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 Core Business Mission Area 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

B. Program Change Summary	FY 2003	FY 2004	FY 2005	FY 2006
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 Core Business Mission Area were broken out. The $39.6M change provides funding to support the Core Business Mission Areas 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 integrate Core Business Mission Area 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.

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 2004 Cost	FY 2004 Award Date	FY 2005 Cost	FY 2005 Award Date	FY 2006 Cost	FY 2006 Award Date	Cost to Complete	Total Cost	Target Value of Contract
Perform Business Process Modeling and Integration of Core Business Mission Area Business Process Re-engineering efforts	Competitive Blanket Purchase Agreement	BMSI	61.0	37.5	Apr 2004	85.7	Oct 2004	85.0	Oct 2005	256.4	527.6	
Independent Verification and Validation and OCI functions	Competitive Time & Material	BMSI	4.6	1.2	Mar 2004	5.2	Oct 2004	5.1	Oct 2005	6.3	22.3	
Perform Engineering support for the Architecture	Competitive Time & Material	BMSI	18.1	2.0	Jul 2004	3.8	Jul 2005	3.7	Jul 2006	29.7	59.8	
Support for the Core Business Mission Area 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	

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
Develop Business Enterprise Architecture 1.0				△																																
Increment 1 -				△																																
Increment 2 -																																				
Increment 3 -																																				

R-4 Schedule Profile -

Exhibit R-4a, Schedule Detail		Date: (month/year) **February2004**
Appropriation/Budget Activity RDT&E, 5	Program Element Number and Name 0605016D8Z Business Management Modernization Program	Project Number and Name

Schedule Profile	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	
Enterprise Architecture	1-3Q							
Increment 1	Start 4th Q				End 4th Q			
Increment 2			Start 1-1-2Q				End - TBD	
Increment 3				Start - 1-2Q			End - TBD	

R-4a Schedule Profile -