



Army Cost Management Steering Group

**8 December 2015
1300-1500
2D667**

Unclassified



Agenda



- Opening Comments
- Actions Update
- ASLTT Study Advisory Group (SAG)
- Army Cost Framework
- CMSG Portfolio
- Cost Managed Organizations
- Member Topics
- Closing Comments



Cost Management Steering Group



Vision: A forum to **shape and inform** the Cost Management (CM) **policy, strategy, ERP utilization, and best practices** aligned with Army priorities. Provide **guidance and understanding** on Army enterprise level **cost needs, performance metrics, capability gaps**, and recommendations required for more agile, effective, and efficient decision making processes.

Expected Outcomes:

- Obtained Army-wide support to successfully implement CM.
- Developed, implemented, and monitoring progress on Army's cost data framework to meet the information needs of Army organizations and HQDA.
- Solved ERP CM issues including: better utilization of CM capabilities (Cost Planning, Cost Allocating, Cost Reporting) within Army ERPs; Standardized CM master data usage; solved process issues (e.g. direct/reimbursable tagging of personnel); integrated cost information across ERPs.
- Reengineered key Army business processes integrating cost information supporting Army business decisions.



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CMSG Actions Update



Cost Management Steering Group

CMSG Actions Tracker				
	Action Item Description	Status	Milestone	Milestone Date
2	Cost Management Documentation Strategy			
	2a.1 Cost Management Strategic Implementation Plan (CMSIP) Metrics	Open	Establish WG	8-Dec-15
	2b Army Standard Cost Model Document	Open	Publish	8-Dec-15
	2d Design Decision Documents	Open	2 Drafts (WBS Element, Custom Fields)	15-Feb-16
3	Army Standard Labor Time Tracking (ASLTT) (CMSG as ASLTT SAG)			
	3c ASLTT Study Plan	Open	Study Plan Approved	8-Dec-15
	3d ASLTT Requirements	Open	Validate Requirements	15-Jan-16
	3e ASLTT MDD	Open	MDD	NLT 31-Jan-16
4	Cost Management Training	Open	Establish Quick Action Team	8-Dec-15
5	Cost Managed Organizations	Open	Initial Concept	8-Dec-15



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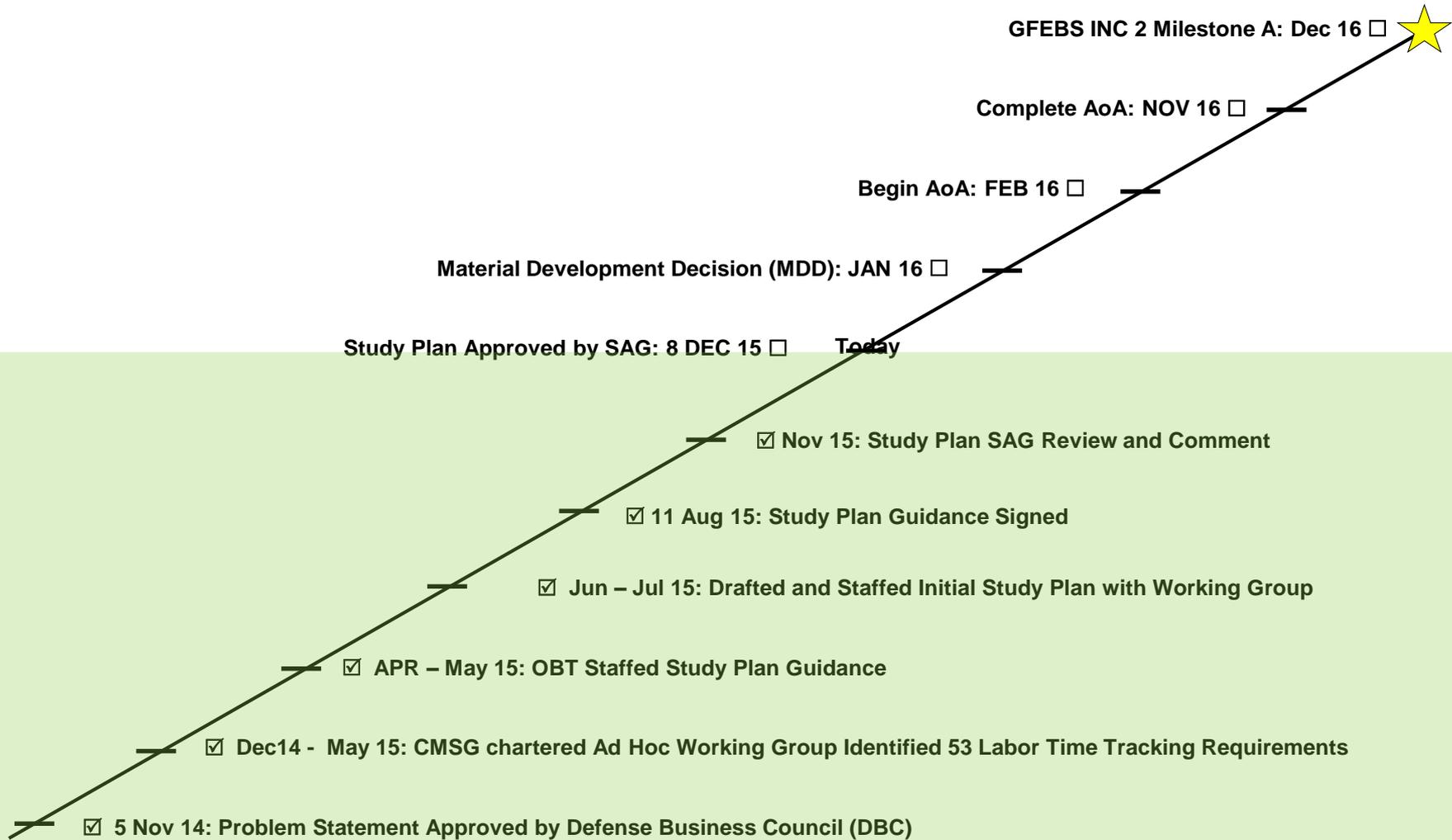


Army Standard Labor Time Tracking (ASLTT)



Action Item: 3

Cost Management Steering Group





Army Standard Labor Time Tracking (ASLTT)



Action Item: 3

Cost Management Steering Group

Org	Concur	Critical Comment	Adjudication
USAMC	Y	Concern: AMC needs one tool for both AWCF and GFEBs. Need to incorporate LMP.	Accepted: Requirements Working Group will resume, to document all requirements prior to commencement of Study.
G8 – Force Development Warfighting Analysis	Y	Concern: Affordability Assessments are required for Defense Business Systems (DBS). Currently, ASLTT is a build within the Army GFEBs Increment 2. It has not been formally identified as program separate from GFEBs Inc 2 . This must be initiated by either the GFEBs Inc II Program Office, or by the G8 FDC Division as the DBS Portfolio manager, or possibly approved as an updated Acquisition Strategy. Currently, there's no authority to allow FD to provide ASLTT with an Affordability Assessment separate from GFEBs Inc 2.	Accepted: Changed sentence from "Thus, it is critical that a separate enterprise capability for labor tracking interface with GFEBs or be built directly inside GFEBs." to "Thus, it is critical that a separate enterprise capability for labor tracking interface with GFEBs or be built directly inside GFEBs; ASLTT is currently part of GFEBs Increment II."
Concurrence and no critical comments from: DCS G-1, DCS G-3/5/7, DCS G-4, DCS G6/CIO, DCS G-8 PA&E, OCAR, ACSIM, OBT, TRADOC, USARPAC, USAREUR, MEDCOM, USACE, ATEC, IMCOM, USARCYBER, USARNG, ABO			
No input from: ASA (ALT), ASA (IE&E), AAA, FORSCOM			

Recommendation: Approve Study Plan as written



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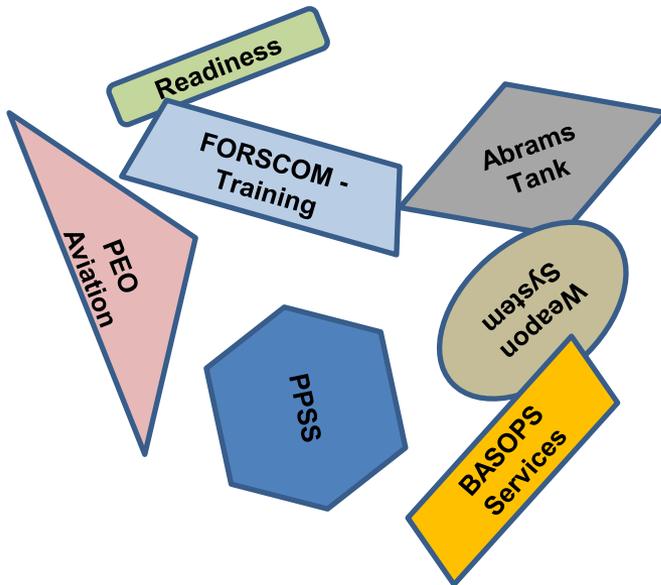


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Army Cost Framework (ACF)

“As-Is”



“To-Be”





ACF Provides the Opportunity To:

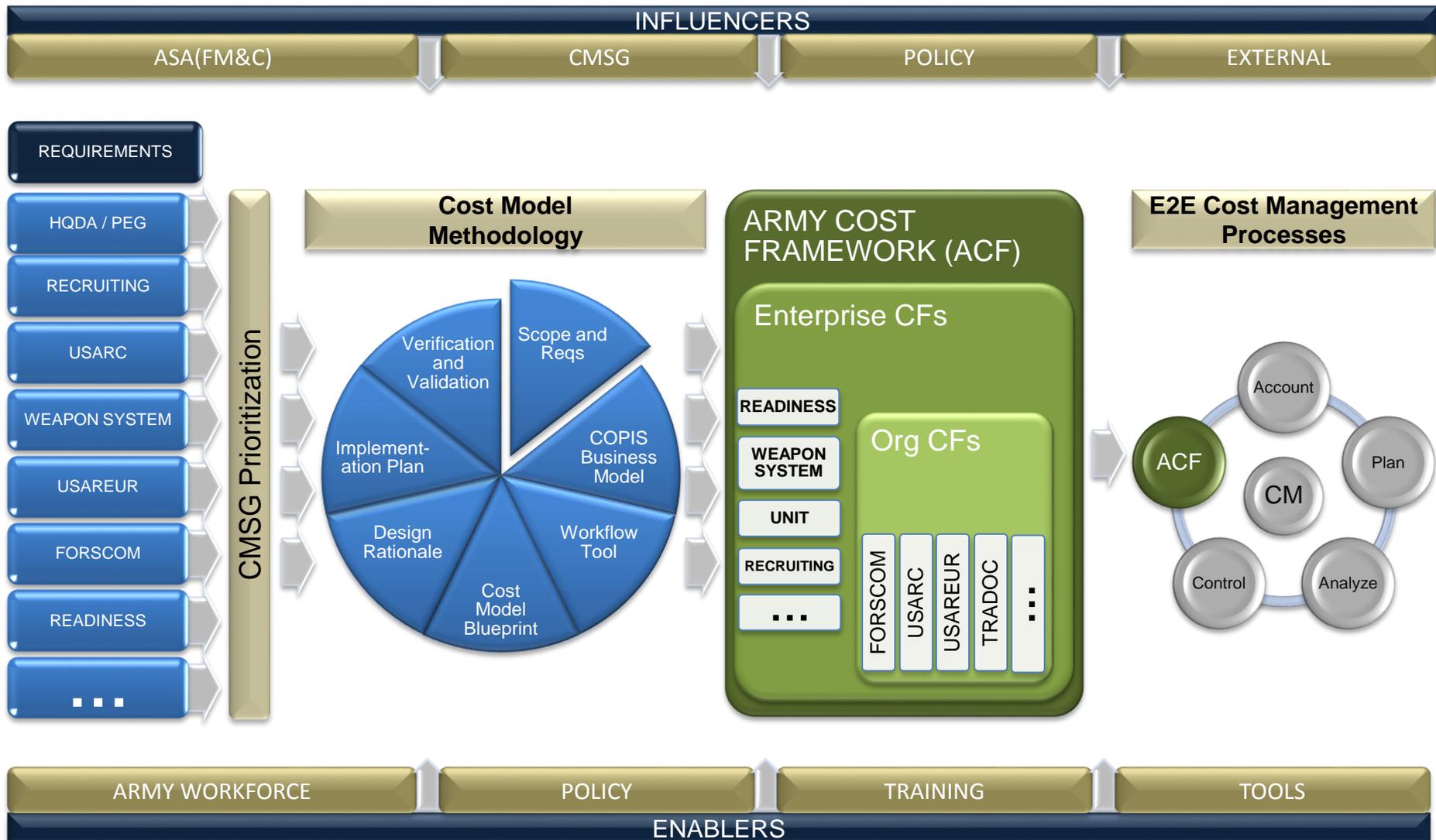


- Answer “what” the Army got with \$150B budget; results in consistent, complete, and accurate information.
- Ability to provide Army authoritative cost data to inform decisions at all levels of the Army.
- All Army organizations are able to utilize the ERPs consistently and efficiently through standardized processes.
- ERP master data is standardized across Army organizations, processes, products, services, and activities; results in consistent information and strong foundation to support Army decisions.
- Army Cost Management training is focused on standardizations for CM processes, ERP utilization, and integration with Army business operations; results in a workforce well-postured for managing costs, performing analysis, and enabling decision makers.



Cost Management Strategy

Cost Management Steering Group





Cost Model Workflow Tool (Concept)



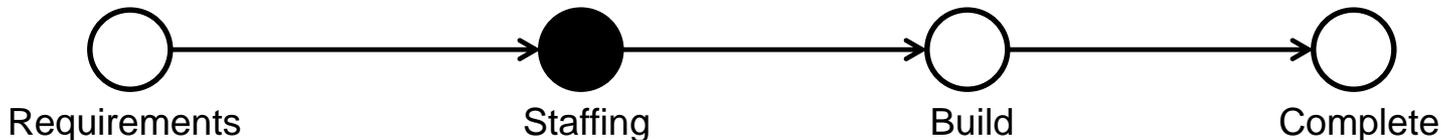


Cost Model Workflow Tool



Home ↓ CMKC ↓ Apps ↓ Metrics ↓

[Home -> Apps->CMCK Main->Apps->ERP Cost Model Workflow Tool](#)



Cost Model Number: **000001**
 Cost Model Name: **Annual Training**
 Originating Organization: **USARC**
 Organization(s) Benefitted: **USARC**

Cost Model Status: **Staffing**
 Scope of Benefitting Organization(s) Costs (% of budget): **15%**
 Related to Enterprise Cost Framework: **Training Readiness**
 Related to Cost Modeling Initiatives:

Required Documents

Document	Last Updated	Uploaded By	Version
Scope and Requirement	10 APR 2015	william.c.henry8.civ@mail.mil	2
COPIS Business Model	6 JUN 2015	william.c.henry8.civ@mail.mil	4
Cost Model Blueprint	12 SEP 2015	brian.s.jacobs.civ@mail.mil	2
Design Considerations	1 OCT 2015	brian.s.jacobs.civ@mail.mil	1
Implementation Plan			
Approval Document			
Verification and Validation			

Supporting Documents

Document	Description	Required Document Supported	Last Updated	Uploaded By	Revision
Annual Training Plan	training plan information	Scope and Requirement	10 APR 2015	william.c.henry8.civ@mail.mil	1

Team Members

Name	Role	Organization
Brian S. Jacobs	Lead	DASA-CE
William C. Henry	Submitter	USARC



ACF Next Steps

- The CMSG will maintain a prioritized portfolio of requirements/initiatives for the ACF
- The CMSG will review progress each quarter
- Continue to build the Cost Model Workflow Tool with a planned release of Jan 2016
- Provide ACF information to other initiatives and forums such as, Army Business Council, Army Financial Management Optimization (AFMO).



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CMSG Current Portfolio



- Organizational Cost Frameworks:
 - USAREUR
 - USARC
 - FORSCOM

- Enterprise Cost Frameworks:
 - Army Software Maintenance
 - Weapon System
 - Installation Management Data Integrity Project
 - Training Readiness
 - Recruiting



CMSG Portfolio Template



Cost Management Steering Group

Problem/Opportunity:

Timeline/Milestones:

Outcome:

Resource Requirements:

Discussion Points/Next Steps:



USARC COST MANAGEMENT PROGRAM



Problem/Opportunity: USARC would like to utilize ERP cost management capabilities and standardized practices to allow more precise cost analysis and control across programs. Personnel training and nonstandard master data are the biggest impediments.

Outcome: Better cost management processes through more use of the ERP.

Resource Requirements:

- Near term - Skilled professionals with knowledge of the GFEBS Cost Module that can both “train and do”.
- Long term – Trained professionals within the Command that can “do” Cost Management in GFEBS.

Timeline/Milestones:

- Dec 15 – Planning phase
- Dec 15 – Jan 16 – Preparatory phase
- Jan – Feb 16 – Implementation phase

Discussion Points/Next Steps:

- Training to date has been informative, but just “scratched the surface” of what is possible and how to get there
- Most Operating Agencies do not have trained professionals today that can operate the GFEBS Cost Module
- The best solution to bridge this gap is dedicated professional talent



USAREUR COST MANAGEMENT PROGRAM



Problem/Opportunity: Utilize GFEBs to build a Cost Management program to enable USAREUR efficiently perform its mission.

Outcome: A complete model in GFEBs that enables USAREUR to capture and plan for the true cost of an Operation Atlantic Resolve rotation.

Timeline/Milestones:

- JAN 16 Create CM Structure based on ERI/OAR
Train initial cadre
- MAR 16 Based on lessons learned have Train the trainer session (2 weeks)
Expand use of CM Structure to include Base Operations
Train Cadre
- May 16 Train the Trainer session #2 based on Expanded use of CM
- AUG 16: Create CM structure for Base, OCO, and ERI Funds for FY17
Train the Trainer session #3

Resource Requirements:

- DASA-CE team on-site visits to USAREUR
- DASA-CE team member as dedicated liaison to USAREUR's CM efforts

Discussion Points/Next Steps:

- Conduct initial training in Wiesbaden, 11-14 JAN



Army Software Maintenance



Problem/Opportunity:

- Provide Army leadership the ability to objectively estimate, budget, allocate, and justify the software maintenance (SWM) resources required to meet system mission requirements

Outcome:

- Systemic cost accounting data available to inform critical SWM resource decision making at all stakeholder levels

Timeline/Milestones:

- Define SWM information/data requirements
- Automated data collection using GFEBS
- Systemic SWM cost/technical data collection and analysis across the Army system base
- Develop and apply more capable SWM cost estimation models and methodologies
- Objective derivation of system/organization resource requirements/allocations
- Accurate tracking of SWM funds execution
- Capable SWM cost accounting infrastructure

Resource Requirements:

- DASA - CE - .5 MY FY 16
- ARDEC - GOVT - 3 MY FY 16
- Technical Support - 650 K

Discussion Points/Next Steps:

- SWM comprises 70% of system life-cycle software costs
- SWM requirements are growing exponentially in an environment of constrained funding
- Key requirements - Objective system and organization SWM resource allocations and accurate tracking of SWM funds execution
- Next Steps:
 - Phase II data collection - all systems
 - GFEBS implementation
 - Estimation model enhancement/application



Cost of Training Readiness (CoTR)



Problem: The CSA believes units are overstating readiness and many leaders do not understand unit training management; placing Army resources at risk.

Opportunity: Gain a better understand of how funding applied to training achieves desired readiness levels. HQDA with co-leads G-37 TR and G-8 PA&E conducts a CSA directed CoTR PPBE review to document all phases of the PPBE processes as they relate to training readiness IOT achieve transparency through the process and develop the necessary feedback mechanisms to inform future requirements.

Outcome:

- Identify means to maximize readiness, improve confidence in the process, ensure transparency, optimize the effectiveness of resource investments, and develop trade space for Army senior leader decisions
- Develop an institutional process that informs senior leaders of the costs associated with training readiness
- Sustain and Inform the models that link training events and training expenditures to sustainable readiness demand

Key Tasks:

- Design an Institutional governance PROCESS that influences Army readiness and PPBE using existing and future readiness metrics.
- Capture information from Enterprise Resource Systems enabling comparative analyses.
- Establish a more OBJECTIVE T-RATING assessment that allows the linkage between resources and training readiness.
- Develop a standardized COST STRUCTURE for training that links unit training activities to cost.

Timeline/Milestones:

JAN 16: Initial visit to 3/1 CAV to coordinate events for the year-long CoTR pilot

JAN – MAY: Multiple site visits to USAR, ARNG, and Regular Army units

MAY: First iteration with 3/1 CAV (Focus: GFEBs, DTMS, GCSS-A, QC data accuracy)

AUG: Second iteration with 3/1 CAV (Focus: Objective-T, T&EO's, Training Events)

NOV: Third iteration with 3/1 CAV (Assess modifications to process and systems, GCSS-A, GFEBs, DTMS)



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Cost Managed Organizations (CMO)



Cost Managed Organization Recognition Program



Problem/Opportunity: Recognition of cost management best practices.

Outcome:

- Increased Cost Management awareness
- Identification of best practices
- Complement Cost Framework effort

Timeline/Milestones:

- Aug 2015 CMSG Announcement
- Working group meetings:
 - 25 Aug
 - 16 Sep
 - 14 Oct
- Jan/Feb 2016 Pilot
- FY16 Senior leaders issue guidance
- 2016 Program kickoff

Resource Requirements:

- Investment:
 - Working group feedback
 - ASA(FM&C) sponsorship
 - Army senior leader endorsement
- Recurring:
 - Voluntary participation
 - HQDA Reviews

Discussion Points/Next Steps:

- Recognition options:
 - Internal Control Program embed
 - Unit Certification (eg. ISO)
 - Excellence award (eg. Maint. Ex)
- Pilot candidate(s)
 - Eval. Standardization & criteria refinement
 - Voluntary participant. ATEC
 - Potential 2nd pilot. MEDCOM



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Backups



CMSG Actions To Date



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	Action Item Description	Status	Milestone	Milestone Date
1	CMSG Charter	Closed	Complete	25-Feb-15
2	Cost Management Documentation Strategy			
	2a Cost Management Strategic Implementation Plan (CMSIP)	Closed	Publish	12-Aug-15
	2a.1 Cost Management Strategic Implementation Plan (CMSIP) Metrics	Open	Establish WG	8-Dec-15
	2b Army Standard Cost Model Document	Open	Publish	8-Dec-15
	2c Command Cost Model (CCM)	Closed	44 CCMs Published	15 Jun 15
	2d Design Decision Documents	Open	2 Drafts (WBS Element, Custom Fields)	15-Feb-16
3	Army Standard Labor Time Tracking (ASLTT) (CMSG as ASLTT SAG)			
	3a ASLTT Problem Statement	Closed	Approved	5-Nov-15
	3b ASLTT Study Plan Guidance	Closed	Study Plan Guidance Signed	11 Aug 15
	3c ASLTT Study Plan	Open	Study Plan Approved	8-Dec-15
	3d ASLTT Requirements	Open	Validate Requirements	15-Jan-16
	3e ASLTT MDD	Open	MDD	NLT 31-Jan-16
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 Closed Action