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Exhibit R-2, RDT&E Budget Item Justification: PB 2014 Office of Secretary Of Defense **DATE:** April 2013

APPROPRIATION/BUDGET ACTIVITY

0400: *Research, Development, Test & Evaluation, Defense-Wide*
BA 5: *System Development & Demonstration (SDD)*

R-1 ITEM NOMENCLATURE

PE 0605027D8Z: *OUSD(C) IT Development Initiative*

COST (\$ in Millions)	All Prior Years	FY 2012	FY 2013[#]	FY 2014 Base	FY 2014 OCO ^{##}	FY 2014 Total	FY 2015	FY 2016	FY 2017	FY 2018	Cost To Complete	Total Cost
Total Program Element	9.656	4.845	7.010	6.788	-	6.788	6.500	6.000	3.000	0.000	Continuing	Continuing
927: <i>Next Generation Resource Management System</i>	9.656	4.845	7.010	6.788	-	6.788	6.500	6.000	3.000	0.000	Continuing	Continuing

[#] FY 2013 Program is from the FY 2013 President's Budget, submitted February 2012

^{##} The FY 2014 OCO Request will be submitted at a later date

A. Mission Description and Budget Item Justification

As the Department of Defense strategic, operational and tactical plans and objectives transforms the war fighter with new capabilities and doctrine, the budgeting and accountability of funds used to pursue the Department objectives will become more complicated and detailed for senior leader to make decisions with supporting rationale for the taxpayer. Incorporating information technology toward current and emerging business processes manifesting into a state-of-the art system of systems will result in increasing efficiencies, timely diagnostics, and reducing lifecycle costs to maintain, sustain and repair.

This initiative exploits emerging technology, processes, trends, capabilities, and techniques to incorporate state-of-the-art information technology enabling the ability, agility, and level of fidelity to collect, process, administrate and report resource management data and to automate business processes within a more robust analytical environment within the Office of the Under Secretary of Defense (Comptroller) OUSD(C).

B. Program Change Summary (\$ in Millions)	FY 2012	FY 2013	FY 2014 Base	FY 2014 OCO	FY 2014 Total
Previous President's Budget	4.846	7.010	5.023	-	5.023
Current President's Budget	4.845	7.010	6.788	-	6.788
Total Adjustments	-0.001	0.000	1.765	-	1.765
• Congressional General Reductions	-	-			
• Congressional Directed Reductions	-	-			
• Congressional Rescissions	-	-			
• Congressional Adds	-	-			
• Congressional Directed Transfers	-	-			
• Reprogrammings	-	-			
• SBIR/STTR Transfer	-	-			
• Program Adjustment	-	-	-0.032	-	-0.032
• WHS Reserve	-0.001	-	-	-	-
• Other Adjustments	-	-	1.797	-	1.797

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APPROPRIATION/BUDGET ACTIVITY 0400: Research, Development, Test & Evaluation, Defense-Wide BA 5: System Development & Demonstration (SDD)	R-1 ITEM NOMENCLATURE PE 0605027D8Z: OUSD(C) IT Development Initiative	
<div>Change Summary Explanation</div> <div>Baseline Adjustment of -\$0.0320 in FY 2014 for higher Priorities.</div> <div>WHS Reserve of -\$0.001 in FY 2012.</div> <div>Other adjustmenet of +\$1.797 in FY 2014.</div>		

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Exhibit R-2A, RDT&E Project Justification: PB 2014 Office of Secretary Of Defense										DATE: April 2013		
APPROPRIATION/BUDGET ACTIVITY					R-1 ITEM NOMENCLATURE				PROJECT			
0400: Research, Development, Test & Evaluation, Defense-Wide BA 5: System Development & Demonstration (SDD)					PE 0605027D8Z: OUSD(C) IT Development Initiative				927: Next Generation Resource Management System			
COST (\$ in Millions)	All Prior Years	FY 2012	FY 2013 [#]	FY 2014 Base	FY 2014 OCO ^{##}	FY 2014 Total	FY 2015	FY 2016	FY 2017	FY 2018	Cost To Complete	Total Cost
927: Next Generation Resource Management System	9.656	4.845	7.010	6.788	-	6.788	6.500	6.000	3.000	0.000	Continuing	Continuing
Quantity of RDT&E Articles												

[#] FY 2013 Program is from the FY 2013 President's Budget, submitted February 2012

^{##} The FY 2014 OCO Request will be submitted at a later date

A. Mission Description and Budget Item Justification

The Department's budget focuses on institutionalizing and financing our capabilities to fight the wars we are in today and the scenarios we are most likely to face in the years ahead, while at the same time mitigating risk and providing for contingency operations. It also includes a fundamental overhaul of the DoD's approach to procurement, acquisition, and contracting. As such, the complex details of budgeting and tracking of funds become increasingly critical to senior leader decision making and to provide accountability to the taxpayer. Incorporating information technology toward current and emerging business processes manifesting into a state-of-the art system of systems will result in increasing efficiencies, timely diagnostics, and reducing lifecycle costs to maintain, sustain and repair.

Today, the Office of the Under Secretary of Defense Comptroller OUSD(C) and the Cost Analysis and Program Evaluation (CAPE) uses various distinct automated systems (Comptroller Information System (CIS), PBD Wizard, Program Resource Collection Process (PRCP), Supplemental Resource Collection Process (SRCP), Budget Exhibits Generator and Standard Data Collection System (SDCS) to formulate, justify, and execute DoD budgets. These six or more systems interact with at least several computer-based systems controlled by external organizations and agencies. These systems manage very similar financial information, yet each uses its own scheme for representing information. Much of the information managed by these systems is redundant. Cross-system data representations and redundancies make it difficult to exchange and to reconcile information. The capabilities provided by Comptroller systems, in some cases, fail to deliver services needed by its users, or fail to operate in ways that complement current and emerging business practices. They fail to give executives information in a comprehensible form, making it difficult to draw conclusions. Data disparities and functional redundancy make these systems more costly to keep than they need to be.

There is a critical need for the development of a state-of-the-art information technology system to modernize and replace multiple, antiquated legacy systems and processes used to formulate, justify, present and defend the entire Department of Defense Budget in the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) to meet Title 10 and Title 31 mission and reporting requirements. The Comptroller's plan for mitigating the deficiencies and capability gaps associated with current systems is development of the Next Generation Resource Management System.

This initiative exploits emerging technology, processes, trends, capabilities, and techniques to incorporate state-of-the-art information technology enabling the ability, agility, and level of fidelity to collect, process, administer and report resource management data and to automate business processes within a more robust analytical environment within the Office of the Under Secretary of Defense (Comptroller) OUSD(C). Funded efforts will improve the timeliness of resource management reviews and decisions for senior leaders and Congress.

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APPROPRIATION/BUDGET ACTIVITY 0400: <i>Research, Development, Test & Evaluation, Defense-Wide</i> BA 5: <i>System Development & Demonstration (SDD)</i>	R-1 ITEM NOMENCLATURE PE 0605027D8Z: <i>OUSD(C) IT Development Initiative</i>	PROJECT 927: <i>Next Generation Resource Management System</i>		
B. Accomplishments/Planned Programs (\$ in Millions)		FY 2012	FY 2013	FY 2014
Title: Next Generation Resource Management System		4.845	7.010	6.788
Description: Plan, develop, test and evaluate the system components (i.e. unified database, expert system, cross domain security, enterprise service bus, applications, services) and supportability requirements in modernizing the budget formulation, programming execution and reporting capabilities for the Department of Defense. Activities will include, but not be limited to, the preparation of all documentation required for Clinger-Cohen Compliance and acquisition regulations, developing requests for proposals, and oversight and management of contracts and deliverables.				
FY 2012 Accomplishments: Established Program Management Office 1Q FY 2012-4Q FY 2012. Continued work on Acquisition documentation 1Q FY 2012-4Q FY 2012. Conducted Analysis of financial flow on information. Initiated Business Processing Reengineering.				
FY 2013 Plans: Continue Program Management Office 1QFY 2013-4Q FY2013. Continue work on Acquisition documentation 1Q FY 2013-4Q FY 2013. Conduct market research to assess optimal means to exploit emerging technology, processes, trends, capabilities and techniques to incorporate state-of-the art capabilities in the information technology industry 2QFY2013 - 3QFY2013. IRB Submission 3QFY2013. RFP Release 3Q FY2013. Contract Award 4QFY2013.				
FY 2014 Plans: Continue Program Management Office 1QFY 2014-4Q FY2014. Continue work on Acquisition documentation 1Q FY 2013-4Q FY 2013. Demonstrate prototype systems that includes a unified data warehouse, user friendly business logic architecture for programming and budgeting capabilities, analytics and reports, an expert knowledge-based system incorporating user friendly language interface, cross-domain security capability, and design and demonstration of high uality user interface that promotes learning and productivity. Two prototype increments to be initiated. 1QFY2014-3QFY2015				
Accomplishments/Planned Programs Subtotals		4.845	7.010	6.788
C. Other Program Funding Summary (\$ in Millions)				
N/A				

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C. Other Program Funding Summary (\$ in Millions)		
Remarks		
D. Acquisition Strategy		
Business Process Reengineering 1QFY2013 Analysis of the Alternatives (AoA) Revisions - 1Q FY 2013 Acquisition documentation - 1QFY2012 - 4 QFY2014 Conduct Market Investigation 2Q FY 2013-3Q FY 2013 Finalize market investigation - 3QFY2013 Contract Award 4Q FY 2013 for demonstration and incremental releases Incremental designs review: 3QFY2014 - 3Q FY 2017 Verification proposed system and upgrades: 3Q FY 2014- 3QFY2017 Once infrastructure in place, competitive contracts in the out years for individual services/applications.		
E. Performance Metrics		
N/A		

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Exhibit R-3, RDT&E Project Cost Analysis: PB 2014 Office of Secretary Of Defense												DATE: April 2013			
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Product Development (\$ in Millions)				FY 2012		FY 2013		FY 2014 Base		FY 2014 OCO		FY 2014 Total			
Cost Category Item	Contract Method & Type	Performing Activity & Location	All Prior Years	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Cost To Complete	Total Cost	Target Value of Contract
Next Generation Resource Management System	MIPR	Defense Logistics Agency:Mark Center	8.756	-		4.010	Aug 2013	4.788	Aug 2014	-		4.788	10.000	27.554	27.554
Subtotal			8.756	0.000		4.010		4.788		0.000		4.788	10.000	27.554	27.554
Support (\$ in Millions)				FY 2012		FY 2013		FY 2014 Base		FY 2014 OCO		FY 2014 Total			
Cost Category Item	Contract Method & Type	Performing Activity & Location	All Prior Years	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Cost To Complete	Total Cost	Target Value of Contract
Next Generation Resource Management System	MIPR	Defense Logistics Agency:Mark Center	0.900	4.845	Jan 2012	3.000	Jan 2013	2.000	Jan 2014	-		2.000	5.500	16.245	16.245
Subtotal			0.900	4.845		3.000		2.000		0.000		2.000	5.500	16.245	16.245
			All Prior Years	FY 2012	FY 2013		FY 2014 Base		FY 2014 OCO		FY 2014 Total	Cost To Complete	Total Cost	Target Value of Contract	
Project Cost Totals			9.656	4.845		7.010		6.788		0.000		6.788	15.500	43.799	43.799
Remarks															