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Exhibit R-2/R-2a, RDT & E Budget Item Justification								February 2004	
Appropriation/Budget Activity Engineering and Manufacturing Development Defense Wide, Budget Activity 5					Item Nomenclature Business Management Modernization Program PE 0605016D8Z				
Cost (\$ in Millions)	Prior Years	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	
Total PE Cost	99.521	67.191	45.098	94.767	93.832	95.648	97.453	99.416	

A. Mission Description and Budget Item Justification

BRIEF DESCRIPTION OF ELEMENT

The Business Management Modernization Program (BMMP) is responsible for the development and sustainment the Department of Defense (DoD) wide business enterprise architecture and the business process re-engineering across all DoD business areas. The architecture will serve as a “blueprint” to guide and constrain investments in financial management operations and systems. The new architecture is a high priority for the Secretary of Defense and is required for the Department to have timely, accurate and reliable financial data for use in making effective management decisions and achieving favorable audit opinions on financial statements.

BMMP is a broad and comprehensive reform initiative – its scope encompasses the defense policies, processes, people, and systems that guide, perform, and support all aspects of business management within the Department. Specifically, the goal of BMMP is to improve DoD business operations in which relevant, reliable, and timely business information, affirmed by clean audit opinions, is available on a routine basis to support informed decision-making at all levels throughout the Department.

Program Accomplishments and Plans/New Starts:

In FY 2004, the first of three increments will be initiated. Increment 1 will deliver an unqualified audit opinion in 2007 through a combination of system changes and manual work arounds in the early implementation stages. Business Modernization and Systems Integration (BMSI) will extend the Business Enterprise Architecture (BEA) in conjunction with the Domain efforts to develop detail data and process re-engineering. Increment 1 will consist of three major objectives.

1. Unqualified Audit Opinion (Objective 1.1)
 - Provide capability to enable an unqualified audit opinion
 - Evolve DoD-wide reference models towards operational support to the warfighter
2. Asset Accountability (Objective 1.2)
 - Provide capability to enable asset accountability
 - Evolve DoD-Wide reference models towards operational support to the warfighter

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B. Program Change Summary	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>
Previous President's Budget	67.838	84.688	9.861	0
Current BES/President's Budget	67.191	45.098	94.767	93.832
Total Adjustments	-0.647	-39.590	84.899	93.832
Adjustment to Appropriated Value/Transferred Amount	0	0	0	0
a. Congressional realignment	0	0	0	0
b. Congressionally Directed Undistributed Reductions	0	0	0	0
c. Small Business Innovative Reserve	0	0	0	0

Current Budget Submit/Budget Estimate

Funding: Continuation of the high priority program established in FY 2002. The FY 2003 change were attributed to general inflation or similar changes. FY 2004 change supports the overall transformation to Business Management Modernization Program (BMMP) effort whereby the creation of the 7 domain areas were broken out. The \$39.6M change provides funding to support the domains as they perform portfolio management of systems, creation and termination of systems and detail extension of the BEA. For FY 2005 and 2006, the change was the re-alignment of BMMP procurement funds to RDT&E funds to support the BMSI BMMP effort to perform business process modeling and extension/integration efforts of the architecture. The FY 2004 - FY 2006 changes did not alter the overall funding levels for BMMP but re-aligned the funding for the specific needs of the program.

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

Technical: Not Applicable

C. Other Program Funding Summary: N/A

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

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Exhibit R-3, RDT & E, DW Project Cost Analysis										Date: February 2004		
Appropriation: RDT&E, Budget Activity: 5						Program Element: 0605016D8Z				Business Management Modernization Program		
Cost Categories	Contract Method & Type	Performing Activity & Location	Total FY 2003 & PYs Cost	FY 04 Cost	FY 04 Award Date	FY 05 Cost	FY 05 Award Date	FY 06 Cost	FY 06 Award Date	Cost to Complete	Total Cost	Target Value of Contract
Perform Business Process Modeling and Integration of Domain Business Process Re-engineering efforts	Competitive Blanket Purchase Agreement	BMSI	61.0	37.5	Apr 04	85.7	Oct 04	85.0	Oct 05	256.4	527.6	
Independent Verification and Validation and OCI functions	Competitive Time & Material	BMSI	4.6	1.2	Mar 04	5.2	Oct 04	5.1	Oct 05	6.3	22.3	
Perform Engineering support for the Architecture	Competitive Time & Material	BMSI	18.1	2.0	Jul 04	3.8	Jul 05	3.7	Jul 06	29.7	59.8	
Support for the Domain and integration of BEA	Competitive Time & Material	BMSI	5.5	0							5.5	
Develop the BEA Ver.1.0	Competitive Time & Material	BMSI	74.7	0							74.7	

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Exhibit R-4, Schedule Profile																								Date: (Month and Year) February 2004																
Appropriation/Budget Activity RDT&E, 5												Program Element Number and Name 0605016D8Z Business Management Modernization Program												Project Number and Name																
Fiscal Year	2003				2004				2005				2006				2007				2008				2009															
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Develop Business Enterprise Architecture 1.0			△																																					
Increment 1 -			△																	△																				
Increment 2 -								△																																
Increment 3 -																△																								

R-4 Schedule Profile -

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