database Administration (OE/Month)	\$1,768	\$1,801
***24 x 7 Services (OE/Month)	\$1,001	-

*** The structure of DECC labor now incorporates 24 x 7 functions within Server Basic, making an optional service offering no longer necessary in FY 2015. This represents savings to customers requiring the service.

Changes in the Costs of Operations
Defense Information Systems Agency
COMPUTING SERVICES
March 2014
(Dollars in Millions)

FY 2013	Actual	935.223
FY 2014	Estimate in FY 2014 President's Budget	1,234.794
	<i>ESD Management-efficiency initiatives:</i>	
	Elimination of currently vacant positions and savings from restructuring the DECC workforce by utilizing VSIP/VERA	(8.950)
	VSIP/VERA lump sum payout	4.308
	Increased staffing ratio targets for application hosting	(5.391)
	<i>Program Changes:</i>	
	Savings from new storage contract re-compete	(3.180)
	Depreciation	(3.292)
	One-time Oracle software license purchase to support customer workload growth	1.877
	Processor contract overlap due to re-compete	6.456
	Working Capital Fund Core accounting system	1.897
	<i>Workload Changes:</i>	
	Reduction in labor and non-labor cost for enterprise services, including cloud computing, DoD Enterprise Email, and DoD Enterprise Portal Service	(198.083)
FY 2014	Current Estimate	1,030.436
	<i>Pricing Adjustments:</i>	
	Non-Labor Inflation	13.859
	Civilian/Military Pay Raise	1.756
	Annualization of Civ/Mil Pay Raise	0.592
	<i>ESD Management-efficiency initiatives</i>	
	Increased staffing ratio targets for application hosting	(22.319)
	Alignment of DECC footprint to the JIE strategy	(4.180)
	Removal of VSIP/VERA one-time lump sum payout	(4.416)
	<i>Program Changes:</i>	
	Depreciation	9.556
	Increase in DITCO fee from 2.0% to 2.5%	2.993
	Savings realized from transition to new storage and processor contracts	(12.561)
	Removal of costs due to completion of one-time FY 2014 purchases of an Oracle software license and workstation tech refresh	(5.164)
	Reduced costs for the Working Capital Fund Core accounting system	(2.772)
	Miscellaneous	(1.356)
	<i>Workload Changes:</i>	
	Expansion of DoD Enterprise Email and DoD Enterprise Portal Service, partially offset by reduction in hosting workload primarily for DISA and MHS	35.060
FY 2015	Current Estimate	1,041.484

Source of New Orders and Revenue
Defense Information Systems Agency
PE54 COMPUTING SERVICES
March 2014
(Dollars in Millions)

	2013	2014	2015
1. New Orders			
a. ORDERS FROM DoD COMPONENTS	\$555.068	\$635.172	\$706.988
ARMY APPROPRIATED	\$112.207	\$140.076	\$169.542
Army O&M	\$107.277	\$139.445	\$168.910
Army RDT&E	\$0.618	\$0.534	\$0.537
Army Procurement	\$4.312	\$0.097	\$0.095
Army MILCON	\$0.000	\$0.000	\$0.000
Army BRAC	\$0.000	\$0.000	\$0.000
NAVY APPROPRIATED	\$34.900	\$31.579	\$32.812
Navy O&M	\$34.887	\$31.579	\$32.812
Navy RDT&E	\$0.013	\$0.000	\$0.000
Navy Procurement	\$0.000	\$0.000	\$0.000
Navy MILCON	\$0.000	\$0.000	\$0.000
Navy BRAC	\$0.000	\$0.000	\$0.000
MARINE CORPS APPROPRIATED	\$27.708	\$28.202	\$28.775
Marine Corps O&M	\$27.708	\$28.202	\$28.775
Marine Corps RDT&E	\$0.000	\$0.000	\$0.000
Marine Corps Procurement	\$0.000	\$0.000	\$0.000
Marine Corps MILCON	\$0.000	\$0.000	\$0.000
Marine Corps BRAC	\$0.000	\$0.000	\$0.000
AIR FORCE APPROPRIATED	\$101.429	\$123.996	\$153.666
AF O&M	\$90.761	\$114.015	\$143.463
AF RDT&E	\$6.434	\$5.947	\$6.118
AF Procurement	\$4.234	\$4.034	\$4.085
AF MILCON	\$0.000	\$0.000	\$0.000
AF BRAC	\$0.000	\$0.000	\$0.000
DISA APPROPRIATED	\$153.279	\$166.223	\$166.754
DISA O&M	\$151.221	\$163.366	\$163.805
DISA RDT&E	\$0.192	\$0.355	\$0.369
DISA Procurement	\$1.866	\$2.502	\$2.580
DISA MILCON	\$0.000	\$0.000	\$0.000
DISA BRAC	\$0.000	\$0.000	\$0.000
DEFENSE WIDE APPROPRIATED	\$25.493	\$45.606	\$57.994
Defense Wide Appropriated O&M	\$21.528	\$42.506	\$54.770
Defense Wide Appropriated RDT&E	\$3.965	\$3.100	\$3.224
Defense Wide Appropriated Procurement	\$0.000	\$0.000	\$0.000
Defense Wide Appropriated MILCON	\$0.000	\$0.000	\$0.000
Defense Wide Appropriated BRAC	\$0.000	\$0.000	\$0.000
OTHER DoD APPROPRIATED	\$100.052	\$99.490	\$97.445

Source of New Orders and Revenue
Defense Information Systems Agency
PE54 COMPUTING SERVICES
March 2014
(Dollars in Millions)

		2013	2014	2015
	Other DoD Appropriated O&M	\$95.472	\$95.043	\$92.908
	Other DoD Appropriated RDT&E	\$4.507	\$4.424	\$4.513
	Other DoD Appropriated Procurement	\$0.073	\$0.023	\$0.024
	Other DoD Appropriated MILCON	\$0.000	\$0.000	\$0.000
	Other DoD Appropriated BRAC	\$0.000	\$0.000	\$0.000
b.	ORDERS FROM DWCF/REVOLVING FUNDS	\$353.346	\$377.957	\$383.174
	ARMY - WCF	\$1.001	\$1.028	\$1.122
	Army Industrial Operations	\$1.001	\$1.028	\$1.122
	NAVY - WCF	\$14.942	\$13.042	\$13.343
	Navy Depot Maintenance	\$0.000	\$0.000	\$0.000
	Navy Base Support	\$0.000	\$0.000	\$0.000
	Navy Supply Management	\$14.164	\$12.858	\$13.152
	Marine Corps Supply	\$0.000	\$0.000	\$0.000
	Marine Corps Depot Maintenance	\$0.000	\$0.000	\$0.000
	Other Navy Activity Groups	\$0.778	\$0.184	\$0.191
	AIR FORCE - WCF	\$36.979	\$39.809	\$40.845
	Consolidated Sustainment Activity Group (CSAG)	\$14.971	\$15.755	\$16.467
	U.S. Transportation Command (TRANSCOM)	\$22.008	\$24.054	\$24.378
	DEFENSE WIDE WCF	\$299.288	\$322.138	\$325.848
	DISA Telecomm Svcs/Ent Acquisition Svcs (TS/EAS)	\$29.910	\$30.726	\$32.196
	DISA Computing Services (CSD)	\$0.000	\$0.000	\$0.000
	Defense Finance and Accounting Service (DFAS)	\$98.369	\$108.048	\$109.287
	DLA Energy Management	\$0.000	\$0.000	\$0.000
	DLA Defense Automated Printing Services (DAPS)	\$0.004	\$0.003	\$0.003
	DLA Supply Chain Management	\$171.005	\$183.361	\$184.362
	DEFENSE COMMISSARY AGENCY (DECA)	\$0.000	\$0.720	\$0.733
	DECA Operations	\$0.000	\$0.720	\$0.733
	DECA Resale	\$0.000	\$0.000	\$0.000
	OTHER - WORKING CAPITAL	\$1.136	\$1.220	\$1.283
	OTHER REVOLVING FUNDS	\$0.000	\$0.000	\$0.000
	Corps of Engineers	\$0.000	\$0.000	\$0.000
	National Defense Stockpile Transaction Fund	\$0.000	\$0.000	\$0.000
	Pentagon Reservation Maintenance Revolving Fund	\$0.000	\$0.000	\$0.000
	PRMRF/BMF	\$0.000	\$0.000	\$0.000
c.	TOTAL DoD ORDERS	\$908.414	\$1,013.129	\$1,090.162
d.	OTHER ORDERS	\$4.628	\$5.444	\$5.873

Source of New Orders and Revenue
Defense Information Systems Agency
PE54 COMPUTING SERVICES
March 2014
(Dollars in Millions)

		2013	2014	2015
	OTHER FEDERAL AGENCIES	\$4.628	\$5.444	\$5.873
	TRUST FUNDS	\$0.000	\$0.000	\$0.000
	NON-FEDERAL ORDERS	\$0.000	\$0.000	\$0.000
	FOREIGN MILITARY SALES	\$0.000	\$0.000	\$0.000
	TOTAL NEW ORDERS	\$913.042	\$1,018.573	\$1,096.035
2.	Carry In Orders	\$0.000	\$0.000	\$0.000
3.	TOTAL GROSS ORDERS	\$913.042	\$1,018.573	\$1,096.035

Revenue and Expenses
Defense Information Systems Agency
PE54 COMPUTING SERVICES
March 2014
(Dollars in Millions)

	2013	2014	2015
Revenue			
Gross Sales	\$913.042	\$1,018.573	\$1,096.035
Operations	\$900.546	\$997.481	\$1,065.485
Capital Surcharge	\$0.000	\$0.000	\$0.000
Depreciation	\$12.496	\$21.092	\$30.550
Other Income	\$0.000	\$0.000	\$0.000
Refunds/Discounts (-)	\$0.000	\$0.000	\$0.000
Total Income:	\$913.042	\$1,018.573	\$1,096.035
Costs			
Cost of Material Sold from Inventory	\$0.000	\$0.000	\$0.000
Salaries and Wages:	\$237.794	\$239.682	\$234.595
Military Personnel Compensation & Benefits	\$0.790	\$0.914	\$0.917
Civilian Personnel Compensation & Benefits	\$237.004	\$238.768	\$233.678
Travel & Transportation of Personnel	\$1.609	\$3.021	\$3.046
Materials & Supplies (For internal Operations)	\$20.761	\$18.611	\$9.609
Equipment	\$0.000	\$0.000	\$0.000
Other Purchases from Revolving Funds	\$24.794	\$26.364	\$26.061
Transportation of Things	\$0.343	\$0.220	\$0.219
Depreciation - Capital	\$12.496	\$21.092	\$30.550
Printing and Reproduction	\$0.008	\$0.023	\$0.024
Advisory and Assistance Services	\$0.000	\$0.000	\$0.000
Rent, Comm, Utilities, & Misc. Charges	\$246.094	\$253.494	\$254.587
Other Purchased Services	\$391.324	\$467.929	\$482.793
Total Costs	\$935.223	\$1,030.436	\$1,041.484
Operating Results	(22.181)	(11.863)	54.551
Less Capital Surcharge Reservation	\$0.000	\$0.000	\$0.000
Less Recover Other	\$0.000	\$0.000	\$0.000
+ Passthrough or Other App. Affecting NOR	\$0.000	\$0.000	\$0.000
- Passthrough or Other App. not Affecting NOR	\$0.000	\$0.000	\$0.000
Other Adjustments Affecting NOR	\$0.000	\$0.000	\$0.000
Net Operating Results	(\$22.181)	(\$11.863)	\$54.551
Prior Year AOR	(\$2.706)	(\$24.887)	(\$36.750)
Other Changes Affecting AOR	\$0.000	\$0.000	\$0.000
Total AOR	(\$24.887)	(\$36.750)	\$17.801
Retained AOR	\$0.000	\$0.000	\$17.801
Cumulative Retained AOR	0.000	0.000	17.801
AOR for Budget Purposes	(\$24.887)	(\$36.750)	\$0.000

**DEPARTMENT OF DEFENSE
DEFENSE INFORMATION SYSTEMS AGENCY
Defense Working Capital Fund
Telecommunications Services/Enterprise Acquisition Services (TS/EAS)**

FISCAL YEAR (FY) 2015 BUDGET ESTIMATES

The *Telecommunications Services* component provides a set of high quality, reliable, survivable, and secure telecommunications services to meet the Department's command and control requirements. The major component of Telecommunications Services is the Defense Information System Network (DISN). The DISN provides the interoperable telecommunications connectivity and value-added services required to plan, implement, and support operational missions through dynamic routing of voice, data, text, imagery (both still and full motion), and bandwidth services. The robustness of this telecommunications infrastructure has been demonstrated by DISA's repeated ability to meet terrestrial and satellite surge requirements in Southwest Asia while supporting disaster relief and recovery efforts throughout the world. Overall, the DISN provides the lowest possible customer price through bulk quantity purchases, economies of scale and reengineering of current communication services. Some of the DISN services are provided to customers in pre-defined packages and sold on a subscription basis, while other services are sold individually on a cost reimbursable basis. This budget reflects several major changes to this business area, to include USCYBERCOM directed accelerated deployment of the Enterprise Email Security Gateway (NIPRNet hardening capability), expansion of the network transport capabilities supporting the Department's implementation of the Unified Capabilities Master Plan, and fit out costs of the DISA CONUS building to support the Department's Cyber Operations. This submission includes large cost savings driven by implementing technology replacement/termination of legacy systems with IP converged services and contract efficiencies delivered by the new DISN support contracts. Additionally, this budget includes several new programs, including Cross Domain Services, which enhance the security of the Department's Information Network, and the DISA/Army Joint Regional Security Stack. These new programs are discussed in greater detail on the following pages.

The *Enterprise Acquisition Services* component includes multiple organizations that provide cross-functional support to various contracting and service provider efforts. This component is the Department's ideal source for procurement of best-value and commercially competitive information technology. Enterprise Acquisition Services provides contracting services for information technology and telecommunications acquisitions from the commercial sector and provides contracting support to the DISN programs, as well as to other DISA, DoD, and authorized non-Defense customers. This budget reflects significant workload growth for Enterprise Licensing Agreements, which enables the Department to capitalize on economies of scale. Additionally, this budget reflects updated workload associated with providing the DoD Cloud Broker Service.

Telecommunications Services/Enterprise Acquisition Services (TS/EAS)
Key Budget Data

(\$ in millions)	FY 2013*	FY 2014	FY 2015
Revenue	\$5,910.9	\$7,113.6	\$7,366.8
Cost	\$5,852.3	\$7,088.2	\$7,320.9
Net Operating Result	\$58.6	\$25.4	\$45.9
Prior Year Accumulated Operating Results (AOR)	\$81.4	\$140.0	\$165.4
Total AOR	\$140.0	\$165.4	\$211.3
Retained AOR	\$0.0	\$0.0	\$211.3
AOR for Budget Purposes	\$140.0	\$165.4	\$0.0
Capital Budget	\$31.1	\$17.6	\$15.6
Civilian Work years	1,349	1,597	1,593
Military End Strength	79	92	82
Projected Obligations	\$5,427.5	\$7,101.9	\$7,386.6

*Fiscal Year 2013 data are actuals.

The table above provides a summary of the major financial accounts and personnel levels in this budget request. All data are best estimates of anticipated customer workload, the resulting Defense Working Capital Fund (DWCF) costs, and profit/loss. As discussed in the overview narrative, our business areas continue to evolve and become interdependent cost centers of an integrated technical architecture. Therefore, DISA assesses profit/loss factors holistically for rate setting purposes. This approach minimizes rate fluctuations.

As mentioned in the overview for the Information Services Activity Group, rates are set to recapitalize the cash corpus of the fund and improve DISA's unobligated balance. This is displayed in the subsequent summary chart for Telecommunication Services/Enterprise Acquisition Services, in which DISA plans to retain \$211.3 million of accumulated operating results through FY 2015. Additional details on operating cost and rates are discussed in later sections.

Telecommunications Services Program Structure

The table below illustrates DISA's telecommunication service offerings and the major cost centers that support those offerings:

DISN Program Element	Program Function	Program Sub-Function	Product Offering/Description
DISN SUBSCRIPTION SERVICE	Real Time Services	Voice	Defense Switched Network (DSN) Defense Red Switch Network (DRSN)
		Video	
		Data	Non-Secure Internet Protocol Network (NIPRNet) Secure Internet Protocol Network (SIPRNet) Joint Worldwide Intelligence Communications System (JWICS) <i>DISN Leading Edge Services (DISN-LES) - testing network</i>
		Interoperability	<i>Ensures hardware and software acquired from multiple sources functions with like products.</i>
	Transport	Bandwidth Management	Access Backbone
		Maintenance	
		Core Sustaining Activities	Warehousing Minor Equipment Installation Other Sustaining Activities
		Transport Support	
	Mission Assurance	Information Assurance Activities	Enterprise Cross Domain Services Network Operations of Enterprise Infrastructure Network Hardening PKI and Directories Secure Configuration Management
	Centralized Services	Operational Support Services	
		Customer Support Services	
		Connection Approval Office	
		Network Services Support	
	Security and Assurance	Field Security Operations (FSO)	Network Security Monitoring Command Cyber Readiness Inspections (CCRIs)
	Theater Network Operations	Network Oversight	
	Voice Services	Joint Hawaii Information Transfer System (JHITS)	
	Satellite Services	Commercial Satellite Services (COMSAT) Enhanced Mobile Satellite Services (EMSS) Mobile Satellite Service Broadband Global Access Network (MSS BGAN)	
OTHER TELECOM SERVICES	Other Services	Cross Domain Services (CDS) Joint Regional Security Stack (JRSS) Mobility Organizational Messaging Kosovo Overseas Contingency Operations (OCO) DoD COOP Integrated Network (DCIN) Circuit Integration Support Customer Funded Projects (CFP)	
	Security and Assurance	Public Key Infrastructure (PKI) Field Security Operations (FSO)	

DISN Subscription Services

The DISN Subscription Services consist of the following:

Transport Services provide a robust worldwide capability to transmit voice, video, data and message traffic for the Combatant Commanders, Military Departments and Defense Agencies. Transport Services provide the information transport for other services described subsequently, as well as for specialized services. This budget reflects much of DISA's key initiatives like expanding core implementation and sustaining activities for the joint information environment (JIE) architecture. Enhancements include the joint DISA/Army effort to consolidate overlapping optical transport networks in Europe, router upgrades to improve diversity and support advanced multi-protocol label switching (MPLS) and IP routing technologies, which will bring the network in line with 100G connectivity, and Internet Access Point (IAP) expansion in CONUS and IAP Router upgrade in OCONUS to improve bandwidth utilization and reduce Internet latency and packet loss.

Voice Services provide day-to-day commercially competitive services plus unique secure military requirements. Voice Services include the operation of the unclassified Defense Switched Network and the classified Defense Red Switch Network. DISA continues to refresh/install equipment to provide both legacy voice services (DSN and DRSN) and Voice/Secure Voice over IP services. This budget reflects the DoD's overarching technical strategy and directive to implement technology replacement of legacy systems with IP converged services. The unclassified legacy service (DSN) will transition the current network infrastructure from a Time Division Multiplexing (TDM) circuit-switched network to an IP based network beginning FY 2015. Annual savings of \$5.0M – \$6.0M from the termination of the TDM circuit-switched network have been incorporated in this budget.

Video Services provide global unclassified and classified video teleconference capabilities for the DoD and other government agencies. Consistent with DoD's Unified Capabilities Master Plan and the ITESR, DISA, partnering with Industry, is developing a Global Video Service for over 2.4 million users. This solution will provide IM/Chat/presence, collaboration, and peer-to-peer and multi-user conferencing. The legacy video service (DVS-G) will transition the current network infrastructure from the dedicated circuit-based network to an IP based network beginning FY 2014. Annual savings of \$18.0M – \$20.0M from the termination of the dedicated circuit-based network have been incorporated in this budget.

Data Services provide Secure Internet Protocol Router Network as well as Non-classified Internet Protocol Router Network capabilities. Additionally, Data Services provide IP transport for the Defense Intelligence Agency managed Joint Worldwide Intelligence Communications System by providing comprehensive, worldwide, secure high-speed multimedia, Top Secret/Sensitive Compartmented Information communications services for the DoD intelligence community and other federal agencies. Data Services also provide DISN Test and Evaluation Network support, which is used by the command,

control, intelligence, and mission support communities to conduct development, certification, and operational test and evaluation activities to ensure programs meet network requirements prior to deployment.

The following items describe the activities necessary to maintain the DISN's operational capability and achieve the high-availability, secure, and robust service that our DoD customers require.

Operational Support Services provides the tools necessary to automate the operations, administration, maintenance, and provisioning/engineering activities for the DISN. These same tools give network managers/monitors the capability to "see" the network in real-time, a critical capability necessary to resolve crisis and other network events.

Mission Assurance activities support the DISN by designing and deploying proactive protections, deploying attack detection, and performing information assurance operations to ensure that adequate security is provided for information collected, processed, transmitted, stored, or disseminated on the Global Information Grid (GIG). These efforts include tasks associated with affording protection to telecommunications, information systems, and information technology that process sensitive and classified data as well as efforts to ensure the confidentiality, authenticity, integrity, and availability of the information and the systems. This budget reflects the USCYBERCOM directive to immediately deploy a NIPRNet hardening capability on the DISN backbone, known as Enterprise Email Security Gateway (EEMSG). The EEMSG provides advanced email security services including anti-spam, anti-virus and content filtering to NIPRNet based e-mail systems operated by DISA, COCOMs, Services, Agencies and Field Activities. Also included in this submission is a functional transfer of Enterprise Cross Domain Services workload of \$15.0 million and nine full time equivalents into the DISN subscription services in FY 2015. Capabilities include email and file sharing cross domain services at two CONUS and two OCONUS sites. This submission also reflects the sunset of the Joint Enterprise Directory Service (JEDS) beginning FY 2014.

Security and Assurance Services are provided by DISA's Field Security Operations (FSO) to enhance the security and availability of the GIG by ensuring adherence to Information Assurance and Network Operations policies. Services to be recovered via the DISN share price are network security monitoring and oversight of sensors installed on the DISN backbone and Command Cyber Readiness Inspections. Additional security and assurance services are described in subsequent sections.

Centralized Services are a group of critical mission support activities that support all DISN services. These services are critical in maintaining the DISN's operational capabilities and achieving the high-availability, secure, and robust services required by DISN customers. The centralized services support all DISN products and services, and consist of the following groups:

- The **Connection Approval Office** approves secure interoperable connections in support of the operating forces and mission partners for applications, information systems and networks authorized to operate on the enterprise infrastructure.
- **Customer Support Services** operates the DISN Customer Call Center, located at Columbus, Ohio, to respond to customer incidents and connection issues 24 hours per day, 365 days per year.
- The **DISA Theater Network Operations Center** monitors and reacts to real-time network traffic and events. The Theater Network Operations Center and Field Commands are located in the Continental United States, Southwest Asia, Pacific, and Europe and are staffed 24 hours per day, 365 days per year.

As previously discussed, DISN services are bundled together and sold on a subscription package basis. The Department of Defense uses the matrix shown below to distribute costs to users based on two factors; the services they receive and the bandwidth DISA is required to provision in order to deliver those services. Each DISN site is assigned a number of shares based on the matrix, which combined with the per-share price, determines the total annual “subscription” for the military departments/agencies. The DISA updates the DISN site list annually based on input from the DoD components.

Subscription Service Package	Bandwidth Size				
	Small ≤DS3	Medium >DS3 to ≤OC3	Large >OC3 to ≤OC12	Mega >OC12	
Transport/ISR Only: No DISN Services	1	1	1	1	Number of Shares
Mission Essential: Any of the following - SIPRNet, NIPRNet, Unclassified Voice, Video Services	1	2	6	8	
Command and Control (C2): Any of the following with some form of Diversity - SIPRNet, NIPRNet, Unclassified Voice, Video Services	2	8	24	36	
C2 Plus: C2 with Joint Worldwide Intelligence Communications System or Classified Voice	5	10	30	40	
C2ISR: C2, Joint Worldwide Intelligence Communications System, Classified Voice, and Intelligence, Surveillance, and Reconnaissance (ISR)	8	16	48	72	

The table below provides a synopsis of DISN Subscription Services financial data for this budget submission, including the calculated share price:

(\$ in millions)	FY 2013*	FY 2014	FY 2015
Transport	\$455.5	\$559.6	\$556.9
Real Time Services (voice, video, data, interoperability)	\$146.8	\$176.8	\$159.4
Messaging	\$44.7	\$0.0	\$0.0
Mission Assurance	\$184.6	\$219.4	\$245.3
Centralized Services			
Operational Support Services	\$207.2	\$189.3	\$217.2
Other Centralized Services	\$96.8	\$101.3	\$101.0
DISA Network Operations Centers	\$31.0	\$40.0	\$40.7
Total DISN Subscription Services Costs	\$1,166.5	\$1,286.4	\$1,320.6
Number of Sites	348	347	339
Number of Shares	8,445	8,778	8,849
Price Per Share	\$142,894	\$148,753	\$151,579
Unit Cost Per Share	\$138,129	\$146,548	\$149,234

*Fiscal Year 2013 data are actuals.

The table below shows the distribution of all subscription services shares by customer, as well as the associated cost to each customer for FY 2014 and FY 2015.

Agency (\$ in Millions)	FY 2014 Shares	FY 2014 Cost	FY 2015 Shares	FY 2015 Cost
Air Force	3,614	\$537.6	3,719	\$563.7
Army	2,177	\$323.8	2,193	\$332.4
Navy	1,852	\$275.5	1,823	\$276.3
Marine Corps	458	\$68.1	458	\$69.4
Defense Agencies	278	\$41.3	337	\$51.1
Other DOD	264	\$39.3	206	\$31.2
Other Federal and Non-Federal Agencies	135	\$20.1	113	\$17.3
TOTAL	8,778	\$1,305.8	8,849	\$1,341.3

The 4 percent increase in shares shown in the above table indicates that the historical trend of increased customer demand for bandwidth and DISN services continues. As explained in further detail subsequently, customer-driven increases in shares drive program growth in customer accounts.

TS/EAS Trends: Increased Customer Demand for Network Services

As previously discussed, specific network services are packaged together and sold on a subscription basis. After consultation and coordination with subscription services customers, DISA develops a subscription services site and shares list each year. The number of shares assigned to a specific customer (at any particular site) are directly related to the amount of bandwidth provisioned at a site in order to meet the customer's demand and the types of DISN services that the customer requires at the site. Therefore, an increase in shares is an indication of increased customer demand for bandwidth and/or DISN services.

The table below shows 7.13 percent growth in customer demand over the most recent three-year period:

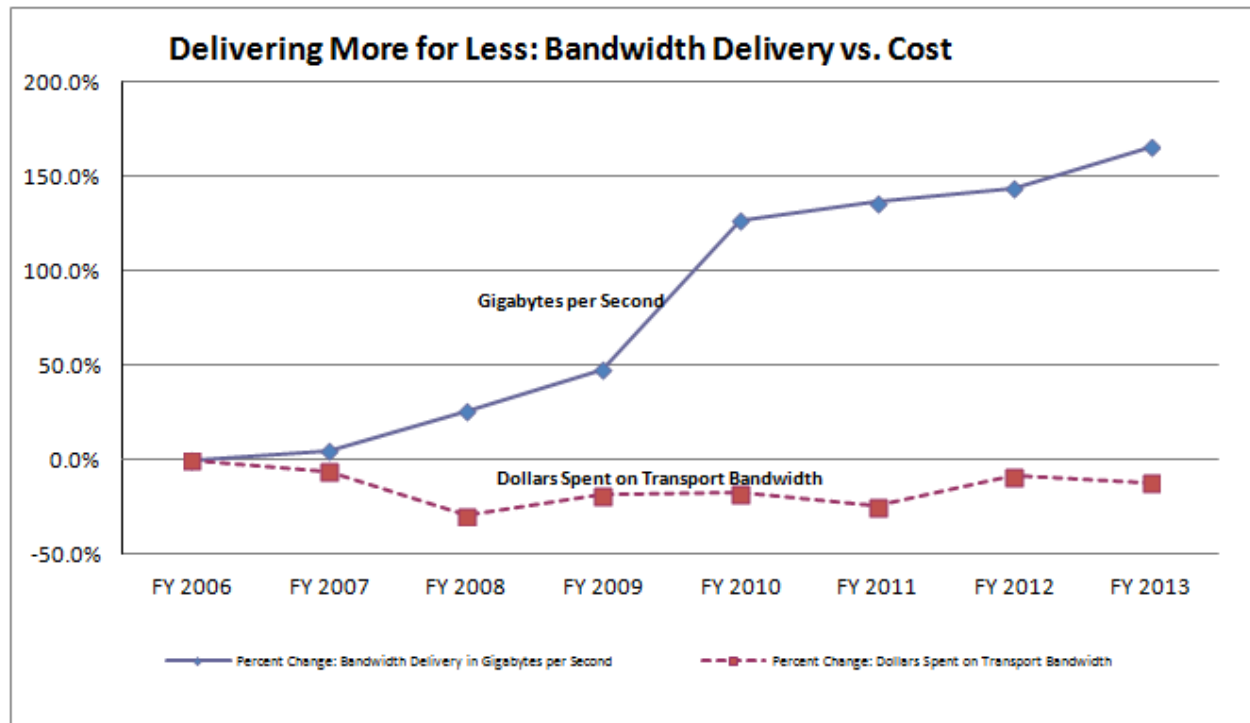
	Shares	Change	Percent Change	New Shares
Agency	FY 2012	FY 2012 to FY 2015	FY 2012 to FY 2015	FY 2015
Air Force	3,324	395	11.9%	3,719
Army	2,124	69	3.3%	2,193
Navy	1,733	90	5.2%	1,823
Marine Corps	407	51	12.5%	458
Defense Agencies	330	7	2.1%	337
Other DOD	5	201	4020.0%	206
Other Federal and Non-Federal Agencies	337	-224	-66.5%	113
Total Shares	8,260	589	7.1%	8,849

The table below illustrates customer demand for DISN services and bandwidth continues to increase.

Service Change FY 2012 to FY 2015 in number of Shares

Subscription Bandwidth	Small ≤DS3	Medium >DS3 to ≤OC3	Large >OC3 to ≤OC12	Mega >OC12
Subscription Service Package				
Transport/ISR Only: No DISN Services	-20.0%	-50.0%	---	60.0%
Mission Essential: Any of the following - SIPRNet, NIPRNet, DSN, DVS	-24.1%	-53.3%	5.9%	80.0%
Command and Control (C2): Any of the following with some form of Diversity - SIPRNet, NIPRNet, DSN, DVS	-46.2%	-56.5%	34.3%	65.4%
C2 Plus: C2 with JWICS or DRSN	-50.0%	-33.3%	-21.7%	16.8%
C2ISR: C2, JWICS, DRSN, and ISR	0.0%	---	-100.0%	-6.1%

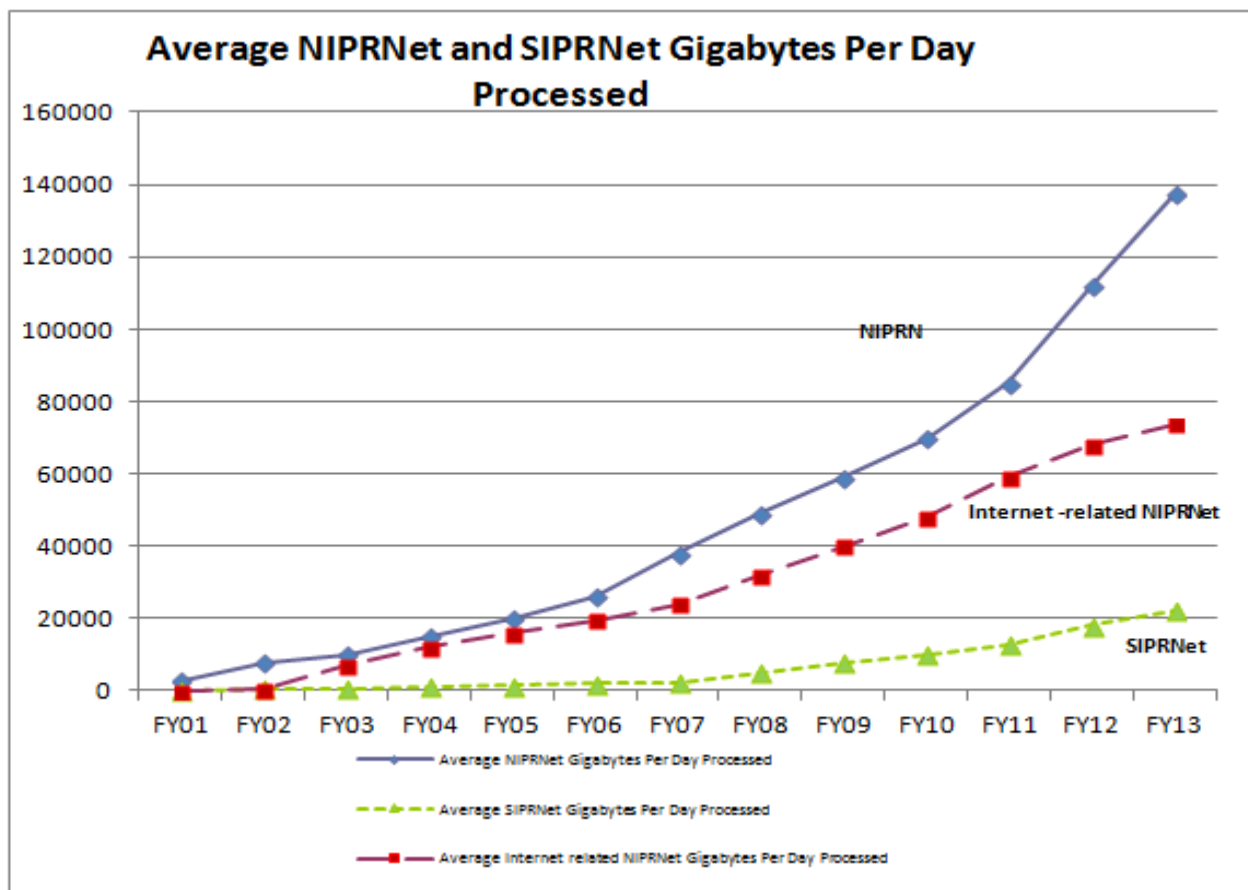
In spite of this continuing upward trend, DISA has delivered bandwidth at a reduced cost, as shown in the chart below:



As shown in the previous chart, since FY 2006, DISA has increased transport bandwidth delivery capacity almost three-fold to meet customer demand. The increase is driven by internet traffic, DoD Enterprise Services, and full motion video collection requirements. Over the same timeframe, transport costs associated with the physical connections between sites such as management, software, maintenance and installation has decreased by almost 12 percent. Additionally, the decrease in cost has been realized without any degradation in service. The DISN continues to meet or exceed network performance goals for circuit availability and latency, two key performance metrics.

The cost of delivering transport bandwidth is the single greatest contributor to the subscription services cost structure. However, the demand for other services, such as NIPRNet and SIPRNet, can drive necessary increases in bandwidth provisioning as well as higher sustainment and maintenance costs.

The following chart shows the average NIPRNet and SIPRNet usage in terms of gigabytes per day. Additionally, a third line shows the portion of NIPRNet usage that is due to internet-related network traffic.



As the above chart illustrates, since FY 2001:

- SIPRNet network usage has increased *one hundred and two* fold
- NIPRNet usage has increased *thirty-eight* fold
- On average, about *54 percent* of NIPRNet traffic is internet-related

The major drivers for increases in GB/Day:

NIPRNet

- DoD internet consumption (39% growth per yr) attributed to social and media sources
- DoD Enterprise Services (e.g., DoD Enterprise E-mail)

SIPRNet

- Increased C2/warfighting systems migrating to IP, greater use of secret level DoD enterprise services (e.g., VOISP/Secure voice over IP)

In summary, the previous charts and tables show a measurable increase in customer demand for bandwidth and DISN services. In general, DISA has been able to offset the higher demand through contract and management efficiencies.

DISN Reimbursable Programs

In addition to the DISN Subscription Services previously discussed, DISA offers several other reimbursable telecommunications services, as shown in the following table:

(\$ in millions)	FY 2013*	FY 2014	FY 2015
Commercial Satellite Services	\$458.3	\$489.5	\$498.3
Enhanced Mobile Satellite Services (Iridium)	\$97.7	\$100.3	\$117.6
Overseas Contingency Operations (OCO)	\$90.4	\$9.6	\$0.0
Customer-unique Projects	\$9.1	\$5.7	\$5.8
Joint Hawaii Information Transfer System	\$17.9	\$18.2	\$18.5
Organizational Messaging	\$0.0	\$46.3	\$20.3
Mobile Satellite - Broadband Global Area Network (BGAN)	\$0.4	\$45.7	\$47.0
Mobility	\$0.0	\$5.9	\$13.9
Public Key Infrastructure – Service to Other Federal Agencies	\$6.1	\$4.6	\$4.4
Security and Assurance Services	\$0.0	\$48.1	\$50.3
Defense Continuity of Operations Integrated Network	\$3.1	\$2.3	\$2.4
Cross Domain Services	\$0.0	\$14.8	\$18.3
DISA/Army Joint Regional Security Stack	\$0.0	\$1.5	\$56.8
Other Reimbursable Services	\$8.4	\$2.9	\$3.8
Total DISN Reimbursable Costs	\$691.3	\$795.4	\$857.4

*Fiscal Year 2013 data are actuals.

Commercial Satellite Communications (COMSATCOM) services include global and regional access to commercial satellite communications for voice, data, imagery, broadcast, and teleconferencing networks in secure and non-secure modes. Workload remains relatively unchanged from FY 2014 to FY 2015.

Enhanced Mobile Satellite Service (EMSS) is a global mobile satellite communications system that provides secure voice, data, paging, and messaging communications capabilities to DoD, non-DoD, and foreign subscribers as needed. This program also offers the Distributed Tactical Communications System, comprised of push-to-talk voice and data services that leverage the Iridium constellation to provide a handheld, over the horizon, beyond-line-of-sight, tactical communications solution for U.S. troops in remote locations, enabling a user to communicate with multiple users at the same time. Cost increases in FY 2015 are attributable to a new Airtime contract which now provides unlimited Airtime to an unlimited number of devices at a fixed cost to customers.

Overseas Contingency Operations (OCO) (through FY 2014) include costs for bandwidth lease requirements that provide in-theater COMSATCOM capabilities for voice, data, imagery, broadcast, and teleconferencing networks.

Customer Funded Projects are initiated when DoD components request special network assistance as their missions change and/or expand. These actions are completed on a 100 percent customer reimbursable basis.

The **Joint Hawaii Information Transfer System (JHITS)** provides voice, video, and data services to military bases in the state of Hawaii. Costs are estimated to remain stable through budget years.

Organizational Messaging provides secure and guaranteed exchange of messages between DoD and non-DoD organizations, Allies, and the intelligence community (IC). Beginning in FY 2014, this service is modified to provide only mission critical messaging traffic in support of the national security. Savings in FY 2015 reflect the transition of the current legacy messaging services to Information Transport Services (ITS). Support will continue for automated message handling systems by using legacy national gateway centers as infrastructure. This significantly simplifies the DoD Messaging architecture, provides essential capabilities for the NC3 community, and continues interoperability with Allies, IC, and non-DoD.

The **Mobile Satellite Service - Broadband Global Access Network (BGAN) Remote Access Service (RAS)**, is the newest Internet Protocol-based mobile satellite service offering from Inmarsat. It will provide a secure, managed, DoD enterprise capability that will give users reach-back connectivity to the DISN. Upon request, the RAS portion of this service will route users through a secured DoD Gateway.

DoD Mobility is an enterprise service DISA will provide beginning FY 2014. The new service will support both unclassified and classified mobile communications using multiple types

of devices. The DISA will provide the commercial carrier gateway for both 3G and 4G network traffic, hosted at DISA DECCs, to facilitate moving the commercial carrier traffic through the DISN to access user email, DoD web sites, a DoD application store, and other DoD-specific applications. Sustainment costs driven by customer-specific requirements, i.e. Mobile Device Management hardware, Mobile Application Store, software licenses, and 24x7 operational support will be recovered on a reimbursable basis through the DWCF.

PKI as a Service to other Federal agencies will allow Federal entities to utilize DoD's PKI infrastructure for user authentication. The service provides access credentials to support identity authentication, data integrity, and communications privacy on Secret level networks. The DISA will be the National Security System (NSS) Common Service Provider (CSP), and will provide PKI service to the requesting agency on a reimbursable basis. Sustainment costs are estimated to remain stable at approximately \$4.6 million in FY 2014 and \$4.4 million in FY 2015.

Security and Assurance Services requested by specific customers will be recovered via reimbursement. Certain services will be provided as stand-alone offerings, while others will be bundled into subscriptions. Examples of services requiring direct reimbursement include the certification of systems, Computer Network Defense Service Provider (CNDSP) inspections, IA readiness reviews, and malware analysis.

The ***Defense Continuity of Operations Integrated Network (DCIN)*** is a classified Pentagon network utilized by senior DoD leadership. Network costs remain stable in FY 2014 and FY 2015.

Cross Domain Services (CDS) are responsible for enhancing security and availability of the Department of Defense Information Networks (DODIN) by ensuring adherence to Information Assurance and NetOps policies governing transfer of information between domains. The CDS will be provided to customers on a reimbursable basis. Services offered are Enterprise Hosted Structured File Transfer and Enterprise Hosted Web Service functions. Services related to Enterprise Cross Domain Email and Enterprise Cross Domain File Sharing are included in DISN Subscription Services.

The ***DISA/Army Joint Regional Security Stack (JRSS)*** is a new architecture-sharing and modernization approach to managing the network beginning in FY 2014. Hundreds of Army's network security stacks will be consolidated into just 15 regional security stacks and managed by DISA. Regional security stacks are designed to improve command and control and situational awareness and are essential to enabling single security architecture in the joint information environment (JIE) and increasing network security posture.

Enterprise Acquisition Services

The primary mission of the Information Services Activity Group - Enterprise Acquisition Services (EAS) component is to meet Department of Defense (DoD) and authorized non-defense customers' requirements for telecommunications and information technology (IT) products and services from the worldwide commercial sector through flexible, innovative, and responsive acquisition actions. The mission also includes acquisition planning, procurement, tariff surveillance, cost and price analyses, and contract administration. The Enterprise Acquisition Services component encompasses a variety of support services to meet information technology contract requirements and provides contract support to all DISN subscription services. This budget submission reflects new workload growth for Enterprise Licensing Agreements in FY 2014 through FY 2015. This new workload provides economies of scale to the DoD when purchasing software licenses

The following table shows the value of the contracts projected for each fiscal year by service/agency.

(\$ in millions)	FY 2013*	FY 2014	FY 2015
Army	\$923.9	\$1,437.9	\$1,450.7
Navy	\$262.7	\$280.6	\$285.3
Marine Corps	\$43.0	\$6.7	\$6.8
Air Force	\$404.4	\$568.1	\$575.2
Other DoD	\$2,267.9	\$2,610.5	\$2,748.3
Other Federal and Non-Federal Agencies	\$116.0	\$108.5	\$101.7
Total Gross Orders	\$4,017.9	\$5,012.4	\$5,168.0

*Fiscal Year 2013 data are actuals.

Contracting Services mission is accomplished by DISA's Defense Information Technology Contracting Organization (DITCO), which provides contracting services for the Defense Information System Network (DISN), Computing Services, and a wide range of other DoD programs that require information technology contracting and contract management services. The DITCO also establishes large contract vehicles available to DoD for essential IT services such as cyber security, information assurance, enterprise license agreements, cloud provider, cloud provider services, engineering, hardware, equipment, software integration and support, DISN access, and Non-DISN telecommunications circuits. Non-DISN telecommunications circuits and systems are ordered on an individual basis and are fully reimbursed by customers. In addition, the Enterprise Acquisition Services component encompasses a variety of support services to meet information technology contract requirements and provides contract support to all DISN subscription services.

Enterprise License Agreements provide economies of scale to DoD when purchasing software licenses. The DISA has assumed a large business volume with relatively small contracting costs, which allows DISA to offer this service at a rate lower than the

standard DITCO fee-for-service. Customers will be charged a 0.5 percent rate for utilizing these agreements. This budget reflects significant workload growth, driven primarily by Army, Air Force and Navy, in FY 2014 and FY 2015.

Operating costs of \$140.3 million fund the civilian salaries, accounting support—including large-scale invoice processing—and contracting and financial support systems to execute the IT and telecommunications contracting activities described above. In addition, the operating cost will also fund the sustainment of a new cost accounting system for TS/EAS. The new accounting system will provide additional cost granularity, improve business processes and provide the capability to produce a single set of financial statements for the Information Services Activity Group. All operating costs are recovered via fees charged to customers. For standard contracting services, the fee increases to 2.5 percent beginning FY 2015.

**MAJOR CHANGES BETWEEN FISCAL YEAR ESTIMATES
Telecommunications Services/Enterprise Acquisition Services (TS/EAS)
Cost of Operations**

(\$ in millions)	FY 2013*	FY 2014	FY 2015
FY 2014 President's Budget	\$5,723.3	\$6,492.9	
FY 2015 President's Budget	\$5,852.3	\$7,088.2	\$7,320.9
Change FY 2014 President's Budget to Current Estimates	\$129.0	\$595.3	
Change FY 2014 Current Estimate to FY 2015 Current Estimate			\$232.7

*Fiscal Year 2013 data are actuals.

FY 2014 President's Budget Submission to FY 2014 Current Estimates

Total cost of sales for TS/EAS increases by \$595.3 million over the FY 2014 President's Budget and is comprised of the following:

A decrease of \$30.6 million is attributable to changes in ***DISN Subscription Services***. This decrease is primarily driven by the termination of the Joint Enterprise Directory Service (-\$2.3 million) and management program efficiencies (-\$73.0 million) achieved through contract cost reductions associated with the transition to a new DISN support contract and the continued drawdown of legacy voice and video systems. This is partially offset by the consolidation of overlapping optical transport networks in Europe and the installation of transport terminal equipment in support of the Joint Information Environment architecture (+\$3.8 million); increased bandwidth demand and requirements to conduct router upgrades to reduce Internet latency (+\$26.2 million); increased support on the JWICS network (+\$4.9 million); and a USCYBERCOM directed NIPRNet hardening capability for advance deployment of Enterprise Email Security Gateway (+\$9.8 million).

A net decrease of \$75.5 million is attributable to changes in ***DISN reimbursable services***. This is primarily due to a reduction in customer workload requirements, partially offset by the

addition of two new DISN reimbursable service offerings described previously: Cross Domain Services and Joint Regional Security Stack.

Finally, DISA's *Defense IT Contracting Organization (DITCO)* increased by a net total of \$701.3 million. This is primarily due to new workload for Enterprise Licensing Agreements, driven by Army, Navy and Air Force, as well as estimated increases in business volume for non-DISN telecommunications contracts, IT computer technology contracts and IT facility support contracts totaling (+\$764.4 million). This is partially offset by a -\$63.1 million decrease in projected workload for Enterprise Cloud Broker services.

FY 2014 Current Estimate to FY 2015 Current Estimate

Costs increase by \$232.7 million from FY 2014 to FY 2015. Of this increase, \$122.8 million is attributable to inflation. The remaining increase is due to additional hardware/software maintenance required to support the DISA/Army endeavor for the Joint Regional Security Stacks (+\$55.3 million); new workload requirements for Mobility, Cross Domain Services, and Satellite Services (+\$18.8 million); updated workload estimates for Enterprise License Agreements (+\$51.7 million); change in DITCO operating costs primarily to support the new TS/EAS accounting system and increased ELA workload (+\$13.1 million); and fit out costs for the newly constructed DISA CONUS building, which will support the Department's Cyber Operations (+\$24.5 million). Other increased costs are attributable to the functional transfer of Enterprise Cross Domain Services (+15.0 million) and additional information assurance activities according to USCYBERCOM requirements (+6.8 million). These increases are partially offset by various management efficiencies including a decrease in Organizational Messaging as DISA transitions the service capability to maintain only mission critical messaging capabilities (-\$26.1 million); DISN support contract efficiencies (-\$15.3 million); the drawdown of legacy Voice and Video programs (-\$16.2 million); and updated workload projections for IT and non-DISN Telecom contracts and contracting operating costs (-\$17.7 million).

Capital Investment Program Summary

(\$ in millions)	FY 2013*	FY 2014	FY 2015
Equipment	\$0.6	\$0.0	\$0.0
ADPE and Telecom	\$29.4	\$12.6	\$3.2
Software	\$1.05	\$5.0	\$12.4
Minor Construction	\$0.0	\$0.0	\$0.0
Total Program Authority	\$31.1	\$17.6	\$15.6
FY 2014 President's Budget	\$31.1	\$20.0	
Change FY 2014 President's Budget to Current Estimates		(\$2.4)	
Change FY 2014 Current Estimate to FY 2015 Current Estimate			(\$2.0)

*Fiscal Year 2013 data are actuals.

Note: DISN network investments are funded separately in DISA's Procurement, D-W account.

FY 2014 President's Budget to FY 2014 Current Estimates

The FY 2014 capital authority decreases by \$2.4 million due to the removal of the DISA Direct Order Entry (DDOE) project.

FY 2014 Current Estimates to FY 2015 Current Estimates

The FY 2014 capital authority request decreases by \$2.0 million primarily due to the completion of the DISA Direct Order Entry enhancements, as well as the partial completion of the EMSS Gateway Transformation and the Traditional Contract Writing System. These decreases are partially offset by increased capital authority for the new TS/EAS financial accounting system.

Civilian Manpower

(\$ in millions)	FY 2013*	FY 2014	FY 2015
Civilian End Strength	1,491	1,646	1,682
Civilian Full Time Equivalents	1,349	1,597	1,593
Civilian Labor Cost	\$162.5	\$198.5	\$198.5

*Fiscal Year 2013 data are actuals

Civilian manpower decreases by four full time equivalents (FTEs) in FY 2015. The net result is attributed to an increase of four FTEs for bandwidth expansion in support of the eventual Joint Information Environment, nine FTEs due to the functional transfer supporting Enterprise Cross Domain Services, and 13 FTEs to support Enterprise License Agreements and IT contracting services. These increases are partially offset by a net decrease of 30 FTEs for reimbursable services such as Organizational Messaging, Satellite Services, and Unified Capabilities.

Military Manpower

(\$ in millions)	FY 2013	FY 2014	FY 2015
Military End Strength	79	92	82
Military Labor Cost	\$5.9	\$6.8	\$5.6

This budget represents the three year average fill rate in accordance with DoD financial policy. The decrease in military end strength from FY 2014 to FY 2015 is largely due to a planned decrease in military manpower for Security & Assurance (eight end strength), as well as a decrease in IT contracting services of three military positions.

Performance Measures

DISA plays a key role in supporting the war fighter and, as a result, is held to high performance standards. In many cases, performance measures are detailed in Service Level Agreements (SLAs) with individual customers that exceed the general performance measures discussed in the remainder of this section.

Telecommunications Services Performance Measures

The Defense Information System Network (DISN) has operating metrics tied to the Department's strategic goals of information dominance. These operational metrics include the cycle time for delivery of data and satellite services as well as service performance objectives such as availability, quality of service, and security measures. Additionally, the Information Technology Enterprise Services Roadmap sets a DISN performance target of 99.997% operational availability at all Joint Staff-validated locations. The DISA is working to meet the intent of this guidance through the evolving Joint Information Environment architecture and by building out the network as necessary to provide a growing number of enterprise services. These categories of metrics have guided the development of the Telecommunication Services budget submission. Shown below are major performance and performance improvement measures:

SERVICE OBJECTIVE	FY 2013 Estimated Actual	FY 2014 Operational Goal	FY 2015 Operational Goal
Non-Secure Internet Protocol Router Network access circuit availability	99.64%	98.50%	98.50%
Secure Internet Protocol Router Network latency (measurement of network delay) in the continental United States	44 milliseconds	Not to exceed 100 milliseconds	Not to exceed 100 milliseconds
DISN Video Services availability	99.97%	99.60%	99.60%
Defense Red-Switch Network switch availability	99.94%	99.50%	99.50%
SME-PED Multi-Carrier Entry Point availability/up-time	99.99%	N/A	N/A

Enterprise Acquisition Services Performance Measures

The following performance measures apply for Enterprise Acquisition Services (EAS):

SERVICE OBJECTIVE	FY 2013 Operational Actual	FY 2014 Operational Goal	FY 2015 Operational Goal
Percent of total eligible contract dollars competed	68.3%	84.5%	84.5%
Percent of total eligible contract dollars awarded to small businesses	27.4%	26%	26%

Rates

DISN Subscription Services Share Price

The subsequent table shows changes in the number of sites, shares, total cost and cost per share. As previously discussed, the change in the number of shares is directly correlated to customer demand for services and bandwidth, a key factor in the overall cost of the network.

The subscription share price in FY 2015 increases by 1.9%. Contract and other program efficiencies help offset FY 2015 additional requirements. Shown below are the financial data for DISN Subscription Services.

(\$ in millions)	FY 2013*	FY 2014	FY 2015
Revenue	\$1,206.6	\$1,305.8	\$1,341.3
Cost	\$1,166.5	\$1,286.4	\$1,320.6
Number of Sites	348	347	339
Number of Shares	8,445	8,778	8,849
Annual Price Per Share	\$142,894	\$148,753	\$151,579
Unit Cost Per Share	\$138,129	\$146,548	\$149,234

*FY 2013 data are actuals.

Security and Assurance Services

Security and Assurance Services will be priced using three different methodologies based on the services a customer has received:

1. DISN Subscription Services (DSS) share price – costs for services that benefit the entire DISN network and user community will be recovered via the share price.
2. Direct Reimbursement – costs for services performed for a specific customer, such as monitoring sensors on the customer side of a router, will be recovered on a direct-reimbursable basis.
3. Computer Network Defense Service Provider Subscription – customers can choose to sign-up for a yearly subscription package that includes various types of

testing and analysis as well as exercise support and training, as described subsequently:

Service	Cost Recovery Mechanism
Command Cyber Readiness Inspections (CCRIs)	DISN Subscription Services: Costs for CCRIs will be recovered through the DSS share price. These inspections ensure compliance at all connected sites and therefore benefit the entire DISN community.
Network Security Monitoring and Incident Reporting	DISN Subscription Services: Costs for sensors that are placed directly on the DISN backbone will be recovered through the DSS share price. The monitoring of these sensors benefits the entire DISN community.
Network Security Monitoring and Incident Reporting	Direct Reimbursement: Costs for sensors that are on the customer side of routers directly benefit specific customers, and will be charged a rate per sensor monitored.
Enclave & System Certification	Direct Reimbursement: Customers will be charged based on the size (small, medium, large) of the enclave/system being certified.
Computer Network Defense Service Provider (CNDSP) Subscription Services	CNDSP Subscription: Each yearly subscription will include recurring System Architecture Analysis & Testing, Trends Analysis, Penetration Testing, Vulnerability Assessment Analysis & Trending, CNDSP Subscriber Services Support, and one (1) each of the following: Incident Response and Recovery Team, Malware Analysis, Media Analysis, CNDSP Exercise Support, and Red Teaming. It will also include two (2) seats per year for IA Training Program Support. Anything over these limits will be charged on a usage basis.
Information Assurance (IA) Analysis	Direct Reimbursement: Customers can choose any of the IA Analysis services offered by FSO, and will reimburse FSO for the actual cost of providing the analysis.

DoD Mobility

The table below shows the rate per device for DoD Mobility as an enterprise service beginning in FY 2014. The rate recovers costs for enterprise-level mobile communications services, to include access to a DoD Mobile Application Store. The Mobility service is offered at three different security levels; unclassified, secret and top secret.

For unclassified services, customers are responsible for purchasing their own approved mobile devices and data/air time plans. Devices for classified use must be purchased through DISA. In accordance with DWCF policy, customers will now be required to place orders and provide payment for Mobility services.

DoD Mobility Rates	FY 2013	FY 2014	FY 2015
Unclassified Device	-	\$7.36	TBD
SIPR Device	-	\$126.63	TBD
Top Secret Device	-	\$278.05	TBD

Cross Domain Services

The table below shows the fee for on-boarding/implementation and rate per active filter for Cross Domain Services beginning in FY 2014. The on-boarding/implementation fee is based on the cost to develop, certify and deploy new filters for Structured File Transfer and Web Service functions and is a one-time fee. The monthly active filter rate recovers cross domain technology assessment, security policy enforcement, certification, accreditation and revalidation support, configuration management, help desk support, and life cycle replacement.

Cross Domain Rates	FY 2013	FY 2014	FY 2015
On-boarding/Implementation	-	\$165,158	TBD
Basic Monthly Rate/Filter	-	\$5,303	TBD

Commercial Satellite Communications Services

DISA charges a standard rate for all Commercial Satellite Services procured on behalf of customers. The rate recovers contracting costs, vendor incentive fees, labor support costs, and a small amount of travel.

Commercial Satellite Services Rates	FY 2013	FY 2014	FY 2015
Standard Rate	2.21%	2.28%	TBD

Mobile Satellite Services – Broadband Global Access Network, Remote Access Service

DISA will charge a standard rate for all Mobile Satellite Services – Broadband Global Access Network services procured on behalf of customers. The rate recovers costs for leased communications lines, equipment hosting, contract support for Tier 1, Tier 2, and Tier 3 maintenance support, IMARSAT connections, and program office support.

Mobile Satellite Services - Broadband Global Access Network, Remote Access Service Rate (MSS – BGAN, RAS)	FY 2013	FY 2014	FY 2015
Standard Rate	3.08%	5.32%	TBD

Enterprise Acquisition Services Rate

The standard fee-for-service contracting rate increases to 2.5 percent beginning FY 2015. The DISA has established a 0.5 percent rate for customers utilizing Enterprise License Agreement contracts. DISA is able to provide the Department with economies of scale on these large, enterprise licensing contracts, one of the goals of the Department's IT efficiencies roadmap. Also, DISA has established a 1 percent rate in addition to the standard fee-for-service for customers utilizing commercial cloud services.

Contracting Rates	FY 2013	FY 2014	FY 2015
Standard Fee-for-Service	2.00%	2.00%	2.50%
Enterprise License Agreement Services	0.50%	0.50%	0.50%
Cloud Service	0.00%	1.00%	1.00%

Changes in the Costs of Operations
Defense Information Systems Agency
TELECOMMUNICATIONS SERVICES AND ENTERPRISE ACQUISITION SERVICES
March 2014
(Dollars in Millions)

FY 2013	Actual FY 2013	\$5,836.529
FY 2014	Estimate in FY 2014 President's Budget	\$6,492.877
	<i>Efficiencies:</i>	
	Contract efficiencies leveraged on new DISN support contracts and termination of legacy contract suits	(\$72.962)
	<i>Program Changes:</i>	
	Updated workload estimates in customer-unique reimbursable projects, i.e. Organizational Messaging, Satellite services, and DoD Mobility services	(\$91.738)
	Sunset of the Joint Enterprise Directory Service	(\$2.300)
	New contract workload for Enterprise License Agreements (ELA) primarily driven by the Army, Navy and Air Force	\$662.912
	Updated contract workload for Enterprise Cloud Brokering Services, other IT services, and non-DISN Telecommunication Services	\$34.808
	Increased transport requirements to conduct router upgrades for improved diversity, bandwidth utilization, align the DISN with 10G connectivity, and reduce Internet latency and packet loss	\$26.206
	Workload for the new Cross Domain Service and Joint Regional Security Stack (JRSS) offerings	\$16.286
	USCYBERCOM directed NIPRNet hardening capability for the advance deployment of Enterprise Email Security Gateway	\$9.750
	Increased support for network management, 24x7 network operations, and added security on the JWICS network	\$4.941
	Consolidation of overlapping optical transport networks in Europe and installation of transport terminal equipment at 86 existing and new sites/nodes in support of the Joint Information Environment architecture	\$3.750
	Increased operating costs and manpower (+27 full time equivalents) to support new ELA contract workload	\$3.984
	Miscellaneous	(\$0.335)
FY 2014	Current Estimate	\$7,088.179

Changes in the Costs of Operations
Defense Information Systems Agency
TELECOMMUNICATIONS SERVICES AND ENTERPRISE ACQUISITION SERVICES
March 2014
(Dollars in Millions)

FY 2014	Current Estimate	\$7,088.179
	<i>Pricing Adjustments:</i>	
	Non-labor Inflation	\$120.820
	Civilian/Military Pay Raise	\$1.527
	Annualization of Civ/Mil Pay Raise	\$0.515
	<i>Efficiencies:</i>	
	Drawdown of legacy Voice and Video services systems	(\$16.170)
	Contract efficiencies leveraged on new DISN support contracts and termination of legacy contract suits	(\$15.300)
	<i>Program Changes:</i>	
	<u>Functional Transfer of Enterprise Cross Domain Services:</u>	
	Transfer of operating costs and 9 full-time equivalents to DISN Subscription Services	\$15.000
	Increased costs for additional information assurance activities according to USCYBERCOM requirements	\$6.831
	Estimated change in customer-driven workload for Organizational Messaging, Satellite services, Cross Domain Services, and DoD Mobility services	(\$7.079)
	Estimated decrease in customer-driven workload for IT and non-DISN Telecommunication service contracts	(\$17.683)
	Decrease in DISN Engineering, Network Operations, and Maintenance costs	(\$4.072)
	Estimated increase in customer-driven workload for Enterprise License Agreement contracting services	\$51.710
	Additional hardware/software maintenance required to support the DISA/Army endeavor for Joint Regional Security Stacks	\$55.288
	Fitout cost of the newly constructed CONUS building to support the Department's Cyber Operations.	\$24.523
	Increase in DITCO operating costs primarily to fund costs associated with sustaining the new accounting system, which will improve contracting business processes	\$11.781
	Increased interoperability costs in support of the Department's expansion of enterprise services	\$3.638
	Increased operating costs and manpower (+13 full time equivalents) to support new ELA contract workload	\$1.349
FY 2015	Current Estimate	\$7,320.857

Source of New Orders and Revenue
Defense Information Systems Agency
TELECOMMUNICATIONS SERVICES AND ENTERPRISE ACQUISITION SERVICES
March 2014
(Dollars in Millions)

	2013	2014	2015
1. New Orders			
a. ORDERS FROM DoD COMPONENTS	\$4,945.060	\$6,146.014	\$6,398.115
ARMY APPROPRIATED	\$1,550.759	\$2,148.142	\$2,148.680
Army O&M	\$1,381.887	\$2,013.627	\$2,011.613
Army RDT&E	\$71.639	\$57.360	\$58.447
Army Procurement	\$95.815	\$75.650	\$77.086
Army MILCON	\$1.418	\$1.505	\$1.534
Army BRAC	\$0.000	\$0.000	\$0.000
NAVY APPROPRIATED	\$559.707	\$617.834	\$618.456
Navy O&M	\$543.513	\$609.048	\$609.507
Navy RDT&E	\$13.873	\$5.552	\$5.655
Navy Procurement	\$0.976	\$1.548	\$1.576
Navy MILCON	\$1.345	\$1.686	\$1.718
Navy BRAC	\$0.000	\$0.000	\$0.000
MARINE CORPS APPROPRIATED	\$81.093	\$78.424	\$81.699
Marine Corps O&M	\$66.317	\$78.424	\$81.699
Marine Corps RDT&E	\$0.000	\$0.000	\$0.000
Marine Corps Procurement	\$14.776	\$0.000	\$0.000
Marine Corps MILCON	\$0.000	\$0.000	\$0.000
Marine Corps BRAC	\$0.000	\$0.000	\$0.000
AIR FORCE APPROPRIATED	\$1,013.995	\$1,283.817	\$1,313.655
AF O&M	\$1,013.974	\$1,254.366	\$1,283.628
AF RDT&E	\$0.000	\$11.076	\$11.290
AF Procurement	\$0.000	\$15.612	\$15.902
AF MILCON	\$0.021	\$0.042	\$0.043
AF BRAC	\$0.000	\$2.721	\$2.792
DISA APPROPRIATED	\$1,365.787	\$1,446.294	\$1,649.213
DISA O&M	\$996.151	\$1,234.895	\$1,433.839
DISA RDT&E	\$197.589	\$76.943	\$78.407
DISA Procurement	\$172.047	\$134.456	\$136.967
DISA MILCON	\$0.000	\$0.000	\$0.000
DISA BRAC	\$0.000	\$0.000	\$0.000
DEFENSE WIDE APPROPRIATED	\$423.099	\$438.646	\$459.377
Defense Wide Appropriated O&M	\$347.270	\$388.193	\$407.957
Defense Wide Appropriated RDT&E	\$66.686	\$34.540	\$35.203
Defense Wide Appropriated Procurement	\$8.435	\$15.428	\$15.724
Defense Wide Appropriated MILCON	\$0.000	\$0.000	\$0.000
Defense Wide Appropriated BRAC	\$0.708	\$0.485	\$0.493
OTHER DoD APPROPRIATED	(\$49.380)	\$132.857	\$127.035

Source of New Orders and Revenue
Defense Information Systems Agency
TELECOMMUNICATIONS SERVICES AND ENTERPRISE ACQUISITION SERVICES
March 2014
(Dollars in Millions)

	2013	2014	2015
Other DoD Appropriated O&M	(\$49.658)	\$132.847	\$127.025
Other DoD Appropriated RDT&E	\$0.056	\$0.000	\$0.000
Other DoD Appropriated Procurement	\$0.222	\$0.010	\$0.010
Other DoD Appropriated MILCON	\$0.000	\$0.000	\$0.000
Other DoD Appropriated BRAC	\$0.000	\$0.000	\$0.000
b. ORDERS FROM DWCF/REVOLVING FUNDS	\$809.293	\$817.144	\$825.675
ARMY - WCF	\$0.329	\$0.626	\$0.639
Army Industrial Operations	\$0.329	\$0.626	\$0.639
NAVY - WCF	\$46.294	\$21.859	\$22.172
Navy Depot Maintenance	\$0.000	\$0.000	\$0.000
Navy Base Support	\$0.592	\$0.000	\$0.000
Navy Supply Management	\$1.539	\$0.626	\$0.638
Marine Corps Supply	\$0.000	\$0.000	\$0.000
Marine Corps Depot Maintenance	\$0.004	\$0.000	\$0.000
Other Navy Activity Groups	\$44.159	\$21.233	\$21.534
AIR FORCE - WCF	\$64.266	\$22.565	\$22.985
Consolidated Sustainment Activity Group (CSAG)	\$0.095	\$0.080	\$0.082
U.S. Transportation Command (TRANSCOM)	\$64.171	\$22.485	\$22.903
DEFENSE WIDE WCF	\$677.475	\$740.921	\$748.040
DISA Telecomm Svcs/Ent Acquisition Svcs (TS/EAS)	(\$0.011)	\$0.000	\$0.000
DISA Computing Services (CSD)	\$621.562	\$699.438	\$705.451
Defense Finance and Accounting Service (DFAS)	\$3.798	\$3.931	\$4.011
DLA Energy Management	\$0.000	\$0.000	\$0.000
DLA Defense Automated Printing Services (DAPS)	\$8.530	\$3.106	\$3.165
DLA Supply Chain Management	\$43.596	\$34.446	\$35.413
DEFENSE COMMISSARY AGENCY (DECA)	\$20.339	\$31.173	\$31.839
DECA Operations	\$20.339	\$31.173	\$31.839
DECA Resale	\$0.000	\$0.000	\$0.000
OTHER - WORKING CAPITAL	\$0.000	\$0.000	\$0.000
OTHER REVOLVING FUNDS	\$0.590	\$0.000	\$0.000
Corps of Engineers	\$0.000	\$0.000	\$0.000
National Defense Stockpile Transaction Fund	\$0.000	\$0.000	\$0.000
Pentagon Reservation Maintenance Revolving Fund	\$0.590	\$0.000	\$0.000
PRMRF/BMF	\$0.000	\$0.000	\$0.000
c. TOTAL DoD ORDERS	\$5,754.353	\$6,963.158	\$7,223.790
d. OTHER ORDERS	\$156.521	\$150.393	\$142.967

Source of New Orders and Revenue
Defense Information Systems Agency
TELECOMMUNICATIONS SERVICES AND ENTERPRISE ACQUISITION SERVICES
March 2014
(Dollars in Millions)

		2013	2014	2015
	OTHER FEDERAL AGENCIES	\$116.384	\$114.658	\$106.706
	TRUST FUNDS	\$35.905	\$27.956	\$28.489
	NON-FEDERAL ORDERS	\$0.034	\$3.498	\$3.280
	FOREIGN MILITARY SALES	\$4.198	\$4.281	\$4.492
	TOTAL NEW ORDERS	\$5,910.874	\$7,113.551	\$7,366.757
2.	Carry In Orders	\$0.000	\$0.000	\$0.000
3.	TOTAL GROSS ORDERS	\$5,910.874	\$7,113.551	\$7,366.757

Revenue and Expenses
Defense Information Systems Agency
TELECOMMUNICATIONS SERVICES AND ENTERPRISE ACQUISITION SERVICES
March 2014
(Dollars in Millions)

	2013	2014	2015
Revenue			
Gross Sales	\$5,910.874	\$7,113.551	\$7,366.757
Operations	\$5,895.118	\$7,100.526	\$7,349.390
Capital Surcharge	\$0.000	\$0.000	\$0.000
Depreciation	\$15.756	\$13.025	\$17.367
Other Income	\$0.000	\$0.000	\$0.000
Refunds/Discounts (-)	\$0.000	\$0.000	\$0.000
Total Income:	\$5,910.874	\$7,113.551	\$7,366.757
Costs			
Cost of Material Sold from Inventory	\$0.000	\$0.000	\$0.000
Salaries and Wages:	\$168.399	\$205.265	\$204.105
Military Personnel Compensation & Benefits	\$5.858	\$6.777	\$5.604
Civilian Personnel Compensation & Benefits	\$162.541	\$198.488	\$198.501
Travel & Transportation of Personnel	\$2.517	\$5.457	\$5.480
Materials & Supplies (For internal Operations)	\$20.652	\$33.124	\$33.330
Equipment	\$208.410	\$344.038	\$349.423
Other Purchases from Revolving Funds	\$69.234	\$131.145	\$157.666
Transportation of Things	\$0.951	\$1.358	\$1.516
Depreciation - Capital	\$15.756	\$13.025	\$17.367
Printing and Reproduction	\$0.021	\$0.022	\$0.024
Advisory and Assistance Services	\$35.865	\$9.030	\$9.193
Rent, Comm, Utilities, & Misc. Charges	\$1,714.880	\$1,694.060	\$1,706.837
Other Purchased Services	\$3,615.600	\$4,651.655	\$4,835.916
Total Costs	\$5,852.285	\$7,088.179	\$7,320.857
Operating Results	58.589	25.372	45.900
Less Capital Surcharge Reservation	\$0.000	\$0.000	\$0.000
Less Recover Other	\$0.000	\$0.000	\$0.000
+ Passthrough or Other App. Affecting NOR	\$0.000	\$0.000	\$0.000
- Passthrough or Other App. not Affecting NOR	\$0.000	\$0.000	\$0.000
Other Adjustments Affecting NOR	\$0.000	\$0.000	\$0.000
Net Operating Results	\$58.589	\$25.372	\$45.900
Prior Year AOR	\$81.411	\$140.000	\$165.372
Other Changes Affecting AOR	\$0.000	\$0.000	\$0.000
Total AOR	\$140.000	\$165.372	\$211.272
Retained AOR	\$0.000	\$0.000	\$211.272
Cumulative Retained AOR	0.000	0.000	211.272
AOR for Budget Purposes	\$140.000	\$165.372	\$0.000

**DEFENSE-WIDE WORKING CAPITAL FUND
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
MARCH 2014
OVERVIEW
DEFENSE LOGISTICS AGENCY**

The Defense Logistics Agency (DLA) is America's Combat Logistics Support Agency. We provide effective and efficient worldwide support to warfighters and our other customers.

We provide full-spectrum logistics support to Soldiers, Sailors, Airmen, Marines, and civilians around the world, everyday. Wherever the diverse DoD global mission takes them, they share a common need for logistics supplies and services. We partner with the services, the combatant commanders (COCOMs), and private industry to provide full-spectrum support.

If a Soldier, Sailor, Airman, or Marine wears or eats it, receives medical treatment with it, or uses it as fuel, it comes from our Agency and our sources. When military or civilian artisans need an item to build a new operating area or repair a weapon system, DLA is the foremost provider of those articles as well.

We supported deployed warfighters in every major conflict and contingency operation over the past five decades, from the Vietnam War to current operations in Iraq and Afghanistan. Our DLA Europe/Africa, Central, and Pacific organizations, along with our in-theater on-the-ground DLA support teams bring logistics products and services to warfighters worldwide and give DLA a global footprint.

We support more than 2,250 weapons systems with organizational and intermediate level maintenance parts. The Department of Defense's (DoD) supply, storage and distribution efforts, under BRAC 2005, moved the Agency into a more prominent role to support service industrial level maintenance for aviation, maritime, and land parts. Our reach now extends to industrial support activities, the cornerstones of sustained long-term weapons systems readiness.

In addition to providing military installations energy needs, DLA also furnishes vital logistics support to military hospitals, dining facilities and recruit training centers. Our service to these entities ensures the best in care, comfort and sustainment for the men and women of the Armed Forces.

We are also the DoD prime logistics integrator. We provide an

array of additional supply chain management services, including cataloging and technical information; planning, forecasting and sourcing; acquisition of materiel and services; strategic tactical distribution functions including receipt, storage, issue, and shipment; retrograde, reutilization and disposal' and document automation and production.

The DLA is responsible for the entire retail supply chain for bulk petroleum, from the refinery to the consuming end item. We have eliminated the overwhelming majority of service-owned product and related fuels Service Working Capital Funds.

A description of each activity group follows:

Supply Chain Management

The DLA Supply Chain Management Activity Group manages DLA materiel from initial purchase, to distribution and storage, and finally to disposal and reutilization. Costs include operations (salaries and expenses), materiel (items sold to the military services) and capital investments (purchase of equipment, software development and minor construction).

The DLA Supply Chain Management Activity Group is broken into three business segments: Materiel Supply Chains, DLA Distribution, and DLA Disposition Services.

The Materiel Supply Chains fill nearly 33.2 million customer orders annually from the military services, other federal agencies, non-federal agencies and foreign military for the 5.4 million consumable items managed by DLA. In addition, BRAC 2005 added two new responsibilities for the materiel supply chains and will be fully implemented by FY11: procuring all new Depot Level Repairable (DLR) items for the Military Services and managing the Supply, Storage, and Distribution (SS&D) functions at major Military Service industrial sites.

DLA Distribution is responsible for the global distribution and warehousing of Military Service and DLA materiel line items. Major customers are the Supply Management Activity Groups of the Military Services and DLA. The Distribution network, which consists of 25 depots strategically located throughout the world, receives and issues over 15.5 million secondary lines and warehouses and maintains an estimated 111.1 million cubic feet of materiel in FY 2012.

DLA Disposition Services is responsible for the reuse, or reutilization, of excess and surplus personal property within the DoD. In FY 2013, over \$2.3 billion worth of personal property will be reutilized, minimizing the need for the Department to reinvest in these items. If property is not reutilized, it is made available for transfer to other Federal agencies. Remaining property becomes surplus and is made available for donation to authorized state agencies and charitable organizations. Property that cannot be reutilized, may be offered for competitive sale to the public, recycled, or disposed. DLA Disposition Services also performs other vital DoD missions; such as scrap metal recovery, demilitarization (DEMIL), and hazardous waste disposal.

Supply Chain Management Statement of Revenue and Expenses

(Dollars in Millions)	FY 2013	FY 2014	FY 2015
Revenue	21,455.9	22,050.0	21,327.5
Expenses	21,629.3	22,621.8	21,901.5
Operating Result	-173.4	-571.8	-574.1
Operating Result Adjustments			
Capital Surcharge	73.5	74.9	76.7
Direct Appropriation	39.1	46.6	44.3
Cash Surcharge	-227.6	-497.6	-42.8
Inventory Surcharge	-256.4	-217.4	-47.7
OCO Appropriation ¹	191.0	46.7	39.3
Net Operating Results	-357.5	-1,118.6	-504.3
Prior Year Accumulated Operating Results (AOR)	1,862.2	1,504.8	287.7
Other Changes Affecting AOR	0.0	-98.4	-287.3
Ending AOR for Budget	1,504.7	287.7	-503.9

Energy Management

The DLA Energy provides comprehensive worldwide energy support for the military services and other authorized customers. DLA Energy serves as the Department's Executive Agent for the bulk petroleum supply chain. Energy business includes sales of petroleum and aerospace fuels; natural gas products; arranging for petroleum support services; providing facility/equipment maintenance on fuel

¹ "Because the Administration has not yet made final decisions about an enduring presence in Afghanistan after calendar year 2014, the Budget includes a placeholder for the Department of Defense's 2015 OCO funding. This number is a placeholder and appears solely for the purposes of estimating reimbursable rates and cash balances in DOD working capital fund activities. Once DOD's OCO needs for 2015 are determined, a budget amendment package will be transmitted subsequent to release of the Budget."1

infrastructure; performing energy-related environmental assessment and cleanup; coordinating bulk petroleum transportation; performing petroleum quality surveillance functions worldwide; and assistance to the military services regarding procurement of electricity and privatization of their utility systems.

Energy Management Statement of Revenue and Expenses:

Energy NOR (\$ millions)	FY 2013	FY 2014	FY 2015
Revenue	16,852.6	16,648.7	16,417.8
Expenses	17,442.9	17,334.6	16,293.2
Operating Results	-590.3	-685.9	124.6
Appropriations ²	130.4.0	85.0	47.0
Transfers	1,263.6	-347.5	0.0
Net Operating Results	803.7	-948.4	171.6
Prior Year Accumulated Operating Results (AOR)	71.9	875.6	-72.8
Other Changes Affecting AOR	0.0	0.0	-98.8
Accumulated Operating Results	875.6	-72.8	0.0

Document Services

The DLA Document Service is responsible for DoD printing, duplicating, and document automation programs. This responsibility encompasses the full range of automated services to include: conversion, electronic storage and output, and distribution of hard copy and digital information. Document Services provides time sensitive, competitively priced, high quality products and services that are produced either in-house or procured through the Government Printing Office.

The DLA Document Services value to DoD is twofold. First, Document Services provides a full portfolio of best value document services ranging from traditional offset printing, through on-demand output, to online document services. Second, Document Services actively functions as a transformation agent moving DoD toward the use of online documents and services. These services include building

² "Because the Administration has not yet made final decisions about an enduring presence in Afghanistan after calendar year 2014, the Budget includes a placeholder for the Department of Defense's 2015 OCO funding. This number is a placeholder and appears solely for the purposes of estimating reimbursable rates and cash balances in DOD working capital fund activities. Once DOD's OCO needs for 2015 are determined, a budget amendment package will be transmitted subsequent to release of the Budget."²

libraries of digital documents to permit online access, providing multifunctional devices (that print from networks, copy, fax, and scan) in customer workspaces, and converting paper documents to standardized digital formats.

The DLA Document Services manages this worldwide mission through a customer service network comprised of a Headquarters located at Mechanicsburg, Pennsylvania, and 148 production facilities.

Document Services Statement of Revenue and Expenses

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
Revenue	249.766	337.690	401.391
Cost of Goods Sold	261.015	342.986	380.521
Cash Surcharge			
Capital Surcharge			
Inventory Surcharge			
Other Changes Affecting NOR	0	0	0
Net Operating Results	(11.249)	(5.296)	20.870
Prior Year Accumulated Operating Results	(6.670)	(15.574)	(20.870)
Deferred Operating Results	2.345		
Ending Accumulated Operating Result	(15.574)	(20.870)	0.000
Workload			
In-House Production (Units)	992.2	1,031.4	996.4

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
FISCAL YEAR (FY) 2015 President's Budget
March 2014

ACTIVITY GROUP DESCRIPTION

The Defense Logistics Agency (DLA) Supply Chain Management Activity Group manages DLA materiel from initial purchase, to distribution and storage, and then finally reutilization or disposal. Costs include operations (salaries and expenses), materiel (items sold to the Military Services) and capital investments (purchase of equipment, software development and minor construction).

The DLA Supply Chain Management Activity Group is broken into three business segments: DLA Materiel Supply Chains, DLA Distribution and DLA Disposition Services.

- The DLA Materiel Supply Chains filled nearly 33.2 million customer orders from the Military Services, other Federal Agencies, non-federal Agencies and Foreign Militaries for the 5.4 million consumable items managed by DLA. A brief description of each supply chain is listed below:
 - The **DLA Aviation** is the primary source for nearly 1.1 million repair parts and operating supply items for Aviation weapon systems.
 - The **DLA Land** is the primary source for over 400 thousand repair parts and operating supply items for land-based weapon systems.
 - The **DLA Maritime** is the primary source for 1.5 million repair parts and operating supply items driven by Aviation, Land and Maritime platforms.
 - The **DLA Troop Support Clothing and Textiles (C&T)** provides dress and field uniforms, field gear, tentage, and personal chemical protective items to the Military Services in peace and in war. This includes end items and components, fire resistant items, body armor, and testing and evaluation. The C&T Supply Chain is the primary source for 53 thousand items.
 - The **DLA Troop Support Medical** is the primary source for 1.1 million medical items our Military Service Members [active & retired] and their dependents. Medical support to dependents is funded by the Office of Secretary of Defense (OSD) Tricare Program. Medical provides materiel/services in peace and war to the field, institutional & Tricare customers. Items include pharmaceuticals, medical/surgical

supplies, instruments and services, equipment, and other health care items.

- o The **DLA Troop Support Subsistence** is the primary source for over 75 thousand Subsistence items including fresh fruits and vegetables (frozen, chilled and dry), food fielding and food service equipment and operational ration items most notably the "Meals Ready-to-Eat".
- o The **DLA Troop Support Construction and Equipment (C&E)** gives our Armed Forces and other Federal Agencies a source for 363 thousand National Stock Numbers (NSNs) and other essential products and associated services. It supplies items for force protection, safety and rescue, fire and emergencies, storage, Heating, Ventilating and Air Conditioning (HVAC), plumbing, heavy equipment, metals and lumber, as well as imaging and telecommunication devices, targets for training, and Automatic Data Processing (ADP) equipment and supplies.
- o The **DLA Industrial Hardware (IH)** gives our Armed Forces and other Federal Agencies a source for 850 thousand National Stock Numbers (NSNs) for various consumable hardware items such as nuts, bolts, screws, nails, studs, locks, gaskets, washers, pins, locks, O-rings, and provides retail replenishment services at major overhaul activities. We support our customers through programs that include Industrial Product-support Vendor (IPV), Long-Term Contracts and Corporate Contracts.
- o **DLA Distribution** is responsible for the global distribution and warehousing of Military Service and DLA materiel line items. Major customers are the Supply Management Activity Groups of the Military Services and DLA. The Distribution network consists of 25 depots strategically located throughout the world. In FY 2013, 15.5 million secondary lines were received and issued, as well as, 111.1 million cubic feet were warehoused and maintained.
- o **DLA Disposition Services** is responsible for the reuse, or reutilization, of excess and surplus personal property within the Department of Defense (DoD). In FY 2013, \$2.3 billion worth of personal property was reutilized, transferred, or donated, minimizing the need for DoD to reinvest these items. If property is not reutilized, it is made available for transfer to other Federal Agencies. Remaining property becomes surplus and is made available for donations to authorized State Agencies and charitable organizations. Property that cannot be reutilized, may be offered for competitive sale to the public, recycled, or disposed. DLA Disposition Services also performs other vital DoD missions; such as scrap metal recovery, demilitarization (DEMIL), and hazardous waste disposal.

In addition, DLA's Supply Chain Management includes a small number of DoD Logistics Support Activities, such as the DLA Logistics Information Service and DLA Transaction Services.

- The **DLA Logistics Information Service** supports all logistics functions for DoD, other Federal and Civil Agencies, and international allied partners by managing and distributing logistics data on over 6.5 million National Stock Numbers (NSNs) resident in the Federal Logistics Information System.
- The **DLA Transaction Services** designs, develops, and implements logistics solutions that improve customers' requisition processing and logistics management processes worldwide. The primary mission is to receive, edit, and route logistics transactions for the Military Services and Federal Agencies. The DLA Transaction Services processes over 10 billion DoD logistics transactions per year, applies numerous DoD and Service/Agency edits and validations against these transactions, and routes the data to the appropriate destination.

MANAGEMENT HEADQUARTERS (MH) REDUCTION

Historically DLA has demonstrated restrained Management Headquarters (MH) cost growth, relative to sales growth through savings initiatives and efficiencies. Over the period FY 2001 to FY 2012, DLA Supply Chain Management mission increased which led to a sales increase of 192% (from \$11 billion to \$31 billion). During this same time period, Management Headquarters costs increased only 17% (\$159 million to \$186 million) significantly less than inflation. In the President's Budget cycle, the DLA continues to look for and implement efficiencies and reductions in Management Headquarters funding and staffing to better align and provide support to a smaller military force.

ACTIVITY GROUP BUSINESS CHANGES

The Joint Contingency Acquisition Support Office (JCASO) funding is transitioning from being direct funded by the DLA Operations and Maintenance appropriation to being a direct reimbursable function managed by the Defense Working Capital Fund (DWCF). The mission of the JCASO is to orchestrate, synchronize and integrate program management of contingency acquisition across geographic combatant commands by providing Operational Contract Support to the Combatant Commands to better plan for oversight and management of contractors authorized to accompany the force during contingency operations. This mission is more appropriately managed by the DWCF as contracting is a core DLA DWCF function and the DWCF provides the flexibility to support future contingency operations contracting requirements that will ebb and flow depending on worldwide U.S. National Security interests.

DLA continues to fully establish retail integration (formerly known as Base Closure and Realignment Commission (BRAC) initiatives), completing Consumable Item Transfers (CIT), establishing all Depot Level Reparable (DLR) procurement and Supply, Storage, and Distribution (SS&D) sites. DLA assumed responsibility for DLR items from the Military Services as well as managing the SS&D functions at the Services' industrial sites. In FY 2013, DLA continued re-organizing the S&D piece of the SS&D sites, aligning the functions within DLA Distribution. DLA worked with the Services to finalize all BRAC related CIT transfers. The effort is in the final stages of the complicated reimbursement process.

CIT - DLA is continuing to reimburse the Military Services for open undelivered orders upon re-assignment of each item based on a joint validation process with each Military Service. We estimate the reimbursement to total roughly \$959 million over the period FY 2011 through FY 2022. DLA reimbursed the Military Services a total of \$400 million (\$235 million to the Air Force and \$165 million to the Navy, prior to FY 2013). In FY 2013, we paid \$154 million to the Army and \$62 million to the Navy. In FY 2014, we are projecting \$118 million to be reimbursed to the Army and \$128 million to be reimbursed to the Navy. An additional estimated \$93 million is projected to be reimbursed to the Navy in FY 2015. Reimbursements are expected to continue through the FDYP.

DLR - in support of the DLR initiative, DLA implemented a DLR Billable Hour Rate (DBR) reimbursement methodology in FY 2012. This rate-based reimbursement method was coordinated with the Military Services and represents a multiple year effort from a joint service Integrated Product Team (IPT). In FY 2013, DLA worked with the Services to fully refine the rate development and reports processes. The United States Marine Corps (USMC) site at Albany, Georgia will be brought into the DLR process in FY 2014. DLA developed a billable hourly rate-based reimbursement for each Service to recover the labor and non-labor costs of DLR procurement actions. The approved rates as specified in RMD 702 for PB15 are below.

(Dollars in Millions)	FY 2013	FY 2014	FY 2015
Army	63.73	62.78	62.88
Navy	58.80	58.42	63.43
Air Force	62.88	63.11	63.72
Marine Corps	N/A	55.51	56.14

SS&D - DLA implemented the Local Recovery Rate (LRR) at the Air Force (AF) SS&D sites in FY 2011 and DLA and the Navy are evaluating using a similar methodology to convert Navy SS&D sites to an LRR. Further negotiations are needed with the Navy. Projected Operating Costs, Gross Sales at Standard, and LRR for FY 2014 and FY 2015 are as follows:

(Dollars in Millions)	FY 2013	FY 2014	FY 2015
Operating Costs	61.76	64.61	66.40
Gross Sales at Standard	957.04	1,001.64	1,016.19
Composite Local Recovery Rate	6.5%	6.5%	6.5%

Workload:

DLA Materiel Supply Chains: Gross Sales at Standard Unit Price is the primary workload measure. Sales are affected by customer demands (force structure, operating tempo, and maintenance schedules). DLA has continued to refine the process that was developed by the Enterprise Operations Planning Council (EOPC) formerly known as the Sales and Operations Planning (S&OP) Working Group. The S&OP model was implemented in FY 2010. EOPC strives to ensure that all customer demand and supply chain impacts are recognized and understood. Consistent with this process, we meet regularly with our customers to obtain their planning assumptions and use this information and our own experience to develop projected demand over the period. The EOPC process considers not only the impact of Overseas Contingency Operations (OCO) changes on demand and sales; but, also the impact of Army retrograde and reset, CIT, and projected peacetime sales changes.

In comparison to the FY 2014 President's Budget, workload decreases are due to lower anticipated sales. OCO Sales, included below, are shown separately as a memo entry.

(Dollars in Millions)	FY 2013	FY 2014	FY 2015
Gross Sales at Standard Unit Price	19,883.4	20,185.3	19,511.7
Overseas Contingency Operations Sales (memo entry)	2,648.0	1,955.4	1,058.7

DLA Distribution: Materiel receipts, issues and storage space occupied are the major workload measures for DLA Distribution.

Receipts and Issues:

(Lines in Millions)	FY 2013	FY 2014	FY 2015
Lines Received and Shipped	15.5	15.4	15.0

Workload projections for FY 2014 and FY 2015 are based on the regression analysis of prior year actuals, DLA direct sales and processing workload applied to future sales estimates. Workload continues to decline in line with declining sales projections.

Storage:

(Cubic Feet in Millions)	FY 2013	FY 2014	FY 2015
Covered Storage Space	52.6	53.4	47.6
Open Storage Space	55.8	72.7	77.4
Specialized Storage Space	2.9	2.2	2.1

Storage workload projections are based on the previous twelve months of actual data. The projected increase in open storage is for tactical storage expected as withdrawal efforts in Afghanistan continue.

DLA Disposition Services: The line items and acquisition value are the two workload measures.

	FY 2013	FY 2014	FY 2015
Line Items in Millions	3.5	3.4	3.0
Acquisition Value (Dollars in Billions)	\$32.3	\$26.9	\$24.0

Workload line items and acquisition value will decrease in FY 2015. The decrease is due to the force drawdown in Afghanistan. DLA Disposition Services anticipates a reduction in the value of the property to be received in Afghanistan from FY 2013 to FY 2015.

Operational Performance Indicators:

The following are major measures that DLA uses to assess its performance:

- **Perfect Order Fulfillment (POF)** - is a comprehensive measure covering all orders received in the Materiel Supply Chains. POF incorporates four components:
 1. Timeliness: Did the customer receive the order on time?
 2. Quantity: Did the amount shipped match the amount requested?
 3. Quality: Were there any customer complaints regarding the quality of the product?
 4. Documentation: Were there any customer complaints regarding the documentation received with the product?

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Goal	84.95	85.78	88.93	87.00	87.00
Actual	85.88	87.08	88.93	N/A	N/A

A perfect order is one where all four components are met. The cumulative DLA FY 2014 goal is set at 87.00 percent. DLA's actual cumulative performance as of 31 May 2013 was 87.00 percent. The FY 2015 goal is 87.00 percent.

As POF is a comprehensive metric that crosses DLA, United States Transportation Command (USTRANSCOM), and Combatant Commands (COCOMs), the following contributing metrics are used to focus on DLA's contribution towards POF:

- o Material Availability (MA) - is the immediate availability and release of DLA material, both stocked and under long term contracts/prime vendor arrangements, against received customer orders.
- o Logistics Response Time (LRT) - measures the time it takes to complete a customer's order-from creation to satisfaction (customer receipt) of that order. DLA measures and tracks the average LRT for its customers by number of days.
- o Demand Plan Accuracy (DPA) - measures the degree of accuracy of a demand forecast compared to the actual demand.
- o Attainment to Plan (ATP) - identifies the percentage of material deliveries generated through the supply planning process that meet three criteria: quantity, quality, and timeliness.
- **High Priority Material Release Orders (Hi Pri MROs)** - the standard for shipment of high priority MROs is one calendar day. DLA Distribution's focus is on achieving the one day standard 85% of the time. For FY 2013, DLA Distribution shipped 84.3% of high priority MROs to the one day standard. The goal for both FY 2014 and FY 2015 remains 85%. The high priority MRO metric excludes MRO transactions that do not conform to a one day standard, such as:
 - o Dedicated truck shipments - these shipments are based on schedules agreed to with the customer
 - o Foreign Military Sales (FMS) shipments
 - o Non-consumable Item Material Support Code (NIMSC) End Item shipments (NIMSC = 3)
- **Routine Material Release Orders (Routine MROs)** - the standard for shipment of routine priority MROs is three calendar days.

DLA Distribution's focus is on achieving the three day standard 85% of the time. For FY 2013, DLA Distribution shipped 83.9% of routine MROs to the three day standard. The goal for both FY 2014 and FY 2015 remains 85%. The routine MRO metric excludes MRO transactions that do not conform to a three day standard, such as:

- o Dedicated truck shipments - these shipments are based on schedules agreed to with the customer
- o Foreign Military Sales (FMS) shipments
- o Non-consumable Item Material Support Code (NIMSC) End Item shipments (NIMSC = 3)

Unit Cost and Pricing:

Unit cost is a ratio that relates resources to outputs produced. The aim of unit cost is to directly associate total cost to work or output.

Unit cost goals and pricing are as follows for the three business segments:

DLA Materiel Supply Chains:

The DLA Materiel Supply Chain unit cost is calculated by dividing costs (the sum of total obligations and credit plus depreciation expense) by gross sales.

Unit Cost	FY 2013	FY 2014	FY 2015
Costs (Dollars in Millions)	21,594.0	20,127.7	19,143.7
Gross Sales (Dollars in Millions)	21,211.9	20,185.3	19,511.7
Unit Cost Goal (per Dollar of Sales)	1.02	1.00	0.98

The Customer Price Change (CPC) is the average change in price from one year to the next that the customer will encounter for the average Materiel Supply Chains item. DLA's goal is to have a CPC of no greater than the DoD composite inflation factor. Changes in customer price are driven by factors such as: inflation, basic costs incurred to procure, store, and ship items to the customer, and prior year operating results. Beginning with FY 2014, DLA is using the new OP-32 Customer Funding Change metric, as directed in the updated DoD Financial Management Regulation (FMR).

The Cost Recovery Rate (CRR) is the amount added to the cost of an item to recover costs associated with purchasing and selling supplies to the customer. These costs include operating costs such as payroll, shipping, storage, accounting, and cataloging as well as

recovery or return of prior year operating results and any necessary capital or cash surcharges.

The table below displays the DoD approved CFC/OP-32 Change and CRR's for FY 2013 and FY 2014, and those proposed for FY 2015, along with the DoD inflators:

Pricing	FY 2013	FY 2014	FY 2015
CFC/OP-32 Customer Funding Change	1.7%	0.1%	-1.1%
DoD Inflator	1.7%	1.7%	1.8%
Cost Recovery Rate	13.4%	13.2%	13.1%

The table below displays the rate changes by DLA Supply Chains for FY 2014.

Rate Change by DLA Supply Chains	FY 2013	FY 2014	FY 2015
DLA Weapon Systems	1.1%	0.8%	-2.4%
DLA Troop Support Clothing and Textiles	2.1%	-1.2%	-0.6%
DLA Troop Support Medical	1.9%	0.2%	-0.4%
DLA Troop Support Subsistence	1.8%	-0.1%	-1.7%
DLA Troop Support Construction and Equipment with DLA Industrial Hardware*	7.0%	-0.2%	0.7%
Total	1.7%	0.1%	-1.1%

*In FY 2015, DLA Industrial Hardware Supply Chain will establish a unique pricing group.

Billable Hourly Rates: DLA Distribution processing unit cost is calculated by dividing processing costs without transportation by workload receipt and issue lines. The unit cost is not the Net Landed Cost rate that is charged to the customer. The Net Landed Cost rate includes Annual Operating Result (AOR) adjustments.

	FY 2013	FY 2014	FY 2015
Processing Workload (Lines in Millions)	15.5	15.4	15.0
Processing Cost (Dollars in Millions)	406.1	469.1	467.0
Processing Unit Cost	26.2	30.4	31.1

In FY 2015, decreases in cost are in line with workload reductions.

Detailed Net Landed Cost Rates are provided below:

	Net Landed Cost Rates		
	2013	2014	2015
Receipt			
Base amount	31.45	31.03	31.49 per line
Plus			
1-40 lbs.	1.13	1.13	1.12 per line
41-150 lbs.	13.19	13.19	13.12 per line
151-2000 lbs.	30.07	30.07	29.91 per line
2000+ lbs.	0.0153	0.0153	0.0152 per lb. + 151-2000 rate
Return	5.52	5.52	5.49 per line additional
Hazardous	18.52	18.52	18.42 per line additional
Hard-to-Handle	18.52	18.52	18.42 per line additional
Issue			
Onbase base amount	14.20	14.01	14.22 per line
Plus			
1-40 lbs.	1.13	1.13	1.12 per line
41-150 lbs.	13.19	13.19	13.12 per line
151-2000 lbs.	30.07	30.07	29.91 per line
2000+ lbs.	0.0153	0.0153	0.0152 per lb. + 151-2000 rate
Offbase base amount	20.55	20.27	20.57 per line
1-40 lbs.	2.20	2.20	2.19 per line
41-150 lbs.	30.41	30.41	30.25 per line
151-2000 lbs.	60.20	60.21	60.21 per line
2000+ lbs.	0.0224	0.0224	0.0223 per lb. + 151-2000 rate
Local Delivery	1.90	1.90	1.89 per line additional
Hazardous	18.52	18.52	18.42 per line additional
Hard-to-Handle	18.52	18.52	18.42 per line additional
Controlled Item	8.75	8.75	8.7 per line additional
FMS	8.98	8.98	8.93 per line additional
Out-of-Cycle	25.28	25.28	25.14 per line additional
Issue from Receiving			
Base amount	\$ 1.80	\$ 1.78	\$ 1.81 per line
Plus			
1-40 lbs.	1.13	1.13	1.12 per line
41-150 lbs.	13.19	13.19	13.12 per line
151-2000 lbs.	30.07	30.07	29.91 per line
2000+ lbs.	0.0153	0.0153	0.0152 per lb. + 151-2000 rate
Transshipments			
Offbase base amount	\$ 27.05	\$ 26.68	\$ 27.08 per line
Plus			
1-40 lbs.	\$ 2.20	\$ 2.20	\$ 2.19 per line
41-150 lbs.	\$ 30.41	\$ 30.41	\$ 30.25 per line
151-2000 lbs.	\$ 60.20	\$ 60.21	\$ 59.89 per line
2000+ lbs.	\$ 0.0224	\$ 0.0224	\$ 0.0223 per lb. + 151-2000 rate
Mark For	\$ 7.22	\$ 7.12	\$ 7.23 per line
Onbase amount	\$ 13.79	\$ 13.60	\$ 13.80 per line
Material Processing Center	\$ 5.98	\$ 9.41	\$ 9.37 per line
Estimated Transportation	\$ 240,774,000	\$ 170,646,613	\$ 155,978,990
Total Processing Cost	\$ 853,955,942	\$ 695,838,188	\$ 614,967,649
Composite Rate			
(without Transportation)	\$ 30.76	\$ 30.76	\$ 30.60
Workload (Millions of Lines)	19.9 lines	17.1 lines	15.0 lines
Reimbursable Rates:			
DLA Facility	\$ 118.24	\$ 105.06	\$ 104.87
Non-DLA Facility	\$ 94.59	\$ 84.05	\$ 83.90
Storage Rates			
Covered Storage	\$ 5.48	\$ 4.88	\$ 5.49
Open	\$ 0.53	\$ 0.53	\$ 0.52
Specialized	\$ 7.61	\$ 7.61	\$ 7.60

Covered Storage:

	FY 2013	FY 2014	FY 2015
Cubic Feet Millions (Covered Storage)	52.6	53.4	47.6
Storage Costs(Dollars in Millions)	344.3	306.6	282.5
Unit Cost	6.55	5.74	5.93

The DLA Distribution covered storage unit cost is calculated by dividing storage costs by cubic feet. The unit cost is not the covered storage rate that is charged to the customer. The rate includes Annual Operating Result (AOR) adjustments. The actual covered storage rate is shown on the Detailed Net Landed Rates table above. Storage cost decreased in FY 2015 in line with workload reductions.

DLA Disposition Services:

	FY 2013	FY 2014	FY 2015
Cost per Line	43.63	56.90	64.70
Cost per Pound	0.11	0.09	0.09

DLA Disposition Services unit cost goals per line are based on three processes:

- **Receiving** - cost associated with the stock, store and issue (logistics) of useable property.
- **Reutilization/Transfer/Donation** - total cost associated with reutilizing, transferring and donating of excess personal property divided by line items of property.
- **Usable Sales** - all cost associated with the public sale of surplus, useable personal property.

Unit cost is calculated by dividing the total cost of these processes by the number of lines received and processed.

The unit cost per line is higher in FY 2015 due to lower projected workload and useable sales as the scheduled drawdown of Afghanistan comes to an end.

DLA Disposition Services unit cost per pound goal is based on costs associated with environmentally regulated disposal of hazardous waste and cost for either storing in a landfill or destruction of those non-hazardous items that remain at the end of the disposal process, divided by the number of pounds received and processed.

Service Level Billing (SLB): DLA Disposition Services, DLA Logistics Information Service, and DLA Transaction Services recover costs not

covered by sales and reimbursable charges through a Service Level Bill.

DLA Disposition Services - bills are formulated with an Activity Based Costing model that uses disposal workload to allocate costs to customers based on services provided. The increase in FY 2015 is attributable to no Accumulated Operating Result (AOR) to reduce the bill, as was experienced in FY 2014 (\$76 million). Customer SLBs using this model are projected below:

(Dollars in Millions)	FY 2013	FY 2014	FY 2015
Army	102.209	79.190	90.002
Navy	47.115	39.084	41.251
Air Force	25.699	21.319	22.500
DLA	39.135	46.602	44.293
Total	214.158	186.195	198.047

DLA Logistics Information Service - Service Level Billing costs are allocated based on customer's utilization of DLA Logistics Information Service products and services. Projections are below:

(Dollars in Millions)	FY 2013	FY 2014	FY 2015
Army	38.966	40.935	27.067
Navy	46.348	49.714	36.957
Air Force	37.473	41.922	29.626
DLA	51.176	55.523	61.366
Total	173.963	188.094	155.016

Increases from FY 2013 and FY 2014 were attributed to no Accumulated Operating Results (AOR) to reduce the bill in FY 2014, as was experienced in FY 2013 (\$14.1 million) and FY 2012 (\$8.1 million). The AOR was spread proportionately to the services and reduced their FY 2012 and FY 2013 bills. The actual increase from FY 2013 to FY 2014 Service Level Bill requirements, without the AOR, is \$93 thousand (FY 2013 - \$188,187K; FY 2014 - \$188,094K).

Decreases from FY 2014 to FY 2015 are attributed to DLA's Big Ideas Savings (\$8.1 million), movement of Asset Visibility to Transportation Command (\$20 million), FLIS modernization and reduced Fedlog reproduction costs (\$3 million), reduction in travel and supply by over 35% (\$1.3 million), and increased efficiencies in many of our products and services.

DLA Transaction Services - the cost of DLA Transaction Services core services is divided equally among Military Services and DLA except in FY14 where the SLB includes the costs for the Integrated Data Environment (IDE) support provided to USTRANSCOMM (USTC). The USTC portion of the IDE bill is built into the DLA Transaction Services SLB in lieu of billing USTC, who would then in turn provide and SLB

cost to the Military Services and DLA for the support provided by USTC for IDE data. Projections are in the table below:

(Dollars in Millions)	FY 2013	FY 2014	FY 2015
Army	19.752	18.073	16.418
Navy	19.752	15.544	16.418
Air Force	19.752	16.599	16.418
DLA	19.752	14.499	16.418
Total	79.008	64.715	65.672

Changes from FY 2014 to FY 2015 are due to cost savings identified for Integrated Data Environment (IDE) sustainment support, therefore removing the USTC portion of the IDE bill. Additionally, the realignment of the IDE support which beginning in FY15 will be part of the DLA Transaction Services core mission support, allows for the equal division of the core services costs for the Military Services and DLA. Above mentioned adjustments along with increases which are driven by non-labor inflation costs accounted for the in changes in to the SLB in FY 2015.

ANALYSIS OF BUDGET STATEMENTS:

Supply Chain Management (SCM) Statement of Revenue and Expenses:

Revenue and expenses are projected to be lower than stated in President's Budget FY 2014 primarily due to decreased sales and lower costs. Workload is forecasted to decrease each year from the FY 2014 baseline level. The AOR is projected to be at zero in FY 2016.

DLA SCM NOR/AOR expenses exclude non-recoverable items such as property disposal transfers, net acquisition cost changes, returns without credit, and other changes.

(Dollars in Millions)	FY 2013	FY 2014	FY 2015
Revenue	21,455.9	22,050.0	21,327.5
Expenses	21,629.3	22,621.8	21,901.5
Operating Result	-173.4	-571.8	-574.1
Operating Result Adjustments			
Capital Surcharge	73.5	74.9	76.7
Direct Appropriation	39.1	46.6	44.3
Cash Surcharge	-227.6	-497.6	-42.8
Inventory Surcharge	-256.4	-217.4	-47.7
OCO Appropriation ¹	60.6	46.7	39.3

¹ "Because the Administration has not yet made final decisions about an enduring presence in Afghanistan after calendar year 2014, the Budget includes a placeholder for the Department of Defense's 2015 OCO funding. This number is a placeholder and appears solely for the purposes of estimating reimbursable rates and cash balances in DOD working capital fund activities. Once DOD's OCO needs for 2015 are determined, a budget amendment package will be transmitted subsequent to release of the Budget."¹

Net Operating Results	-357.5	-1,118.6	-504.3
Prior Year Accumulated Operating Results (AOR)	1,862.2	1,504.8	287.7
Other Changes Affecting AOR	0.0	-98.4	-287.3
Ending AOR for Budget	1,504.7	287.7	-503.9

CASH PROJECTIONS

The FY 2013 cash loss of \$477.0 million is due to net outlays from lower sales based on forecasted lower customer demand, payments for Audit Readiness contracts, lowering the cost recovery rate, the return of Accumulated Operating Results (AOR) to customers, and correcting a previous year customer price change issue. DLA SCM received \$60.6 million in appropriated funding and transferred out \$23.6 million. The transfer out to the Army Working Capital Fund (WCF) for Consumable Item Transfers was partially offset by the transfer in from DLA Energy.

The FY 2014 projected cash loss of \$636.7 million is due to net outlays from lower sales based on forecasted lower customer demand, payments for Audit Readiness contracts, disbursing for Logistics Reassignment of Items (Navy: F/A-18 and Consumable Item Transfers), disbursing for materiel with a long financial lead time for which obligations were made in a prior fiscal year, disbursing for FY 2013 overseas contingency operations obligations, and the return of AOR to customers. This submission includes a request for \$93.3 million in appropriated funding and a \$118.0 million transfer out to the Army WCF for Consumable Item Transfers.

The FY 2015 projected cash loss of \$721.1 million is due to net outlays from lower sales based on forecasted lower customer demand, payments for Audit Readiness contracts, and disbursing for Logistics Reassignment of Items (Navy: Consumable Item Transfers). This submission includes a request for \$83.6 million in appropriated funding.

DLA Supply Chain Management Summary

(Dollars in Millions)	FY 2013	FY 2014	FY 2015
Disbursements	22,427.0	22,859.7	21,972.5
Collections	21,873.9	22,247.7	21,167.8
Net Outlays	553.1	612.0	804.7
Direct Appropriation	39.1	46.6	44.3
Overseas Contingency Operations (OCO) Appropriation	60.6	46.7	39.3
Transfers	-23.6	-118.0	0.0
Cash Gain (-)/Loss (+)	477.0	636.7	721.1

PERSONNEL PROFILE

Changes to the workforce include: becoming the single procurement management provider for new DLRs; taking on new mission from the Military Services of performing consumer level (retail) SS&D directly for industrial depot maintenance production line customers; assumption of new distribution functions from the Navy; and workload changes. DLA is utilizing workload and workforce re-distribution as well as term employees whenever practical to better respond to workload fluctuations. This budget includes labor and non-labor reductions in accordance with Secretary of Defense Efficiency Initiatives that imposed civilian manpower targets that would remain at the President's Budget 2013 FY 2010 FTE target levels.

	FY 2013	FY 2014	FY 2015
Civilian End Strength	22,997	24,070	23,828
Civilian Full Time Equivalents (FTEs)	22,743	23,832	23,589
Military End Strength/FTEs*	507	555	533

*Military End Strength/FTEs include DLA Materiel Supply Chain, DLA Distribution and DLA Disposition Services.

CAPITAL BUDGET

(Dollars in Millions)	FY 2013	FY 2014	FY 2015
Equipment (non-ADP)	12.7	24.5	21.7
Equipment (ADP)	20.9	33.5	31.0
Software	61.2	72.4	37.9
Minor Construction	12.1	14.5	14.2
Total	106.9	144.9	104.8

The capital budget funds are investments that exceed the \$250,000 expense/investment criteria for the Automated Data Processing Equipment (ADPE), non-ADPE, software development, and the minor construction category.

Overall, the FY 2014 and FY 2015 capital budget estimates decreased by \$40.1 million.

The non-ADPE category decreased in FY 2015 due primarily to material handling and storage space projects at DLA distribution.

Investment in the ADPE category decreased in FY 2015 due primarily to DLA Distribution infrastructure being completed.

DLA will continue to expand the already deployed Enterprise Resource Planning (ERP) platform called Enterprise Business System (EBS) through enhanced capabilities for the critical system change requests

and other enhancement initiatives. Software category decreased in FY 2015 due primarily to eProcurement and other EBS initiatives reaching the sustainment phase.

The minor construction investments will construct new, replace existing, or modify current facilities to enhance mission performance. Minor construction projects include altering facilities to accommodate mission consolidation and relocation, upgrading security facilities (gates, fences, and lighting) to meet current Anti-Terrorism/Force Protection standards and renovating demilitarization facilities.

Defense-Wide Working Capital Fund Appropriations (including all categories):

Appropriations for FY 2013 through FY 2015 included in this submission are detailed in the following table and narrative.

DLA SCM Appropriations: (Dollars in Millions)	FY 2013 Enacted	FY 2014 Request	FY 2015 Request
Direct:			
Reutilization, Transfer and Disposal Costs	39.1	46.6	44.3
Total Direct Appropriation	39.1	46.6	44.3
Overseas Contingency Operations (OCO) Appropriation:			
Theater Consolidation and Shipping Point (TCSP) Kuwait OCO	11.3	-	-
DLA Distribution Kuwait (DDKS) Kuwait OCO	6.4	-	-
Theater Distribution - Afghanistan	11.2	7.7	-
DLA Disposition Services	25.2	35.5	TBD
DLA Land & Maritime	3.7	-	-
IT Communications	2.3	3.0	TBD
IT Contractor Support	.5	.5	TBD
Corporate Support	-	-	-
Total OCO Appropriation ²	60.6	46.7	39.3
Total DLA SCM	99.7	93.3	83.6

Direct Appropriation - Part of DLA Disposition Services mission is to reutilize, transfer, or donate to authorized DoD and non-DoD

² "Because the Administration has not yet made final decisions about an enduring presence in Afghanistan after calendar year 2014, the Budget includes a placeholder for the Department of Defense's 2015 OCO funding. This number is a placeholder and appears solely for the purposes of estimating reimbursable rates and cash balances in DOD working capital fund activities. Once DOD's OCO needs for 2015 are determined, a budget amendment package will be transmitted subsequent to release of the Budget."²

recipients excess DoD personal property. These actions result in lower sales proceeds and higher SLB which are contrary to private industry practices. To bring Materiel Supply Chain costs more in line with commercial business practices, these costs are being funded by a direct appropriation as a Military-unique cost.

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Management Activity Group
Supply Management Summary
Fiscal Year (FY) FY 2015 President's Budget
March 2014
FY 2013
(Dollars in Millions)

DIVISION	Net Customer Orders	Net Sales at Standard	Obligation Targets					Variability Target	Total Target
			Operating	Mobilization	Direct APPN	Total Operating Obligations	Total Capital Obligations		
CLOTHING & TEXTILES	1,346.6	1,790.4	1,693.2	0.0	0.0	1,693.2	0.0	398.4	2,091.6
MEDICAL	4,949.4	5,096.5	5,165.7	0.0	0.0	5,165.7	6.0	1,259.8	6,431.5
SUBSISTENCE	3,206.5	3,441.5	2,869.8	0.0	0.0	2,869.8	0.6	698.6	3,569.0
CONSTRUCTION & EQUIPMENT	2,092.8	2,345.0	2,138.8	0.0	0.0	2,138.8	0.0	510.8	2,649.6
INDUSTRIAL HARDWARE	409.8	616.1	513.0	0.0	0.0	513.0	1.1	111.1	625.1
AVIATION	2,509.4	3,315.7	3,370.5	0.0	0.0	3,370.5	3.9	663.7	4,038.1
LAND	1,437.4	1,652.4	1,560.1	0.0	0.0	1,560.1	0.0	342.0	1,902.1
MARITIME	1,024.9	1,399.0	1,628.5	0.0	0.0	1,628.5	60.5	340.7	2,029.6
SM-1 without Variability (SM-3A)	16,976.8	19,656.5	18,939.6	0.0	0.0	18,939.6	0.0	0.0	18,939.6
LOGISTICS INFORMATION	0.0	0.0	161.2	0.0	0.0	161.2	1.5	0.0	162.7
TRANSACTION SERVICES	0.0	0.0	62.533	0.0	0.0	62.5	8.4	0.0	70.9
MANAGEMENT HEADQUARTERS	0.0	0.0	193.4	0.0	0.0	193.4	0.0	0.0	193.4
ENTERPRISE OPERATIONS	0.0	0.0	379.0	0.0	0.0	379.0	0.5	0.0	379.5
ENTERPRISE INFORMATION TECH.	0.0	0.0	342.7	0.0	0.0	342.7	8.7	0.0	351.4
CENTRAL FUND	0.0	0.0	30.4	0.0	0.0	30.4	0.0	0.0	30.4
TOTAL MATERIEL SUPPLY CHAIN	16,976.8	19,656.5	20,108.8	0.0	0.0	20,108.8	91.127	4,325.0	24,525.0
DISTRIBUTION	0.0	0.0	1,411.3	0.0	0.0	1,411.3	38.7	0.0	1,450.0
DISPOSITION SERVICES	0.0	0.0	345.2	0.0	39.1	384.4	6.8	0.0	391.2
TOTAL SUPPLY CHAIN MANAGEMENT	16,976.8	19,656.5	21,865.4	0.0	39.1	21,904.6	136.6	4,325.0	26,366.1

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Management Activity Group
Supply Management Summary
Fiscal Year (FY) FY 2015 President's Budget
March 2014
FY 2014
(Dollars in Millions)

DIVISION	Net Customer Orders	Net Sales at Standard	Obligation Targets					Variability Target	Total Target
			Operating	Mobilization	Direct APPN	Total Operating Obligations	Total Capital Obligations		
CLOTHING & TEXTILES	1,524.0	1,907.6	1,821.2	0.0	0.0	1,821.2	0.3	398.8	2,220.3
MEDICAL	5,174.2	5,415.6	5,343.3	0.0	0.0	5,343.3	6.1	1,285.9	6,635.4
SUBSISTENCE	2,694.2	2,926.3	2,714.6	0.0	0.0	2,714.6	0.4	645.9	3,360.9
CONSTRUCTION & EQUIPMENT	2,307.5	2,601.3	2,418.9	0.0	0.0	2,418.9	0.4	570.3	2,989.5
INDUSTRIAL HARDWARE	425.6	623.6	497.3	0.0	0.0	497.3	0.3	102.3	599.9
AVIATION	2,601.4	3,499.8	3,478.2	0.0	0.0	3,478.2	3.7	670.6	4,152.6
LAND	1,322.4	1,662.7	1,699.3	0.0	0.0	1,699.3	0.0	358.9	2,058.1
MARITIME	948.1	1,297.8	1,235.1	0.0	0.0	1,235.1	32.9	227.8	1,495.8
SM-1 without Variability (SM-3A)	16,997.4	19,934.7	19,207.9	0.0	0.0	19,207.902	0.0	0.0	19,207.9
LOGISTICS INFORMATION	0.0	0.0	217.4	0.0	0.0	217.4	8.4	0.0	225.8
TRANSACTION SERVICES	0.0	0.0	56.403	0.0	0.0	56.4	7.1	0.0	63.5
MANAGEMENT HEADQUARTERS	0.0	0.0	209.2	0.0	0.0	209.2	0.0	0.0	209.2
ENTERPRISE OPERATIONS	0.0	0.0	516.3	0.0	0.0	516.3	0.5	0.0	516.8
ENTERPRISE INFORMATION TECH.	0.0	0.0	195.8	0.0	0.0	195.8	29.1	0.0	224.9
CENTRAL FUND	0.0	0.0	333.8	0.0	0.0	333.8	0.0	0.0	333.8
TOTAL MATERIEL SUPPLY CHAIN	16,997.4	19,934.7	20,736.7	0.0	0.0	20,736.7	89.2	4,260.5	25,086.4
DISTRIBUTION	0.0	0.0	1,564.3	0.0	0.0	1,564.3	51.1	0.0	1,615.4
DISPOSITION SERVICES	0.0	0.0	390.2	0.0	46.6	436.8	4.7	0.0	441.5
TOTAL SUPPLY CHAIN MANAGEMENT	16,997.4	19,934.7	22,691.2507	0.0	46.6	22,737.9	144.9	4,260.5	27,143.3

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Management Activity Group
Supply Management Summary
Fiscal Year (FY) FY 2015 President's Budget
March 2014
FY 2015
(Dollars in Millions)

DIVISION	Net Customer Orders	Net Sales at Standard	Obligation Targets					Variability Target	Total Target
			Operating	Mobilization	Direct APPN	Total Operating Obligations	Total Capital Obligations		
CLOTHING & TEXTILES	1,547.1	1,874.4	1,792.0	0.0	0.0	1,792.0	0.3	384.3	2,176.6
MEDICAL	5,199.6	5,440.3	5,273.1	0.0	0.0	5,273.1	5.7	1,269.5	6,548.3
SUBSISTENCE	2,189.0	2,386.5	2,253.0	0.0	0.0	2,253.0	0.4	529.8	2,783.2
CONSTRUCTION & EQUIPMENT	2,292.4	2,558.2	2,360.8	0.0	0.0	2,360.8	0.4	555.5	2,916.7
INDUSTRIAL HARDWARE	442.1	614.6	514.7	0.0	0.0	514.7	0.3	106.2	621.2
AVIATION	2,574.7	3,508.9	3,314.1	0.0	0.0	3,314.1	6.4	627.8	3,948.3
LAND	1,256.1	1,642.7	1,515.4	0.0	0.0	1,515.4	0.0	312.9	1,828.3
MARITIME	933.1	1,242.0	1,235.5	0.0	0.0	1,235.5	27.3	228.1	1,490.8
SM-1 without Variability (SM-3A)	16,434.0	19,267.7	18,258.6	0.0	0.0	18,258.596	0.0	0.0	18,258.6
LOGISTICS INFORMATION	0.0	0.0	208.9	0.0	0.0	208.9	8.0	0.0	216.9
TRANSACTION SERVICES	0.0	0.0	56.0	0.0	0.0	56.0	9.9	0.0	65.9
MANAGEMENT HEADQUARTERS	0.0	0.0	210.2	0.0	0.0	210.2	0.0	0.0	210.2
ENTERPRISE OPERATIONS	0.0	0.0	467.7	0.0	0.0	467.7	0.5	0.0	468.2
ENTERPRISE INFORMATION TECH.	0.0	0.0	189.0	0.0	0.0	189.0	0.0	0.0	189.0
CENTRAL FUND	0.0	0.0	495.9	0.0	0.0	495.9	0.0	0.0	495.9
TOTAL MATERIEL SUPPLY CHAIN	16,434.0	19,267.7	19,886.3	0.0	0.0	19,886.3	59.1	0.0	19,945.4
DISTRIBUTION	0.0	0.0	1,524.6	0.0	0.0	1,524.6	40.2	0.0	1,564.9
DISPOSITION SERVICES	0.0	0.0	393.8	0.0	44.3	438.1	5.5	0.0	443.6
TOTAL SUPPLY CHAIN MANAGEMENT	16,434.0	19,267.7	21,804.714	0.0	44.3	21,849.0	104.8	4,014.0	25,967.9

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
Fiscal Year (FY) 2015 President's Budget
March 2014
FY 2013 Inventory Status
(\$ in millions)

Materiel Supply Chains	Total	Demand Based	Mobilization	Non-Demand Based
1. INVENTORY - Beginning of Period (BOP)	13,697.410	7,252.221	530.308	5,914.881
2. BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.000	-103.788	147.758	-43.970
b. Price Change Amount (Memo)	0.000	0.000	0.000	0.000
c. Inventory Reclassified and Repriced	13,697.410	7,148.433	678.066	5,870.911
3. PURCHASES	18,077.519	17,737.787	339.732	0.000
4. GROSS SALES AT COST	-17,419.103	-17,074.361	-344.742	0.000
5. INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	294.431	169.607	0.738	124.086
Transfer to other DLA ICPs	0.000	0.000	0.000	0.000
Transfer from other DLA ICPs	6.971	3.436	0.000	3.535
Transfers from Military Services	287.460	166.171	0.738	120.551
b. Returns from Customers for Credit	156.809	156.655	0.154	0.000
c. Returns for Customers without Credit	374.350	42.248	1.391	330.711
d. Returns to Suppliers (-)	26.344	26.152	0.192	0.000
e. Transfers to Property Disposal (-)	-3,286.469	3.562	-2.552	-3,287.479
f. Issues/Receipts without Reimbursement (+/-)	-3.000	-2.000	0.000	-1.000
g. Other (List and Explain)	-293.823	-289.185	-17.141	12.503
h. Total Adjustments	-2,731.358	107.039	-17.218	-2,821.179
6. INVENTORY - End of Period (EOP)	11,624.468	7,918.899	655.838	3,049.732
7. INVENTORY ON ORDER EOP	7,847.659	7,483.681	363.978	0.000
8. Narrative (Explanation of unusual changes)				

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
Fiscal Year (FY) 2015 President's Budget
March 2014
FY 2014 Inventory Status
(\$ in millions)

Materiel Supply Chains	Total	Demand Based	Mobilization	Non-Demand Based
1. INVENTORY - Beginning of Period (BOP)	11,624.468	7,918.899	655.838	3,049.732
2. BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.000	-118.948	9.323	109.625
b. Price Change Amount (Memo)	0.000	0.000	0.000	0.000
c. Inventory Reclassified and Repriced	11,624.468	7,799.951	665.161	3,159.357
3. PURCHASES	17,336.260	17,069.539	266.721	0.000
4. GROSS SALES AT COST	-17,374.015	-17,112.294	-261.721	0.000
5. INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	738.000	163.000	0.000	575.000
Transfer to other DLA ICPs	0.000	0.000	0.000	0.000
Transfer from other DLA ICPs	0.000	0.000	0.000	0.000
Transfers from Military Services	738.000	163.000	0.000	575.000
b. Returns from Customers for Credit	186.651	186.651	0.000	0.000
c. Returns for Customers without Credit	319.818	0.000	2.500	317.318
d. Returns to Suppliers (-)	35.000	35.000	0.000	0.000
e. Transfers to Property Disposal (-)	-1,669.525	0.000	-6.000	-1,663.525
f. Issues/Receipts without Reimbursement (+/-)	0.000	0.000	0.000	0.000
g. Other (List and Explain)	123.633	98.939	8.950	15.744
h. Total Adjustments	-266.423	483.590	5.450	-755.463
6. INVENTORY - End of Period (EOP)	11,320.290	8,240.786	675.611	2,403.894
7. INVENTORY ON ORDER EOP	7,814.010	7,371.838	442.172	0.000
8. Narrative (Explanation of unusual changes)				

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
Fiscal Year (FY) 2015 President's Budget
March 2014
FY 2015 Inventory Status
(\$ in millions)

Materiel Supply Chains	Total	Demand Based	Mobilization	Non-Demand Based
1. INVENTORY - Beginning of Period (BOP)	11,320.290	8,240.786	675.611	2,403.894
2. BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.000	-70.000	0.000	70.000
b. Price Change Amount (Memo)	0.000	0.000	0.000	0.000
c. Inventory Reclassified and Repriced	11,320.290	8,170.786	675.611	2,473.894
3. PURCHASES	16,518.448	16,252.258	266.190	0.000
4. GROSS SALES AT COST	-16,720.641	-16,456.317	-264.324	0.000
5. INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	145.000	106.184	0.000	38.816
Transfer to other DLA ICPs	0.000	0.000	0.000	0.000
Transfer from other DLA ICPs	0.000	0.000	0.000	0.000
Transfers from Military Services	145.000	106.184	0.000	38.816
b. Returns from Customers for Credit (+)	181.050	181.050	0.000	0.000
c. Returns for Customers without Credit	258.969	0.000	3.500	255.469
d. Returns to Suppliers (-)	10.750	10.750	0.000	0.000
e. Transfers to Property Disposal (-)	-637.000	0.000	-5.500	-631.500
f. Issues/Receipts without Reimbursement (+/-)	0.000	0.000	0.000	0.000
g. Other (List and Explain)	38.156	49.937	6.288	-18.069
h. Total Adjustments	-3.075	347.921	4.288	-355.284
6. INVENTORY - End of Period (EOP)	11,115.022	8,314.648	681.765	2,118.610
7. INVENTORY ON ORDER EOP	7,465.232	7,016.780	448.452	0.000
8. Narrative (Explanation of unusual changes)				

DEFENSE LOGISTICS AGENCY
 Defense-Wide Working Capital Fund
 Supply Chain Management Activity Group
 Fiscal Year (FY) 2015 President's Budget
 March 2014
 OP-32 Rate Change

Supply Chain Management Total	(\$M) FY 2014	(\$M) FY 2015	(\$M) Change
<u>Program Growth</u>			
Total Materiel Costs without Inflation	17,334.9	16,714.4	(620.5)
<u>Price Growth for OP-32</u>			
Materiel Inflation plus Materiel Cost Adjustment	520.3	484.2	(36.1)
Total Overhead Costs plus Total Pricing Adjustments	2,436.6	2,246.6	(189.9)
<u>Total Additional Cost to Customer</u>	2,956.9	2,730.8	(226.0)
<u>Total Wholesale Revenue</u>	20,291.8	19,445.3	(846.5)
			Percent
OP-32 Rate Change			-1.1%

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
War Reserve Material Stockpile
Fiscal Year (FY) 2015 President's Budget
March 2014
Material Supply Chains
FY 2013
(\$ in millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	530.3	416.0	114.3
2. Price Change	0.0	0.0	0.0
3. Reclassification	147.8	0.0	147.8
4. Inventory Changes			
a. Receipts @ cost	339.7	339.7	0.0
(1). Purchases	339.6	339.6	0.0
(2). Returns from customers	0.2	0.2	0.0
b. Issues @ cost	-344.7	-344.7	0.0
(1). Sales	-342.2	-342.2	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3.) Disposals	-2.6	-2.6	0.0
c. Adjustments @ cost	-17.2	-19.6	2.4
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and Losses	-0.1	-0.1	0.0
(3.) Other	-17.1	-19.5	2.4
5. Inventory EOP	655.8	391.4	264.4
1. Storage	4.0	4.0	0.0
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	4.0	4.0	0.0
WRM BUDGET REQUEST			
1. Obligations @ Cost	339.6	339.6	0.0
a. Additional WRM	0.0	0.0	0.0
b. Replen. WRM	339.6	339.6	0.0
c. Repair WRM	0.0	0.0	0.0
d. Assemble/Disassemble	0.0	0.0	0.0
e. Other	0.0	0.0	0.0
Total Request	339.6	339.6	0.0

DEFENSE LOGISTICS AGENCY Defense-Wide Working Capital Fund Supply Management Activity Group War Reserve Material Stockpile Fiscal Year (FY) 2015 President's Budget March 2014 Material Supply Chains FY 2014 (\$ in millions)			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	655.8	391.4	264.4
2. Price Change	0.0	0.0	0.0
3. Reclassification	9.3	0.0	9.3
4. Inventory Changes			
a. Receipts @ cost	266.7	266.7	0.0
(1). Purchases	264.2	264.2	0.0
(2). Returns from customers	2.5	2.5	0.0
b. Issues @ cost	-261.7	-261.7	0.0
(1). Sales	-255.7	-255.7	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3.) Disposals	-6.0	-6.0	0.0
c. Adjustments @ cost	5.5	5.5	-0.1
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and Losses	-3.5	-3.5	0.0
(3.) Other	9.0	9.0	-0.1
5. Inventory EOP	675.6	401.9	273.7
1. Storage	3.5	3.5	0.0
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	3.5	3.5	0.0
WRM BUDGET REQUEST			
1. Obligations @ Cost	264.2	264.2	0.0
a. Additional WRM	0.0	0.0	0.0
b. Replen. WRM	264.2	264.2	0.0
c. Repair WRM	0.0	0.0	0.0
d. Assemble/Disassemble	0.0	0.0	0.0
e. Other	0.0	0.0	0.0
Total Request	264.2	264.2	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Management Activity Group
War Reserve Material Stockpile
Fiscal Year (FY) 2015 President's Budget
March 2014
Material Supply Chains
FY 2015
(\$ in millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	675.6	401.9	273.7
2. Price Change	0.0	0.0	0.0
3. Reclassification	0.0	0.0	0.0
4. Inventory Changes			
a. Receipts @ cost	266.2	266.2	0.0
(1). Purchases	262.7	262.7	0.0
(2). Returns from customers	3.5	3.5	0.0
b. Issues @ cost	-264.3	-264.3	0.0
(1). Sales	-258.8	-258.8	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3.) Disposals	-5.5	-5.5	0.0
c. Adjustments @ cost	4.3	4.3	-0.1
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and Losses	-2.0	-2.0	0.0
(3.) Other	6.3	6.3	-0.1
5. Inventory EOP	681.8	408.1	273.7
1. Storage	3.5	3.5	0.0
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	3.5	3.5	0.0
WRM BUDGET REQUEST			
1. Obligations @ Cost	262.7	262.7	0.0
a. Additional WRM	0.0	0.0	0.0
b. Replen. WRM	262.7	262.7	0.0
c. Repair WRM	0.0	0.0	0.0
d. Assemble/Disassemble	0.0	0.0	0.0
e. Other	0.0	0.0	0.0
Total Request	262.7	262.7	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
Source of New Orders and Revenue
Fiscal Year (FY) 2015 President's Budget
March 2014
(Dollars in Millions)

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
1. New Orders			
a. Orders from DoD Components	11,706.690	11,955.857	11,668.564
Army	5,594.784	5,706.600	5,573.482
O&M, Army	2,557.247	2,605.099	2,549.460
O&M - Recovery Act, Army	-	-	-
O&M, Army Reserve	115.309	117.345	114.342
O&M - Recovery Act, Army Reserve	-	-	-
O&M, Army National Guard	441.757	449.554	438.050
Army National Guard	-	-	-
RDT&E, Army	8.051	8.230	8.027
Aircraft Procurement, Army	14.217	14.595	14.249
Missile Procurement, Army	1.311	1.367	1.338
Procurement of Weapons & Tracked Vehicles,	7.787	7.968	7.774
Procurement of Ammunition, Army	0.164	0.167	0.163
Other Procurement, Army	128.975	131.769	128.505
Military Construction, Army	(0.088)	(0.089)	(0.087)
Military Construction, Army Reserve	0.008	0.008	0.008
Military Construction, Army National Guard	0.094	0.096	0.094
Family Housing Construction, Army	0.001	0.001	0.001
Family Housing, O&M, Army	0.311	0.317	0.309
Military Personnel, Army	2,117.001	2,154.369	2,099.235
National Guard Personnel, Army	116.007	118.055	115.033
Reserve Personnel, Army	49.799	50.678	49.381
Afghanistan Infrastructure Fund	0.151	0.171	0.170
Iraq Security Forces Fund	0.000	0.000	0.000
Army Other	36.681	46.900	47.430

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
Source of New Orders and Revenue
Fiscal Year (FY) 2015 President's Budget
March 2014
(Dollars in Millions)

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
Navy	2,401.116	2,454.391	2,393.609
O&M, Navy	1,603.248	1,642.431	1,602.426
O&M, Navy Reserve	68.159	69.362	67.587
Aircraft Procurement, Navy	53.585	54.531	53.135
Weapons Procurement, Navy	3.792	3.859	3.760
Procurement of Ammunition, Navy & MC	0.001	0.002	0.001
Other Procurement, Navy	96.614	98.319	95.803
Shipbuilding & Conversion, Navy	32.305	32.881	32.041
RDT&E, Navy	2.092	2.129	2.074
Military Construction, Navy & MC	0.000	0.000	0.000
Family Housing, O&M, Navy & MC	0.552	0.562	0.548
Other Navy Appropriations	0.376	0.386	0.377
National Defense Sealift Fund, Navy	0.219	0.223	0.218
Military Personnel, Navy	537.352	546.837	532.843
Reserve Personnel, Navy	2.819	2.869	2.795

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
Source of New Orders and Revenue
Fiscal Year (FY) 2015 President's Budget
March 2014
(Dollars in Millions)

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
Air Force	245.822	256.079	250.599
O&M, Air Force	138.502	141.056	137.469
O&M, Air Force Reserve	0.884	0.900	0.877
O&M, Air National Guard	1.899	1.932	1.883
RDT&E, Air Force	(0.018)	(0.018)	(0.017)
Air Force Procurement Accounts	-	-	-
Aircraft Procurement, Air Force	11.023	11.232	10.947
Missile Procurement, Air Force	0.060	0.067	0.066
Other Procurement, Air Force	0.967	0.985	0.959
Military Construction, Air Force	-	-	-
Family Housing, O&M, Air Force	2.532	2.577	2.511
Military Personnel, Air Force	45.271	46.070	44.891
Reserve Personnel, Air Force	6.016	6.122	5.965
National Guard Personnel, Air Force	16.086	16.370	15.951
Air Force Other	22.599	28.786	29.096
Marine Corps	829.056	845.830	824.633
O&M, MC	542.168	553.870	540.142
O&M, MC Reserve	41.949	42.689	41.597
Procurement, MC	16.115	16.399	15.980
Military Personnel, MC	203.506	207.107	201.808
Reserve Personnel, MC	25.318	25.765	25.106

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
Source of New Orders and Revenue
Fiscal Year (FY) 2015 President's Budget
March 2014
(Dollars in Millions)

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
DoD Appropriated Accounts	2,635.912	2,692.956	2,626.242
O&M, Defense Wide, Defense	112.131	119.870	118.008
RDT&E, Defense-Wide	0.302	0.337	0.335
Procurement, Defense-Wide	1.044	1.062	1.035
National Guard & Reserve Equipment, Defense	0.023	0.023	0.023
Military Construction, Defense-Wide	-	-	-
Family Housing, Defense-Wide	-	-	-
Defense Health Program, Defense	2,481.524	2,525.325	2,460.699
DoD, Base Closure Account 1990	0.154	0.156	0.152
DoD, Base Closure Account 2005	(0.969)	(1.108)	(1.105)
Defense Emergency Response Fund, Defense	-	-	-
Support for International Sporting Competitions, Defense	0.003	0.003	0.003
Employee & Employer Contributions, Foreign Govt Social Security & Related Programs, OSD	-	-	-
OSD Appropriated	41.600	47.172	46.978
DoD, Acquisition Workforce Development Fund	0.100	0.114	0.113

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
Source of New Orders and Revenue
Fiscal Year (FY) 2015 President's Budget
March 2014
(Dollars in Millions)

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
b. Orders from Other Activity Groups	8,202.593	8,372.634	8,120.895
Civil Corps of Engineers, Revolving Fund	-	-	-
OSD, Defense Working Capital Fund	-	-	-
Defense Agencies, Defense Working Capital Fund	24.204	24.558	23.839
Army Working Capital Funds	2,310.715	2,354.480	2,295.935
Navy Working Capital Funds	1,769.911	1,808.577	1,764.095
Air Force Working Capital Funds	4,072.744	4,157.286	4,009.540
DLA, Defense Working Capital Fund	0.210	0.238	0.237
DFAS, Defense Working Capital Fund	-	-	-
DECA, Defense Working Capital Fund	4.176	4.237	4.113
Other Working Capital Funds	19.481	22.091	22.000
National Defense Stockpile Transaction Fund	-	-	-
Other DoD (no system report)	1.152	1.166	1.136
c. Total DoD	19,909.283	20,328.490	19,789.460
d. Other Orders:	807.372	794.155	789.798
Other Federal Agencies	2.715	1.116	1.137
Non-Federal Agencies	1.369	1.552	1.546
Foreign Military Sales	803.287	791.486	787.115
Credit Card Purchases	-	-	-
e. Total New Orders	20,716.655	21,122.645	20,579.257

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
Source of New Orders and Revenue
Fiscal Year (FY) 2015 President's Budget
March 2014
(Dollars in Millions)

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
2. Carry-In Orders	3,342.889	3,087.808	2,837.392
3. Total Gross Orders	24,059.544	24,210.453	23,416.649
4. Carry-Out Orders (-)	(3,087.808)	(2,837.392)	(2,705.761)
5. Sales Proceeds	101.493	73.621	63.177
6. Gross Sales (-)	21,073.229	21,446.682	20,774.066
7. Credits & Allowances (-)	(226.862)	(250.559)	(243.934)
8. Net Sales	20,846.367	21,196.123	20,530.132
9. Reimbursable Sales	609.500	853.906	797.333
10. Total Revenue	21,455.867	22,050.029	21,327.465

DEFENSE LOGISTICS AGENCY			
Defense-Wide Working Capital Fund			
Supply Chain Management Activity Group			
Revenue and Costs			
Fiscal Year (FY) 2015 President's Budget			
March 2014			
Total Supply Chain Management			
(Dollars in Millions)			
	FY 2013	FY 2014	FY 2015
Revenue			
Gross Sales	19,883.4	20,185.3	19,511.7
Operations	19,949.9	20,248.8	19,576.9
Capital Surcharge	-73.5	-74.9	-76.7
Depreciation excluding Major Construction	7.0	11.4	11.5
Other Income	1,799.4	2,115.3	2,059.7
Reimbursable Income	1,757.7	2,054.1	2,008.0
Other Income Depreciation	41.7	61.2	51.7
Refunds/Discounts (-)	-226.9	-250.6	-243.9
Total Revenue	21,455.9	22,050.0	21,327.5
Costs			
Cost of Materiel Sold from Inventory	17,261.2	17,187.4	16,539.6
Salaries and Wages:			
Military Personnel Compensation & Benefits	42.5	40.1	40.5
Civilian Personnel Compensation & Benefits	2,045.7	2,203.8	2,228.4
Travel & Transportation	17.7	38.7	37.3
Materials & Supplies (For internal operations)	48.0	83.8	84.3
Equipment	191.9	171.5	173.0
Other Purchases from Revolving Funds	332.3	305.3	307.4
Transportation of Things	394.1	524.9	519.1
Depreciation - Capital	119.3	184.9	181.7
Printing and Reproduction	6.5	14.4	14.9
Advisory and Assistance Service	0.5	55.8	54.2
Rent, Communications, Utilities & Misc. Charges	55.9	72.7	73.7
Other Purchased Services	1,113.8	1,738.4	1,647.5
Total Costs	21,629.3	22,621.8	21,901.5
Operating Results	-173.4	-571.8	-574.1
Less Capital Surcharge Reservation	73.5	74.9	76.7
Less Recover Other	0.0	0.0	0.0
Plus Passthrough or Other Appropriations Affecting NOR	226.5	93.3	83.6
Plus Passthrough or Other Appropriations Not Affecting NOR	0.0	0.0	0.0
Other Adjustments Affecting NOR	-484.1	-715.0	-90.5
Net Operating Results	-357.5	-1,118.6	-504.3
Prior Year Accumulated Operating Results	1,862.2	1,504.8	287.7
Prior Year Adjustments	0.0	0.0	0.0
Other Changes Affecting AOR	0.0	-98.4	-287.3
Accumulated Operating Result	1,504.7	287.7	-503.9

Exhibit Fund 14-Revenue and Costs

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Fiscal Year (FY) 2015 President's Budget
MARCH 2014

FUNCTIONAL DESCRIPTION

The Defense Logistics Agency Energy (DLA Energy) provides comprehensive worldwide energy support for the military services and other authorized customers. DLA Energy serves as the Department's Executive Agent for the bulk petroleum supply chain. Energy business includes sales of petroleum and aerospace fuels; arranging for petroleum support services; providing facility/equipment maintenance on fuel infrastructure; performing energy-related environmental assessment and cleanup; coordinating bulk petroleum transportation; and performing petroleum quality surveillance functions worldwide. DLA Energy also procures electricity and natural gas for the military services as well as performs procurement functions for the privatization of their utility systems.

BUDGET HIGHLIGHTS

FY 2014 and FY 2015 reflect adjustments in fuel cost assumptions and are in line with future market projections included in the Office of Management and Budget's (OMB's) economic assumptions.

PERFORMANCE INDICATORS

Energy: Net Barrels Sold

DLA Energy measures its workload in terms of net barrels sold. Net barrels sold reflect requirements provided to DLA Energy by the military services and other authorized customers. The below table displays projected net barrels sold over the budget period.

(Barrels in Millions)	FY 2013	FY 2014	FY 2015
Net Barrels Sold	103.1	105.1	104.0

Net Sales estimates in FY 2014-2015 are derived from demand forecasts from the military services.

NET OPERATING RESULTS (NOR):

The NOR is the difference between revenue (including reimbursements) and expenses. NOR includes, as applicable, adjustments for supplemental and other income such as federal and

state excise taxes collected on sales. In FY 2013, DLA Energy received a supplemental for \$969M in April 2013 as a transfer in from the Foreign Currency Fluctuation Account as well as a \$425M transfer in September 2013. After receipt of the initial supplemental, DLA Energy returned approximately \$550M to the military services based on direction by the Office of the Secretary of Defense (OSD). Overseas Contingency Operations supplemental of \$85M are included for FY 2014 and \$47M for FY 2015. ¹

Energy NOR (\$ millions)	FY 2013	FY 2014	FY 2015
Revenue	16,852.6	16,648.7	16,417.8
Expenses	17,442.9	17,334.6	16,293.2
Operating Results	-590.3	-685.9	124.6
Overseas Contingency Operations (OCO) Appropriations ¹	130.4	85.0	47.0
Transfers	1,263.6	-347.5	0.0
Net Operating Results	803.7	-948.4	171.6
Prior Year Accumulated Operating Results (AOR)	71.9	875.6	-72.8
Other Changes Affecting AOR	0.0	0.0	-98.8
Accumulated Operating Results	875.6	-72.8	0.0

CASH:

Pricing decisions, market conditions, and workload estimates result in projections for cash collections, disbursements, and net outlays.

(\$ millions)	FY 2013	FY 2014	FY 2015
Disbursements	17,144.7	17,067.3	16,220.9
Collections	16,597.5	16,505.8	16,417.7
Net Outlays	547.2	561.5	-196.8
Overseas Contingency Operations (OCO) Appropriations ¹	130.4	85.0	47.0
Transfers	1,263.6	-347.5	0.0
Cash Gain (-)/Loss (+)	-846.8	824.0	-243.8

¹ "Because the Administration has not yet made final decisions about an enduring presence in Afghanistan after calendar year 2014, the Budget includes a placeholder for the Department of Defense's 2015 OCO funding. This number is a placeholder and appears solely for the purposes of estimating reimbursable rates and cash balances in DOD working capital fund activities. Once DOD's OCO needs for 2015 are determined, a budget amendment package will be transmitted subsequent to release of the Budget."¹

UNIT COST:

Unit cost per barrel sold for petroleum products is the cost per-barrel (Obligation Authority plus depreciation) for product and non-product costs divided by net sales barrels.

Energy Petroleum Unit Cost	FY 2013	FY 2014	FY 2015
Unit Cost Goal (\$/barrel)	162.85	162.73	154.82

ENERGY PRICING (PETROLEUM):

The Department of Defense (DoD) petroleum pricing is based on crude oil forecasts provided by the OMB. The OMB establishes crude petroleum rates based on market futures data from the New York Mercantile Exchange.

The following petroleum cost assumptions were used in the development of the budget:

Petroleum (Materiel) Cost	FY 2013	FY 2014	FY 2015
Crude (\$/barrel)	100.64	94.56	89.64
Refined (\$/barrel)	150.96	141.84	134.46

The standard price was \$156.66 per barrel in FY 2013 and \$152.04 per barrel in FY 2014. The standard price is projected to be \$155.40 per barrel in FY 2015.

The following table provides the standard price for FY 2013 through FY 2015:

Standard Price	FY 2013	FY 2014	FY 2015
Petroleum (\$/barrel)	156.66	152.04	155.40

INVENTORY:

DLA Energy FY 2015 inventory objective is 56.3 million barrels, of which 34.5 million barrels are war reserve material (WRM).

In the following table, "normal" losses refer to spills, evaporation, shrinkage, and contamination. Combat fuel losses include losses from insurgent attacks, theft, and spillage caused by a lack of fully matured infrastructure in Afghanistan.

Energy Inventory (Barrels in Millions)	FY 2013	FY 2014	FY 2015
<u>Beginning Inventory</u>	<u>57.7</u>	<u>56.3</u>	<u>56.3</u>
Peacetime Operating	23.2	21.8	21.8
War Reserve	34.5	34.5	34.5
Receipts	101.2	107.1	106.0
Sales (Net)	-103.1	-105.1	-104.0
Returns without Credit	0.0	0.0	0.0
Net Gains/Losses (Normal)	0.5	-2.0	-2.0
Combat Losses	0.0	-0.1	-0.1
<u>Ending Inventory</u>	<u>56.3</u>	<u>56.3</u>	<u>56.3</u>
Peacetime Operating	21.8	21.8	21.8
War Reserve	34.5	34.5	34.5

OPERATIONS

The following table reflects the personnel numbers included in this submission.

Personnel	FY 2013	FY 2014	FY 2015
End Strength			
Military*	29	48	48
Civilian	1333	1442	1451
Total	1362	1490	1499
FTEs			
Military*	29	48	48
Civilian	1283	1312	1323
Total	1312	1360	1371

*Includes full time military only and does not include Reserve positions.

SUSTAINMENT, RESTORATION, and MODERIZATION (SRM) :

DLA Energy has established SRM funding levels based on the results of recent planning studies and the number of projects identified by the military services.

SRM Operating (\$ millions)	FY 2013	FY 2014	FY 2015
Maintenance & Repair/SRM	216.4	332.0	337.7
Demolition	2.5	12.0	11.0
Non ADP Equip	25.2	41.0	42.0
Minor Construction	2.1	13.0	14.0
Total (Operating Only)	246.2	398.0	404.7

TRANSPORTATION:

DLA Energy budgets for worldwide transportation of fuel via various modes of transportation to include tanker, truck, pipeline, and rail car. The main cost driver in the transportation budget is the per diem rates paid to Military Sealift Command (MSC). Similar to DLA Energy, MSC is funded through a working capital fund resulting in fluctuating rates.

(\$ millions)	FY 2013	FY 2014	FY 2015
Transportation	391.1	414.4	421.1

TERMINAL OPERATIONS (FACILITIES):

DLA Energy funds contractor and government operated storage and distribution operations worldwide. Most storage and distribution requirements are funded via multi-year recurring service contracts and funding requirements change from year to year depending on contract award patterns.

(\$ millions)	FY 2013	FY 2014	FY 2015
Terminal Operations	239.4	481.7	392.0
Facility Operations	2.8	4.0	4.0

ENVIRONMENTAL

DLA Energy provides funding for environmental compliance and restoration at military service locations that store and manage capitalized fuel. The Defense Fuel Support Points (DFSPs) that store capitalized fuel rely on DLA Energy funding for their environmental program costs to comply with federal, state, and local laws and regulations. Environmental costs include permit fees, oil spill response organization fees and other spill response expenses, waste disposal fees, costs associated with updating spill response plan, sampling and analyzing fees, and spill response and remediation costs.

(\$ millions)	FY 2013	FY 2014	FY 2015
Environmental	69.0	82.2	83.7

NATURAL GAS

The DLA Energy's Natural Gas procurement was a reimbursable program through the middle of FY 2013. In June of FY 2013 DLA Energy began direct citing the customer's line of accounting on Natural Gas contracts so reimbursable authority is no longer necessary.

(\$ millions)	FY 2013	FY 2014	FY 2015
Natural Gas	65.9	0.0	0.0

AEROSPACE ENERGY

In addition to petroleum based products, DLA Energy provides fuel in the form of missile propellants & cryogenics to customers worldwide. Costs for Aerospace Energy include product, transportation, operations, and storage costs. Obligation costs fluctuate each year primarily due to storage contracts, which are typically 5-year contracts. In FY 2015, obligations are expected to be higher than average due to a projected obligation for a 5-year contract for storage of hydrazine products.

\$ millions)	FY 2013	FY 2014	FY 2015
Sales	64.5	68.0	64.0
Obligations	55.8	51.8	81.0

CAPITAL:

The capital budget funds investments that exceed the \$250,000 investment criteria for the automated data processing equipment (ADPE), non-ADPE, software development, and minor construction categories. (Minor construction above \$750,000 becomes MILCON investment and is not included.)

Capital Budget (\$ millions)	FY 2013	FY 2014	FY 2015
Equipment (non-ADP)	20.2	22.3	19.8
Software & ADP Equipment	27.1	12.1	0.0
Minor Construction	39.3	68.5	45.7
Total	86.6	102.9	65.5

The FY 2015 capital budget estimate of \$65.5 million reflects an overall decrease of \$37.4 million from FY 2013. This decrease is primarily driven by reduced Minor Construction requirements and the conclusion of the software development investment for the Enterprise Business Systems (EBS) Energy Convergence Program.

OVERSEAS CONTINGENCY OPERATIONS (OCO) SUPPLEMENTAL REQUEST:

Direct appropriations, for DLA Energy Overseas Contingency Operations (OCO), were provided in FY 2013 and requested in FY 2014. The appropriation requests below are in support of

operations in Afghanistan, and reflect the changes to what was previously enacted:

OCO(\$ millions)	FY 2013 OCO Executed	FY 2014 Request	FY 2015
Combat Fuel Losses	1.9	10.0	TBD
Fuel Trans/Terminal Ops/Aerospace (Operations)	69.1	75.0	TBD
TOTAL ²	71.0	85.0	47.0

² "Because the Administration has not yet made final decisions about an enduring presence in Afghanistan after calendar year 2014, the Budget includes a placeholder for the Department of Defense's 2015 OCO funding. This number is a placeholder and appears solely for the purposes of estimating reimbursable rates and cash balances in DOD working capital fund activities. Once DOD's OCO needs for 2015 are determined, a budget amendment package will be transmitted subsequent to release of the Budget."²

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Supply Management Summary by Division
Fiscal Year (FY) 2015 President's Budget
FY 2013
(Dollars in Millions)
FY 2013 - FY 2015

DIVISION	Net Customer Orders	Net Sales at Standard	Obligation Targets					Variability Target	Total Target
			Operating	Mobilization	Direct APPN	Total Operating Obligations	Total Capital Obligations		
ENERGY MISSION	16,154.0	16,154.0	15,243.9	0.0	46.3	15,290.3	86.6	0.0	15,376.9
AEROSPACE	64.5	64.5	55.8	0.0	24.6	80.4	0.0	0.0	80.4
NATURAL GAS	65.9	65.9	65.9	0.0	0.0	65.9	0.0	0.0	65.9
REIMBURSABLE	31.0	31.0	31.0	0.0	0.0	31.0	0.0	0.0	31.0
TOTAL	16,315.3	16,315.3	15,396.6	0.0	70.9	15,467.6	86.6	0.0	15,554.2

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Supply Management Summary by Division
Fiscal Year (FY) 2015 President's Budget
FY 2014
(Dollars in Millions)
FY 2013 - FY 2015

DIVISION	Net Customer Orders	Net Sales at Standard	Obligation Targets					Variability Target	Total Target
			Operating	Mobilization	Direct APPN	Total Operating Obligations	Total Capital Obligations		
ENERGY MISSION	15,979.4	15,979.4	19,376.7	0.0	85.0	19,461.7	103.0	2,500.0	22,064.7
AEROSPACE	68.0	68.0	51.8	0.0	0.0	51.8	0.0	0.0	51.8
NATURAL GAS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
REIMBURSABLE	40.4	40.4	40.4	0.0	0.0	40.4	0.0	0.0	40.4
TOTAL	16,087.9	16,087.9	19,468.9	0.0	85.0	19,553.9	103.0	2,500.0	22,156.9

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Supply Management Summary by Division
Fiscal Year (FY) 2015 President's Budget
FY 2015
(Dollars in Millions)
FY 2013 - FY 2015

DIVISION	Net Customer Orders	Net Sales at Standard	Obligation Targets					Variability Target	Total Target
			Operating	Mobilization	Direct APPN	Total Operating Obligations	Total Capital Obligations		
ENERGY MISSION	16,161.6	16,161.6	15,378.5	0.0	47.0	15,425.5	65.5	2,500.0	17,991.0
AEROSPACE	64.0	64.0	81.0	0.0	0.0	81.004	0.0	0.0	81.0
NATURAL GAS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
REIMBURSABLE	42.2	42.2	42.2	0.0	0.0	42.2	0.0	0.0	42.2
TOTAL	16,267.8	16,267.8	15,501.7	0.0	47.0	15,548.7	65.5	2,500.0	18,114.2

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Inventory Status - Energy
Fiscal Year (FY) 2015 President's Budget
FY 2013
(Dollars in Millions)
FY 2013 - FY 2015

DLA Energy	Total	Demand Based	Mobilization	Non-Demand Based
1. INVENTORY - Beginning of Period (BOP)	7,679.630	3,087.5	4,592.1	0.0
2. BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	651.1	829.9	-178.8	0.0
c. Inventory Reclassified and Repriced	8,330.8	3,917.43	4,413.32	0.0
3. PURCHASES	15,472.1	15,472.1	0.0	0.0
4. GROSS SALES AT COST	-17,154.2	-17,154.2	0.0	0.0
5. INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	0.0	0.0	0.0	0.0
Transfer to other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from Military Services	0.0	0.0	0.0	0.0
b. Returns from Customers for Credit (+)	491.5	491.5	0.0	0.0
c. Returns for Customers without Credit	0.0	0.0	0.0	0.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	0.0	0.0	0.0	0.0
f. Issues/Receipts without Reimbursement (+/-)	0.0	0.0	0.0	0.0
g. Other (List and Explain)	75.2	75.2	0.0	0.0
g. Combat Losses (-)	-1.9	-1.9	0.0	0.0
h. Total Adjustments	564.8	564.8	0.0	0.0
6. INVENTORY - End of Period (EOP)	7,213.4	2,800.1	4,413.3	0.0
7. INVENTORY ON ORDER EOP	7,213.4	2,800.1	4,413.3	0.0
8. Narrative (Explanation of unusual changes)				

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Inventory Status - Energy
Fiscal Year (FY) 2015 President's Budget
FY 2014
(Dollars in Millions)
FY 2013 - FY 2015

DLA Energy	Total	Demand Based	Mobilization	Non-Demand Based
1. INVENTORY - Beginning of Period (BOP)	7,213.4	2,800.1	4,413.3	0.0
2. BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	772.7	292.6	480.2	0.0
c. Inventory Reclassified and Repriced	7,986.2	3,092.7	4,893.5	0.0
3. PURCHASES	15,945.3	15,945.3	0.0	0.0
4. GROSS SALES AT COST	-15,794.2	-15,794.2	0.0	0.0
5. INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	0.0	0.0	0.0	0.0
Transfer to other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from Military Services	0.0	0.0	0.0	0.0
b. Returns from Customers for Credit (+)	851.0	851.0	0.0	0.0
c. Returns for Customers without Credit	0.0	0.0	0.0	0.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	0.0	0.0	0.0	0.0
f. Issues/Receipts without Reimbursement (+/-)	0.0	0.0	0.0	0.0
g. Other (List and Explain)	-276.9	-276.9	0.0	0.0
g. Combat Losses (-)	-10.0	-10.0	0.0	0.0
h. Total Adjustments	564.2	564.2	0.0	0.0
6. INVENTORY - End of Period (EOP)	8,701.5	3,808.0	4,893.5	0.0
7. INVENTORY ON ORDER EOP	8,701.5	3,808.0	4,893.5	0.0
8. Narrative (Explanation of unusual changes)				

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Inventory Status - Energy
Fiscal Year (FY) 2015 President's Budget
FY 2015
(Dollars in Millions)
FY 2013 - FY 2015

DLA Energy	Total	Demand Based	Mobilization	Non-Demand Based
1. INVENTORY - Beginning of Period (BOP)	8,701.5	3,808.0	4,893.5	0.0
2. BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	-1,130.9	-876.3	-254.6	0.0
c. Inventory Reclassified and Repriced	7,570.6	2,931.8	4,638.9	0.0
3. PURCHASES	14,116.6	14,116.6	0.0	0.0
4. GROSS SALES AT COST	-14,826.3	-14,826.3	0.0	0.0
5. INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	0.0	0.0	0.0	0.0
Transfer to other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from Military Services	0.0	0.0	0.0	0.0
b. Returns from Customers for Credit (+)	806.8	806.8	0.0	0.0
c. Returns for Customers without Credit	0.0	0.0	0.0	0.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	0.0	0.0	0.0	0.0
f. Issues/Receipts without Reimbursement (+/-)	0.0	0.0	0.0	0.0
g. Other (List and Explain)	-262.5	-262.5	0.0	0.0
g. Combat Losses (-)	-10.0	-10.0	0.0	0.0
h. Total Adjustments	534.3	534.3	0.0	0.0
6. INVENTORY - End of Period (EOP)	7,395.2	2,756.3	4,638.9	0.0
7. INVENTORY ON ORDER EOP	7,395.2	2,756.3	4,638.9	0.0
8. Narrative (Explanation of unusual changes)				

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
War Reserve Material (WRM)
Fiscal Year (FY) 2015 President's Budget
FY 2013
(Dollars in Millions)
FY 2013 - FY 2015

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	4,592.1	4,592.1	0.0
2. Price Change (Memo)	-178.8	-178.8	0.0
3. Inventory Repriced	4,413.3	4,413.3	0.0
4. Inventory Changes			
a. Receipts @ cost	0.0	0.0	0.0
(1). Purchases	0.0	0.0	0.0
(2). Returns from customers	0.0	0.0	0.0
b. Issues @ cost	0.0	0.0	0.0
(1). Sales	0.0		0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3.) Disposals	0.0	0.0	0.0
c. Adjustments @ cost	0.0	0.0	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and Losses	0.0	0.0	0.0
(3.) Other	0.0	0.0	0.0
5. Inventory EOP	4,413.3	4,413.3	0.0

WRM STOCKPILE COSTS			
1. Storage	0.0		
2. Management	0.0		
3. Maintenance/Other	0.0		
Total Cost	0.0	0.0	0.0
WRM BUDGET REQUEST			
1. Obligations @ Cost	0.0	0.0	0.0
a. Additional WRM	0.0	0.0	0.0
b. Replen. WRM	0.0	0.0	0.0
c. Repair WRM	0.0	0.0	0.0
d. Assemble/Disassemble	0.0	0.0	0.0
e. Other	0.0	0.0	0.0
Total Request	0.0	0.0	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
War Reserve Material (WRM)
Fiscal Year (FY) 2015 President's Budget
FY 2014
(Dollars in Millions)
FY 2013 - FY 2015

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	4,413.3	4,413.3	0.0
2. Price Change (Memo)	480.2	480.2	0.0
3. Inventory Repriced	4,893.5	4,893.5	0.0
4. Inventory Changes			
a. Receipts @ cost	0.0	0.0	0.0
(1). Purchases	0.0	0.0	0.0
(2). Returns from customers	0.0	0.0	0.0
b. Issues @ cost	0.0	0.0	0.0
(1). Sales	0.0		0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3.) Disposals	0.0	0.0	0.0
c. Adjustments @ cost	0.0	0.0	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and Losses	0.0	0.0	0.0
(3.) Other	0.0	0.0	0.0
5. Inventory EOP	4,893.5	4,893.5	0.0

WRM STOCKPILE COSTS			
1. Storage	0.0		
2. Management	0.0		
3. Maintenance/Other	0.0		
Total Cost	0.0	0.0	0.0
WRM BUDGET REQUEST			
1. Obligations @ Cost	0.0	0.0	0.0
a. Additional WRM	0.0	0.0	0.0
b. Replen. WRM	0.0	0.0	0.0
c. Repair WRM	0.0	0.0	0.0
d. Assemble/Disassemble	0.0	0.0	0.0
e. Other	0.0	0.0	0.0
Total Request	0.0	0.0	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
War Reserve Material (WRM)
Fiscal Year (FY) 2015 President's Budget
FY 2015
(Dollars in Millions)
FY 2013 - FY 2015

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	4,893.5	4,893.5	0.0
2. Price Change (Memo)	(254.6)	(254.6)	0.0
3. Inventory Repriced	4,638.9	4,638.9	0.0
4. Inventory Changes			
a. Receipts @ cost	0.0	0.0	0.0
(1). Purchases	0.0	0.0	0.0
(2). Returns from customers	0.0	0.0	0.0
b. Issues @ cost	0.0	0.0	0.0
(1). Sales	0.0		0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3.) Disposals	0.0	0.0	0.0
c. Adjustments @ cost	0.0	0.0	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and Losses	0.0	0.0	0.0
(3.) Other	0.0	0.0	0.0
5. Inventory EOP	4,638.9	4,638.9	0.0

WRM STOCKPILE COSTS			
1. Storage	0.0		
2. Management	0.0		
3. Maintenance/Other	0.0		
Total Cost	0.0	0.0	0.0
WRM BUDGET REQUEST			
1. Obligations @ Cost	0.0	0.0	0.0
a. Additional WRM	0.0	0.0	0.0
b. Replen. WRM	0.0	0.0	0.0
c. Repair WRM	0.0	0.0	0.0
d. Assemble/Disassemble	0.0	0.0	0.0
e. Other	0.0	0.0	0.0
Total Request	0.0	0.0	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Source of New Orders and Revenue
Fiscal Year (FY) 2015 President's Budget
March 2014
Energy Supply Chain
(Dollars in Millions)

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
1. New Orders			
a. Orders from DoD Components	12,925.3	12,582.7	12,579.8
Army	2,363.4	1,843.7	1,308.2
O&M, Army	1,592.4	1,262.2	891.5
O&M - Recovery Act, Army			
O&M, Army Reserve	69.6	55.1	38.9
O&M - Recovery Act, Army Reserve			
O&M, Army National Guard	226.7	179.7	126.9
Army National Guard	1.1	0.8	0.6
RDT&E, Army	209.8	166.3	117.4
Aircraft Procurement, Army	8.8	7.0	4.9
Missile Procurement, Army	1.3	1.0	0.7
Procurement of Weapons & Tracked Vehicles, Army	0.2	0.1	0.1
Procurement of Ammunition, Army	0.8	0.6	0.4
Other Procurement, Army	0.2	0.2	0.1
Military Construction, Army	5.2	4.2	2.9
Military Construction, Army Reserve	6.6	5.2	3.7
Military Construction, Army National Guard			
	12.7	10.1	7.1
Family Housing Construction, Army	0.1	0.1	0.1
Family Housing, O&M, Army	81.7	64.7	45.7
Military Personnel, Army	73.9	58.6	41.4
National Guard Personnel, Army			
Reserve Personnel, Army	1.9	1.5	1.1
Afghanistan Infrastructure Fund			
Iraq Security Forces Fund			
Army Other	70.6	26.3	24.5

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Source of New Orders and Revenue
Fiscal Year (FY) 2015 President's Budget
March 2014
Energy Supply Chain
(Dollars in Millions)

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
Navy	3,792.1	3,581.5	3,668.3
O&M, Navy	3,579.8	3,382.5	3,464.4
O&M, Navy Reserve	195.5	185.0	189.5
Aircraft Procurement, Navy	3.2	3.1	3.1
Weapons Procurement, Navy	0.3	0.3	0.3
Procurement of Ammunition, Navy & MC			
Other Procurement, Navy	3.0	2.9	2.9
Shipbuilding & Conversion, Navy	0.0	0.0	0.0
RDT&E, Navy	0.4	0.4	0.4
Military Construction, Navy & MC			
Family Housing, O&M, Navy & MC	0.0	0.0	0.0
Other Navy Appropriations	9.9	7.4	7.6
National Defense Sealift Fund, Navy	0.0	0.0	0.0
Military Personnel, Navy	0.0	0.0	0.0
Reserve Personnel, Navy	0.0	0.0	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Source of New Orders and Revenue
Fiscal Year (FY) 2015 President's Budget
March 2014
Energy Supply Chain
(Dollars in Millions)

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
Air Force	6,668.3	6,954.9	7,387.4
O&M, Air Force	4,315.9	4,511.3	4,792.0
O&M, Air Force Reserve			
O&M, Air National Guard	748.2	782.1	830.7
RDT&E, Air Force	111.1	116.1	123.3
Air Force Procurement Accounts			
Aircraft Procurement, Air Force	0.4	0.4	0.5
Missile Procurement, Air Force	0.0	0.0	0.0
Other Procurement, Air Force	0.0	0.0	0.0
Military Construction, Air Force			
Family Housing, O&M, Air Force	3.1	3.3	3.5
Military Personnel, Air Force			
Reserve Personnel, Air Force			
National Guard Personnel, Air Force	1,459.5	1,525.6	1,620.5
Air Force Other	30.2	16.2	16.9
Marine Corps	71.2	89.9	95.8
O&M, MC	59.2	83.3	88.8
O&M, MC Reserve	1.2	1.7	1.8
Procurement, MC	0.2	0.2	0.3
Military Personnel, MC	0.0	0.0	0.0
Marine Corp Other	10.6	4.7	5.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Source of New Orders and Revenue
Fiscal Year (FY) 2015 President's Budget
March 2014
Energy Supply Chain
(Dollars in Millions)

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
DoD Appropriated Accounts	30.3	112.6	120.1
O&M, Defense Wide, Defense	30.3	112.6	120.1
RDT&E, Defense-Wide			
Procurement, Defense-Wide			
National Guard & Reserve Equipment, Defense			
Military Construction, Defense-Wide			
Family Housing, Defense-Wide			
Defense Health Program, Defense			
DoD, Base Closure Account 1990			
DoD, Base Closure Account 2005			
Defense Emergency Response Fund, Defense			
Support for International Sporting Competitions, Defense			
Employee & Employer Contributions, Foreign			
Govt Social Security & Related Programs, OSD			
OSD Appropriated			
DoD, Acquisition Workforce Development Fund			

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Source of New Orders and Revenue
Fiscal Year (FY) 2015 President's Budget
March 2014
Energy Supply Chain
(Dollars in Millions)

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
b. Orders from Other Activity Groups	2,497.0	2,485.6	2,567.7
Civil Corps of Engineers, Revolving Fund			
OSD, Defense Working Capital Fund			
Defense Agencies, Defense Working Capital Fund			
Army Working Capital Funds	143.9	114.0	80.5
Navy Working Capital Funds	888.9	841.0	861.4
Air Force Working Capital Funds	1,464.2	1,530.6	1,625.8
DLA, Defense Working Capital Fund			
DFAS, Defense Working Capital Fund			
DECA, Defense Working Capital Fund			
Other Working Capital Funds	-	-	-
National Defense Stockpile Transaction Fund			
Other DoD (no system report)			
c. Total DoD	15,422.3	15,068.3	15,147.5
d. Other Orders:	1,763.0	1,931.8	2,052.6
Other Federal Agencies	547.0	686.5	722.4
Non-Federal Agencies	633.6	705.9	751.7
Foreign Military Sales	582.4	539.4	578.5
Credit Card Purchases			
e. Total New Orders	17,185.3	17,000.2	17,200.2

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Source of New Orders and Revenue
Fiscal Year (FY) 2015 President's Budget
March 2014
Energy Supply Chain
(Dollars in Millions)

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
2. Carry-In Orders			
3. Total Gross Orders	17,185.3	17,000.2	17,200.2
4. Carry-Out Orders (-)			
5. Sales Proceeds			
6. Gross Sales (-)	17,185.3	17,000.2	17,200.2
7. Credits & Allowances (-)	-491.5	-912.2	-932.4
8. Net Sales	16,693.8	16,087.9	16,267.8
9. Reimbursable Sales			
10. Total Revenue	16,693.8	16,087.9	16,267.8

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Revenue and Costs
Fiscal Year (FY) 2015 President's Budget
March 2014
(Dollars in Millions)
FY 2013 - FY 2015

Revenue:	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
Gross Sales @ Standard	17,195.1	17,410.9	17,200.2
Operations	17,107.9	17,313.5	17,114.8
Capital Surcharge	55.4	39.6	19.2
Depreciation	31.8	57.8	66.2
Other Income	149.0	150.0	150.0
Refunds/Discounts (-)	-491.5	-912.2	-932.4
Total Income	16,852.6	16,648.7	16,417.8
Adjusted Income			
Total Income (allocated)	16,852.6	16,648.7	16,417.8
Expenses:			
Cost of Materiel Sold from Inventory	15,376.3	14,944.0	14,020.4
Inventory Gains/Losses	55.6	286.9	272.5
Salaries and Wages:	184.7	184.6	190.7
Military Personnel Costs	12.7	11.7	13.4
Civilian Personnel Compensation	172.0	172.9	177.2
Travel & Transportation of Personnel	5.0	8.9	9.0
Materials & Supplies (For internal use)	0.5	1.4	1.4
Equipment	2.5	11.5	11.6
Other Purchases from Revolving Funds	98.0	149.8	141.2
Transportation of Things	420.2	449.2	452.4
Depreciation - Capital	31.8	57.8	66.2
Printing and Reproduction	0.3	0.5	0.5
Advisory and Assistance Services	5.4	23.4	22.0
Rent, Communication, and Utility	5.0	16.0	17.2
Other Purchased Services	1,257.7	1,200.6	1,088.0
Total Expenses (System)	17,442.9	17,334.6	16,293.2
Allocated Expenses			
Total Expenses (Allocated)	17,442.9	17,334.6	16,293.2
Operating Results	-590.3	-685.9	124.6
Plus Passthroughs or Other	1,394.0	-262.5	47.0
Other Changes Affecting NOR	0.0	0.0	0.0
Cash Surcharge	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0
Net Operating Results	803.7	-948.4	171.556
Prior Year AOR	71.9	875.6	-72.8
Other Changes Affecting AOR (Retained AOR)			-98.8
Accumulated Operating Results (AOR)	875.6	-72.8	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Fuel Data
Fiscal Year (FY) 2015 President's Budget
FY 2013 - FY 2019
Dollars in Thousands
FY 2013

DOD Sales			
Aerospace Energy	Units	Price Per Unit	Extended Price
Hydrazine Products	5,754	\$184.69	\$1,062,730.89
N2O (Tetroxide) Products	1,380	\$196.89	\$271,709.83
Bulk Helium Products	7,000	\$243.73	\$1,706,088.16
Nitrogen Products			
Non-Vandenberg	19,394	\$6.77	\$131,260.67
Vandenberg	0	\$0.00	\$0.00
Helium Products			
Helium, Liquid Quads	1,000,903	\$20.18	\$20,200,647.49
Liquid Helium	1,250	\$137.29	\$171,614.69
Other Products			
Aviator's Breathing Oxygen	3,438,716	\$1.47	\$5,057,669.01
Liquid Nitrogen (0493)	17,814	\$128.38	\$2,286,968.44
Liquid Nitrogen (4769)	2,600,901	\$0.72	\$1,863,295.61
JP-10	84,186	\$19.98	\$1,681,639.28
Liquid Hydrogen	209,047	\$3.77	\$788,963.12
Other	8,794,396	See Complete Price List	\$1,872,605.38
Total DoD	16,500,742		\$37,095,192.56

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Fuel Data
Fiscal Year (FY) 2015 President's Budget
FY 2013 - FY 2019
Dollars in Thousands
FY 2014

DOD Sales			
Aerospace Energy	Units	Price Per Unit	Extended Price
Hydrazine Products	7,791	\$149.58	\$1,165,384.37
N2O (Tetroxide) Products	5,290	\$157.91	\$835,325.88
Bulk Helium Products	15,400	\$247.74	\$3,815,170.21
Nitrogen Products			
Non-Vandenberg	16,550	\$6.49	\$107,409.78
Vandenberg	13,800	\$14.01	\$193,340.85
Helium Products			
Helium, Gaseous Quads	200,000	\$32.92	\$6,584,282.89
Liquid Helium	1,100	\$141.83	\$156,014.91
Other Products			
Aviator's Breathing Oxygen	2,926,000	\$1.58	\$4,630,647.58
Liquid Nitrogen (0493)	17,304	\$142.23	\$2,461,093.01
Liquid Nitrogen (4769)	2,100,000	\$1.28	\$2,697,556.37
JP-10	44,622	\$22.81	\$1,017,896.78
Liquid Hydrogen	-	\$0.00	\$0.00
Other	8,599,585	See Complete Price List	\$4,558,391.15
Total DoD	13,947,442		\$28,222,513.79

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Fuel Data
Fiscal Year (FY) 2015 President's Budget
FY 2013 - FY 2019
Dollars in Thousands
FY 2015

DOD Sales			
Aerospace Energy	Units	Price Per Unit	Extended Price
Hydrazine Products	7,791	\$149.58	\$1,165,384.37
N2O (Tetroxide) Products	5,290	\$157.91	\$835,325.88
Bulk Helium Products	15,400	\$247.74	\$3,815,170.21
Nitrogen Products			
Non-Vandenberg	16,550	\$6.49	\$107,409.78
Vandenberg	13800	\$14.01	\$193,340.85
Helium Products			
Helium, Liquid Quads	200,000	\$32.92	\$6,584,282.89
Liquid Helium	1,100	\$141.83	\$156,014.91
Other Products			
Aviator's Breathing Oxygen	2,926,000	\$1.58	\$4,630,647.58
Liquid Nitrogen (0493)	17,304	\$142.23	\$2,461,093.01
Liquid Nitrogen (4769)	2,100,000	\$1.28	\$2,697,556.37
JP-10	44,622	\$22.81	\$1,017,896.78
Liquid Hydrogen	-	\$0.00	\$0.00
Other	8,599,585	See Complete Price List	\$4,558,391.15
Total DoD	13,947,442		\$28,222,513.79

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Fuel Data
Fiscal Year (FY) 2015 President's Budget
FY 2013
(Dollars in Millions)
FY 2013 - FY 2015

Budget Petroleum Data	PROCURED FROM DESC			PROCURED BY SERVICE			
Petroleum Products	Barrels (Millions)	Price Per Barrel (\$)	Extended Price (\$Mil)	Barrels (Millions)	Cost Per Barrel (\$)	Extended Price (\$Mil)	Stabilized Price
<u>BULK and PC&S:</u>							
JP8	49.7	\$156.76	\$7,789.3				
DISTILLATES and DIESEL	17.9	\$153.33	\$2,737.1				
JP5	10.1	\$156.50	\$1,585.0				
JP50 and JA1	1.0	\$148.17	\$154.4				
JAA	5.9	\$155.65	\$915.4				
MOGAS (Unleaded)	1.0	\$151.40	\$144.1				
RESIDUALS	0.4	\$76.01	\$27.1				
MOGAS (Leaded)	0.2	\$151.40	\$23.7				
JTS	0.1	\$271.12	\$26.9				
Gasohol (GUR, GUM, GUP)	0.4	\$148.20	\$54.3				
Lubricants	0.0	\$460.37	\$9.7				
JP4, JAB	5.2	\$156.57	\$810.1				
Avgas	0.0	\$305.79	\$3.4				
TOTAL BULK and PC&S	91.7	\$155.68	\$14,280.4				
<u>INTOPLANE</u>							
Jet Fuel Commercial Grade	3.6	\$173.04	\$618.3				
<u>BUNKERS:</u>							
DIESEL	1.6	\$158.16	\$252.7				
RESIDUALS	0.1	\$155.65	\$17.0				
TOTAL BUNKERS	1.7	\$158.00	\$269.7				
<u>LOCAL PURCHASE and CASH</u>							
Jet Fuel	4.8	\$217.49	\$1,054.3				
Ground Fuel	1.3	\$239.14	\$301.2				
TOTAL LOCAL PURCHASE & CASH	6.1	\$221.96	\$1,355.5				
Rounding Factor			0.0				
TOTAL	103.115	\$160.25	\$16,523.8				

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Fuel Data
Fiscal Year (FY) 2015 President's Budget
FY 2014
(Dollars in Millions)
FY 2013 - FY 2015

Budget Petroleum Data	PROCURED FROM DESC			PROCURED BY SERVICE			
Petroleum Products	Barrels (Millions)	Price Per Barrel (\$)	Extended Price (\$Mil)	Barrels (Millions)	Cost Per Barrel (\$)	Extended Price (\$Mil)	Stabilized Price
<u>BULK and PC&S:</u>							
JP8	64.8	\$152.04	\$9,844.9				
DISTILLATES (F76, DFW)	12.8	145.4667293	1867.164955				
JP5	8.9	\$148.50	\$1,328.2				
DIESEL (DF2)	8.2	\$136.50	\$1,116.0				
JP50 and JA1	0.2	\$152.04	\$25.7				
JAA	0.2	\$151.20	\$25.5				
MOGAS (Unleaded)	1.4	\$148.26	\$205.2				
RESIDUALS	0.2	\$96.18	\$16.2				
MOGAS (Leaded)	0.2	\$143.54	\$32.7				
JTS	0.1	\$270.90	\$18.3				
Gasohol	0.0	\$157.08	\$5.3				
Lubricants	0.0	\$548.34	\$13.9				
JP4, JAB	0.0	\$156.52	\$4.0				
Avgas	0.0	\$173.46	\$4.4				
TOTAL BULK and PC&S	97.0	149.5564174	\$14,507.3				
<u>INTOPLANE</u>							
Jet Fuel Commercial Grade	4.3	\$173.46	\$746.4				
<u>BUNKERS:</u>							
DIESEL (Marine)	1.6	\$136.50	\$218.8				
RESIDUALS (Intermediate)	0.3	\$96.18	\$33.3				
DISTILLATES (F76, DFW)	0.2	\$145.47	\$25.8				
TOTAL BUNKERS	2.1	\$130.69	\$277.9				
<u>LOCAL PURCHASE and CASH</u>							
Jet Fuel (NA1, NAA)	2.7	\$186.48	\$500.3				
ground Fuel (NLS, NMU)	1.0	\$159.60	\$161.6				
TOTAL LOCAL PURCHASE & CASH	3.7	\$179.12	\$661.9				
Rounding Factor			94.1				
TOTAL	107.127	\$152.04	\$16,287.6				

\$16,193.50

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Fuel Data
Fiscal Year (FY) 2015 President's Budget
FY 2015
(Dollars in Millions)
FY 2013 - FY 2015

Budget Petroleum Data	PROCURED FROM DESC			PROCURED BY SERVICE			
Petroleum Products	Barrels (Millions)	Price Per Barrel (\$)	Extended Price (\$Mil)	Barrels (Millions)	Cost Per Barrel (\$)	Extended Price (\$Mil)	Stabilized Price
<u>BULK and PC&S:</u>							
JP8	65.2	\$155.40	\$10,124.7				
DISTILLATES (F76, DFW)	12.7	\$152.04	\$1,930.2				
JP5	8.8	\$153.72	\$1,359.2				
DIESEL (DF2)	8.1	\$136.92	\$1,106.7				
JP50 and JA1	0.2	\$152.46	\$25.4				
JAA	0.2	\$151.62	\$25.3				
MOGAS (Unleaded)	1.4	\$148.68	\$203.4				
RESIDUALS	0.2	\$96.60	\$16.1				
MOGAS (Leaded)	0.2	\$148.68	\$33.5				
JTS	0.1	\$270.90	\$18.1				
Gasohol	0.0	\$157.50	\$5.3				
Lubricants	0.0	\$532.17	\$13.3				
JP4, JAB	0.0	\$151.90	\$3.8				
Avgas	0.0	<u>\$174.30</u>	<u>\$4.4</u>				
TOTAL BULK and PC&S	97.0	\$153.23	\$14,869.3				
<u>INTOPLANE</u>							
Jet Fuel Commercial Grade	4.3	\$174.30	\$741.5				
<u>BUNKERS:</u>							
DIESEL (Marine)	1.6	\$136.92	\$217.0				
RESIDUALS (Intermediate)	0.3	\$96.60	\$33.0				
DISTILLATES (F76, DFW)	0.2	<u>\$152.04</u>	<u>\$26.6</u>				
TOTAL BUNKERS	2.1	\$131.62	\$276.7				
<u>LOCAL PURCHASE and CASH</u>							
Jet Fuel (NA1, NAA)	1.6	\$186.90	\$304.6				
ground Fuel (NLS, NMU)	1.0	<u>\$160.02</u>	<u>\$160.2</u>				
TOTAL LOCAL PURCHASE & CASH	2.6	\$176.67	\$464.7				
Rounding Factor			124.6				
TOTAL	106.0	\$155.40	\$16,476.8				

**Defense Logistics Agency
Defense Wide Working Capital Fund (DWWCF)
DLA Document Services
Fiscal Year (FY) 2015 President's Estimates**

FUNCTIONAL DESCRIPTION: DLA Document Services is responsible for Department of Defense (DoD) printing, duplicating, and document automation programs. This responsibility encompasses the full range of automated services to include: conversion, electronic storage and output, and distribution of hard copy and digital information. DLA Document Services provides time sensitive, competitively priced, high quality products and services that are produced either in-house or procured through the Government Printing Office.

DLA Document Services' value to DoD is twofold. First, DLA Document Services provides a full portfolio of best-value document services ranging from traditional offset printing, through on-demand output, to online document services. Second, DLA Document Services actively functions as a transformation agent moving DoD toward the use of online documents and services. These services include building libraries of digital documents to permit online access, providing multifunctional devices (that print from networks, copy, fax, and scan) in customer workspaces, and converting paper documents to standardized digital formats.

DLA Document Services manages this worldwide mission through a customer service network comprised of a Headquarters located at Mechanicsburg, Pennsylvania, and 148 production facilities.

CUSTOMERS: DLA Document Services' primary customers are Army (20.4 percent), Navy (28.3 percent), Air Force (15.8 percent), Defense Agencies (30.5 percent), and non-DoD customers (5.0 percent). Both appropriated and DWCF-funded activities are included in each Service's percentage.

BUDGET HIGHLIGHTS

On 25 January 2013, Department of the Navy (DON) Chief Information Officer (CIO), signed into policy "Mandatory Guidance Regarding Management of Department of the Navy Copiers, Printers, Fax Machines, Scanners (CPFS) and Multi-Functional Devices (MFD)." The policy established DLA Document Services as the single manager for DON and USMC managed print services.

DLA Document Services will provide all required services to manage and deliver cost-effective CPFS and MFD life-cycle management. This includes asset identification, requirements assessments, device procurement, planning, testing, training, sustainment and disposal. DLA Document Services will be responsible for the management of approximately 70,000 printing related devices throughout the DON and the USMC.

The submission reflects DLA Document Services continuing efforts with the National Geospatial-Intelligence Agency (NGA) to develop a maps on-demand capability, enabling on-demand and online access to NGA maps/charts. The DLA assumed full production responsibility for maps/charts and CDs/DVDs when their print contract expired in December 2013. At that time, DLA Document Services began full production at 5 on-demand facilities. This initiative is resulting in printing, warehousing and shipping cost savings to NGA.

The submission reflects the Navy Supply Systems Command (NAVSUP) decision to transfer the requirements of the Shipboard Multipurpose Copier Program to DLA Document Services. NAVSUP had also directed, in October 2013, that the NAVSUP Enterprise refer all requirements for acquisition of document services, including multifunctional devices, to DLA Document Services.

The submission also reflects the transfer of the Wide Area Work Flow (WAWF) Program from DLA Defense Enterprise Business Systems (J623) beginning in FY 2014. WAWF was previously part of the Business Transformation Agency (BTA). WAWF will be billed through DLA Document Services' Service Level Billing.

The submission supports the DLA Enterprise Records Management Application (RMA) implementation that began in FY 2013. The RMA is used to store and manage all DLA records. Employees will be able to carry out disposition (destruction or transfer) of records at the appropriate time in accordance with approved retention schedules. Central management of all Agency records will enable enterprise search. A user can search for information on a topic and find data from multiple sources, including databases, e-mails, spreadsheets, and both electronic and paper documents. The RMA will support the DLA financial audit effort, supporting the need for recovery of supporting documentation.

PERFORMANCE INDICATORS

1) Customer Satisfaction: This performance metric measures satisfied customers as the percentage of customers ranking DLA Document Services performance as "satisfied" or "very satisfied." DLA Document Services uses a survey, professionally prepared and administered by an independent entity, to determine an overall customer satisfaction rating. The overall satisfaction of 90%, with a margin of error of 2%, was below the 93% goal. The FY 2013 represents an improvement over FY 2012 results of 87%. The satisfaction level for the core business of printing products and services was 93%.

2) Quality of Products and Services: This performance metric measures customer satisfaction with quality of finished product as a percentage of customers ranking DLA Document Services quality performance as "satisfied" or "very satisfied." DLA Document Services uses a survey, professionally prepared and administered by an independent entity, to determine quality of finished product rating. DLA Document Services achieved its goal of 95%, with a weighted overall quality of products and services rating of 94%, with a 2% margin of error. The quality of products and services for core printed products and services was 94%.

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
Customer Satisfaction	90.0%	93.0%	93.0%
Quality of Finished Product	95.0%	95.0%	95.0%

UNIT COST AND PRICING

In addition to program performance measures, DLA measures the effectiveness of program budgeting and execution with a unit cost performance measure. DLA Document Services' Annual Operating Budget (AOB) calculates this performance by dividing the total in-house cost by the total units.

	<u>FY 2013 Goal</u>	<u>FY 2013 Actual</u>
Unit Cost per In-house Production Unit	0.1090 ¹	0.1130

¹ The PB 2014 FY 2013 unit cost goal is .0783 and unit goal of 1,834 million. FY 2013 unit cost goal and unit goal shown above were adjusted to reflect the change in the recording of bindery units. The recording of bindery units was changed between PB 2013 and FY 2013 execution.

DLA Document Services produced 25% less in-house units than planned (992.2 million actual versus 1,318 million planned); and estimated actual in-house costs were 22% lower than planned (\$112.1 million estimated actual versus \$143.7 million planned). DLA Document Services was not able to reach its goal due to declining sales outpacing reduced costs.

	<u>FY 2013 Goal</u>	<u>FY 2013 Actual</u>
Composite Customer Rate Change	6.26%	6.33%

The composite customer rate change is the weighted average of the in-house production unit revenue change and the commercial program revenue change. The in-house production unit revenue change is calculated by dividing in-house revenue by the in-house production units. Commercial program revenue is cost plus. The non-labor inflation rate is used as the price change for the cost plus fixed fee commercial program. The primary driver for the lower composite customer rate change is due to a shift in workload mix across product lines.

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
Unit Cost			
In-House Production	0.1130	0.1177	0.1219
Customer Rate*	0.1159	0.1098	0.1331
Composite Customer Rate Change	6.33%	-0.07%	5.65%

*Customer rates were adjusted in to reflect the FY2014 change in the recording of bindery units.

ANALYSIS OF BUDGET STATEMENTS

Net Operating Result (NOR)/Accumulated Operating Result (AOR):

The NOR measures a single fiscal year impact of revenue and expenses incurred by the business. A positive NOR demonstrates revenues exceeded expenses for the business activity. Beginning in FY 2008 the Department directed that items purchased that fall between the accounting capitalization threshold (\$100,000 and greater) and the Defense Working Capital Fund (DWCF) capitalization threshold (\$250,000 and greater) would be expensed for budget purposes and collected in the operating budget rates. For accounting purposes, transactions for items purchased are recorded on the balance sheet and depreciated. The Budget NOR reflects capital assets between thresholds being expensed. The Accounting NOR reflects capital assets between

threshold being depreciated. Commencing in FY 2014 all purchased items less than \$250,000 will not be depreciated. Those items will be expensed in the same year the equipment is received and accepted.

AOR reflects multi-year results of annual NORs. It measures the accumulated effects of NORs from the inception of the business unit and demonstrates fiscal strength over a longer time. The recoverable AOR reflects AOR based on Accounting NOR.

DLA Document Services ended FY 2013 with a NOR loss of \$11.2 million against a goal of negative \$.6 million (PB 2014). The lower than goal FY 2013 result is primarily driven by lower than planned sales. The FY 2015 NOR is to recover a negative AOR.

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
Revenue	249.766	337.690	401.391
Cost of Goods Sold	261.015	342.986	380.521
Cash Surcharge			
Capital Surcharge			
Inventory Surcharge			
Other Changes Affecting NOR	0	0	0
Net Operating Results	(11.249)	(5.296)	20.870
Prior Year Accumulated Operating Results	(6.670)	(15.574)	(20.870)
Deferred Operating Results	2.345		
Ending Accumulated Operating Result	(15.574)	(20.870)	0.000
Workload			
In-House Production (Units)	992.2	1,031.4	996.4

OUTLAYS: The FY 2013 negative net outlay reflects an \$11.2 million NOR loss, depreciation of \$9.6 million, a \$1.1 million capital disbursement, a \$2.9 million increase in payables, and a \$0.2 million increase in accounts receivable. The FY 2014 negative net outlays reflect a \$5.3 million NOR loss, a \$0.6 million decrease in payables and a \$12.3 million decrease in receivables. The FY 2015 negative net outlays reflects a \$20.9 million planned NOR gain to recover a negative AOR, a \$4.2 million decrease in accounts payable and a \$10.0 million increase in accounts receivable.

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
Disbursements	251.529	343.824	384.508
Collections	251.553	350.272	391.391
Appropriations			
Transfers In			
Net Outlays	(0.024)	(6.448)	(6.883)

PERSONNEL: This submission reflects full-time equivalent decreases to bring in-house labor costs in line with decreased in-house workload.

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
Civilian End Strength	772	779	764
Civilian Full-Time Equivalents	789	779	754

CAPITAL BUDGET: The capital budget is the account used to fund investments exceeding the \$250,000 expense/investment criteria for: (1) Automated Data Processing Equipment (ADPE); (2) Non-ADPE; and (3) software developed for operational and management information systems. The equipment (ADPE) and software development capital support DLA Document Services function as a transformation agent moving DoD toward the use of online documents and services. Capital for minor construction projects are used to fund investments exceeding \$250,000. A capital budget item is assumed to have zero salvage value and is depreciated on a straight-line basis over its useful life. Depreciation is expensed and recovered as business related cost in DLA Document Services prices.

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
Capital Budget Program			
Equipment (Non-ADPE)	0.000	0.600	0.600
Equipment (ADPE)	0.000	0.665	0.665
Software Development	1.252	2.572	2.572
Minor Construction	0.000	0.306	0.312

SERVICE LEVEL BILLING TO SERVICES

DLA Document Services will perform service level billing for both the Electronic Document Access (EDA) and Wide Area Workflow programs beginning in FY14. EDA is projected to bill at 25% for each Service plus DLA, while WAWF billing allocation is based on FY11 actual transactions.

Electronic Document Access

(\$M)	FY 14	FY 15	FY 16	FY 17	FY 18
Army	1.912	1.937	1.964	1.987	2.021
Navy	1.912	1.937	1.964	1.987	2.021
Air Force	1.912	1.937	1.965	1.987	2.021
DLA	1.912	1.937	1.965	1.987	2.021
Total	7.648	7.748	7.858	7.948	8.084

Wide Area Workflow

(\$M)	FY 14	FY 15	FY 16	FY 17	FY 18
Army	4.985	5.133	5.284	5.373	5.465
Navy	4.901	5.047	5.195	5.282	5.372
Air Force	3.466	3.569	3.674	3.736	3.799
DCMA	3.038	3.129	3.221	3.275	3.331
OSD (O&M, DW)	0.489	0.504	0.519	0.528	0.537
Total	16.879	17.382	17.893	18.194	18.504

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
DLA Document Services
Fiscal Year (FY) 2015 President's Estimates
Changes in the Cost of Operation
(\$ in Millions)

	<u>Cost</u>
FY 13 Actual:	261.0
FY 14 Estimate in President's Budget	367.8
Estimated Impact in FY 14 of Actual	
FY 13 Experience	
Civilian Personnel	(7.0)
Travel of Persons	(1.5)
Material & Supplies	(7.7)
Commercial Equipment Purchases	(1.4)
Other Purchased Services from Revolving Fund	(1.6)
Transportation of things	(0.6)
Printing and Reproduction	(22.1)
Advisory and Assistance Services	(0.4)
Rent, Communications, Utilities, and Misc	(18.7)
Other Purchased Services	(17.2)
Depreciation	6.4
Pricing Adjustments:	
Annualization of FY 13 Pay Raise	0.0
FY 14 Pay Raise	(0.1)
General Purpose Inflation	(2.0)
Program Changes:	
Civilian Personnel	(1.9)
Travel of Persons	1.0
Material & Supplies	6.4
Commercial Equipment Purchases	5.2
Other Purchased Services from Revolving Fund	3.1
Transportation of things	0.5
Printing and Reproduction	11.5
Advisory and Assistance Services	0.2
Rent, Communications, Utilities, and Misc	37.4
Other Purchased Services	(7.5)
Depreciation	(6.8)
FY 14 Current Estimate	343.0
Pricing Adjustments	
Annualization of Prior Year Pay Raises	0.1
FY 15 Pay Raise	0.4
General Purpose Inflation	4.7
Program Changes:	
Civilian Personnel	(1.1)
Travel of Persons	0.0
Material & Supplies	1.9
Commercial Equipment Purchases	(0.3)
Other Purchased Services from Revolving Fund	(3.9)
Transportation of things	0.0
Printing and Reproduction	(2.0)
Advisory and Assistance Services	0.0
Rent, Communications, Utilities, and Misc	35.2
Other Purchased Services	3.4
Depreciation	(0.9)
FY 15 Current Estimate	380.5

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
DLA Document Services
Fiscal Year (FY) 2015 - 2019 Program and Budget Submission
Source of New Orders and Revenue
March 2014
(Dollars in Millions)

	FY 2013	FY 2014	FY 2015
1. New Orders			
a. Orders from DoD Components	180.410	268.394	327.227
Army	49.386	74.889	82.742
O&M, Army	34.808	48.269	53.331
O&M - Recovery Act, Army			
O&M, Army Reserve	0.932	0.878	0.970
O&M - Recovery Act, Army Reserve			
O&M, Army National Guard			
Army National Guard	1.061	1.595	1.762
RDT&E, Army	0.198	1.261	1.393
Aircraft Procurement, Army			
Missile Procurement, Army			
Procurement of Weapons & Tracked Vehicles, Army			
Procurement of Ammunition, Army			
Other Procurement, Army	0.615	1.084	1.198
Military Construction, Army			
Military Construction, Army Reserve			
Military Construction, Army National Guard			
Family Housing Construction, Army			
Family Housing, O&M, Army			
Military Personnel, Army			
National Guard Personnel, Army			
Reserve Personnel, Army			
Afghanistan Infrastructure Fund			
Iraq Security Forces Fund			
Army Other	11.772	21.802	24.088
Navy	42.337	65.296	94.280
O&M, Navy	29.153	43.399	62.663
O&M, Navy Reserve	1.894	2.491	3.597
Aircraft Procurement, Navy	0.601	0.685	0.989
Weapons Procurement, Navy			
Procurement of Ammunition, Navy & MC			
Other Procurement, Navy			
Shipbuilding & Conversion, Navy	0.096	0.055	0.080
RDT&E, Navy	0.400	0.412	0.595
Military Construction, Navy & MC	0.023	0.109	0.157
Family Housing, O&M, Navy & MC			
Other Navy Appropriations	10.170	18.145	26.199
National Defense Sealift Fund, Navy			
Military Personnel, Navy			
Reserve Personnel, Navy			
Air Force	35.967	57.738	63.792
O&M, Air Force	28.196	30.145	33.306
O&M, Air Force Reserve	0.380	0.502	0.554
O&M, Air National Guard	0.520	0.849	0.938
RDT&E, Air Force	0.319	0.507	0.560
Air Force Procurement Accounts			
Aircraft Procurement, Air Force			
Missile Procurement, Air Force			
Other Procurement, Air Force	0.644	0.732	0.809
Military Construction, Air Force			
Family Housing, O&M, Air Force			
Military Personnel, Air Force			
Reserve Personnel, Air Force			
National Guard Personnel, Air Force			
Air Force Other	5.908	25.003	27.625
Marine Corps	17.997	25.221	36.418
O&M, MC	17.292	24.137	34.852
O&M, MC Reserve	0.705	1.084	1.566
Procurement, MC			
Military Personnel, MC			
Reserve Personnel, MC			
DoD Appropriated Accounts	34.723	45.250	49.995
O&M, Defense Wide, Defense	10.692	19.170	21.180
RDT&E, Defense-Wide	0.031	0.043	0.047
Procurement, Defense-Wide	0.075	0.070	0.077
National Guard & Reserve Equipment, Defense			
Military Construction, Defense-Wide	0.004	0.013	0.015
Family Housing, Defense-Wide			
Defense Health Program, Defense	18.573	18.640	20.595
DoD, Base Closure Account 1990			
DoD, Base Closure Account 2005			
Defense Emergency Response Fund, Defense			
Support for International Sporting Competitions, Defense			
Employee & Employer Contributions, Foreign Govt Social Security & Related Programs, OSD			
OSD Appropriated	5.348	7.314	8.081
DoD, Acquisition Workforce Development Fund			

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
DLA Document Services
Fiscal Year (FY) 2015 - 2019 Program and Budget Submission
Source of New Orders and Revenue
March 2014
(Dollars in Millions)

b. Orders from Other Activity Groups	56.042	60.705	68.929
Civil Corps of Engineers, Revolving Fund			
OSD, Defense Working Capital Fund			
Defense Agencies, Defense Working Capital Fund			
Army Working Capital Funds	1.323	0.311	0.343
Navy Working Capital Funds	10.213	17.325	21.001
Air Force Working Capital Funds	3.302	0.269	0.297
DLA, Defense Working Capital Fund			
DFAS, Defense Working Capital Fund			
DECA, Defense Working Capital Fund			
Other Working Capital Funds			
National Defense Stockpile Transaction Fund			
Other DoD (no system report)	41.204	42.800	47.288
c. Total DoD	236.452	329.099	396.156
d. Other Orders:	12.445	15.860	17.523
Other Federal Agencies	10.972	13.531	14.950
Non-Federal Agencies	0.588	0.842	0.930
Foreign Military Sales			
Credit Card Purchases	0.885	1.487	1.643
e. Total New Orders	248.897	344.959	413.679
2. Carry-In Orders	51.371	50.502	57.771
3. Total Gross Orders	300.268	395.461	471.450
4. Carry-Out Orders (-)	(50.502)	(57.771)	(70.059)
5. Sales Proceeds			
6. Gross Sales (-)	249.766	337.690	401.391
7. Credits & Allowances (-)			
8. Net Sales	249.766	337.690	401.391
9. Reimbursable Sales			
10. Total Revenue	249.766	337.690	401.391
PB 15 CS			
Delta	(249.766)	(337.690)	(401.391)

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
DLA Document Services
Fiscal Year (FY) 2015 President's Estimates
Revenue and Cost
(\$ in Millions)

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
Revenue			
Gross Sales	249.766	337.690	401.391
Operations	0.000	0.000	0.000
Capital Surcharge	0.000	0.000	0.000
Depreciation excluding Major Construction	0.000	0.000	0.000
Major Construction Depreciation	0.000	0.000	0.000
Other Income	0.000	0.000	0.000
Refunds/Discounts (-)	0.000	0.000	0.000
Total Income:	249.766	337.690	401.391
Cost			
Cost of Material Sold from Inventory	0.000	0.000	0.000
Salaries and Wages:			
Military Personnel Compensation & Benefits	0.000	0.000	0.000
Civilian Personnel Compensation & Benefits	61.069	60.335	59.832
Travel & Transportation of Personnel	0.246	1.213	1.233
Materials & Supplies (For Internal Operations)	13.836	20.167	22.447
Equipment Purchases	7.891	10.339	10.124
Capital Investments between Thresholds	0.000	0.000	0.000
Other Purchases from Revolving Funds	4.191	17.530	13.869
Transportation of Things	1.632	1.949	1.983
Depreciation - Capital	9.620	4.313	3.434
Printing and Reproduction	56.360	65.001	64.086
Advisory and Assistance Services	0.498	0.933	0.961
Rent, Communications, Utilities, & Misc. Charges	67.369	104.563	141.538
Other Purchased Services	38.303	56.642	61.013
Total Expenses:	261.015	342.986	380.521
Operating Result	(11.249)	(5.296)	20.870
Net Operating Result	(11.249)	(5.296)	20.870
Prior Year Adjustments			
Prior Year AOR	(6.670)	(15.574)	(20.870)
Accumulated Operating Result	(17.919)	(20.870)	0.000
Non-Recoverable Adjustment Impacting AOR:			
Deferred Operating Results and Depreciation	2.345		
Accumulated Operating Results for Budget Purposes	(15.574)	(20.870)	0.000

Defense Finance and Accounting Service (DFAS)
Activity Group: Capital Investment Summary
Fiscal Year (FY) 2015 Budget Estimates
March 2014
(Dollars in Millions)

		FY 2013		FY 2014		FY 2015	
Line Number	Item Description	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
1	Non-ADPE Equipment		\$ -		\$ -		\$ -
2	ADPE & Telecom Equip						
2a	- Computer Hardware (Production)				\$ 1.6		\$ 0.7
2b	- Computer Hardware (Network)		\$ 10.9		\$ 14.5		\$ 14.2
2c	- Computer Software (Operating System)		\$ 0.1		\$ 0.2		\$ 0.5
2d	- Telecommunications		\$ 3.9		\$ 5.1		\$ 5.3
2e	- Other Support Equipment						
3	Software Development						
3a	- Internally Developed		\$ 1.4		\$ 17.3		\$ 10.6
3b	- Externally Developed		\$ 0.5		\$ 1.9		\$ 1.1
4	Minor Construction Capabilities						
4a	- Replacement						
4b	- New Construction		\$ 2.9		\$ 1.3		\$ 0.4
4c	- Environmental						
	TOTAL OBLIGATIONS		\$ 19.7		\$ 41.8		\$ 32.7
	Total Capital Outlays		\$ 27.5		\$ 26.5		\$ 36.0
	Total Depreciation Expense		\$ 57.0		\$ 39.1		\$ 37.5

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates						
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2014		C. Line No and Item Description 2 - ADPE and Telecom Equipment 2a - Computer Hardware (Production)			D. Activity Identification A. EDM B. myPay				
		FY 2013		FY 2014		FY 2015			
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
A. Electronic Data Management (EDM)						\$ 850			\$ 400
B. myPay						\$ 775			\$ 288
Narrative Justification:									
A. EDM provides paperless management of contract and vendor pay documents. This allows continuous improvement by demonstrating a culture of innovation delivering new capabilities and improving existing operations. FY15 funding will allow an upgrade of new technology to the EDM Storage Area Network. FY14 funding shows an increase from the FY14 President's Budget amount of \$525K for an EDM database server refresh and backup of tape jukeboxes that was postponed from FY13 but will execute in FY14.									
B. myPay provides more than 6.7 million DoD and non-DoD customers worldwide with the ability to view electronic financial documents via the web and mobile devices and to perform certain financial- and personnel-related transactions. FY15 funding will support a technical refresh for hardware/software (servers and related software). FY14 includes \$625K of carryover for the purchase of equipment for a hardware tech refresh and \$150K for the purchase of four (4) production servers.									

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates						
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2014			C. Line No and Item Description 2 - ADPE and Telecom Equipment 2b - Computer Hardware (Network)			D. Activity Identification Various			
	FY 2013			FY 2014			FY 2015		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
A. Enterprise Local Area Network (ELAN)			\$ 9,666			\$ 11,839			\$ 11,981
B. Security			\$ 1,032			\$ 1,739			\$ 1,739
C. myPay			\$ 200			\$ 450			\$ 450
D. Enterprise Portal (ePortal)			\$ -			\$ 455			\$ -
Narrative Justification:									
A. ELAN is the primary backbone computing infrastructure for the Agency. Major services include network connectivity, messaging and fax services, collaboration capabilities, remote connectivity, network storage, and application hosting environments. FY15 funding will continue to enhance ELAN services driven by Government and DoD mandates, technical sustainment due to vendor end of life, costs savings initiatives, and innovative solutions. FY14 funding shows a minor increase from the \$11,411K requested in the FY14 President's Budget due to revised ELAN costs.									
B. The Security program consists of the Vulnerability Assessment Team (VAT) and Computer Network Defense Service Provider (CNDSP) team. The VAT assesses all DFAS networks, identifying any security weaknesses and recommending actions to minimize or eliminate them to ensure DFAS is kept safe. The CNDSP team performs services such as vulnerability scanning, incident analysis and reporting, external intrusion attempt monitoring and response, secure configuration compliance and implementation of DoD US Cyber Command initiatives. FY15 funding will allowing continued implementation of centralized configurations to ensure efficiency as well as keeping up with current and new requirements based on Government and DoD directives. FY14 funding shows a minor decrease from the \$1,987K requested in the FY14 President's Budget due to revised security costs.									
C. myPay provides more than 6.7 million DoD and non-DoD customers worldwide with the ability to view electronic financial documents via the web and mobile devices and to perform certain financial- and personnel-related transactions. FY15 funding will allow a technical refresh for hardware/software (network equipment, circuits, routers, switches, etc. and related software). FY 14 funding supports the purchase of a storage area network.									
D. ePortal is DFAS's web-based infrastructure to share knowledge, access Corporate information, and deliver integrated service-oriented solutions. FY14 funding will support replacement of desupported hardware.									

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates						
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2014			C. Line No and Item Description 2 - ADPE and Telecom Equipment 2c - Computer Software (Operating System)				D. Activity Identification A. myPay		
			FY 2013		FY 2014		FY 2015		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
A. myPay			\$ 137			\$ 212			\$ 500
Narrative Justification:									
A. myPay provides more than 6.7 million DoD and non-DoD customers worldwide with the ability to view electronic financial documents via the web and mobile devices and to perform certain financial- and personnel-related transactions. FY15 funding will support Spring and Fall Releases for myPay. FY14 funding supports additional software functionality for the Spring and Fall Releases of the myPay web application, along with SmartVoucher enhancements.									

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates								
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2014			C. Line No and Item Description 2 - ADPE and Telecom Equipment 2d - Telecommunications				D. Activity Identification A. Unified Communications				
			FY 2013			FY 2014			FY 2015		
Element of Cost			Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
A. Unified Communications					\$ 3,869			\$ 5,102			\$ 5,250
Narrative Justification:											
A. Unified Communications provides management, operations and strategy for teleservices initiatives. FY15 funding will support the installation of a new private base exchange (PBX) at Limestone as well as a technical refresh of VTC equipment. FY14 funding includes \$3,208K of FY13 carryover for the Customer Care Center Enterprise-wide (CCCES) implementation (\$2,758K) and the Survivable Core Configuration (\$450K). Additionally, funding has increased by \$644K from the FY14 President's Budget submit for additional CCCES requirements.											

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)		A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates								
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2014		C. Line No and Item Description 3- Software Development 3a - Internally Developed					D. Activity Identification A. BAM Insourcing			
		FY 2013			FY 2014			FY 2015		
Element of Cost		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
A. Business Activity Monitoring (BAM) Insourcing										\$ 2,500
Narrative Justification: A. BAM provides the identification of improper payments. The BAM insourcing effort will allow DFAS to bring this effort in-house based on owning the current source logic and requirements for the workload. FY15 funding is for the software development effort for all of the applicable services and customers currently utilizing the BAM improper payments tool.										

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)		A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates								
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2014		C. Line No and Item Description 3- Software Development 3a - Internally Developed					D. Activity Identification B. DJMS-AC			
		FY 2013			FY 2014			FY 2015		
Element of Cost		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
B. Defense Joint Military System - Active Component (DJMS-AC)										\$ 2,167
Narrative Justification: B. DJMS-AC provides top quality payroll, pay computation, leave and financial accounting for service members of the Army, Navy and Air Force active duty. FY15 funding will be used to continue to meet legislative requirements while continuing to maintain stability with the system. The FY14 President's Budget included \$1,800K which is no longer required in FY14.										

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates								
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2014			C. Line No and Item Description 3- Software Development 3a - Internally Developed				D. Activity Identification C. ADS D. ADS - SLOA				
			FY 2013			FY 2014			FY 2015		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost		
C. Automated Disbursing System (ADS)						\$ 835			\$ 2,137		
D. Automated Disbursing System (ADS) - Standard Line of Accounting (SLOA)						\$ 1,629					
Narrative Justification:											
<p>C. ADS is an internally developed software system that provides automated disbursing, collections and accounting functions within DFAS Cleveland and its' geographically separate disbursing offices. ADS is used to disburse commercial, travel, civilian, and military payments; process collections; and report accountability to the U.S. Treasury for DFAS Cleveland and its' customers. FY15 funding will allow ADS to continue to add functionality previously supported by the Stafins Redesign Subsystem (SRD1). FY14 funding remains what was budgeted in the original FY14 President's Budget submit, with an additional \$363K requested as FY13 carryover for completing the SRD1 retirement into ADS.</p> <p>D. ADS - SLOA is a new start in FY14 requiring Congressional notification. FY14 funding will support the Agency initiatives to meet SLOA compliancy mandated requirements.</p>											

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates								
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2014			C. Line No and Item Description 3- Software Development 3a - Internally Developed				D. Activity Identification E. DRAS				
			FY 2013			FY 2014			FY 2015		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost		
E. Defense Retired and Annuitant Pay System (DRAS)						\$ 1,600			\$ 1,728		
Narrative Justification:											
<p>E. DRAS establishes and maintains retired military pay accounts for more than 2.5 million retirees, formal spouses, and survivor beneficiaries. The mission of DRAS is to pay DoD retirees and annuitants their montly retirement pay. RAPID performs the workflow function for DRAS. FY15 funding will be used replace the DRAS2 program if is does not include the replacement of RAPID, as well as to comply with legislative changes passed by Congress. The FY14 President's Budget shows a decrease from \$2,215K due to rescoping for the goDocs project.</p>											

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates					
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2014				C. Line No and Item Description 3- Software Development 3a - Internally Developed			D. Activity Identification F. DJMS-RC		
				FY 2013			FY 2014		
				FY 2015					
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
F. Defense Joint Military System - Reserve Component (DJMS-RC)									\$ 1,075
Narrative Justification:									
F. DJMS-RC provides automated input for reporting and collecting pay information and processing that information through interfaces with customer data bases and accounting. DJMS-RC provides customer/system support for over 1.1 million Army, Air Force and Navy Service members. FY15 funding will be used to continue to meet legislative requirements while maintaining stability with the system as well as to meet the challenges of the additional workload forthcoming. The FY14 President's Budget included \$1,100K which is no longer required in FY14.									

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates					
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2014				C. Line No and Item Description 3- Software Development 3a - Internally Developed			D. Activity Identification G. DDS		
				FY 2013			FY 2014		
				FY 2015					
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
G. Deployable Disbursing System (DDS)						\$ 731			\$ 711
Narrative Justification:									
G. DDS is the tactical disbursing solution for the Standard Disbursing Initiative (SDI) providing automated disbursing support to the nation's warfighter. DDS supports operations in fluid and remote operations where connectivity is not always possible. It's also used in peacetime disbursing operations in overseas environments enhancing the readiness posture of the military services. FY15 funding will allow Navy system changes, allowing DDS to be used for Navy locations. This would allow for processing of Navy accounting lines within the application. FY14 funding remains what was budgeted in the original FY14 President's Budget submit.									

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates								
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2014			C. Line No and Item Description 3- Software Development 3a - Internally Developed				D. Activity Identification H. DDMS				
			FY 2013			FY 2014			FY 2015		
Element of Cost			Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
H. Defense Debt Management System (DDMS)											\$ 272
Narrative Justification:											
H. DDMS is an on-line debt management system designed and developed to maintain, control and report on DoD individual out-of-service and delinquent debts, mainly former military members and civilian employees. FY15 funding will allow for the development of an automated debt interface/module which will support the systematic transfer of civilian debt information from the Defense Civilian Pay System (DCPS) to DDMS (and vice-versa), and the subsequent maintenance of the civilian debt workload within DDMS. The FY14 President's Budget included \$328K which is no longer required in FY14.											

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates								
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2014			C. Line No and Item Description 3- Software Development 3a - Internally Developed				D. Activity Identification I. MOCAS - SLOA				
			FY 2013			FY 2014			FY 2015		
Element of Cost			Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
I. Mechanization of Contract Administration Services (MOCAS) - Standard Line of Accounting (SLOA)								\$ 3,434			
Narrative Justification:											
I. MOCAS is used by the Defense Contract Management Agency (DCMA) and DFAS in the administration and payment of DCMA administered contracts. FY14 President's Budget included \$2,000K for Standard Financial Information Structure (SFIS) compliancy changes. An additional \$1,434K is required to support the Agency initiatives to meet SLOA compliancy mandated requirements.											

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates								
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2014			C. Line No and Item Description 3- Software Development 3a - Internally Developed				D. Activity Identification J. AF Reconciliation				
			FY 2013			FY 2014			FY 2015		
Element of Cost			Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
J. Air Force (AF) Reconciliation								\$ 2,000			
Narrative Justification: J. AF Reconciliation, also referred to as the Statement of Budgetary Resources-Air Force Reconciliation Tool (SBR-ART), consists of an automated application allowing for the efficient and effective reconciliation of various SBR-related accounts. FY14 funding represents carryover of previous years capital (FY11 and FY12).											

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates								
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2014			C. Line No and Item Description 3- Software Development 3a - Internally Developed				D. Activity Identification K. DCPS - SLOA L. DCPS				
			FY 2013			FY 2014			FY 2015		
Element of Cost			Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
K. Defense Civilian Pay System (DCPS) - Standard Line of Accounting (SLOA)								\$ 1,704			
L. Defense Civilian Pay System (DCPS)					\$ 1,431			\$ 1,389			
Narrative Justification: K. DCPS - SLOA is a new start in FY14 requiring Congressional notification. FY14 funding will support the Agency initiatives to meet SLOA compliancy mandated requirements. L. DCPS FY14 funding remains what was budgeted in the original FY14 President's Budget submit.											

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)	A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates		
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2014	C. Line No and Item Description 3- Software Development 3a - Internally Developed	D. Activity Identification M. ODS - SLOA	

	FY 2013			FY 2014			FY 2015		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
M. ODS - Standard Line of Accounting (SLOA)						\$ 1,154			

Narrative Justification:

M. ODS - SLOA is a new start in FY14 requiring Congressional notification. FY14 funding will support the Agency initiatives to meet SLOA compliancy mandated requirements.

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)	A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates		
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2014	C. Line No and Item Description 3- Software Development 3a - Internally Developed	D. Activity Identification Various <\$1.0M	

	FY 2013			FY 2014			FY 2015		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
N. Computerized Accounts Payable System-Windows (CAPS-W) - Standard Line of Accounting (SLOA)						\$ 993			
O. Business Continuity Planning System (BCPS)						\$ 869			
P. Operational Data Store (ODS)						\$ 612			
Q. Business Enterprise Information System (BEIS) - Standard Line of Accounting (SLOA)						\$ 345			
R. Defense MilPay Office (DMO)						\$ -			
S. Office Automation (OA)						\$ -			

Narrative Justification:

N. CAPS-W - SLOA is a new start in FY14 requiring Congressional notification. FY14 funding will support the Agency initiatives to meet SLOA compliancy mandated requirements.

O. BCPS represent FY13 carryover of funds for the acquisition of business continuity plans and the alert notification system.

P. Funding in FY14 was required for GFEBS to interface with ODS for the reporting of Military Pay obligations and disbursements in SFIS format for the Army.

Q. BEIS - SLOA is a new start in FY14 requiring Congressional notification. FY14 funding will support the Agency initiatives to meet SLOA compliancy mandated requirements.

R. The FY14 President's Budget included \$1,750K for DMO which is no longer required in FY14.

S. The FY14 President's Budget included \$830K for OA which is no longer required in FY14.

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates								
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2014			C. Line No and Item Description 3- Software Development 3b - Externally Developed				D. Activity Identification A. EC/EDI				
			FY 2013			FY 2014			FY 2015		
Element of Cost			Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
A. Electronic Commerce/Electronic Data Interchange (EC/EDI)											\$ 578
Narrative Justification: A. EC/EDI supports electronic initiatives within the Agency. FY15 funding supports the Corporate Electronic Document Management System (CEDMS) technology refresh for scanners provided to support high-volume scanning and storage of documents into CEDMS.											

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)			A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates								
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2014			C. Line No and Item Description 3- Software Development 3b - Externally Developed				D. Activity Identification B. WAWF				
			FY 2013			FY 2014			FY 2015		
Element of Cost			Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
B. Wide Area Work Flow (WAWF)					\$ 528			\$ 349			\$ 550
Narrative Justification:											
B. WAWF is a secure web-based system for electronic invoicing, receipt, and acceptance. WAWF allows government vendors to submit and track invoices and receipt/acceptance documents over the web and allows government personnel to process those invoices in a real-time, paperless environment. FY15 funding will fund DFAS Engineering Change Proposals (ECPs) based on the needs/requirements of DFAS accounts payable, entitlement systems and DFAS eCommerce initiatives. FY14 funding has decreased from \$642K submitted in the FY14 President's Budget based on less ECPs being deployed.											

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates					
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2014				C. Line No and Item Description 3- Software Development 3b - Externally Developed			D. Activity Identification C. DRAS		
				FY 2013			FY 2014		
Element of Cost				Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
C. Defense Retired and Annuitant Pay System (DRAS)									\$ 1,141
Narrative Justification: C. DRAS FY14 funding represents carryover of FY11 capital for the litigation as a result of the purchase of the RAPID system from Lockheed-Martin after the Retired and Annuitant contract was brought back in-house to DFAS.									

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates					
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2014				C. Line No and Item Description 3- Software Development 3b - Externally Developed			D. Activity Identification D. EDM		
				FY 2013			FY 2014		
Element of Cost				Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
D. Electronic Document Management (EDM)									\$ 367
Narrative Justification: D. EDM FY14 funding remains what was budgeted in the original FY14 President's Budget submit.									

ACTIVITY GROUP : CAPITAL INVESTMENT JUSTIFICATION				A. Budget Submission					
(\$ in Thousands)				Fiscal Year (FY) 2015 Budget Estimates					
B. Component/Business Area/Date Defense Finance and Accounting Service (DFAS) February 2014				C. Line No and Item Description 4 - Minor Construction Capabilities			D. Activity Identification		
				FY 2013		FY 2014		FY 2015	
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
4b - New Construction									
A. Limestone			\$ 744						\$ 360
B. Columbus			\$ 231			\$ 930			
C. Rome			\$ 1,150			\$ 326			
D. Indianapolis			\$ 762						
E. Cleveland						\$ -			
Total New Construction			\$ 2,886			\$ 1,256			\$ 360
Narrative Justification:									
<p>A. Limestone FY15 funding will be used to install a facility camera system.</p> <p>B. Columbus projects include installation of an overhang extension at the building entrance, which was budgeted for as part of the FY14PB; as well as Emerging Requirements for a Security project at the</p> <p>C. Additional funding is required in FY14 for enhancement of the Rome Mass Notification Project started in FY13.</p> <p>D. Indianapolis MINCON projects completed in FY13 include Automatic Door Openers and Security Controls.</p> <p>E. Cleveland funding of \$1,198 for two (2) projects, mailroom consolidation and hardening walls in the subbasement, was included in the FY14 President's Budget but is now being funded by GSA.</p> <p>No Minor Construction projects exceed the current Military Construction threshold.</p>									

Defense Finance and Accounting Service (DFAS) Activity Group: Capital Investment Summary Fiscal Year (FY) 2015 Budget Estimates March 2014 (Dollars in Millions)				
Major Category	Initial Request	Current Proj Cost	Approved Change	Explanation
FY 2013				
ADPE and Telecom	\$ 16.951	\$ 14.904	\$ (2.048)	\$3.833 carried over into FY14 for obligation (CCCES, Survivable Core Configuration and myPay); increase due to the realignment of myPay requirements from software development to ADPE with an associated decrease in costs; increased requirements for Unified Communications; no longer requirements for EDM; decreased requirements for Security and ELAN
Software Development	\$ 12.318	\$ 1.959	\$ (10.359)	\$1.232 carried over into FY14 for obligation (BCPS and ADS); decrease due to the realignment of myPay requirements to ADPE from software development with an associated decrease in costs; no longer requirements for DJMS-AC, DJMS-RC, DRAS, EDM, DDS, DDMS, DMO, LDRPS and OA due to system change priorities, internal DFAS competing priorities, required project approvals, etc.; reduced requirements for ADS and EC/EDI
Minor Construction	\$ 1.594	\$ 2.885	\$ 1.291	New requirements for Security Controls at Indianapolis and Access Control Point at Rome; increased requirements for the Mass Notification System at Limestone
Total FY 2013	\$ 30.863	\$ 19.748	\$ (11.116)	
FY 2014				
ADPE and Telecom	\$ 15.628	\$ 21.422	\$ 5.794	\$3.833 carried over from FY13 for obligation (CCCES, Survivable Core Configuration and myPay); increase due to the realignment of myPay requirements from software development to ADPE with an associated decrease in costs; increased requirements for Unified Communications, ELAN and EDM; decreased requirements for Security
Software Development	\$ 16.463	\$ 19.152	\$ 2.689	\$1.232 carried over from FY13 and \$3.141 from FY11/FY12 for obligation (BCPS, ADS, AF Reconciliation, DRAS); increase for new starts for SLOA compliancy (DCPS, CAPS-W, ADS, BEIS and ODS); increased requirements for MOCAS-SLOA; decreased requirements for EC/EDI (WAWF); no longer requirements for DJMS-AC, DJMS-RC, DMO, DDMS and OA due to system change priorities, internal DFAS competing priorities, required project approvals, etc.
Minor Construction	\$ 1.533	\$ 1.256	\$ (0.277)	No longer funding requirement for two (2) projects at Cleveland as GSA is now funding offset by funding increase for Rome Mass Notification project started in FY13 and two (2) projects at Columbus: Security Dock Barrier and Mass Notification project
Total FY 2014	\$ 33.624	\$ 41.830	\$ 8.206	
FY 2015				
ADPE and Telecom	\$ 20.608			
Software Development	\$ 11.718			
Minor Construction	\$ 0.360			
Total FY 2015	\$ 32.686	\$ -	\$ -	

Activity Group Capital Investment Summary
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	FY 2013 Quantity	FY 2013 Total Cost	FY 2014 Quantity	FY 2014 Total Cost	FY 2015 Quantity	FY 2015 Total Cost
Non-ADPE Equipment	11.000	\$37.000	18.000	\$36.000	12.000	\$37.500
Replacement	11.000	\$37.000	18.000	\$36.000	12.000	\$37.500
CE0300 Facilities Equipment	11.000	\$37.000	18.000	\$36.000	12.000	\$37.500
ADPE & Telecom Equipment Capabilities	1.000	\$1.100	1.000	\$0.500	1.000	\$0.500
Telecoms, Other Computer & Telecom Support Equip	1.000	\$1.100	1.000	\$0.500	1.000	\$0.500
CE0400 Communications	1.000	\$1.100	1.000	\$0.500	1.000	\$0.500
Software Development	8.000	\$9.455	5.000	\$10.000	6.000	\$10.100
Externally Developed	8.000	\$9.455	5.000	\$10.000	6.000	\$10.100
CV0200 Software Development	8.000	\$9.455	5.000	\$10.000	6.000	\$10.100
Minor Construction Capabilities	5.000	\$2.675	4.000	\$2.675	3.000	\$1.500
New Construction	5.000	\$2.675	4.000	\$2.675	3.000	\$1.500
CE0200 Minor Construction - Facilities	5.000	\$2.675	4.000	\$2.675	3.000	\$1.500
Total Obligations	25.000	\$50.230	28.000	\$49.175	22.000	\$49.600
Total Capital Outlays		\$19.798		\$35.000		\$35.000
Total Depreciation Expense		\$12.496		\$21.092		\$30.550

Computing Services: Capital Investment Justification (\$ in Thousands)			A. FY 2015
B. Computing Services / March 2014	C. CE0300 Non-ADP Equipment		D. Facilities Equipment

Element of Cost	FY 2013			FY 2014			FY 2015		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Facility Equipment	11.00	3,363.64	37,000.00	18.00	2,000.00	36,000.00	12.00	3,125.00	37,500.00
Total	11.00	3,363.64	37,000.00	18.00	2,000.00	36,000.00	12.00	3,125.00	37,500.00

Narrative Justification

Description and Purpose:

The following table shows the planned Computing Services facility equipment projects:

Site	FY 2014	FY 2015
DECC Mechanicsburg	Mechanical Capacity Upgrade Design	Generator Replacement Mechanical Capacity Upgrade Fire System Design
DECC Montgomery	Upgrade Computer Room Air Handler (CRAH) unit Chiller Piping Redundancy Design Building Automation System (BAS) Upgrade Gaseous fire suppression system	
DECC Ogden		Mechanical Electrical Upgrade Gaseous fire suppression system
DECC Oklahoma City	Generator Upgrade Upgrade Air Handling unit Gaseous fire suppression system	
DECC Columbus	Mechanical Capacity Upgrade	BAS Repair & Replacement Gaseous fire suppression system
DECC St Louis	Mechanical Design for cooling system Security System Upgrade	Gaseous fire suppression system Cooling Efficiency & Piping
DECC San Antonio	Gaseous fire suppression system Mechanical Piping & Water Tank	Electrical Capacity Upgrade Design
DECC Warner Robbins	Facility Security System Upgrade Upgrade Building Automation System	
DECC PAC		Fire Suppression System Upgrade Design
DECC Europe	UPS Generator Power Upgrade Mechanical System Upgrade	Building Automation System (BAS) Upgrade

Building automation system upgrades are necessary in order to adequately monitor and control the building environment.

Upgrade of UPS/Generators/Electrical Systems (including buss projects) is required to support additional redundancy and future workload growth.

Upgrade and expand the existing facility security system at Warner Robbins and St Louis in FY 2014 to monitor additional square footage. The additional square footage is necessary to support future workload growth.

Mechanical design at St. Louis is to provide cooling system redundancy

Mechanical upgrades at San Antonio, Mechanicsburg, Columbus, and Europe, as well as the Chiller Piping Redundancy Design at Montgomery, and all CRAH/CRAC Unit upgrades are for the purpose of increasing cooling system capabilities associated with increased workload

Mechanical Capacity and Electrical Upgrade is to provide the latest technology for energy savings, efficiencies, and increase capacity and redundancy to support existing and future critical missions.

Cooling Efficiency & Piping is to meet Tier 3 2N redundancy requirements as part of the Data Center Consolidation initiative

Fire Suppression System Design and Upgrade is to install a gaseous suppression system to supplement the existing traditional fire suppression system.

Current Deficiency and/or Problem:

The computing centers require cyclical upgrades to their infrastructure and plant equipment. These upgrades are necessary to ensure reliability, security and redundancy to support customer workload.

Impact:

If these system and infrastructure investments/requirements are not funded, safety hazards and mission failure may result. Age-related infrastructure and equipment deficiencies can result in unplanned datacenter downtime. Additionally, DISA's ability to provide redundancy to enable 24x7 operations for customers will be jeopardized, resulting in a negative impact on DISA's operational capability, efficiency, and ability to support customers.

Energy Savings:

The upgrade/replacement of Uninterrupted Power Supply (UPS) units has resulted in a 3 percent reduction in data center energy consumption. In addition, generator upgrades/replacements have resulted in a 5 to 10 percent reduction in fuel consumption, as the new/upgraded units are more efficient. Lastly, the upgrade/replacement of mechanical systems and chillers yield 20 percent more cooling for the same amount of power consumption, which equates to potential building energy consumption savings of 4 to 7 percent.

Computing Services: Capital Investment Justification (\$ in Thousands)			A. FY 2015
B. Computing Services / March 2014	C. CE0400 ADPE and Telecommunications		D. Communications

Element of Cost	FY 2013			FY 2014			FY 2015		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Communications	1.00	1,100.00	1,100.00	1.00	500.00	500.00	1.00	500.00	500.00
Total	1.00	1,100.00	1,100.00	1.00	500.00	500.00	1.00	500.00	500.00

Narrative Justification

Description and Purpose:

DISA Computing Services provides premiere data processing capability for the DOD, requiring secure, highly available, and high speed network capabilities. DISA currently maintains and upgrades its datacenter communication infrastructure through the use of a services contract that allows for a rapid and flexible response to infrastructure growth and technology changes. However, this capital investment authority will be used to acquire communications hardware not covered by the current communications services contract.

Current Deficiency and/or Problem:

In order to secure customer systems, hardware is needed to support local firewalls and routing functions which were recently upgraded at the data centers. The upgrades address the Computing Services communications infrastructure that provides access to the production, test/development, and out of band networks.

Impact:

If DISA is unable to procure and install these devices, we will not be able to support new customer requirements. DISA will be unable to support new classified workload if we are unable to support the recent upgrades. There will not be sufficient infrastructure to safeguard the network and ultimately protect the customers' data. DISA will not have an acceptable level of first-line computer network defense.

Computing Services: Capital Investment Justification (\$ in Thousands)				A. FY 2015	
B. Computing Services / March 2014		C. CV0200 Software Development		D. Software Development	

Element of Cost	FY 2013			FY 2014			FY 2015		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Software Development	8.00	1,181.88	9,455.00	5.00	2,000.00	10,000.00	6.00	1,683.33	10,100.00
Total	8.00	1,181.88	9,455.00	5.00	2,000.00	10,000.00	6.00	1,683.33	10,100.00

Narrative Justification

Description and Purpose:

The DISA Computing Services' mission, as an enterprise computing service provider, is to deliver world-class service at the lowest possible cost that satisfies mission objectives. To accomplish this, we require funding to ensure that the services provided to support customers' missions are met through processes and systems which provide availability, capacity, continuity and security of the existing systems. Additionally, systems are required to track customer information and ensure service level agreements (SLAs) are met. DISA operates a variety of geographically dispersed mainframes and computing systems which require funding to support the enterprise environment. As technology changes, Standard Operating Environment (SOE) projects require software investments to sustain the most efficient processing environment for the customer at the lowest possible cost.

Included in FY 2015 is more cost-effective software replacement for mainframe software CA MIM, called Trident. CA NIM is used for the sharing of tape resources (storage). If a proof of concept determines that Trident software can replace CA MIM, this is estimated to cost \$0.525 million in FY 2015, but will ultimately save approximately \$300k annually. Also included is the purchase of Access Control List (ACL) management software which is required to manage Access Control Lists (ACL), test the current configurations, analyze traffic flow, and report on security compliance and posture throughout the ESD infrastructure. Also included is Auto Provisioning software which will allow ESD to provide more flexibility to customers by automating requests for workload hosting, server provisioning and service level agreements. Also included is Situational Awareness software to proactively enhance existing monitoring tools with upgraded functionality. Also included are additional licenses for CA Spectrum, which is the standard ESD enterprise tool for network management services, and Splunk, which is a log analysis tool. These additional licenses are needed to support additional workload.

Current Deficiency and/or Problem:

Existing software systems risk security vulnerability and may be inadequate to provide the proper assurance of availability and capacity to support the customers' mission requirements. Therefore, DISA must invest in new software to more efficiently host systems that provide a highly available, secure and robust computing environment and allow for timely and accurate customer billing. Based on the technical evaluation and the implementation cost, new products will be selected to meet organizational needs. Technical evaluations on mainframe and distributed software products will be conducted throughout the enterprise to avoid functionally equivalent software and the associated duplicative costs.

Impact:

Without these investments DISA will not be able to effectively operate and manage the diverse and increasing number of systems. There is an increased risk that Service Level Agreements will not be met due to downtime of systems, performance degradation, and lack of proactive means of measuring and correcting system capacity and availability problems. The volume of operating environments coming into the computing centers cannot be managed without enterprise system tools and could result in an inability to accurately monitor, report, and review service performance.

Computing Services: Capital Investment Justification (\$ in Thousands)			A. FY 2015
B. Computing Services / March 2014	C. CE0200 Minor Construction - Facilities		D. Minor Construction - Facilities

Element of Cost	FY 2013			FY 2014			FY 2015		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Minor Construction	5.00	535.00	2,675.00	4.00	668.75	2,675.00	3.00	500.00	1,500.00
Total	5.00	535.00	2,675.00	4.00	668.75	2,675.00	3.00	500.00	1,500.00

Narrative Justification

Description and Purpose:

The following facility enhancements are planned in FY 2014 and FY 2015:

Site	FY 2014	FY 2015
DECC San Antonio	Physical security upgrades	
DECC PAC	Upgrade HVAC	
DECC Montgomery	Physical security upgrades	
DECC Ogden		Mechanical & Electrical upgrade of transformers
DECC Mechanicsburg		C/D Buss Transformer upgrade

The upgrade of physical security is necessary in order to comply with DoD regulations

Upgraded Heating/Ventilation/Air Conditioning (HVAC) capabilities are required to both address additional cooling requirements associated with increased workload, as well as comply with indoor air quality standards mandated by OSHA. Anti-Terrorism Force Protection (ATFP) upgrades are needed to fully comply with DoD code UFC-4-010-01 DoD Minimum Anti-Terrorism Standards for Buildings.

Mechanical & Electrical upgrade of transformers will provide redundant utility feeds, transformers, and electrical distribution equipment for the sites mechanical equipment/systems. This will bring the site into compliance with ES521 facility standards by adding the necessary redundancy to the electrical systems that provide power to the sites mechanical systems. The site currently has single electrical distribution which creates a single point of failure.

C/D Buss Transformer upgrade is needed due to increased redundancy requirements.

Current Deficiency and/or Problem:

Various facilities are in need of upgrades and renovations in order to meet current standards and support new workload.

Impact:

If these projects are not funded, age-related infrastructure and equipment deficiencies could result in unexpected system failures, placing site personnel at risk and potentially resulting in unnecessary datacenter downtime. DISA's ability to provide a reliable and safe 24/7/365 operational capability may also be jeopardized.

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<u>Fiscal Year</u>	<u>Major Category</u>	<u>Initial Request</u>	<u>Current Proj. Cost</u>	<u>Approved Change</u>	<u>Explanation</u>
FY 2013					
	Equipment except ADPE and Telecommunications	37.000	37.000	0.000	
	Equipment - ADPE and Telecommunications	1.100	1.100	0.000	
	Software Development	9.455	9.455	0.000	
	Minor Construction	2.675	2.675	0.000	
	TOTAL FY 2013	50.230	50.230	0.000	

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FY 2014
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(Dollars in Millions)

<u>Fiscal Year</u>	<u>Major Category</u>	<u>Initial Request</u>	<u>Current Proj. Cost</u>	<u>Approved Change</u>	<u>Explanation</u>
FY 2014					
	Equipment except ADPE and Telecommunications	36.000	36.000	0.000	
	Equipment - ADPE and Telecommunications	0.500	0.500	0.000	
	Software Development	10.000	10.000	0.000	
	Minor Construction	2.675	2.675	0.000	
	TOTAL FY 2014	49.175	49.175	0.000	

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FY 2015
March 2014
(Dollars in Millions)

<u>Fiscal Year</u>	<u>Major Category</u>	<u>Initial Request</u>	<u>Current Proj. Cost</u>	<u>Approved Change</u>	<u>Explanation</u>
FY 2015					
	Equipment except ADPE and Telecommunications	37.500	37.500	0.000	
	Equipment - ADPE and Telecommunications	0.500	0.500	0.000	
	Software Development	10.100	10.100	0.000	
	Minor Construction	1.500	1.500	0.000	
	TOTAL FY 2015	49.600	49.600	0.000	

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	FY 2013 Quantity	FY 2013 Total Cost	FY 2014 Quantity	FY 2014 Total Cost	FY 2015 Quantity	FY 2015 Total Cost
ADPE & Telecom Equipment Capabilities	4.000	\$29.408	2.000	\$12.623	1.000	\$3.175
Other Support Equipment	4.000	\$29.408	2.000	\$12.623	1.000	\$3.175
EMSS Remote Earth Terminal	0.000	\$0.000	1.000	\$0.373	0.000	\$0.000
Secure Handset System Upgrade	1.000	\$4.971	0.000	\$0.000	0.000	\$0.000
TR0031 EMSS Gateway Transformation	1.000	\$13.847	1.000	\$12.250	1.000	\$3.175
TR0032 Broadband Global Area Network	1.000	\$1.090	0.000	\$0.000	0.000	\$0.000
TR0033 DTCS Architecture Improvement	1.000	\$9.500	0.000	\$0.000	0.000	\$0.000
Software Development	1.000	\$1.650	1.000	\$5.000	2.000	\$12.384
Externally Developed	1.000	\$1.650	1.000	\$5.000	2.000	\$12.384
EE0004 DDOE Enhancements	1.000	\$1.650	0.000	\$0.000	0.000	\$0.000
EE0005 New Financial System	0.000	\$0.000	0.000	\$0.000	1.000	\$10.384
EE0006 Traditional Contract Writing System	0.000	\$0.000	1.000	\$5.000	1.000	\$2.000
Total Obligations	5.000	\$31.058	3.000	\$17.623	3.000	\$15.559
Total Capital Outlays		\$7.668		\$12.255		\$26.186
Total Depreciation Expense		\$15.756		\$13.025		\$17.367

Telecommunications Services / Enterprise Acquisition Services: Capital Investment Justification (\$ in Thousands)			A. FY 2015
B. TS/EAS / March 2014	C. ADPE and Telecommunications		D. EMSS Remote Earth Terminal

Element of Cost	FY 2013			FY 2014			FY 2015		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
EMSS Remote Earth Terminal	-	-	-	1.00	373.00	373.00	-	-	-
Total	-	-	-	1.00	373.00	373.00	-	-	-

Description and Purpose:

This project is to construct an EMSS Remote Earth Terminal in order to reduce the impact of satellite failures and enhance system redundancy. The Iridium LLC current constellation of satellites are operating beyond their anticipated lifespan. A new constellation is to be launched and replace the existing constellation beginning in February 2015 and completed in 2017. The constellation has historically averaged a satellite failure every 14 months, and the failure rate is expected to increase. The constellation currently has one hole, and a replacement satellite is scheduled to be in place November of 2014. There are currently three spare satellites available in orbit to replace any future failed satellites, but the time for a spare satellite to get on station and replace a failed satellite is between two weeks to one year. Each satellite failure can impact an end-user's end-to-end system availability by 3.4%. The remote earth terminal can reduce the impact of a satellite failure by half and mitigate the effects of a satellite k-band outage entirely. There is a growing trend in the use of EMSS services; we are seeing more and more tactical uses and an increased number of tactical users. One example is that the Air Force Air Mobility Command plans to shift from INMARSAT services to Iridium for transmission of the Federal Aviation Administration's Air Traffic Service data. This shift is expected to provide a cost avoidance for the Air Force but places an emphasis on higher EMSS reliability and availability in support of safety-of-flight.

Current Deficiency and/or Problem:

A major issue for DISA is ensuring reliable communication capabilities. The risk of only one EMSS DoD Gateway (in Hawaii and nearly 13 years old) with no redundancy continues to be a serious concern. This lack of Gateway redundancy jeopardizes current and projected warfighter operations using the Iridium radios - a problem which has been exacerbated by the increasing risk of additional legacy constellation failures. The legacy constellation will not be fully replaced by the new NEXT constellation until FY18, and the unexpected loss of one legacy satellite has impacted the warfighter communications availability. This communication outage "hole" can be mitigated by the implementation of the Remote Earth Terminal, which, as backup of the DoD gateway, will provide a significant increase in system availability.

Impact:

If the EMSS remote earth terminal is not funded the users will experience greater outage times as the current constellation ages and the capability becomes adopted by a growing number of tactical uses and users. Failure to construct the Remote Earth Terminal in FY 14 will impact the quality of future services.

Telecommunications Services / Enterprise Acquisition Services: Capital Investment Justification (\$ in Thousands)			A. FY 2015
B. TS/EAS / March 2014	C. ADPE and Telecommunications		D. TR0031 EMSS Gateway Transformation

Element of Cost	FY 2013			FY 2014			FY 2015		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
EMSS Gateway	1.00	13,847.00	13,847.00	1.00	12,250.00	12,250.00	1.00	3,175.00	3,175.00
Total	1.00	13,847.00	13,847.00	1.00	12,250.00	12,250.00	1.00	3,175.00	3,175.00

Description and Purpose:

The Enhanced Mobile Satellite Service (EMSS) provides deployed Warfighters and Partnering Agencies global communications through enhancements to commercial Mobile Satellite Service (MSS) infrastructures. Services provided include voice, data (2.4kbps), paging, and Short Burst Data. Major functions include airtime usage via the Iridium Low Earth Orbit (LEO) constellation, Operations and Maintenance (O&M) of the DoD EMSS Gateway, Customer provisioning, and engineering assistance. In order to ensure continued reliable service, the EMSS Gateway is undergoing modernization and upgrades.

Current Deficiency and/or Problem:

Due to the aging EMSS terrestrial architecture, infrastructure and equipment, which have been in service since the commencement of the program, are becoming unsupportable. The current EMSS DoD Gateway was procured to receive traffic from the current Iridium constellation. As Iridium transitions their commercial service to utilize "Iridium NEXT" technology, their commercial gateway architecture must change. Iridium Satellite LLC (ISLLC) has initiated an effort (Iridium NEXT) to replace the aging constellation. To ensure the government's continued ability to receive EMSS/Iridium traffic, the EMSS Gateway will need to be migrated to maintain technical parallel via a series of upgrades designed to maintain full backward compatibility and be fully NEXT compliant. This transformation began in FY 2010 and is expected to continue through FY 2016.

Impact:

If the EMSS Gateway is not transformed to remain compatible with the Iridium commercial gateway, EMSS will not be able to receive critical operational traffic nor provide access to new services offered by Iridium NEXT. Without upgrades to the DoD Gateway infrastructure, end user equipment, encryption devices, and COOP capability will not meet communications needs.

Telecommunications Services / Enterprise Acquisition Services: Capital Investment Justification (\$ in Thousands)			A. FY 2015		
B. TS/EAS / March 2014		C. Software Development		D. EE0005 New Financial System	

Element of Cost	FY 2013			FY 2014			FY 2015		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
New Financial System	-	-	-	-	-	-	1.00	10,384.00	10,384.00
Total	-	-	-	-	-	-	1.00	10,384.00	10,384.00

Description and Purpose:

The purpose of this project is to create a new TS/EAS financial system which will modernize the current FAMIS EAS system. The new TS/EAS financial system is a turn-key solution designed to upgrade from the current version FAMIS-EAS 4.0. The solution is based on Oracle eBusiness Suite (EBS) R12.1.3 to support the following application family of products: General Ledger, Accounts Receivable, Accounts Payable, Federal Administration, Project Costing, Project Billing, Project Contracts, Purchasing, and iProcurement. The resulting system will implement Oracle Identity and Access Management (IAM) to interface with EBS to provide Common Access Card (CAC) authentication to the EBS. The new TS/EAS financial system will be fully compatible with the Working Capital Fund-Core system being deployed in support of the Computing Services business area and will allow production of an integrated financial statement for the Information Services Activity Group. Both the operational and the back-up environments for this solution will be hosted at DECCs.

Current Deficiency and/or Problem:

The Federal Financial Management Integrity Act (FFMIA) of 1996 requires Federal agencies to implement and maintain financial management systems compliant with Federal financial management systems requirements, applicable Federal accounting standards, and the United States Standard General Ledger (USSGL) at the transaction level. The Office of Management and Budget (OMB) issued Circular 127, Financial Management Systems (revised 1/9/2009), to implement FFMIA and establish specific requirements for Federal financial systems.

Impact:

Upon implementation of the new financial system, DISA will be in compliance with the DoD mandated solution for working capital fund accounting and finance, the latest version of Business Enterprise Architecture (BEA), the Financial Management Regulation (FMR), Office of Management and Budget compliance objectives, and other applicable policies, laws, and regulations. The current proprietary program will be replaced with a non-proprietary solution, allowing DISA to more freely pursue open competition options in future contractual activities. Many of the manual processes in the current solution will be replaced by automated functions, enhancing user efficiency. It is anticipated that the new TS/EAS financial system will provide DISA with the opportunity to improve business processes, increase standardization, and identify efficiencies with interfaces that allow for the best use of resources across all areas. It is also anticipated that the new TS/EAS financial system will provide capabilities that will reduce manual, off-line efforts necessary to perform functions in the current environment as well as establish standardized cost structures across the DWCF entities providing better visibility of cost and revenue information from an enterprise perspective.

Telecommunications Services / Enterprise Acquisition Services: Capital Investment Justification (\$ in Thousands)			A. FY 2015
B. TS/EAS / March 2014	C. Software Development		D. EE0006 Traditional Contract Writing System

Element of Cost	FY 2013			FY 2014			FY 2015		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Traditional Contract Writing System	-	-	-	1.00	5,000.00	5,000.00	1.00	2,000.00	2,000.00
Total	-	-	-	1.00	5,000.00	5,000.00	1.00	2,000.00	2,000.00

Description and Purpose:

The DISA's Defense Information Technology Contracting Organization (DITCO) is in the process of replacing incongruous and unsupported legacy contracting applications with a modern end-to-end system now called the Integrated Defense Enterprise Acquisition System (IDEAS). This project was subdivided into telecommunications and traditional contracting, and uses an agile methodology to incrementally configure Appian's Inc Business Process Management (BPM) tool to support all procurement functions. IDEAS, as an agile project that adheres to the DoD Procurement Data Standard (PDS) and Standard Financial Information Structure (SFIS), has been certified Business Enterprise Architecture (BEA) compliant and is documented using the Department of Defense Architecture Framework (DoDAF). Receiving its Authority to Operate (ATO) in the third quarter of FY09, IDEAS provided a telecommunications contracting capability first. Funding is now required to deploy a traditional contracting capability which is the next step in the incremental progression towards a fully integrated contract writing system. The traditional contracting solution will be configured utilizing Appian's BPM tool to provide the flexibility, access controls, and interfaces necessary to provide a secure and streamlined system inclusive of all procurement functions. DISA is currently licensed to configure IDEAS for Telecommunications and Traditional Contracting for 5000 users. IDEAS is a cloud-based solution hosted by DECC-Ogden, and includes native mobile and social technologies. Telecommunications contracting was implemented first and has processed over 6000 contract actions by 150 contracting specialists and officers, with a life cycle value just over \$1.0B. Traditional contracting is the next step towards replacing costly and unsupported legacy systems, providing the full spectrum of contracting capabilities within a single integrated system, and replacing the Standard Procurement System (SPS) which is scheduled to be sunset in FY 2015.

Current Deficiency and/or Problem:

The end-of-life for the Standard Procurement Systems is FY 2015; therefore, the EBM/IDEAS Traditional Contract Writing System project must start immediately to be in place before the legacy system sunsets in FY 2015.

Impact:

Failure to replace DISA contract writing systems before the sunset of SPS/PD2 will result in an interruption of DISA's ability to contract for essential Information Technology products and services required by DISA's mission partners.

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<u>Fiscal Year</u>	<u>Major Category</u>	<u>Initial Request</u>	<u>Current Proj. Cost</u>	<u>Approved Change</u>	<u>Explanation</u>
FY 2013					
	Equipment except ADPE and Telecommunications	0.000	0.000	0.000	
	Equipment - ADPE and Telecommunications	29.408	29.408	0.000	
	Software Development	1.650	1.650	0.000	
	Minor Construction	0.000	0.000	0.000	
	TOTAL FY 2013	31.058	31.058	0.000	

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<u>Fiscal Year</u>	<u>Major Category</u>	<u>Initial Request</u>	<u>Current Proj. Cost</u>	<u>Approved Change</u>	<u>Explanation</u>
FY 2014					
	Equipment except ADPE and Telecommunications	0.000	0.000	0.000	
	Equipment - ADPE and Telecommunications	12.623	12.623	0.000	
	Software Development	7.400	5.000	(2.400)	Reduced DDOE enhancement requirements
	Minor Construction	0.000	0.000	0.000	
	TOTAL FY 2014	20.023	17.623	(2.400)	

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FY 2015
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(Dollars in Millions)

<u>Fiscal Year</u>	<u>Major Category</u>	<u>Initial Request</u>	<u>Current Proj. Cost</u>	<u>Approved Change</u>	<u>Explanation</u>
FY 2015					
	Equipment except ADPE and Telecommunications	0.000	0.000	0.000	
	Equipment - ADPE and Telecommunications	3.175	3.175	0.000	
	Software Development	12.384	12.384	0.000	
	Minor Construction	0.000	0.000	0.000	
	TOTAL FY 2015	15.559	15.559	0.000	

DEFENSE LOGISTICS AGENCY							
DEFENSE-WIDE WORKING CAPITAL FUND							
SUPPLY CHAIN MANAGEMENT ACTIVITY GROUP							
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES							
ACTIVITY GROUP CAPITAL INVESTMENT SUMMARY							
(\$ IN MILLIONS)							
Line Number	Item Description	FY 2013		FY 2014		FY 2015	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
MAT 200-01	Material Handling/Storage Space Utilization - Distribution	9	9.340	7	20.011	13	17.628
IS 200-02	Installation Security - Distribution	1	0.555	2	1.125	1	0.430
IS 200-03	Installation Security - Materiel Supply Chain	2	0.606	1	1.625	1	0.777
MAD 200-04	Material Disposal - Disposition	5	2.216	3	1.700	4	2.900
	<u>TOTAL EQUIPMENT (Non ADP/T)</u>	17	12.717	13	24.461	19	21.735
TEL 100	Telecommunications - Materiel Supply Chain	1	0.500	0	0.000	2	3.992
TEL 200	Telecommunications - Distribution	1	1.000	3	5.280	5	6.685
PRD 100	Production Hardware - Materiel Supply Chain	3	7.619	2	7.071	3	7.598
PRD 200	Production Hardware - Disposition	1	2.804	0	0.000	0	0.000
NET 100	Network Hardware - Distribution	1	3.999	2	12.665	2	3.450
NET 200	Network Hardware - Materiel Supply Chain	6	4.949	5	8.491	6	9.271
	<u>TOTAL EQUIPMENT (ADP/T)</u>	13	20.871	12	33.507	18	30.996
SWD 200-01	Supply Chain Management - eProcurement		19.415		0.000		0.000
SWD 200-02	Supply Chain Management - Enterprise Business System		33.995		52.019		18.878
SWD 200-03	Supply Chain Management - Defense Medical Logistics Standard System		2.997		2.997		2.397
SWD 200-04	Supply Chain Management - DoD EMALL		0.340		5.848		5.964
SWD 200-05	Supply Chain Management - Functional Executive Agent Medical Support		2.458		2.645		2.798
SWD 200-06	Supply Chain Management - Reutilization Business Integration		0.000		0.500		0.500
SWD 300-01	Net-Centric Hubs - Fusion Center		0.000		2.814		0.000
SWD 300-02	Net-Centric Hubs - Enterprise Business Software		0.773		0.000		2.274
SWD 300-03	Net-Centric Hubs - Asset Visibility		0.000		0.500		0.000
SWD 400-01	Master Data - Federal Logistics Information System		1.200		2.075		2.075
SWD 500-01	Distribution - Radio Frequency Identification		0.000		1.920		1.920
SWD 500-02	Distribution - Distribution Standard System		0.000		1.107		1.129
	<u>TOTAL SOFTWARE DEVELOPMENT</u>		61.178		72.425		37.935
REP 200-01	Minor Construction \$250,000 - \$750,000 (Materiel Supply Chain)		0.000		3.076		3.076
REP 200-02	Minor Construction \$250,000 - \$750,000 (Distribution)		10.389		9.002		9.002
REP 200-03	Minor Construction \$250,000 - \$750,000 (Disposition)		1.760		2.461		2.100
	<u>TOTAL MINOR CONSTRUCTION</u>		12.149		14.539		14.178
	<u>TOTAL AGENCY CAPITAL INVESTMENTS</u>	30	106.915	25	144.932	37	104.844
	Total Capital Outlays		119.786		118.712		125.351
	Total Depreciation Expense		120.672		184.905		181.733

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Supply Chain Management Activity Group March 2014						C. Line Number & Item Description MAT 200-01 Non-ADP Equipment				D. Activity Identification DLA Distribution		
Element of Cost	FY 2013			FY 2014			FY 2015					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>MAT 200-01</u> Material Handling/Storage Space Utilization	9	1,037.8	9,340	7	2,858.7	20,011	13	1,356	17,628			
<p>Narrative Justification:</p> <p>These investments are for material handling equipment, mobile material handling equipment, and miscellaneous warehouse equipment or systems. Equipment is to replacement existing items that have reached or exceeded the useful life established for these categories. Based on guidance contained in various Department of Defense (DoD) governing polices, the Defense Logistics Agency (DLA) has established replacement and life expectancy/productivity enhancements standards for all categories of investment equipment. The standards are based on life expectancy with consideration given to condition, usage hours, and/or repair costs. DLA establishes age, utilization and repair standards based on industry information and experience in the absence of DoD acquisition and replacement criteria relative to unusual categories of equipment.</p> <p>Equipment supports new mission or productivity related projects for which DLA has established policies and procedures to ensure that the ultimate goals of providing cost savings in terms of reduced man-hours to complete mission oriented tasks, new systems or equipment to meet the requirements for attaining DLA strategic goals, and modification to enhance safety of the operators or environment are met. All productivity related projects normally provide a payback of not more than five years and savings to investment ratio of greater than one.</p> <p>Projects in FY 2014 include conveyor system, building storage and racks systems.</p> <p>Projects in FY 2015 include Container Handlers, Sortation Systems, conveyor systems and Straddle Crane</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Supply Chain Management Activity Group March 2014				C. Line Number & Item Description IS 200-02 Non-ADP Equipment						D. Activity Identification DLA Distribution		
Element of Cost	FY 2013			FY 2014			FY 2015					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>IS 200-02</u> Installation Security	1	555	555	2	562.5	1,125	1	430	430			
Narrative Justification: This program involves providing installation security related items. Security items include Card Access Control Systems (CACS) for various buildings, a card access system, a closed circuit television system, and fire emergency trucks. Equipment of this type will provide security of the items stored in the depots as well as safety and security for the DLA employees. This equipment is in accordance with security guidance provided by the Department of Defense and in order to rectify identified security deficiencies. This equipment will provide depot security as well as safety and security for DLA Distribution employees.												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Supply Chain Management Activity Group March 2014				C. Line Number & Item Description IS 200-03 Non-ADP Equipment						D. Activity Identification Materiel Supply Chain		
Element of Cost	FY 2013			FY 2014			FY 2015					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>IS 200-03</u> Installation Security	2	303	606	1	1,625	1,625	1	777	777			
<p>Narrative Justification:</p> <p>This program involves providing installation security related items. Security items include portals, turnstiles, entrance card reader, intrusion, detection devices, and fire emergency trucks. Equipment of this type will provide security of the items stored in the depots as well as safety and security for the DLA employees. This equipment is in accordance with security guidance provided by the Department of Defense and in order to rectify identified security deficiencies.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Supply Chain Management Activity Group March 2014				C. Line Number & Item Description MAD 200-04 Non-ADP Equipment						D. Activity Identification DLA Disposition Services		
Element of Cost	FY 2013			FY 2014			FY 2015					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>MAD 200-04</u> Material Disposal	5	443.2	2,216	3	566.7	1,700	4	725	2,900			
Narrative Justification: This investment is for scrap/container handlers and Shredders that have reached or exceeded the useful life established for this category. Based on guidance contained in various Department of Defense (DoD) governing policies, the Defense Logistics Agency (DLA) has established replacement and life expectancy standards for all categories of investment equipment. The standards are based on life expectancy with consideration given to condition, usage hours, and/or repair costs. DLA establishes age, utilization and repair standards based on industry information and experience in the absence of DoD acquisition and replacement criteria relative to various categories of equipment.												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Supply Chain Management Activity Group March 2014				C. Line Number & Item Description TEL 100 Telecommunications Equipment						D. Activity Identification Materiel Supply Chain		
Element of Cost	FY 2013			FY 2014			FY 2015					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
TEL 100 Telecommunications	1	500	500	0	0	0	2	1,996	3,992			
Narrative Justification: This investment for telecommunications equipment is in support of DLA Land and Maritime, DLA Aviation and DLA Troop Support. This equipment will ensure that data transmissions from voice to video are successful. Requirements include telephone switches, Local Area Network (LAN) and Wide Area Network (WAN) upgrades associated with telecommunications hardware, storage solutions, video teleconferencing hardware, and a trunked radio system. The purpose of the enhancements is to install planned improvements and upgrades of Core/Mission Critical LAN and telecommunications hardware, cable and middleware. The continued enhancement of the DLA telecommunications infrastructure is essential to the continued improvement of the availability of information and data required for DLA to effectively perform its mission. A Business Case Analysis (BCA) has been performed and submitted for each fiscal year. No specific Cost/savings quantitative analysis was performed for these projects. However, the projects are consistent with the DLA long-term plan for upgrading the DLA telecommunications capabilities.												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Supply Chain Management Activity Group March 2014				C. Line Number & Item Description TEL 200 Telecommunications Equipment						D. Activity Identification DLA Distribution		
Element of Cost	FY 2013			FY 2014			FY 2015					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
TEL 200 Telecommunications	1	1,000	1,000	3	1,760	5,280	5	1,337	6,685			
<p>Narrative Justification:</p> <p>The Radio Frequency mission, as specified in DoD 4140.1-R and Defense Reform Initiative Directive (DRID) 48, calls for the ability to read 2D bar codes during the pick operation. The mission relies upon the perpetuation of serial number information throughout the supply chain; suppliers will mark this information on material in the form of 2D bar codes. This work is primarily supported by Radio Frequency equipment. The intent of this action is to survey, design, install, and implement an 802.11b/g/n RF solution for any new site requirements or to supplement new requirements to any current 802.11b/g infrastructure to include the procurement of end user devices, WLAN hardware and infrastructure cabling. No BCA or EA was done. Money was allocated for future requirements that are not yet completely defined. There will be no visual cost savings involved as these projects will be mandated in order to support mission requirements.</p> <p>Radio Frequency Identification (RFID) supports the overall goal of supply chain integration and logistics interoperability and allows for information exchange within and between internal and external business partners. The first phase of the RFID initiative included reading passive RFID tags at receiving locations, initially for new procurement and eventually for field returns. Passive RFID printer had been deployed in preparation for MRO-level tagging at receiving. RFID printers were shipped to all the CONUS sites and two OCONUS sites. pRFID portals were registered with DLA Transaction Services as an integral component for improving the metrics. A central reporting server was created; its role as a repository for composite data is being developed. The Center of Excellence (CoE) at DDJC will be the centerpiece for implementing new pRFID technologies driven by business processes. Phase I projects include fast-track receiving, intra-depot tracking of material, and a real-time-location system in the CCP facility. Negative ROI anticipated until MRO level tagging, Local Delivery initiatives, and auto-receipt processing are more ubiquitous. DLA Distribution J3 estimates annual savings in excess of \$1M with auto-receipt of RDOs alone. The benefit of RFID in Receiving (PRR) is being realized at the DLA Distribution San Joaquin and New Cumberland sites.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Supply Chain Management Activity Group March 2014				C. Line Number & Item Description PRD 100 Production Hardware						D. Activity Identification Material Supply Chain		
Element of Cost	FY 2013			FY 2014			FY 2015					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>PRD 100</u> Production Hardware	3	2,539.7	7,619	2	3,535.5	7,071	3	2,532.6	7,598			
<p>Narrative Justification:</p> <p>The DLA Transaction Services mission is to receive, validate, edit, route, transmit, and archive nearly all unclassified DoD logistic traffic. This mission is accomplished by a collection of systems that are supported by four financial profiles; DBASE, DDATA, DGATE, and EBUS. The requirements identified not only provides the DLA Transaction Services' Enterprise Infrastructure, but also provides the necessary components needed for data exchange, storage, facility and security between the DLA Transaction Services profile environments and DLA Transaction Services' diverse external customer base. This infrastructure provides for numerous DLA Transaction Services MAC-I applications such as the DLA Transaction Services Routing Control System (DRCS), Service Oriented Messaging Architecture (SOMA), DLA Transaction Services Micro Automated Routing System (DMARS), Global Exchange (GEX) E-Business Hub, and the Integrated Data Environment (IDE). The identified requirements include the necessary hardware to provide support for 12 DoD level repositories used in the editing, validating, verifying, and routing of logistics data for DoD, other Federal Agencies, the North Atlantic Treaty Organization (NATO), and foreign military sales (FMS) countries. These repositories also support DoD requisition tracking. The above mentioned applications are identified for technical refreshment or augmentation of existing servers that have outgrown their life cycle. These applications are responsible for performing a core, mission critical function, and directly service the vast MQ Series, File Transfer Protocol (FTP) and Simple Mail Transfer Protocol (SMTP) customer base. These applications process over 3.7 Billion logistics transactions per year. The DoD Electronic Business gateway at DLA Transaction Services is a highly reliable "global community services" logistics processing application serving the entire DoD community to include DLA, US Air Force, US Army, US Marine Corps, US Navy, US Coast Guard, the Federal Sector, the Defense Contractor community, International Logistics Communications Systems (ILCS), Foreign Military Sales (FMS) countries, and all DoD logistics customers using DoD and commercial networks. The key component of the E-Business profile is the GEX E-Business Hub. The requirements above include the technical refreshment of the hardware components for GEX and IDE sustainment interfaces, which have been realigned into the DLA Transaction Services core mission. GEX provides EDI data exchange from secure facilities located at DLA Transaction Services. The GEXs are connected via the Non-classified Internet Protocol Router Network (NIPRNET). The NIPRNET provides the communications backbone for Electronic Commerce Infrastructure (ECI). The NIPRNET is part of the Defense Information System Network (DISN) and is managed by DISA. The impact of not replacing these hardware platforms will lead to degradation of services, leading to mission failure.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Supply Chain Management Activity Group March 2014				C. Line Number & Item Description PRD 200 Production Hardware						D. Activity Identification DLA Disposition Services		
Element of Cost	FY 2013			FY 2014			FY 2015					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>PRD 200</u> Production Hardware	1	2,804	2,804	0	0	0	0	0	0			
Narrative Justification: Radio frequency equipment is required to support the reutilization mission. There are plans for forty-nine CONUS and OCONUS sites to receive equipment and infrastructure (printers, readers, etc.) configured to handle the Automated Information Technology needs of the DLA Disposition Services inventory. The hardware will be configured to work with the Reutilization Business Integration (RBI) solution set which includes the Distribution Standard System (DSS), Enterprise Business System (EBS), and Integrated Data Environment (IDE).												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Supply Chain Management Activity Group March 2014				C. Line Number & Item Description NET 100 Network Hardware						D. Activity Identification DLA Distribution		
Element of Cost	FY 2013			FY 2014			FY 2015					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
NET 100 Network Hardware	1	3,999	3,999	2	6,332.5	12,665	2	1,725	3,450			
<p>Narrative Justification:</p> <p>In FY 2013, FY 2014 and FY 2015, DLA Information Operations New Cumberland will upgrade LAN networks supporting DLA Distribution to include hardware and infrastructure cabling. There are also LAN installation requirements to establish DLA network enclave connectivity supporting the IMSP program and the DLA Distribution Navy Warehouse Transfer initiative. Upgrades are planned for DLA Distribution Tobyhanna, DLA Distribution San Joaquin, DLA Distribution Yokosuka, Japan, DLA Distribution Sigonella, Italy, DLA Distribution Hill AFB, DLA Distribution Jacksonville, FL DLA Distribution Anniston, AL, DLA Distribution Norfolk, Va, DLA Distribution Barstow, Ca, DLA Distribution Cherry Point, NC, DLA Distribution/Aviation San Diego, CA, DLA Distribution Albany, GA, DLA Distribution Germershiem, Germany, DLA Distribution Susquehanna, DLA Distribution Warner Robins, NWT Groton Connecticut, DLA Land and Maritime Norfolk Naval Shipyard, Va, and the DLA Distribution HQ. The LAN installation supporting IMSP and Navy Warehouse Transfer locations will be planned as locations are identified through the planning process.</p> <p>Due to changing and or insufficient requirements for the various locations, no Business Case Analysis (BCA) or Economic Analysis (EA) was performed.</p> <p>Incomplete knowledge of the existing infrastructure and until these transfers are completed and actual requirements identified, no savings/cost avoidance should result from the purchase.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Supply Chain Management Activity Group March 2014				C. Line Number & Item Description NET 100 Network Hardware						D. Activity Identification Material Supply Chain		
Element of Cost	FY 2013			FY 2013			FY 2015					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
NET 200 Network Hardware	6	824.8	4,949	5	1,698.2	8,491	6	1,545.2	9,271			
<p>Narrative Justification:</p> <p>This investment for Local Area Network (LAN) upgrades and Wide Area Network (WAN) of DLA Land and Maritime, DLA Aviation and DLA Troop Support. The LAN Upgrade is a directed action and is required to maintain and improve the current level of support to customers. A robust LAN is required to support the DLA mission as well as meet DLA technology goals and initiatives. The goals of the upgrade are to reduce procurement lead times, design and implement a best value enterprise IT environment, continue to maintain the current IT environment while supporting operational issues, mandated changes and system enhancements and improve customer response time for services and materiel. An Economic Analysis (EA) has been submitted for this expenditure. There is approximately \$17.5M in productivity savings (discounted to \$11.2M) accruing to the LAN not going down on an abnormal basis. This figure is reasonable since the benefits stream is capturing the fact that the LAN is critical IT infrastructure that must be in place to allow the mission of the agency to be fulfilled. In addition to the quantitative benefits, the LAN Upgrade is qualitatively consistent with current IT policy. The improved reliability and additional technological robustness of the LAN will support DLA agency wide business plans and goals. The purpose of the enhancements is to install planned improvements and upgrades of Core/Mission Critical LAN and telecommunications hardware, cable and middleware. The continued enhancement of the DLA LAN infrastructure is essential to the continued improvement of the availability of information and data required for DLA to effectively perform its mission. A Business Case Analysis (BCA) has been performed and submitted for each fiscal year. No specific Cost/savings quantitative analysis was performed for these projects. However, the projects are consistent with the DLA long-term plan for upgrading the DLA LAN capabilities.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Supply Chain Management Activity Group March 2014				C. Line Number & Item Description SWD 200-01 Software Development \$1.0 and Over						D. Activity Identification Materiel Supply Chain		
Element of Cost	FY 2013			FY 2014			FY 2015					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>SWD 200-01</u> EProcurement			19,415			0			0			
<p>Narrative Justification:</p> <p>DLA initiated fielding of EProcurement Release 1.2, the full functional procurement capabilities, on October 24, 2011. We anticipate reaching full deployment to all planned users (approx. 4000) by February 2014. No FY14 or FY15 funding required</p> <p>EProcurement is an ACAT IAC program and is extending the SAP application to satisfy government specific procurement requirements. It provides a single integrated procurement solution supporting DOD procurement processes and a single interface to industry while enabling process standardization, workload management, and strategic sourcing. EProcurement replaces a variety of procurement systems (e.g., DLA Strategic Materials used the Standard Procurement System; DLA Document Services used non-automated or manual procurement processes; and DLA Distribution and DLA Disposition Services used the Base Operations Support System (BOSS)). A single, enterprise-wide procurement capability will reduce redundancy, costliness, and employ a standard contract writing and contract administration methodology across the Agency. A Business Case Analysis was conducted in May 2004 that subsequently established the EProcurement Program. A strategic pause was initiated to upgrade the BSM software to the most current version of the ERP; it ended in September 2007 and the EProcurement project was then initiated. The OSD Cost Assessment and Program Evaluation (CAPE) concurred with the program Economics Analysis on January 14, 2011 which was updated at subsequent major program milestones.</p> <p>The expected outcomes of the activity include: increase in service level, decrease in cycle time, increase in horizontal integration, increase in financial accountability, and an increase in business alignment to the Warfighter. The impact of not funding would result in: (a) the need to continue support and maintenance of DPACS at approximately \$10 million a year, (b) the need to maintain interfaces between DPACS and EBS, and (c) an inability to attain an additional \$8 million/year in benefits related to EBS interface retirement, SPS/BOSS interface retirement, and functional savings resulting from increased contract visibility, automated invoice processing, post contract award efficiencies, and data storage efficiencies.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Supply Chain Management Activity Group March 2014				C. Line Number & Item Description SWD 200-02 Software Development \$1.0 and Over						D. Activity Identification Materiel Supply Chain		
Element of Cost	FY 2013			FY 2014			FY 2015					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>SWD 200-02</u> Enterprise Business System (EBS)			33,995			52,019			18,878			
Narrative Justification: The DLA EBS will essentially help link the entire supply chain from the time a warfighter places an order to the time that order is delivered. Currently at full operational capacity, EBS enables DLA employees to take information on stock that is stored at military supply storage and distribution sites and turn that information into an actionable document called a supply plan that is used by buyers to procure products. EBS allows DLA's over 8,000 EBS users and DLA's customers to make supply queries online, place orders, improve delivery time, have automated product data information and give commanders immediate access to stock information. EBS enables DLA on a wholesale and retail level. As EBS continues to evolve, expansion of the capabilities and benefits will be added through investments such as EProcurement, Energy Convergence and the retail integration efforts. EBS enables DLA to improve customer fulfillment and maintain material availability while providing the opportunity to implement policies that reduce inventory, warehouse operations costs, and add new capabilities. Among the many capabilities benefits that DLA anticipates providing are: A HAZMAT module that will support the standardization and integration of a supply chain supporting the Military Services and DoD; Counterfeit Item Prevention decision support capability and high risk procurements applications to address risk mitigation objectives; a Strategic Network Optimization Program to optimize the global DoD storage and distribution network and; Performance Based Logistics (PBL) initiative designed to provide product support as an integrated, affordable performance package designed to optimize system readiness and meet performance goals for weapon systems through long-term product support with clear lines of authority and responsibility between end users. All this will further decreases in costs to customers; enhance sales and operations planning processes and increase actionable customer intelligence; reduce systems costs through further legacy system retirement and; compliance with DoD Standard Financial Information Structure.												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Supply Chain Management Activity Group March 2014				C. Line Number & Item Description SWD 200-03 Software Development \$1.0 and Over						D. Activity Identification Materiel Supply Chain		
Element of Cost	FY 2013			FY 2014			FY 2015					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>SWD 200-03</u> Defense Medical Logistics Standard Support (DMLSS) Wholesale			2,997			2,997			2,397			
Narrative Justification: The Defense Medical Logistics Standard Support-Wholesale (DMLSS-W) is an integrated system supporting the medical logistics needs of the Services and the Warfighter. The program directly funds the business process improvements and Management Information System (MIS) enhancements at DLA Troop Support Philadelphia with benefits and savings cascading throughout the entire DoD medical logistics supply chain. In FY 2014 - 2015 the program will continue software re-engineering improvements to the DMLSS-W applications in support of the Defense Medical Logistics Enterprise System (DML-ES) Authoritative Source Initiative and associated business processes. To support unique Prime Vendor and Web Based Ordering Processes, DMLSS-W will build out the core functionalities of the Medical Master Catalog (MMC). The scope and responsibility of the MMC will be extended with the development of MMC centric services including product validation and verification services. These services will be consumed by enterprise applications that are the entry points for product and price data entering the enterprise. These applications will be reengineered to replace existing component validation with a set of MMC services and modules that will enforce enterprise product centric business rules. This modernization will provide customers with more complete, accurate and more standardized medical products catalog from which to order. The continued development of workflow processes will support Product Sourcing Request (PSR) integration into the DMLSS-Retail system. The DAPA Management System (DMS) will add functionality to adapt to changes in the routing of PSRs, improving customer's fulfillment of requests for new items. The re-engineering of the Readiness Portal will expand customer capabilities, enabling the retrieval of medical product information from a single source and improved support for emerging Medical Contingency Requirements. New capabilities will be developed linking customers to the best current price under all contractual vehicles and providing NSN intelligence needed to support Readiness Planning and management by the Services. DMLSS-W will complete re-engineering the receipt confirmation process to support Wide Area Workflow (WAWF). The electronic catalogue will be programmed to accept XML transactions. PDB data will be further integrated into the DMLSS-W suite to improve data quality and reduce functional redundancies while providing a consistent interface to enterprise capabilities. The ROI for the DMLSS Program is almost 6 to 1. The benefits estimate is over \$4 billion across the DoD from FY 2002 through FY 2015.												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Supply Chain Management Activity Group March 2014					C. Line Number & Item Description SWD 200-04 Software Development \$1.0 and Over					D. Activity Identification Materiel Supply Chain		
Element of Cost	FY 2013			FY 2014			FY 2015					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>SWD 200-04</u> DOD EMALL			340			5,848			5,964			
<p>Narrative Justification:</p> <p>The DOD EMALL is an advanced, web-based government procurement application designed much like commercial applications. The site provides a personalized experience where each user can initiate transactions right from their desktop. DOD EMALL allows users to search or browse for commercial and government off-the-shelf products and services through a single interface and then to purchase those products or services in an easy to use online format.</p> <p>In FY 2013, DOD EMALL is required to build the Defense Logistics Management System (DLMS) standard infrastructure for its transactions. DOD EMALL will start with making its Material Receipt Acknowledgment (MRA) transactions DLMS compliant. The MRA process is a high priority for DOD Services and DLA. The new functionality of this DLMS infrastructure will increase transactions in DOD EMALL, thus increasing sales as well as War Fighter support.</p> <p>In FY 2014, DOD EMALL will continue its efforts with becoming DLMS compliant by FY19. The FY13 DLMS standard infrastructure functionality is only one of 17 DLMS changes needed in DOD EMALL. DOD EMALL will also need to build a Funds Control Module (FCM) for the United States Marine Corps (USMC). Bi-directional transactions between DOD EMALL and Service systems must be routed through DLA Transaction Services (TS) Global Exchange (GEX). The USMC FCM functionality will ensure USMC transactions meet the Audit Readiness Milestone of FY15. Along with introducing a FCM for the USMC, DOD EMALL will also improve the functionality of the current United States Army FCM and implement an FCM for the United States Navy.</p> <p>In FY 2015, DOD EMALL will implement FCM for the United States Air Force. Having these funds verification measures in place for all DOD Service transactions is a major step for DOD EMALL's audit readiness compliance. DOD EMALL will also be implementing the first stage of the Next Generation DOD EMALL E-Commerce Solution. This facelift to the DOD EMALL system will include, but not limited to; an improved catalog hosting site, first class search engine, improved product pages complete with images and detailed descriptions, and a more user friendly front end interface.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Supply Chain Management Activity Group March 2014					C. Line Number & Item Description SWD 200-05 Software Development \$1.0 and Over					D. Activity Identification Materiel Supply Chain		
Element of Cost	FY 2013			FY 2014			FY 2015					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>SWD 200-05</u> Functional Executive Agent Medical Support (FEAMS)			2,458			2,645			2,798			
<p>Narrative Justification: The Functional Executive Agent Medical Support (FEAMS) program identifies and implements business process improvements to improve medical supply chain operations. FEAMS facilitates the DLA Class VIII executive agent mission in three initial emphasis areas with both unclassified and classified (future) processing requirements: Medical Contingency Requirements Workflow (MCRW), Decision Support Capability (DSC), and Materiel and Process Standardization (MPS). FEAMS FY12 and FY13 capital investment will deliver MCRW increment one functionality in two releases and will form the foundation for future MCRW capability and Defense Medical Logistics DSC and MPS efforts.</p> <p>In the 1st MCRW release, FEAMS will leverage the information and partnerships gathered from the MCRW Proof of Concept (PoC) study conducted in the FEAMS prototyping phase to produce a scenario-dependent contingency requirements estimate and corresponding materiel item list that begins the evolution to a consolidated forecasting methodology for Services' contingency sustainment requirements. In this release FEAMS will validate an end-to-end workflow process for a Deliberate Planning use case using PACOM OPLAN data and will begin to work with NORTHCOM to validate extending MCRW capability for Humanitarian Assistance / Disaster Relief (HA/DR) use case. FEAMS will identify requirements and support producing Humanitarian Assistance / Disaster Relief (HA/DR) data necessary to enable generation of Patient Condition Occurrence Frequency (PCOF) data for COCOM customers and will analyze and identify DSC performance metrics and measures to become the enterprise visibility and management leverage point for the contingency requirements management process. Through this effort, FEAMS will identify the best value technical approach and define data management requirements for leveraging existing capability both internal and external to the Defense Medical Logistics (DML) enterprise. Additionally, FEAMS will engage data sharing partners, develop required service level agreements, and orchestrate their participation in data workgroups. Release 1 activity will establish the foundation to enable additional MCRW workflows for new functionality and customer groups in subsequent releases. FEAMS MCRW Release 2 will enable new MCRW workflows for Sustainment and Crisis Action planning use cases respectively using OPLAN data from the COCOM customer and will also build upon the release 1 Deliberate Planning capability. FEAMS will begin developing DSC for the identified supply chain measures and indicators currently contained in the Fusion Center. FEAMS will also work with the Defense Medical Materiel Program Office to identify and, if possible, incorporate data acquisition, management, and reporting tools within MCRW. This will establish the foundation for future MPS work and will assist medical products standardization at both the policy and execution levels in both institutional facilities and operational/ contingency operations, minimizing the impact and leveraging the benefit of rapid technological innovation in the commercial market for medical materiel.</p> <p>The FEAMS Business Case identified potential cost avoidances for DLA and the Services' Medical Logistics Supply Chain of \$124M over the effective life FY 2012 – FY 2022. FEAMS capabilities have strong customer advocacy and will significantly enhance DLA support to the Warfighter.</p>												

<p align="center">Activity Group Capital Investment Justification (Dollars in Thousands)</p>										<p>A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates</p>		
<p>B. Component/Activity Group/Date Defense Logistics Agency Supply Chain Management Activity Group March 2014</p>				<p>C. Line Number & Item Description SWD 200-06 Software Development \$1.0 and Over</p>						<p>D. Activity Identification DLA Disposition Services</p>		
Element of Cost	FY 2013			FY 2014			FY 2015					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>SWD 200-06</u> Reutilization Business Integration (RBI)			0			500			500			
<p>Narrative Justification:</p> <p>Reutilization Business Integration (RBI) will integrate the DLA Disposition Services Automated Information System (DAISY) suite of applications with DLA Enterprise Business Systems. RBI will leverage existing GOTS/COTS within the current DLA Enterprise to include Enterprise Business System (EBS), Distribution Standard System (DSS), and DLA Transaction Services systems. The selected Information Technology (IT) portfolio solution will provide DLA Disposition Services with the most efficient and flexible solution to manage the DLA Disposition Services business area.</p> <p>DSS will accommodate DLA Disposition Services' Receipt, Store, Issue and other disposition processes. DLA Disposition Services' Financial, Budget, Procurement and some disposition requirements will be satisfied by EBS. DLA Disposition Services' Sales requirements will be satisfied by a COTS solution within EBS. RBI will utilize DLA Transaction Services to provide data to Service/Agency systems. DLA Transaction Services provides access to master data sources thereby improving data quality and timeliness.</p> <p>Funding of SCR's currently being written for Sales/Billing and for the Recycle Control Point SCR's that is a part of the "Clean out the attic initiative". Disposition Services is in the process of writing multiple SCR's that will exceed the 250K dollar threshold for future years.</p> <p>An Economic Analysis Addendum (Revision 5) signed. Benefits are expected to begin accruing in FY 2013, with payback expected in FY 2015. Overall RBI program benefits, through FY 2023.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Supply Chain Management Activity Group March 2014				C. Line Number & Item Description SWD 300-01 Software Development \$1.0 and Over						D. Activity Identification Materiel Supply Chain		
Element of Cost	FY 2013			FY 2014			FY 2015					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>SWD 300-01</u> Net-Centric Hubs Fusion Center			0			2,814			0			
Narrative Justification: The DLA CIO in 2013 directed that the Fusion Center data and functionality be incorporated into EBS. Aside from sustainment and maintenance actions, until the move to EBS takes place, work is restricted to break-fix, audit readiness and DLA Director Initiatives. No new development is planned outside of Fusion's incorporation into EBS.												

<p align="center">Activity Group Capital Investment Justification (Dollars in Thousands)</p>										<p>A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates</p>		
<p>B. Component/Activity Group/Date Defense Logistics Agency Supply Chain Management Activity Group March 2014</p>				<p>C. Line Number & Item Description SWD 300-02 Software Development</p>						<p>D. Activity Identification Materiel Supply Chain</p>		
Element of Cost	FY 2013			FY 2014			FY 2015					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 300-02 Net Centric Hubs DLA Transaction Services Enterprise Software			773			0			2,274			
<p>Narrative Justification:</p> <p>The DLA Transaction Services mission is to receive, validate, edit, route, transmit, and archive nearly all unclassified DoD logistics traffic. This mission is accomplished by a collection of systems that are supported by four financial profiles; DBASE, DDATA, DGATE, and EBUS. The requirements identified not only provides the DLA Transaction Services Enterprise Infrastructure with the necessary software required for the platforms, but also provides the necessary software for components needed for data exchange, storage, facility and security between the DLA Transaction Services profile environments and DLA Transaction Services' diverse external customer base. This infrastructure provides for numerous DLA Transaction Services MAC-I applications such as the DLA Transaction Services Routing Control System (DRCS), Service Oriented Messaging Architecture (SOMA), DLA Transaction Services Micro Automated Routing System (DMARS), Global Exchange (GEX) E-Business Hub, and Integrated Data Environment (IDE). The above mentioned DRCS and SOMA applications are identified for technical refreshment of existing software for servers which have outgrown their life cycle. These applications are responsible for performing a core mission critical function, and directly service the vast MQ Series, File Transfer Protocol (FTP) and Simple Mail Transfer Protocol (SMTP) customer base. These applications process over 3.7 Billion logistics transactions per year. The DoD Electronic Business gateway at DLA Transaction Services is a highly reliable "global community services" logistics processing application serving the entire DoD community to include DLA, US Air Force, US Army, US Marine Corps, US Navy, US Coast Guard, the Federal Sector, the Defense Contractor community, International Logistics Communications Systems (ILCS), Foreign Military Sales (FMS) countries, and all DoD logistics customers using DoD and commercial networks. The key component of the E-Business profile is the GEX E-Business Hub. The requirements above include the technical refreshment and augmentation of the software for hardware components for GEX and IDE sustainmment interfaces, which have been realigned into the DLA Transaction Services core mission. GEX provides EDI data exchange from secure facilities located at DLA Transaction Services. The GEXs are connected via the Non-classified Internet Protocol Router Network (NIPRNET). The NIPRNET provides the communications backbone for Electronic Commerce Infrastructure (ECI). The NIPRNET is part of the Defense Information System Network (DISN) and is managed by DISA. The impact of not purchasing the identified software development support and replacing the identified software will lead to inability to use hardware equipment, which will lead to degradation of services leading to mission failure.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Supply Chain Management Activity Group March 2014						C. Line Number & Item Description SWD 300-03 Software Development				D. Activity Identification Materiel Supply Chain		
Element of Cost	FY 2013			FY 2014			FY 2015					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>SWD 300-03</u> Net Centric Hubs Asset Visibility			0			500			0			
Narrative Justification: Asset Visibility (AV) is a joint logistics capability that collects and fuses information from multiple DLA, TRANSCOM, GSA, and Military Service systems, providing Combatant Commands (COCOMs), Military Services, DLA, and Joint Task Forces with timely and accurate information including location, movement, status, and identity of units, personnel, equipment, and supplies. AV also provides vital logistics information to consuming systems managed by the Army, Navy, and DISA. AV is the Department's System of Record for asset visibility; however, whether users are interested in viewing inventory, requisition, or in-transit/in-theatre information at the detailed or summary level, the powerful data query and reporting capability built into the web-based AV application is designed to satisfy both needs, built using COTS tools. The Joint Staff J4 and DLA Logistics Operations are the AV functional sponsors. In FY12 a directive came out of the Distribution Process Owner Executive Board (DEB) to consolidate distribution-related In-Transit Visibility (ITV) and Asset Visibility IT systems eliminating duplication and overlap in Information Technology (IT) system capability to ensure the greatest possible support to the warfighter. As a result AV began efforts to "sunset" and be subsumed by the Integrated Data Environment (IDE)/ Global Transportation Network (GTN) Convergence (IGC). FY 2013 & FY 2014 funds will be reprogrammed. (Possibly for the AV/IGC Migration efforts by AV, IDE and IGC.)												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Supply Chain Management Activity Group March 2014					C. Line Number & Item Description SWD 400-01 Software Development \$1.0 and Over					D. Activity Identification Materiel Supply Chain		
Element of Cost	FY 2013			FY 2014			FY 2015					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
SWD 400-01 Master Data Federal Logistics Information System Portfolio			1,200			2,075			2,075			
<p>Narrative Justification:</p> <p>The Federal Logistics Information System (FLIS) Portfolio is comprised of the FLIS, the FLIS Portfolio Workbench (FPW), the FLIS Portfolio Data Warehouse (FPDW), and WebFLIS. The FLIS is identified as the authoritative source system to broadcast the logistics data for numerous processes that support DoD ERP implementations and many legacy systems. The FPW was designed as a universal, catalog input and work-flow tool as a result of cataloging consolidation. The FPW also performs Supply Support Request (SSR) processing for DLA managed items. In 2007, DLA Logistics Information Service subject matter experts conducted an Economic Analysis (EA) for the FLIS as it had reached the end of its lifecycle. In order to reduce the footprint, enhance customer support and provide additional supply chain information, the FLIS is developing requirements and designing incremental improvements to include a technical refresh in approximately 2018.</p> <p>In FY14 and FY15 the FLIS Portfolio plans to implement a systemic mechanism to rollback inaccurate changes (Targeted Rollback) sent to FLIS. Today, rolling back a mistake is a timely and risky process called a SQL Processing Using File Input (SPUFI) which requires us to make direct table changes putting data at risk. Manual updates need to be made to current and history data tables. The major problem is that while the FLIS database is restored, our external customers systems are not restored. This project is more than updating tables as it creates automated rollback processes through an intuitive user interface and should create output for the customers which is a significant void today.</p> <p>Also, in preparation for a technical refresh and the incorporation of commercial data into FLIS, we plan to design a new Logical Data Model and/or physical data model for FLIS. The data modeling project needs to account for extremely complex data relationships that exist today and needs to incorporate new data elements and new data relationships, to include (but not limited to) commercial data, which is a significant functionality enhancement. Finally, the data model project will provide the foundation for a truly relational database.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Supply Chain Management Activity Group March 2014					C. Line Number & Item Description SWD 500-01 Software Development Less Than \$1.0					D. Activity Identification DLA Distribution		
Element of Cost	FY 2013			FY 2014			FY 2015					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>SWD 500-01</u> Radio Frequency Identification			0			1,920			1,920			
<p>Narrative Justification:</p> <p>Radio Frequency Identification (RFID) supports the overall goal of supply chain integration and logistics interoperability and allows for information exchange within and between internal and external business partners. The first phase of the RFID initiative is to read passive RFID tags at receipt locations, initially for new procurement and eventually for field returns. As the RFID function develops, it is anticipated to expand into picking, packing, storage, and shipping sections as well. Therefore additional funding for software has been requested for middleware that can provide data monitoring and management, device monitoring and management, and application development tools as well as for System Change Requests to develop modifications to DSS to support RFID functionality.</p> <p>As passive RFID technology is further ingrained in our supply chain, the criticality of its software performance and increased capabilities becomes greatly important. Investment in the continued implementation and development of this essential component of the RFID package facilitates the benefit of this technology to DLA Distribution's customers and used as a main metrics indicator to the Receiving process of DLA Distribution.</p> <p>Economic analysis is under consideration by DLA Logistics Operations; the completion/release date is not known at this time. Negative ROI anticipated until MRO level tagging, Local Delivery initiatives, and auto-receipt processing are more ubiquitous. PRR is part of our tag to stow initiative. A positive ROI will take a few years, but additional savings may be found from other site to site problems. Lost materials will be an eventual finding where large dollars will be saved in man hours and money.</p> <p>DLA Distribution J-3 estimates annual savings in excess of \$1M with auto-receipt of RDOs alone. The benefit of RFID in Receiving (PRR) is being realized at the 18 of the DLA Distribution sites including San Joaquin and DLA Distribution New Cumberland.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Supply Chain Management Activity Group March 2014					C. Line Number & Item Description SWD 500-02 Software Development \$1.0 and Over					D. Activity Identification DLA Distribution		
Element of Cost	FY 2013			FY 2014			FY 2015					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>SWD 500-02</u> Distribution Standard System (DSS)			0			1,107			1,129			
<p>Narrative Justification:</p> <p>The Distribution Standard System (DSS) was fully deployed FY1998. DSS will continue to be enhanced through Business Process Improvements beyond Full Operational Capability (FOC). Many of these productivity System Change Requests (SCR's) are generated by the DLA Distribution Centers, sites and other stakeholders to improve and standardize the Distribution Business Processes. They will provide more cost effective customer support by enhancing functional areas such as Storage, Workload Planning, Transportation, Inventory, Receiving, Small Arms Serialization Program (SASP), Local Delivery, Packing, Packaging, Preservation and Marketing (PPP&M), Care Of Supplies In Storage (COSIS), Hazardous Material (HAZMAT), Equipment Control System (ECS), and Management Information System (MIS). In the latest releases as well the plans for future releases, DSS has and will continue to expand use of RFID/pRFID technologies to reduce processing steps, increase accuracy and improve asset visibility. RFID and WAWF have been incorporated into specific functions within DSS to meet DODs requirement to improve accountability and the receipt acceptance process. Additionally, DSS is fully interoperable with all DOD systems that are compliant with DOD's standard DLSS and DLMS interfaces. DSS SCRs are created by DLA HQ, DLA Distribution and DLA Information Operations to support Service Enterprise Resource Planning (ERP) and BRAC retail operations. This funding will support expanding DSS not only to new sites as required (for example DLA Distribution Kuwait and DLA Distribution Kandahar, Afghanistan) but also for ongoing Enterprise initiatives such as Reutilization Business Initiative (RBI) and Defense Transportation Coordination Initiative (DTCI).</p> <p>SCRs are required to keep DSS current with changing commercial and government freight policies, unique DoD and Service related initiatives, and regulatory changes to on-line and batch programs. These SCRs address mandated and priority core mission issues. All development will be performed internally.</p> <p>Analysis of individual DSS SCRs shows a range of Return On Investment (ROI) from 0.33 to 11.1; the payback period range from less than one (1) month to three (3) years.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Supply Chain Management Activity Group March 2014						C. Line Number & Item Description REP 200-01 Minor Construction				D. Activity Identification Materiel Supply Chain		
Element of Cost	FY 2013			FY 2014			FY 2015					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>REP 200-01</u> Minor Construction			0			3,076			3,076			
<p>Narrative Justification:</p> <p>The minor construction investment for projects (costing between \$250,000 and \$750,000 each) will construct new, replace existing, or modify current facilities to enhance mission performance, increase the level of protection of the workforce, and the mission stock. These projects include:</p> <ol style="list-style-type: none"> 1. Renovation and alteration of administrative facilities. An example is the conversion of a portion of a Pearl Harbor warehouse to administrative space to replace that in the buildings at Camp Smith, Hawaii which are scheduled for demolition. 2. Upgrades to utility systems to comply with environmental and fire protection standards. An example is the installation of a fire sprinkler system at the DLA Aviation and perimeter lighting at DLA Land and Maritime. 3. Additional paving for road networks and personnel parking to comply with the new AT/FP standoff distances. An example is the expansion of the hardstand open storage area and relocation of truck route at DLA Land and Maritime. 4. Incidental improvements associated with facilities repair projects. <p>All of these projects are required to allow existing missions to continue in safe, compliant and efficient facilities.</p>												

<p align="center">Activity Group Capital Investment Justification (Dollars in Thousands)</p>										<p>A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates</p>		
<p>B. Component/Activity Group/Date Defense Logistics Agency Supply Chain Management Activity Group March 2014</p>						<p>C. Line Number & Item Description REP 200-02 Minor Construction</p>				<p>D. Activity Identification DLA Distribution</p>		
Element of Cost	FY 2013			FY 2014			FY 2015					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>REP 200-02</u> Minor Construction			10,389			9,002			9,002			
<p>Narrative Justification:</p> <p>The minor construction investment for projects (costing between \$250,000 and \$750,000 each) will construct new, replace existing, or modify current facilities to enhance mission performance. These projects include:</p> <ol style="list-style-type: none"> 1. Installing and upgrading fire suppression and alarm systems to meet current code requirements. 2. Upgrading security facilities (gates, fences, and lighting) to meet current Anti-Terrorism/Force Protection standards. 3. Adding new and improving areas for open storage, road networks and operational areas. 4. Altering facilities to accommodate mission changes, consolidation and stock repositioning. 5. Improvements to utilities to enhance reliability. 6. Incidental improvements associated with facilities repair projects. 7. Replacement of existing facilities that cannot be economically repaired. 8. Installing generators to provide backup power to support cold chain management of medical items. <p>These investments will result in the recapitalization of the facilities necessary for the cost effective performance of the distribution mission. Pre-investment analysis is required for all capital projects.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Supply Chain Management Activity Group March 2014				C. Line Number & Item Description REP 200-03 Minor Construction						D. Activity Identification DLA Disposition Services		
Element of Cost	FY 2013			FY 2014			FY 2015					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>REP 200-03</u> Minor Construction			1,760			2,461			2,100			
<p>Narrative Justification:</p> <p>The minor construction investment for projects (costing between \$250,000 and \$750,000 each) will construct new, replace existing, or modify current facilities to enhance mission performance. These projects include:</p> <ol style="list-style-type: none"> 1. Adding paving for open storage, road networks and operational areas. 2. Altering facilities to accommodate mission changes, consolidation, and relocation. 3. Improvements to warehouse, administrative, and demilitarization facilities to increase employee safety and comfort. 4. Replacement of facilities that cannot be economically repaired. 5. Incidental improvements associated with facilities repair projects. <p>These investments will result in the recapitalization of the facilities necessary for the cost effective performance of the DLA Disposition Services mission.</p>												

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
SUPPLY CHAIN MANAGEMENT ACTIVITY GROUP
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
March 2014
(DOLLARS IN MILLIONS)

Major Category	Initial Request	Current Proj Cost	Approved Change	Explanation
Non-ADPE Equipment:	19.966	12.717	(7.249)	Decrease in projects
ADPE & TELCOM Equipment:	28.897	20.871	(8.026)	Decrease in projects
Software Development:	83.625	61.178	(22.447)	Reduced requirements for this fiscal year.
Minor Construction:	14.323	12.149	(2.174)	Decrease in project
Total FY 2013	146.811	106.915	(39.896)	

Major Category	Initial Request	Current Proj Cost	Approved Change	Explanation
Non-ADPE Equipment:	24.461	24.461	0.000	
ADPE & TELCOM Equipment:	33.507	33.507	0.000	
Software Development:	76.225	72.425	(3.800)	reducing in requirements
Minor Construction:	14.548	14.539	(0.009)	Decrease in project cost
Total FY 2014	148.741	144.932	(3.809)	

Major Category	Initial Request	Current Proj Cost	Approved Change	Explanation
Non-ADPE Equipment:	21.735	21.735	0.000	
ADPE & TELCOM Equipment:	30.996	30.996	0.000	
Software Development:	37.935	37.935	0.000	
Minor Construction:	14.178	14.178	0.000	
Total FY 2015	104.844	104.844	0.000	

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
ENERGY MANAGEMENT ACTIVITY GROUP
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
ACTIVITY GROUP CAPITAL INVESTMENT SUMMARY
(\$ IN MILLIONS)

Line Number	Item Description	FY 2013		FY 2014		FY 2015	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
NEW 200-01	Fuel Terminal Automation	8	14.234	4	12.335	4	13.775
NEW 200-02	Inventory Accuracy	0	0.000	1	3.000	2	4.000
REP 200-02	Inventory Accuracy	1	5.957	1	7.000	1	2.000
	<u>TOTAL EQUIPMENT (Non ADP/T)</u>	9	20.191	6	22.335	7	19.775
SWD 200	EBS Energy Convergence		27.100		12.120		0.000
	<u>TOTAL SOFTWARE DEVELOPMENT</u>		27.100		12.120		0.000
REP/ENV 200	Minor Construction \$250,000 - \$750,000		39.298		68.507		45.720
	<u>TOTAL MINOR CONSTRUCTION</u>		39.298		68.507		45.720
	<u>TOTAL AGENCY CAPITAL INVESTMENTS</u>	9	86.589	6	102.962	7	65.495
	Total Capital Outlays		90.116		57.802		66.201
	Total Depreciation Expense		32.651		97.431		85.403

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Energy Management Activity Group March 2014				C. Line Number & Item Description NEW 200 Non-ADP Equipment – New Mission						D. Activity Identification DLA Energy		
Element of Cost	FY 2013			FY 2014			FY 2015					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>NEW 200-01</u> Fuel Terminal Automation – New Mission	8	1,779.3	14,234	4	3,083.8	12,335	4	3,433.8	13,775			
<p>Narrative Justification:</p> <p>The Automated Fuel Handling Equipment (AFHE) allows large bulk fuel locations to monitor and control fuel operations from a central location on site, via dedicated network communications, through an installed computer application. The fuel terminal automation projects will include automation of valves, fuel transfer pumps, tank gauging, fuel metering systems, and pipeline instrumentation. As the integral component of the AFHE system, the Supervisory Control and Data Acquisition (SCADA) systems will be installed in the Operations Control Center (OCC) optimally located on the base. The SCADA system will provide remote control of fuel transfer operations and alarms in response to abnormal conditions; enhanced capabilities for inventory control and accounting; enhanced leak detection capabilities; remote monitoring and data exchange. The entire operations of the terminal, such as, receiving and issuing fuel will be controlled from the OCC. The communication infrastructure and other devices required for the transfer of alarm and inventory data and control signals from the field equipment to the OCC will also be provided. The primary cost benefit of these automation projects is the prevention of oil spills, avoiding costly cleanup expenses and minimizing environmental risks.</p> <p>The following sites are planned for AFHE installations and lifecycle upgrades in FY 2014 – FY 2015:</p> <p>FY 2014 – FISC Yokosuka (Akasaki/Ilorizaki/Yokose) Japan, DFSP Craney Island, VA, FISC Pearl Harbor, HI and Fort Benning, GA FY 2015 – FISC San Diego, CA, FISC Yokosuka (Hakozaki/Tsurumi) Japan, DFSP Craney Island, VA, FISC Jacksonville, FL</p> <p>Due to changing operating scenarios and construction requirements, the order of installations may change and other sites may be substituted.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Energy Management Activity Group March 2014				C. Line Number & Item Description NEW 200 Non-ADP Equipment-New Mission/Replacement						D. Activity Identification DLA Energy		
Element of Cost	FY 2013			FY 2014			FY 2015					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>NEW & REP 200-02</u> Inventory Accuracy New Mission and Replacement	1	5,957	5,957	2	5,000	10,000	3	2,000	6,000			
<p>Narrative Justification:</p> <p>There are more than 400 fuel terminals worldwide for which DLA is the DoD Executive Agent. In all of these terminals there are various types of fuel tanks, each with Automated Tank Gauges (ATG). ATG systems are permanently installed in storage tanks to measure and monitor fuel levels and inventories. The devices efficiently provide information regarding the amount of product, temperature, and water in fuel tanks. These gauges have connectivity to the Business Systems Modernization (BSM) Energy system, FuelsManager Defense (FMD), which will capture all the data with regard to fuel stored and maintain accurate inventory records. The various Service Stations in DoD facilities have equipment to capture the quantity of fuel stored and also have connectivity to the same BSM Energy system, FMD. A study was completed in 2005 that provided final recommendations with regards to the type and corresponding sites where ATG systems will be installed. DS-IM provided the Automatic Tank Gauge (ATG) Installation Policy in December 2009 to execute this program. The budgeted amount also includes design and review costs in conjunction with implementation. The primary cost benefit of this investment is accurate inventory records and fuel loss control procedures.</p> <p>Temperature Compensating Meters (TCM) are required at fuel terminals to measure the exact amount of fuel received and issued after the required compensation for differences in temperature. The meters will be installed at various custody transfer points in the fuel terminal to ensure that accurate charges for the fuel received and issued are recorded and that sufficient amounts of fuel are maintained and protected. The budgeted amount also includes design and review costs in connection with the installation of this equipment. DLA DS-FEI has been coordinating closely with DLA DS-FENAA to identify and prioritize TCM locations.</p> <p>Hydrant Automation Monitoring Systems (HAMS) have been authorized by the DLA Energy Executive Agent Office in November 2012 to integrate existing hydrant pump house system monitoring back into the sites Fuels Service Centers (FSC) allowing for 24/7 monitoring of all alarms and activities associated with the hydrant systems. The budgeted amount includes design and review costs associated with the integration of the required equipment and testing of these efforts.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Energy Management Activity Group March 2014				C. Line Number & Item Description SWD 200 Software Development \$1.0 and Over						D. Activity Identification DLA Energy		
Element of Cost	FY 2013			FY 2014			FY 2015					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>SWD 200</u> Supply Chain Management Enterprise Business System (EBS) Energy Convergence			27,100			12,120			0			
Narrative Justification: The purpose of the Energy Convergence program is to integrate the Energy supply chain into DLA's existing Enterprise Resource Planning (ERP) system, which will create single ERP for all of DLA's business lines, and meet the December 2003 OSD direction to merge the energy commodities with DLA's Enterprise Business System (EBS). The Analysis of Alternatives was completed in May 2006 and concluded that converging Business System Modernization (BSM) Energy with EBS through the implementation of SAP Oil and Gas is the preferred alternative and provides a positive Return on Investment (ROI). SAP will provide improved efficiencies which will enable the DLA Energy to process the increased workload associated with the overall DoD energy mission. This solution will also provide an automated procurement solution for DLA Energy which is currently fully manual. The Energy Convergence program was preceded by a two phase technology development program. Phase I, which began in FY 2007, resulted in two applicable SAP industry solutions, Oil and Gas and the EBS Public Sector, functioning together on a common ERP backbone. This phase was completed in December 2008. Phase II, which was completed in May 2010, technically merged SAP Oil and Gas with Public Sector with the SAP Procurement application. The program was officially started in October 2009 with a Milestone B decision. The System Integration contract was awarded in November 2009, but the effort was delayed due to a protest until June 2010. This effort will result in a fully integrated, coherent, single ERP for DLA in FY 2014 to include the automated procurement solution. The Systems Integration effort will assure all the DLA Energy's supply chain commodities are fully incorporated and properly configured in the ERP. The Milestone C Economic Analysis (EA) was updated in May 2013 and projects a ROI of 4.75. The EA shows that it is significantly more economical and effective than the existing legacy system. Benefits will include reduced inventory; reduced demurrage, transportation, facilities, and interest penalty costs; as well as savings from use of the same software suite for all of DLA and automate DLA Energy functions that are currently stove-piped and fully manual.												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Energy Management Activity Group March 2014				C. Line Number & Item Description Minor Construction Capability -Replacement/Environmental						D. Activity Identification DLA Energy		
Element of Cost	FY 2013			FY 2014			FY 2015					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>REP & ENV 200</u> Minor Construction Replacement/Environmental			39,298			68,507			45,720			
<p>Narrative Justification:</p> <p>The minor construction investment for projects (costing between \$250,000 and \$750,000 each) will construct new, replace existing, or modify current facilities to enhance mission performance and increase the level of protection of the workforce and the mission stock. These projects include:</p> <ol style="list-style-type: none"> 1. Upgrading fuel receipt, storage, pipeline, pumping, and filtration facilities. 2. Upgrades to utility systems for environmental compliance, energy efficiency, and fire protection standards. 3. Incidental improvements associated with facilities repair projects <p>The increase for minor construction capital is for execution of backlogged prior year projects, emerging requirements for aging petroleum infrastructures, and to match funding increases in operations and maintenance as many projects require both funding sources. Other contributing factors include inflation in construction material, labor, and transportation costs, dollar devaluation against foreign currencies mainly for OCONUS projects, and older facilities exceeding the 70% plant replacement value to repair.</p> <p>Benefits include continued safe, compliant and efficient facility operations.</p>												

**DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
ENERGY MANAGEMENT ACTIVITY GROUP
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
March 2014
(DOLLARS IN MILLIONS)**

Major Category	Initial Request	Current Proj Cost	Approved Change	Explanation
Non-ADPE Equipment:	29.391	20.191	(9.200)	Reduced requirements, Reprogrammed to SWD
ADPE & TELCOM Equipment:	0.000	0.000	0.000	
Software Development:	18.076	27.100	9.024	Increase to baseline for additional functionality.
Minor Construction:	61.020	39.298	(21.722)	Reduced requirements, Reprogrammed to SWD
Total FY 2013	108.487	86.589	(21.898)	

Major Category	Initial Request	Current Proj Cost	Approved Change	Explanation
Non-ADPE Equipment:	22.335	22.335	0.000	
ADPE & TELCOM Equipment:	0.000	0.000	0.000	
Software Development:	12.120	12.120	0.000	
Minor Construction:	68.507	68.507	0.000	
Total FY 2014	102.962	102.962	0.000	

Major Category	Initial Request	Current Proj Cost	Approved Change	Explanation
Non-ADPE Equipment:	19.775	19.775	0.000	
ADPE & TELCOM Equipment:	0.000	0.000	0.000	
Software Development:	0.000	0.000	0.000	
Minor Construction:	45.720	45.720	0.000	
Total FY 2015	65.495	65.495	0.000	

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DLA DOCUMENT SERVICES ACTIVITY GROUP
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
ACTIVITY GROUP CAPITAL INVESTMENT SUMMARY
(\$ IN MILLIONS)

Line Number	Item Description	FY 2013		FY 2014		FY 2015	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	NON-ADPE EQUIPMENT						
REP 100	Digitization Duplication Equipment	0	0.000	1	0.600	1	0.600
	<u>TOTAL EQUIPMENT (Non ADP)</u>	0	0.000	1	0.600	1	0.600
	ADPE & TELECOM EQUIPMENT						
PRD 100	Computer Hardware (Production)	1	0.000	1	0.665	1	0.665
	<u>TOTAL EQUIPMENT (ADP/T)</u>	1	0.000	1	0.665	1	0.665
	SOFTWARE DEVELOPMENT						
SWD 100	Net-Centric Hubs \$1.0M and Over-Electronic Document Management		0.000		2.108		2.572
SWD 200	Records Management Application		1.251		0.000		0.000
SWD 300	Wide Area WorkFlow (WAWF)		0.000		0.464		0.000
	<u>TOTAL SOFTWARE DEVELOPMENT</u>		1.251		2.572		2.572
	MINOR CONSTRUCTION						
REP 200	Minor Construction \$250,000 - \$750,000		0.000		0.306		0.312
	<u>TOTAL MINOR CONSTRUCTION</u>		0.000		0.306		0.312
	<u>TOTAL AGENCY CAPITAL INVESTMENTS</u>	1	1.251	2	4.143	2	4.149
	Total Capital Outlays		1.659		2.932		3.185
	Total Depreciation Expense		4.633		4.313		3.434

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Document Services March 2014				C. Line Number & Item Description REP 100 Replacement Non-ADP Equipment						D. Activity Identification: DLA Document Services		
Element of Cost	FY 2013			FY 2014			FY 2015					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>REP 100</u> Digitization Duplication Equipment	0	0	0	1	600	600	1	600	600			
Narrative Justification: This investment for high speed duplicating equipment replaces existing equipment that has reached or exceeded the useful life established for these categories. Based on guidance contained in various Department of Defense (DoD) governing policies, Defense Logistics Agency (DLA) has established replacement and life expectancy standards for all categories of investment equipment. The standards are based on life expectancy with consideration given to condition, usage hours, and/or repair costs. DLA establishes age, utilization and repair standards based on industry information and experience in the absence of DoD acquisition and replacement criteria relative to various categories of equipment.												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Document Services March 2014				C. Line Number & Item Description PRD 100 Production ADP Equipment						D. Activity Identification DLA Document Services		
Element of Cost	FY 2013			FY 2014			FY 2015					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
PRD 100 Production Hardware Electronic Document Management			0	1	665	665	1	665	665			
<p>Narrative Justification:</p> <p>Electronic Document Management (EDM) is a transformational, capabilities-based capital planning initiative. It allows for the rapid acquisition of hardware, software and technical labor services for the deployment and implementation of various data management solutions for emergent customer requirements. EDM provides the customer with the ability to manage their content via electronic storage, workflow, web-based retrieval and certified records management. DLA Document Services must be able to react quickly to emergent customer fact-of-life needs, usually within one year, or less. The FY 2014 – FY 2015 projection was developed based on the number, size and scope of projects DLA Document Services has already installed, as well as those anticipated. The equipment replacement strategy not only ensures the highest quality equipment is purchased to refresh the original equipment but also minimizes equipment related costs by taking advantage of discounts available for high quantity buys. Examples of the equipment generally required are database, archive and web servers, document scanners, workstations, uninterruptible power supplies, miscellaneous switches, cables, and connectors.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Document Services March 2014				C. Line Number & Item Description SWD 100 Software Development \$1.0 and Over						D. Activity Identification DLA Document Services		
Element of Cost	FY 2013			FY 2014			FY 2015					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>SWD 100</u> Net-Centric Hubs Electronic Document Management			0			2,108			2,572			
Narrative Justification: Electronic Document Management (EDM) is a transformational, capabilities-based capital planning initiative. It allows for the rapid acquisition of hardware, software and technical labor services for the deployment and implementation of various data management solutions for emergent customer requirements. EDM provides the customer with the ability to manage their content via electronic storage, workflow, web-based retrieval and certified records management. DLA Document Services must be able to react quickly to emergent customer fact-of-life needs, usually within one year, or less. The FY 2014 – FY 2015 projection was developed based on the number, size and scope of projects DLA Document Services has already installed, as well as those anticipated. Software requirements are for COTS application software licenses and contract labor to perform integration, testing, and training.												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Document Services March 2014				C. Line Number & Item Description SWD 200 Software Development \$1.0 and Over						D. Activity Identification DLA Document Services		
Element of Cost	FY 2013			FY 2014			FY 2015					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>SWD 200</u> Record Management Application			1,251			0			0			
<p>Narrative Justification:</p> <p>Records Management Application (RMA) will be used to store and manage all DLA records. Employees will be able to carry out disposition (destruction or transfer) of records at the appropriate time in accordance with approved retention schedules. Central management of all Agency records will enable enterprise search. A user could search for information on a topic and find data from multiple sources, including databases, e-mails, spreadsheets, and both electronic and paper documents. Enterprise search would produce more information to support better decision making. The RMA will also support the DLA financial audit effort, supporting the need for recovery of supporting documentation.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Document Services March 2014				C. Line Number & Item Description SWD 200 Software Development \$1.0 and Over						D. Activity Identification DLA Document Services		
Element of Cost	FY 2013			FY 2014			FY 2015					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>SWD 300</u> Wide Area WorkFlow (WAWF)			0			464			0			
<p>Narrative Justification:</p> <p>Wide Area Workflow (WAWF) is a DoD Enterprise solution for electronic submission, acceptance and processing of invoices and receiving reports, and matching of invoices with contracts to authorize payment. WAWF provides real-time Web-based processing of invoices and receiving reports, captures Item Unique Identification (IUID) and Government Furnished Property (GFP) information, provides direct electronic feeds to payment, logistics and Enterprise Resource Planning (ERP) systems. This Engineering Change Proposal (ECP) will solve the issue created when the WAWF Receiving Report (WAWF RR) replaced the DD250 for vendor shipments and Foreign Military Sales (FMS) shipment requirements were not considered when the WAWF RR was developed. As a result, the WAWF RR does not have all the information required to accompany FMS shipments such as the Case ID, document number, etc. Specifically, there is a problem with FMS shipments clearing U.S. customs (unable to decrement the DSP 94 Export License without the Case Id, etc.) and Foreign Country customs without the information that is missing from the WAWF RR so our customers are having to do a lot of manual intervention/workarounds to get the shipments through the transportation system. The result is frustrated shipments either in the U.S. or the receiving country. In addition, for countries to verify that parts conform to US Specifications (including safety of flight items), parts received in their countries either need to have a DD Form 1348-1 (issues from DoD Stocks) or a DD250 which shows USG inspection/acceptance (DCMA Signature along with a Certificate of Conformance).</p> <p>A pre-investment economic analysis has not been done. The dollar value of monetary savings/cost avoidance is not currently available but there are significant non-tangible benefits associated with getting FMS shipments through U.S. and Foreign country customs without being frustrated and also informing our customers that the part conforms to U.S. Specifications. Current manual workarounds are cumbersome and time-consuming for providers and customers. And do not provide systemic oversight and control.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2015 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Document Services March 2014				C. Line Number & Item Description Rep 200 Minor Construction						D. Activity Identification DLA Document Services		
Element of Cost	FY 2013			FY 2014			FY 2015					
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>REP 200</u> Minor Construction			0			306			312			
<p>Narrative Justification:</p> <p>The minor construction investment for projects (between \$250,000 and \$750,000) will construct new, replace existing, or modify current facilities to implement mission consolidations and allow for operational improvements. These projects consist of:</p> <ul style="list-style-type: none"> (1) Renovations and alterations of administrative facilities. (2) Renovations and alterations to mission operational facilities such as printing, blueprint and microfilm facilities. <p>These investments will result in cost effective facilities to support the mission.</p>												

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DLA DOCUMENT SERVICES ACTIVITY GROUP
FISCAL YEAR (FY) 2015 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
March 2014
(DOLLARS IN MILLIONS)

Major Category	Initial Request	Current Proj Cost	Approved Change	Explanation
Non-ADPE Equipment:	1.200	0.000	(1.200)	Funds reprogrammed in support of other DLA software development program.
ADPE & TELCOM Equipment:	1.330	0.000	(1.330)	Reduced requirements
Software Development:	5.143	1.251	(3.892)	Reduced requirements
Minor Construction:	0.300	0.000	(0.300)	Reduced requirements
Total FY 2013	7.973	1.251	(6.722)	

Major Category	Initial Request	Current Proj Cost	Approved Change	Explanation
Non-ADPE Equipment:	1.200	0.600	(0.600)	Reduced requirements
ADPE & TELCOM Equipment:	1.330	0.665	(0.665)	Reduced requirements
Software Development:	5.143	2.572	(2.571)	Reduced requirements
Minor Construction:	0.306	0.306	0.000	
Total FY 2014	7.979	4.143	(3.836)	

Major Category	Initial Request	Current Proj Cost	Approved Change	Explanation
Non-ADPE Equipment:	0.600	0.600	0.000	
ADPE & TELCOM Equipment:	0.665	0.665	0.000	
Software Development:	2.572	2.572	0.000	
Minor Construction:	0.312	0.312	0.000	
Total FY 2015	4.149	4.149	0.000	