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96	0605013	DCMA Information Technology Development	3
97	0605015	Standard Procurement System (SPS)	15

Appropriation: 0400 Date: January 2006

R-1 Line Item No	Program Element Number	Item	Budget Activity	FY 2005 Estimate	FY 2006 Estimate	FY 2007 Estimate
96	0605013	Information Technology Development-Other (DCMA Initiatives)	05	10.060	19.293	11.005
97	0605015	Standard Procurement System (SPS)	05	6.054	5.002	N/A
		TOTAL DIRECT	05	16.114	24.295	11.005

Exhibit R-2, RDT&E Budget Item Justification								Date: January 2006
APPROPRIATION/BUDGET ACTIVITY: 0400/05				R-1 ITEM 96 NOMENCLATURE DCMA Information Technology: 0605013				
COST ($ in Millions)		FY05	FY06	FY07	FY08	FY09	FY10	FY11
Total PE Cost		10.060	19.293	11.005	11.230	11.011	11.297	11.596
Systems Modification and Development		10.060	19.293	11.005	11.230	11.011	11.297	11.596

A. Mission Description and Budget Item Justification

This budget submission sustains our focus on Web-basing all DCMA-unique software applications, and continues our push into Web Services software technology (i.e., machine-to-machine information exchanges between DCMA, our customers in the Military Services and Defense agencies, and the Defense industry, based upon the open-standard Extensible Markup Language [XML], Simple Object Access Protocol [SOAP], and so on). There are two primary reasons why DCMA is pursuing such a course. First, Web-basing applications dramatically reduces the costs associated with fielding new software mission capabilities. (Only a limited handful of central servers need to be updated rather than thousands of employees' desktop computers.) Second, this moves to Web-basing and Web Services will both make DCMA's software applications much more adaptable to the ongoing and future changes in the Department's procurement and financial management systems that are being implemented in accordance with the Department's Business Transformation Agency and Business Management Enterprise Architecture, as well as better enable the Military Services to achieve their desired real-time supply chain information "Reachback" capabilities that will extend all the way onto the factory floors where parts, components, and systems are being produced. All metrics tied to the funds in this exhibit have achieved a "green" status for prior year and current FY to date.

FY 2005 Actual

($10.060 million) In FY 2005 DCMA began developing and testing 10 new DCMA-unique automated information application modules that will support: Defense Supply Chain "Reachback" via-the-Web capabilities; New Generation, Public Key Infrastructure-enabled Web application modules; and development of FedEx-style wireless devices for Quality Assurance use in Defense material acceptance and remote data entry. Also, developed and tested a DCMA portal for external and internal customers and continued to develop and implement Web Services software technologies.

Exhibit R-2, RDT&E Budget Item Justification						Date: January 2006		
APPROPRIATION/BUDGET ACTIVITY: 0400/05				R-1 ITEM 96 NOMENCLATURE DCMA Information Technology: 0605013				
COST ($ in Millions)		FY05	FY06	FY07	FY08	FY09	FY10	FY11
Total PE Cost		10.060	19.293	11.005	11.230	11.011	11.297	11.596
Systems Modification and Development		10.060	19.293	11.005	11.230	11.011	11.297	11.596

A. Mission Description and Budget Item Justification (Continued)

FY 2006 Plan

($19.293 million)In FY 2006 DCMA will continue development and testing of new DCMA-unique automated information application modules that will support: Defense Supply Chain “Reachback” via-the-Web capabilities; Public Key Infrastructure-enabled Web application modules; and development of FedEx-style wireless devices for Quality Assurance use in Defense material acceptance and remote data entry. Also, includes continuous development and testing of DCMA’s portal for external and internal customers, and continuing development and implementation of Web Services software technologies (e.g., Simple Object Access Protocol, Universal Discovery and Description Integration, Web Services Description Language). Increases in RDT&E for 2006 reflect initial funding for DBSE AOA through Milestone A and (later, B) in the acquisition process. The operational outcome for DBSE AOA, a DoD-directed effort, is to provide sourcing capabilities to support military readiness.

FY 2007 Plan

($11.005 million)In FY 2007 DCMA will continue with testing of new DCMA-unique automated information application modules that will support: Defense Supply Chain “Reachback” via-the-Web capabilities; Public Key Infrastructure-enabled Web application modules; and development of FedEx-style wireless devices for Quality Assurance use in Defense material acceptance and remote data entry. Also includes continuous development and testing of DCMA’s portal for external and internal customers, and continuing development and implementation of Web Services software technologies (e.g., Simple Object Access Protocol, Universal Discovery and Description Integration, Web Services Description Language).

Exhibit R-2, RDT&E Budget Item Justification (Continued)	Date: January 2006

B. Program Change Summary:

	FY 05	FY 06	FY 07
Previous President's Budget	9.918	19.574	30.850
Current BES/President's Budget	10.060	19.293	11.005
Total Adjustments	+.142	-.281	-19.845
Congressional Program Reductions	-.008	-.281	-20.000
Congressional Program Adds			
Inflation Adjustments			.155
Inflation Savings			
Internal Realignment			
Program Adjustment	.150		

Exhibit R-2a, RDT&E Budget Item Justification							Date: January 2006	
APPROPRIATION/BUDGET ACTIVITY: 0400/05				R-1 ITEM 96 NOMENCLATURE DCMA Information Technology: 0605013				
COST ($ in Millions)		FY05	FY06	FY07	FY08	FY09	FY10	FY11
Software Development		10.060	19.293	11.005	11.230	11.011	11.297	11.596
RDT&E Articles Quantity*		N/A	N/A	N/A	N/A	N/A	N/A	N/A

A. Mission Description and Budget Item Justification

This budget submission sustains our focus on Web-basing all DCMA-unique software applications, and continues our push into Web Services software technology (i.e., machine-to-machine information exchanges between DCMA, our customers in the Military Services and Defense agencies, and the Defense industry, based upon the open-standard Extensible Markup Language [XML], Simple Object Access Protocol [SOAP], and so on). There are two primary reasons why DCMA is pursuing such a course. First, Web-basing applications dramatically reduces the costs associated with fielding new software mission capabilities. (Only a limited handful of central servers need to be updated rather than thousands of employees' desktop computers.) Second, this moves to Web-basing and Web Services will both make DCMA's software applications much more adaptable to the ongoing and future changes in the Department's procurement and financial management systems that are being implemented in accordance with the Department's Business Transformation Agency and Business Management Enterprise Architecture, as well as better enable the Military Services to achieve their desired real-time supply chain information "Reachback" capabilities that will extend all the way onto the factory floors where parts, components, and systems are being produced. All metrics tied to the funds in this exhibit have achieved a "green" status for prior year and current FY to date.

FY 2005 Actual

($10.060 million) In FY 2005 DCMA began developing and testing 10 new DCMA-unique automated information application modules that will support: Defense Supply Chain "Reachback" via-the-Web capabilities; New Generation, Public Key Infrastructure-enabled Web application modules; and development of FedEx-style wireless devices for Quality Assurance use in Defense material acceptance and remote data entry. Also, developed and tested a DCMA portal for external and internal customers and continued to develop and implement Web Services software technologies.

Exhibit R-2a, RDT&E Budget Item Justification							Date: January 2006	
APPROPRIATION/BUDGET ACTIVITY: 0400/05				R-1 ITEM 96 NOMENCLATURE DCMA Information Technology: 0605013				
COST ($ in Millions)		FY05	FY06	FY07	FY08	FY09	FY10	FY11
Software Development		10.060	19.293	11.005	11.230	11.011	11.297	11.596
RDT&E Articles Quantity*		N/A	N/A	N/A	N/A	N/A	N/A	N/A

A. Mission Description and Budget Item Justification (Continued)

FY 2006 Plan

($19.293 million)In FY 2006 DCMA will continue development and testing of new DCMA-unique automated information application modules that will support: Defense Supply Chain "Reachback" via-the-Web capabilities; Public Key Infrastructure-enabled Web application modules; and development of FedEx-style wireless devices for Quality Assurance use in Defense material acceptance and remote data entry. Also, includes continuous development and testing of DCMA's portal for external and internal customers, and continuing development and implementation of Web Services software technologies (e.g., Simple Object Access Protocol, Universal Discovery and Description Integration, Web Services Description Language). Increases in RDT&E for 2006 reflect initial funding for DBSE Analysis of Alternatives (AOA) through Milestone A and (later, B) in the acquisition process. The operational outcome for DBSE AOA, a DoD-directed effort, is to provide sourcing capabilities to support military readiness.

FY 2007 Plan

($11.005 million)In FY 2007 DCMA will continue with testing of new DCMA-unique automated information application modules that will support: Defense Supply Chain "Reachback" via-the-Web capabilities; Public Key Infrastructure-enabled Web application modules; and development of FedEx-style wireless devices for Quality Assurance use in Defense material acceptance and remote data entry. Also includes continuous development and testing of DCMA's portal for external and internal customers, and continuing development and implementation of Web Services software technologies (e.g., Simple Object Access Protocol, Universal Discovery and Description Integration, Web Services Description Language).

Exhibit R-2a, RDT&E Budget Item Justification (Continued)	Date: January 2006

B. Accomplishments/Planned Program: (in 000s)

Accomplishment/Effort/Subtotal Cost	FY 05	FY 06	FY 07
Information Technology Development-Software Development	10.060	19.293	11.005
Integrated Database (IDB)		4.098	1.722
Reachback Web Services	.092	.415	.718
Reachback Web Network & Records Management Infrastructure	5.878	4.050	8.387
MOCAS "To Be" Transition	.359	.397	0.000
Technical Contractor Support	2.997	0.000	0.000
Defense System Sources Environment(DBSE) Analysis of Alternatives (AOA)	0.000	10.000	0.000
Other	.734	.333	.178
RDT&E Article Quantity*	N/A	N/A	N/A

Accomplishments:

FY05: Developed wireless equipment and E-Tools applications modules; developed and tested DCMA portal.
FY06: Continue development of wireless equipment and E-Tools; development and testing of DCMA portal; achieve Milestone A for the DBSE AOA program.
FY07: Make DCMA mission performance data accessible to services and agencies through the use of web services.

C. Other Program Funding Summary:

	FY 05	FY 06	FY07	FY 08	FY 09	FY 10	FY 11	Total Complete	Total Cost
Total P-1 PDW	4.877	3.277	3.257	3.386	1.536	1.449	1.615	Cont	Cont
Total O&M	83.907	89.040	100.964	108.799	111.141	112.613	114.412		

D. Acquisition Strategy: DCMA uses contractors to perform specialized functions such as software development and testing. Mini competitions are held with Federal Supply Schedule, Government Wide Acquisition Contracts, and DCMA Basic Purchasing Agreement Vendors.

E. Major Performers:

Software development and testing FY06 contracted out to WFI of Springfield, VA; Bearing Point of Springfield, VA; and Synergy of Washington, DC. TLA and Synergy are both small businesses. Award dates for software development are October 1 of each fiscal year.

Exhibit R-3 Cost Analysis										Date: January 2006		
APPROPRIATION/BUDGET ACTIVITY: 0400/05				DCMA Information Technology: 0605013			Systems Modification and Development					
Cost Categories	Contract Method & Type	Performing Activity & Location	Total PYs Cost	FY 05 Cost	FY 05 Award Date	FY 06 Cost	FY 06 Award Date	FY 07 Cost	FY 07 Award Date	Cost to Complete	Total Cost	Target Value of Contract
Software Development	Various	Various	19.595	10.060	NLT 09/05	19.293	NLT 09/06	11.005	NLT 09/07	Cont.	Cont.	N/A

Remarks: DCMA Information Technology covers those efforts associated with the development of DCMA-unique mission software applications. DCMA will issue several contracts that will transform the current 21 DCMA-unique automated information systems into a more modern and more easily administered set of functionalities.

Exhibit R-4, Schedule Profile		Date: January 2006
APPROPRIATION/BUDGET ACTIVITY: 0400/05	DCMA Information Technology Development: 0605013	Integrated Database (IDB)

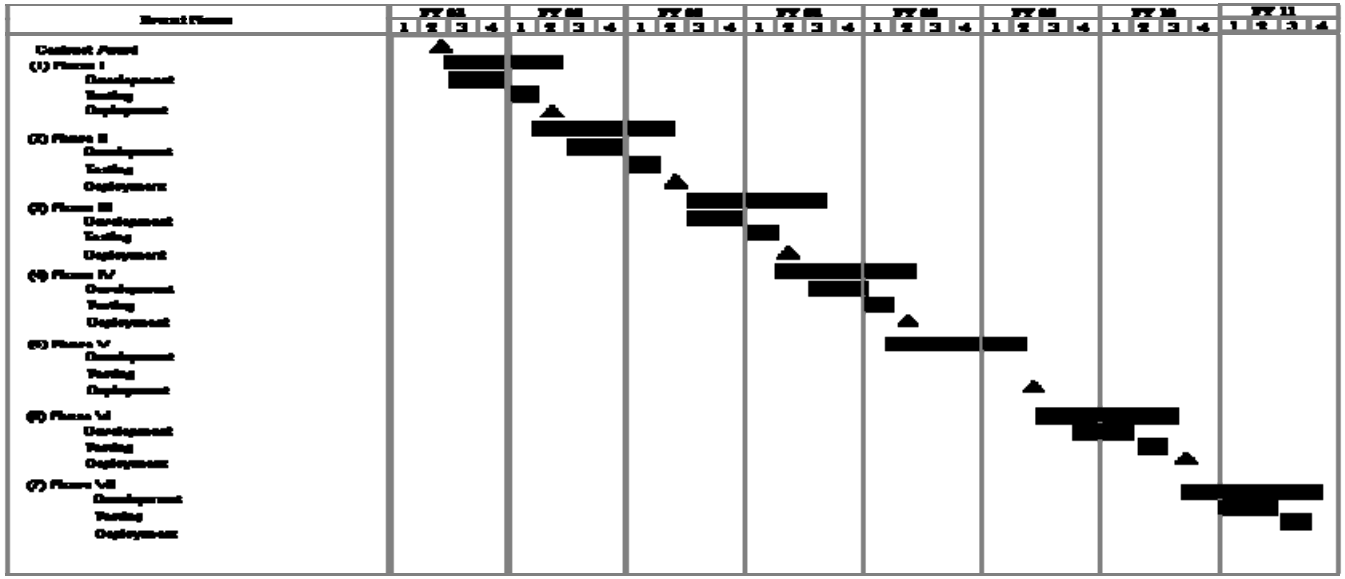

Exhibit R-4a, Schedule Detail			Date: January 2006					
APPROPRIATION/BUDGET ACTIVITY: 0400/05	DCMA Information Technology Development: 0605013				Integrated Database (IDB)			
	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11
Contract Award	3-4Q04							
Phase I - Development		1Q05						
Phase I – Testing		2Q05						
Phase I – Deployment		3-4Q05						
Phase II – Development			1Q06					
Phase II - Testing			2Q06					
Phase II - Deployment			3-4Q06					
Phase III – Development				1Q07				
Phase III – Testing				2Q07				
Phase III – Deployment				3-4Q07				
Phase IV – Development					1Q08			
Phase IV – Testing					2Q08			
Phase IV – Deployment					3-4Q08			
Phase V – Development						1Q09		
Phase V – Testing						2Q09		
Phase V - Deployment						3-4Q09		
Phase VI – Development							1Q010	
Phase VI – Testing							2Q010	
Phase VI - Deployment							3-4Q10	
Phase VII – Development								1Q011
Phase VII – Testing								2Q011
Phase VII - Deployment								3-4Q11

Exhibit R-4a, Schedule Profile							Date: January 2006	
APPROPRIATION/BUDGET ACTIVITY: 0400/05	DCMA Information Technology Development: 0605013				Reachback Web Services			
	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11
Contract Award	3-4Q04							
Phase I - Development		1Q05						
Phase I – Testing		2Q05						
Phase I – Deployment		3-4Q05						
Phase II – Development			1Q06					
Phase II - Testing			2Q06					
Phase II - Deployment			3-4Q06					
Phase III – Development				1Q07				
Phase III – Testing				2Q07				
Phase III – Deployment				3-4Q07				
Phase IV – Development					1Q08			
Phase IV – Testing					2Q08			
Phase IV – Deployment					3-4Q08			
Phase V – Development						1Q09		
Phase V – Testing						2Q09		
Phase V - Deployment						3-4Q09		
Phase VI – Development							1Q010	
Phase VI – Testing							2Q010	
Phase VI - Deployment							3-4Q10	
Phase VII – Development								1Q011
Phase VII – Testing								2Q011
Phase VII - Deployment								3-4Q11

Exhibit R-4, Schedule Profile		Date: January 2006
APPROPRIATION/BUDGET ACTIVITY: 0400/05	DCMA Information Technology Development: 0605013	Reachback Web Network & Records Management Infrastructure

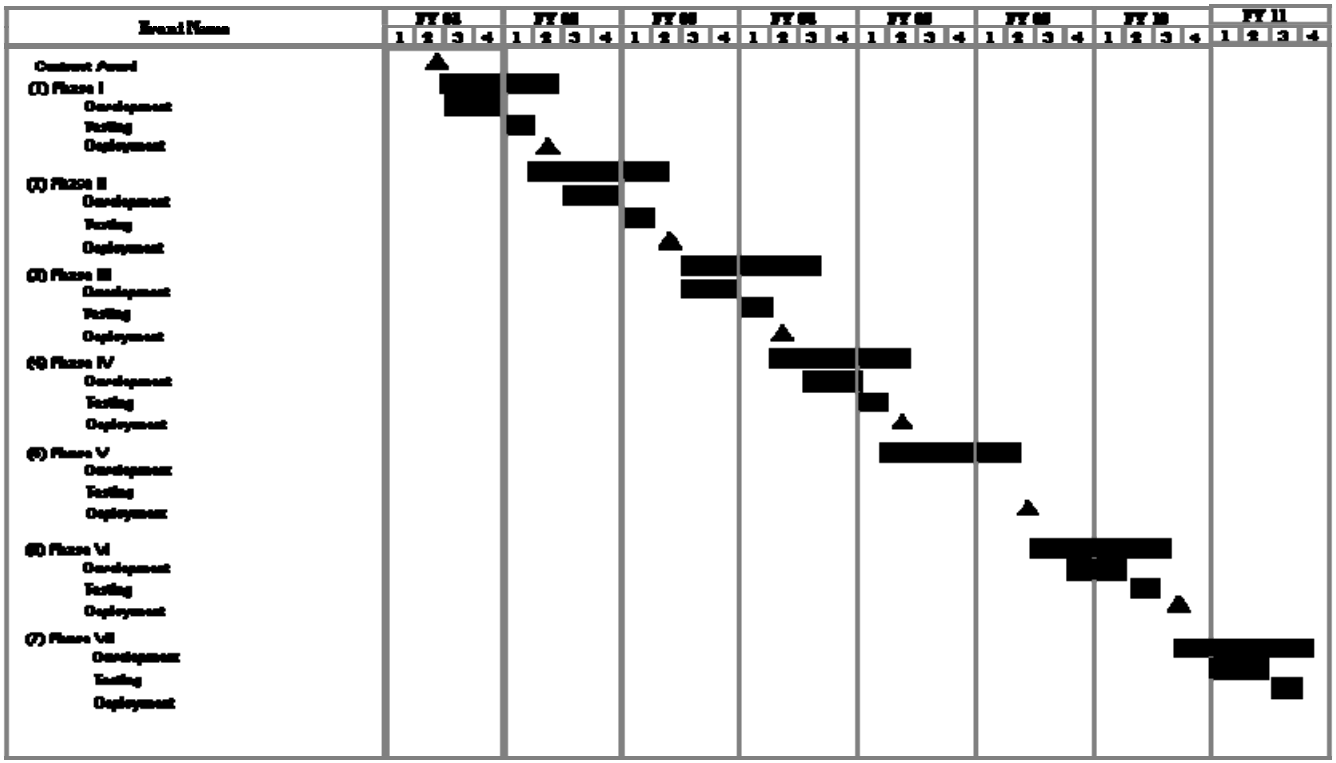

Exhibit R-4a, Schedule Profile			Date: January 2006					
APPROPRIATION/BUDGET ACTIVITY: 0400/05	DCMA Information Technology Development: 0605013				Reachback Web Network & Records Management Infrastructure			
	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11
Contract Award	3-4Q04							
Phase I - Development		1Q05						
Phase I – Testing		2Q05						
Phase I – Deployment		3-4Q05						
Phase II – Development			1Q06					
Phase II – Testing			2Q06					
Phase II - Deployment			3-4Q06					
Phase III – Development				1Q07				
Phase III – Testing				2Q07				
Phase III – Deployment				3-4Q07				
Phase IV – Development					1Q08			
Phase IV – Testing					2Q08			
Phase IV – Deployment					3-4Q08			
Phase V – Development						1Q09		
Phase V – Testing						2Q09		
Phase V - Deployment						3-4Q09		
Phase VI – Development							1Q010	
Phase VI – Testing							2Q010	
Phase VI - Deployment							3-4Q10	
Phase VII – Development								1Q011
Phase VII – Testing								2Q011
Phase VII - Deployment								3-4Q11

Exhibit R-2, RDT&E Budget Item Justification					Date: January 2006		
Appropriation/Budget Activity: 0400D/05				R-1 Item 97 Nomenclature: Information Technology Standard Procurement System (SPS): 0605015			
Cost ($ in millions)	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11
Total PE Cost	6.054	5.002	N/A	N/A	N/A	N/A	N/A
Standard Procurement System (SPS)	6.054	5.002	N/A	N/A	N/A	N/A	N/A

A. Mission Description and Budget Item Justification

DoD initiated the Standard Procurement System (SPS) in 1994 to enhance readiness and support to Warfighters through standardization and optimization of procurement systems and activities. SPS is currently supporting over 21,000 users in the field and is the largest standard business system in DoD. The program is designed to enable compliance with Acquisition Reform, align with expanded DoD goals and missions, and replace legacy systems with a single standard procurement system. During fiscal year 2005, operational procurement professionals relied on SPS to complete contracts awards in excess of 73 billion dollars.

The SPS is fully aligned with the following President's Management Agenda (PMA) initiatives:

1) Expanded Electronic Government - The President's Management Agenda focuses on advancing E-government strategy by supporting projects that offer performance gains across agency boundaries, such as e-procurement, e-grants, e-regulation, and e-signatures. The SPS supports this strategic goal by sharing information more quickly and conveniently between DoD contracting activities and financial systems. The benefits of this data sharing flow to industry and the citizens because contracts and payments can now be processed much more rapidly and with reduced data entry errors. The SPS provides automated creation of contracts and grants and the electronic sharing of obligation data with DoD's financial systems. Invoices can be paid faster and excess funds are available to the Government more quickly. In addition, contract reconciliation requires fewer resources than prior manual processes. All of this helps cut Government operating costs and provides citizens and the Congress with easier access to contracting information. Further, the next major software release being developed, Version 4.2 Increment 3, will provide web-based access for all SPS users. In addition, Increment 3 will provide Public Key Infrastructure (PKI) based digital signatures. SPS is the primary system within the Weapons System Lifecycle Management Business Mission Area (formerly the Acquisition Domain) for incorporating procurement capabilities in response to the President's Management Agenda with the eGov Integrated Acquisition Environment (IAE) initiative. SPS was awarded the 2003 Grace Hopper Government Technology Leadership Award for "Leadership in the innovative application of information technology that breaks down barriers between offices, agencies and departments, or between federal, state and local governments".

Exhibit R-2, RDT&E Budget Item Justification (Continued)	Date: January 2006

A. Mission Description and Budget Item Justification (Continued)

2) Strategic Management of Human Capital - The President's Management Agenda focuses on concerns over a declining federal workforce, which moves skills out of balance with the needs of the public it serves. Part of the Administration's expressed initiative is to adopt information technology systems to capture some of the knowledge and skills of retiring employees. The Standard Procurement System (SPS) supports this initiative through its web-accessible Knowledge Base that shares information throughout the Department of Defense's (DoD's) procurement community. In addition, the SPS contains an extensive on-line help feature that provides step-by-step guidance in using the software for both functional users and system administrators. It also contains an easily accessible Reference Library with links to a wide variety of procurement reference materials (regulations, manuals, policy documents) via web sites. Further, the system provides access to local procedures and policy guides which can be tailored for each location. The SPS Program is currently implementing web-based training for Version 4.2 Increment 3.

3) Competitive Sourcing - The President's Management Agenda focuses on achieving efficient and effective competition between public and private sources. The SPS, which is the result of a competitive contracting initiative, supports this agenda by utilizing a commercial software application as the basis for its automated system. When the concept of the standard procurement system began, it was envisioned that the target system would utilize the "best of the breed" from Government-owned and operated migration systems. A model of Procurement was constructed in 1992 and was used to aid in the selection of migration systems. Later, the Procurement Corporate Information Management Council determined that a commercial industry product should be acquired and then modified to meet the Department of Defense needs. In addition to providing the basic software application, industry provides the Help Desk functions, program management support, training, installation, on-site support, interfaces and any other modules or support services needed to maintain the Standard Procurement System.

Exhibit R-2, RDT&E Budget Item Justification (Continued)	Date: January 2006

A. Mission Description and Budget Item Justification (Continued)

4) Improved Financial Performance - The President's Management Agenda focuses on ensuring that federal financial systems produce accurate and timely information to support operating, budget and policy decisions. The SPS is listed as a critical feeder system in the DoD Financial Management Improvement Plan. As such, the SPS automates the capture of contractual obligations and, through interfaces with DoD financial systems, provides improved visibility for funds tracking and enables more rapid release of excess funds (thus contributing to the unqualified audit opinion). The single data entry and shared standard data reduces the opportunity for error in matching disbursements with obligations. The re-engineered reporting processes for the Federal Procurement Data System enables acceleration of end-of-year reporting and provides greater visibility into DoD obligations, enabling more informed operational decisions. Version 4.2 Increment 3, which will comply with the Federal Financial Management requirements, successfully completed the Business Management Modernization Program (BMMP) approval process in October 2003.

5) Budget and Performance Integration - The President's Management Agenda focuses on linking budget decisions with performance (measurable outcomes). The SPS supports performance-based service acquisitions. Internal to the Program Office, performance criteria and monitoring mechanisms are put in place to measure contractor performance. For example, the Version 4.2 Increment 3 delivery order has set forth performance based payments based upon achievement of specific events or accomplishments that are defined and valued in advance by the Government and the contractor. In addition, the Program Office measures contractor performance on the Help Desk Order by monitoring metrics monthly for call volume and to ensure that the contractor is meeting the performance criteria. When working on service requests, the SPS Help Desk is required to meet target percentages for average response and average resolution times. The Program Office measures contractor performance on the Deployment Order by (1) successful execution of the deployment process and (2) a favorable rating on the Exit Checklist. A deployment process is executed successfully if an installation or upgrade is completed within benchmark timeframes that are based on hardware configurations. The Exit Checklist is completed by sites following the installation or upgrade of the SPS software and returned to the Program Office's Contracting Officer within 7 days. The contractor receives 70% of payment upon successful completion of the installation or upgrade. The remaining 30% of the payment is issued upon receipt of a favorable rating on the Exit Checklist. If the contractor exceeds the benchmark timeframe or receives an unfavorable rating on the Exit Checklist, penalties are appropriately applied. The Deployment delivery order currently meets all the criteria of a performance-based acquisition: (1) the work is stated in terms of outcomes/results (2) there are measurable performance standards and (3) there is a mechanism for price reduction if outcomes are not met. The Help Desk delivery order will meet these criteria in FY2006 and beyond (currently it meets criteria 1 and 2). All new contract actions that obligate service dollars will be performance based acquisitions to the maximum extent possible. Payments will not be authorized until satisfactory contractor performance has been demonstrated.

Exhibit R-2, RDT&E Budget Item Justification (Continued)	Date: January 2006

B. Program Change Summary:

	FY05	FY06	FY07
Previous President's Budget	6.210	5.074	4.624
Current BES/President's Budget	6.054	5.002	0
Total Adjustments	-0.156	-0.072	-4.624
Congressional Program Reductions	-0.005	-0.072	
Congressional Rescissions			
Congressional Increases			
Reprogramming	-0.151		
SBIR/STTR Transfer			
Transfers			-4.624
Inflation Adjustment			
Agency Reductions			

Funding supports development and testing of service releases in support of software changes identified by the Joint Requirements Board (JRB). The magnitude of these efforts resulting in future software changes is expected to be significant; therefore, software changes are budgeted in RDT&E.

Funding also supports version 4.2 Increment 3 development and testing. Version 4.2 Increment 3 will increase system performance, enhance functional capabilities, maximize modular solution sets, and expand integration among the logistics, procurement, and financial communities of the DoD using web-based technology. Version 4.2 Increment 3 successfully completed the Business Management Modernization Program (BMMP) approval process in October 2003 and was placed under contract. Increment 3 presents significant architecture changes in support of the Services/Agencies server consolidation initiatives as well as BMMP objectives. As a result, extensive testing is required utilizing a three-tiered testing approach to ensure the software meets requirements. This testing approach is discussed below on the R-3.

Funding in the out years (FY07 thru FY11) were transferred from Defense Contract Management Agency (DCMA) PE to Business Transformation Agency (BTA) PE. The following amounts are now part of SPS funding under BTA: FY07 = $4.624 Million, FY08 = $3.610 Million, FY09 = $3.814 Million, FY10 = $3.915 Million, and FY11 = $4.018 Million.

C. Other Program Funding Summary: Displayed on R-2a
D. Acquisition Strategy: Displayed on R-2a

Exhibit R-2, RDT&E Budget Item Justification (Continued)	Date: January 2006

E. Performance Metrics:

The Program has negotiated substantial configuration management changes under its delivery orders for Version 4.2 Increments 1 (fielded) and 2 (currently fielding) and is continuing this protocol with Version 4.2 Increment 3 (under development). Each delivery order has set forth performance based payments based upon achievement of specific events or accomplishments that are defined and valued in advance by the Government and the contractor. These changes have provided an enhanced technical and schedule focus. In addition, the Government has instituted a three-tier testing approach that involves observation of the contractor's own testing processes in its first phase (Validation). Here the Government observes whether or not the developer has followed a repeatable process and whether the SPS Joint Requirements Board (JRB) and the developer jointly-approved test scripts are accurate and effective in determining whether requirements are met. In the second phase, System Acceptance Testing, the Government performs its own testing against the jointly-approved test scripts, vendor documentation, on-line help, SPS Technical Working Group designated hardware and software platforms, and installation software. Payments are tied to whether or not the software satisfactorily passed the test scripts and that no priority 1 or 2 system deficiency reports exist based upon the IEEE/EIA 12207(replaces MIL-STD-498) criteria. In the third phase, the Government performs its end-to-end testing to verify the software in an operational environment, against functional business processes, and to determine software effectiveness, and suitability. Results at each phase of testing are vetted through scoring conferences using the IEEE/EIA 12207 criteria to assess the severity of needed software fixes. Configuration management is maintained on all functional solutions, functional designs, test scripts, audit results and product deliverables.

Version 4.2 Increment 3, which is currently under development, continues to use the proven process implemented with Version 4.2 Increment 1 and continued with Version 4.2 Increment 2. An incremental development strategy is being used during the development of Version 4.2 Increment 3. This incremental development will include interim build(s) and one final build. The result will be total package fielding approach once the final build has been accepted by the SPS JPMO. During the development process, the Government has inserted decision points (go, no go) at build review period prior to payment authorization. These decisions are based on demonstrated acceptable performance in accordance with the contract requirements.

Exhibit R-2a, RDT&E Budget Item Justification						Date: January 2006	
APPROPRIATION/BUDGET ACTIVITY: 0400D/05				R-1 Item 97 Nomenclature: Information Technology Standard Procurement System (SPS): 0605015			
COST (In Millions)	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11
Standard Procurement System (SPS)	6.054	5.002	N/A	N/A	N/A	N/A	N/A
RDT&E Articles Quantity*	N/A	N/A	N/A	N/A	N/A	N/A	N/A

A. Mission Description & Budget Item Justification: (Provide a project overview)
The Standard Procurement System (SPS) is based on modification of a commercial off-the-shelf software application. The software is modified to support DoD requirements not met by the initial commercial product (i.e. requirements prompted by the Federal Acquisition Regulation (FAR) and the Defense Federal Acquisition Regulation Supplement (DFARS)). The SPS follows a spiral development approach, increasing the performance envelope of the existing system incrementally until the objective system is achieved. The SPS is predicated upon 299 functional requirements identified by a DoD inter-service functional requirements team in 1995. RDT&E funds support efforts related to the development, testing, and integration of these functional requirements.

B. Accomplishments/Planned Program:

Accomplishment/Effort/Subtotal Cost ($M)	FY05	FY06	FY07
Standard Procurement System (SPS)	6.054	5.002	N/A
SPS Product (PD2)/Service Releases/Enterprise Adapter/Data Mapping/BRCCS/Technology Insertion	3.040	2.421	N/A
Testing (JITC, IV&V, SAT, LSVT)	1.674	1.835	N/A
Technical Support	1.340	0.746	N/A
RDT&E Articles Quantity*	N/A	N/A	N/A

Exhibit R-2a, RDT&E Budget Item Justification (Continued)	Date: January 2006

B. Accomplishments/Planned Program: Continued

The Government officially accepted SPS version 4.2 Increment 1 on 20 June 2002 and promptly began deployments on 24 June 2002. This version was delivered to the Government on schedule and within cost. Version 4.2 Increment 1 deployment concluded in June 2004 with a user base of 15,327 users.

The Version 4.2 Increment 2 software application is integrated with adaptive technology that presents SPS data in an open Extensible Markup Language (XML) format. This allows data mapping from the application directly to the required legacy formats or through the Defense Electronic Business Exchange to interfacing systems. In support of the adaptive technology, to date, SPS has developed 96 distinct translators that apply 5,480 unique business rules to incoming/outgoing SPS and legacy transactions. As of June 2005, Version 4.2 Increment 2 was deployed to 8,223 users and will be deployed to an additional 14,653 users in FY06.

Version 4.2 Increment 3 will increase system performance, enhance functional capabilities, maximize modular solution sets, and expand integration among the logistics, procurement, and financial communities of the DoD using web-based technology. Version 4.2 Increment 3 successfully completed the Business Management Modernization Program (BMMP) approval process in October 2003 and was placed under contract. The Increment 3 product will evolve through 5 software builds. Build 4 was delivered to the Government in August 2005 for joint testing. Build 5 is scheduled for delivery in February 2006.

Extensive testing is required for all Increments utilizing a three-tiered testing approach to ensure the software meets requirements. This testing approach is discussed below on the R-3.

C. Other Program Funding Summary:

	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	Total Complete	Cost
P-1 Line Item No 29, Standard Procurement System (SPS):	12.561	8.629	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total O&M Funds:	12.816	13.036	N/A	N/A	N/A	N/A	N/A	N/A	N/A

D. Acquisition Strategy:

The Standard Procurement System (SPS) has an Acquisition Strategy prepared 24 March 1997 by the Defense Procurement Corporate Information Management (CIM) Systems Center in accordance with DoD 5000.2-R. There is an Acquisition Plan for Version 4.2 Increment 3, dated August 2003.

E. Major Performers:

American Management Systems (AMS), the core product developer, was awarded a Firm Fixed Price contract in August 1996. CACI acquired AMS in May 2004. CACI is located in Fairfax, Virginia and is engaged in the development, testing, deployment, training, and integration efforts of the SPS Program.

Exhibit R-3 Cost Analysis									Date: January 2006			
APPROPRIATION/BUDGET ACTIVITY: 0400D/05			Information Technology Standard Procurement System (SPS): 0605015						R-1 Item 97 Nomenclature: Information Technology Standard Procurement System (SPS): 0605015			
Cost Categories	Contract Method & Type	Performing Activity & Location	Total PYs Cost	FY 05 Cost	FY 05 Award Date	FY 06 Cost	FY 06 Award Date	FY 07 Cost	FY 07 Award Date	Cost to Complete	Total Cost	Target Value of Contract
Product Development												
SPS Product (PD2)/Service Releases/Enterprise Adapter/Data Mapping/BRCCS/ Technology Insertion	C – FFP SS – FFP	CACI Fairfax/ Arlington, Va Evolutionary Technologies Inc. Austin, TX	35.507	3.040	QTR 1 & QTR 2	2.421	QTR 1 & QTR 2	N/A	QTR 1 & QTR 2	N/A	N/A	N/A

Remarks: Version 4.2 Increment 3 will increase system performance, enhance functional capabilities, maximize modular solution sets, and expand integration among the logistics, procurement, and financial communities of the DoD using web-based technology. Version 4.2 Increment 3 successfully completed the Business Management Modernization Program (BMMP) approval process in October 2003.

Funding supports development and testing of service releases in support of software changes identified by the Joint Requirements Board (JRB). The magnitude of these efforts resulting in future software changes is expected to be significant; therefore, software changes are budgeted in RDT&E.

Exhibit R-3 Cost Analysis (page 2)									Date: January 2006			
APPROPRIATION/BUDGET ACTIVITY: 0400D/05			Information Technology Standard Procurement System (SPS): 0605015						R-1 Item 97 Nomenclature: Information Technology Standard Procurement System (SPS)			
Cost Categories	Contract Method & Type	Performing Activity & Location	Total PYs Cost	FY 05 Cost	FY 05 Award Date	FY 06 Cost	FY 06 Award Date	FY 07 Cost	FY 07 Award Date	Cost to Complete	Total Cost	Target Value of Contract
Support Costs	Various	Various (under $1M)	3.088	1.340	QTR 1 & QTR 2	0.746	QTR 1 & QTR 2	N/A	QTR 1 & QTR 2	N/A	N/A	N/A

Remarks: Key to the program's well being is continued configuration management and compliance with DoD 5000 regulations. The Program is preparing for a Milestone C Review/Fielding Decision Review in April 2006.

Cost Categories	Contract Method & Type	Performing Activity & Location	Total PYs Cost	FY 05 Cost	FY 05 Award Date	FY 06 Cost	FY 06 Award Date	FY 07 Cost	FY 07 Award Date	Cost to Complete	Total Cost	Target Value of Contract
Test & Evaluation	MIPR	Joint Interoperability Test Command (JITC) Fairfax, VA	5.276	1.674	QTR 1	1.835	QTR 1	N/A	QTR 1	N/A	N/A	N/A

Remarks: The SPS JPMO continues to follow a three-tier testing approach that involves validation of the contractor's own testing (when feasible), system acceptance testing with component representation, and end-to-end testing. Several applications are being integrated with our procurement product suite to take advantage of technology advances and to provide procurement information to other DoD programs. These inserted products help validate data, and to distribute information to other systems. This requires the additional testing of maps and translations to various required formats prior to integration testing with our procurement suite. Changes or corrections to any of the products require an assessment of whether there are additional impacts on our integrated procurement suite. Testing will be required to determine if requirement adjustment(s) or changes have been correctly addressed and whether a previous capability has been affected. If multiple products are changed at the same time, integrated testing becomes more complex and must be properly controlled to determine which product change caused an issue(s). Testing our integrated procurement suite may also be dependent upon other new systems availability to test the interfaces. Testing will be required to be more frequent as additional insertions become necessary and improvements to fielded suites are required.

Exhibit R-4, Schedule Profile		Date: January 2006
APPROPRIATION/BUDGET ACTIVITY: 0400D/05	Information Technology Standard Procurement System (SPS): 0605015	R-1 Item 97 Nomenclature: Information Technology Standard Procurement System (SPS)

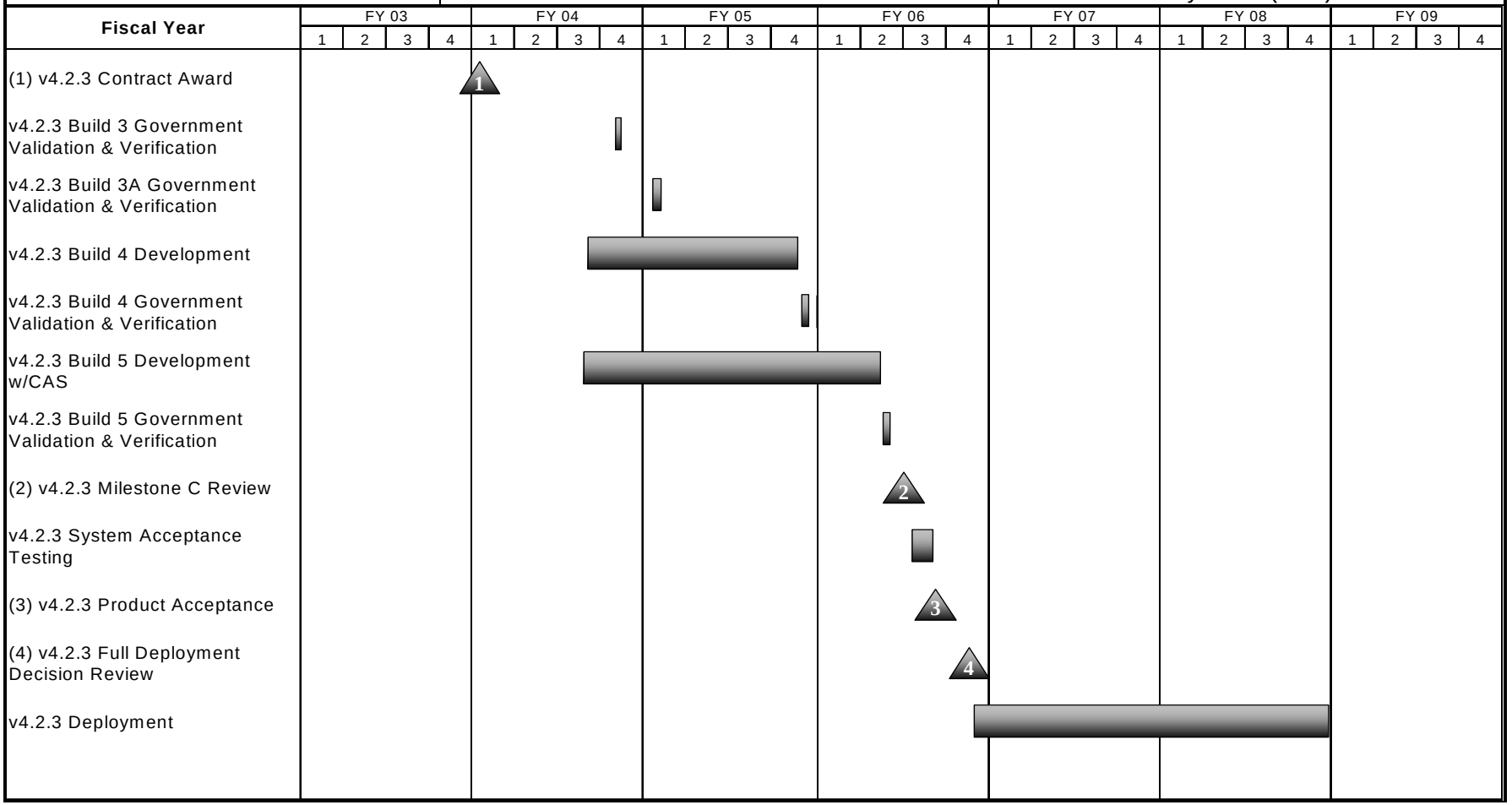

Exhibit R-4a, Schedule Detail							Date: January 2006
PROPRIATION/BUDGET ACTIVITY: 0400D/05	Information Technology Standard Procurement System (SPS): 0605015						R-1 Item 97 Nomenclature: Information Technology Standard Procurement System (SPS)
	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10
v4.2.3 Contract Award	1Q						
v4.2.3 Build 3 Government Validation & Verification	4Q-4Q						
v4.2.3 Build 3A Government Validation & Verification		1Q-1Q					
v4.2.3 Build 4 Development	3Q-4Q05						
v4.2.3 Build 4 Government Validation & Verification		4Q-4Q					
v4.2.3 Build 5 Development w/CAS	3Q-2Q06						
v4.2.3 Build 5 Government Validation & Verification			2Q-2Q				
v4.2.3 Milestone C Review			3Q				
v4.2.3 System Acceptance Testing			3Q-3Q				
v4.2.3 Product Acceptance			3Q				
v4.2.3 Full Deployment Decision Review			4Q				
v4.2.3 Deployment			4Q-4Q08				