



# Army Cost Management Steering Group

25 May 2016 (Wednesday)

1300-1500

3E387

## Logistics:

1. CMSG Mailbox – <https://usarmy.pentagon.hqda-asa-fm.mbx.cmsg@mail.mil>
2. The Defense Collaboration Services (DCS) web conference URL is:  
<https://conference.apps.mil/webconf/1b690e776c66129d9dce682329fe083c>
3. Voice communications will be available through the Personal Conference Bridge:  
Phone number: (703) 545-5444  
Conference Access Code number: 6927392703#



# Agenda



- Opening Remarks
- Standard Labor Time Tracking (SLTT) Study Advisory Group (SAG):  
Current Status, Timeline, Next Steps
- Army Directive 2016-16 Discussion
- Implementation of Memo CIO/G-6
- CMSG Portfolio:
  - Organizational Cost Frameworks: USAREUR; USARC
  - Enterprise Cost Frameworks: Installation Management Data Integrity Project; Training Readiness; Army Software Maintenance;
  - 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.



# Standard Labor Time Tracking (SLTT) Study Advisory Group (SAG)



# Background



Labor accounts for over 60% of total Army cost yet there is no standard system / business process that captures Time & Attendance and/or tracks Labor Time / cost (labor costs x output). The Business Case Analysis (BCA) will assess, analyze, evaluate, and create a recommended DOTMLP-F solution that will provide Army leadership with a management decision tool to sufficiently cost data and reduce costs by consolidating the current labor tracking efforts into an Army-wide enterprise capability.

- Problem Statement approved Defense Business Council (DBC) on 5 November 2014.
- Study Guidance signed by Deputy Chief Management Officer (DCMO) on 11 August 2015.
- Study Plan Approved on 20 January 2016.
- Material Development Decision (MDD) signed by the Army Acquisition Executive (AAE) on 24 January 2016.
- Requirements Working Group commenced on 23 February 2016, last meeting held 16 May 2016.



# Requirements Working Group



23 February: Requirements Working Group (WG) commenced; requirements survey discussed

24 February: Sent out requirements survey to SAG organizations

16 March: Attended GFEBIS INC II Requirements WG

20 – 22 April: Initial Requirements WG – off-site

- Introduced Requirements Trace Matrix (RTM)
- Explained the RTM Requirements Levels: Level 0 DoD Objective; Level 1 High Level Objectives; Level 2 Business Outcomes; Level 3 Basic Capabilities; Level 4 Detailed Capabilities; Level 5 System Requirements
- Levels 0 – 2 From SLTT Problem Statement
- Main Effort: Building Level 5 Requirements

5 – 6 May: Main Effort: Building Level 4 Requirements

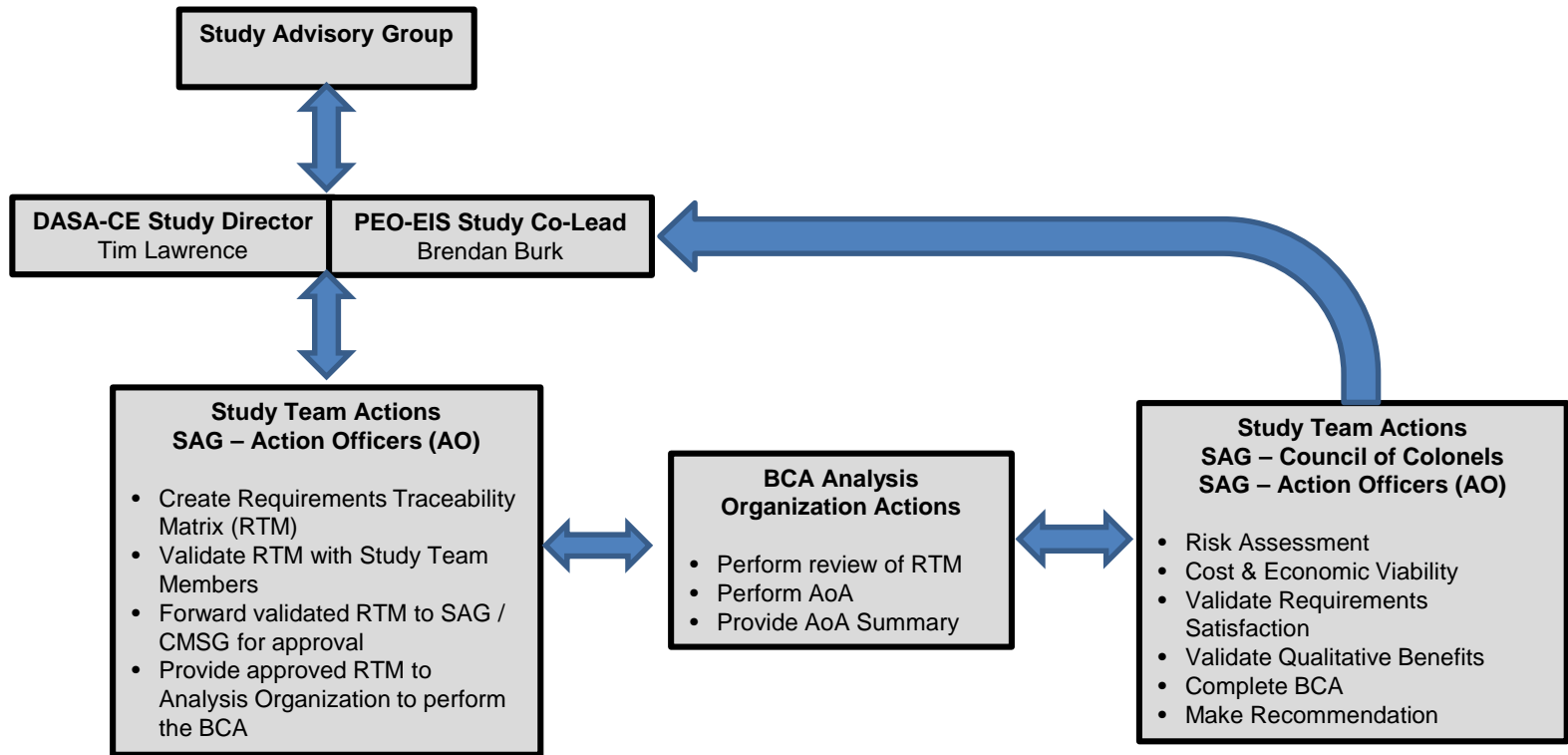
12 – 13 May: Main Effort: Refining Level 4 Requirements

16 May: Main Effort: Finalizing Level 4 Requirements

56 Level 4 Requirements and 588 Level 5 Requirements



# SAG Organization/ Study Team





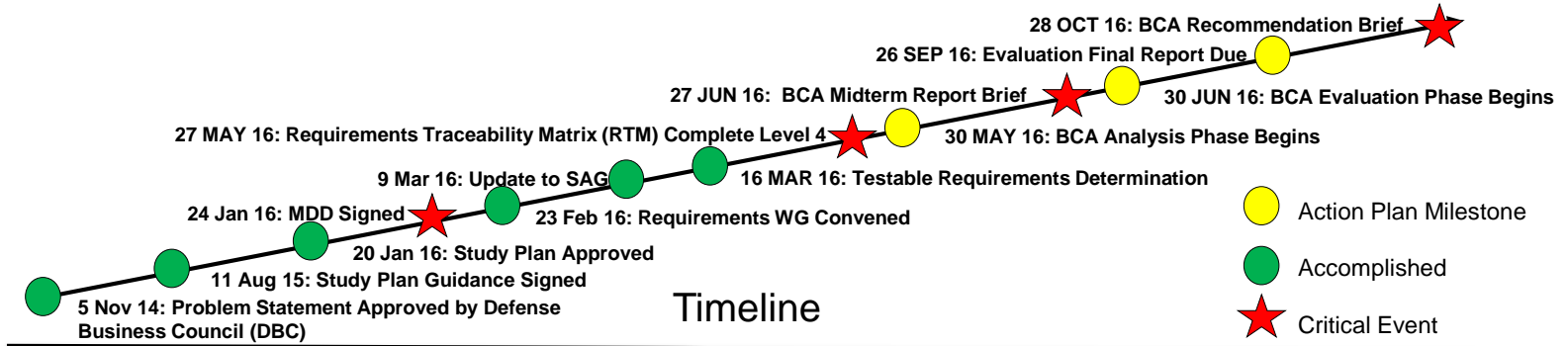
# Alternatives to be Considered

- Alternative 1** Status Quo: Continue use of multiple systems; modify for critical requirements
- Alternative 2** Build within existing Army Enterprise Resource Planning (ERP) Systems
- Alternative 3** Modify the Automated Time, Attendance and Production System (ATAAPS)
- Alternative 4** Modify the Electronic Contractor Manpower Reporting Application (eCMRA)
- Alternative 5** Utilize an existing Commercial-Off- The- Shelf (COTS) solution





# Overview



## Timeline

### Purpose

Conduct and complete the SLTT BCA with associated deliverables that will provide the CMSG with a recommended DOTMLPF-P solution that solves the Army capability gaps in time and attendance and labor time tracking.

### Guidance

- Consider the operational benefits, life cycle cost estimates, sensitivity analysis and risk assessment.
- Identify the optimal course of action for satisfying the outcome established within the problem statement.
- Cost estimates will be presented in base year FY 16 dollars – each presented as a baseline, 50% confidence level of baseline.



# Way Ahead

31 May – Complete Review of RTM

14 June – Compile, Review, Adjudicate Comments

28 June – SAG Member Final Review

5 July - Virtual SAG - Recommend Approval of Level 4 Detailed Capabilities for consideration during the analysis phase of the BCA.



# Army Directive 2016-16



## Changing Management Behavior: Every Dollar Counts

### DISCUSSION



# Implementation of Memo CIO/G-6



## Guidance for Cost-Benefit Analysis in Support of Rationalization, Migration, and Sustainment of Army Enterprise Systems and Applications



# CMSG Portfolio



# Organizational Cost Frameworks



# USAREUR COST BY UNIT/COUNTRY/EXERCISE



**Problem/Opportunity:** Utilize automated costing tools to improve the USAREUR Cost Management program to enable USAREUR efficiently perform its missions.

**Outcome:** A complete cost model that enables USAREUR to capture OPTEMO costs by Unit/Exercise/Country.

## Timeline/Milestones:

- 13-MAY 16:** Action Plan submitted to USAREUR for comments
- 20-MAY 16:** Action Plan submitted to USAREUR leadership for approval
- Early JUNE:** After Action Plan approval USAREUR begins work on Implementation Plan and User SOP's
- Early JUNE:** After Action Plan approval DASA-CE begins work on ERP Updates and ACM web tool for WBS updates and maintenance

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## Resource Requirements:

- DASA-CE team member as dedicated liaison to USAREUR's CM projects-
  - Peter Hanzelka- Cost by Unit/Country/Exercise*
- USAREUR "Cost Cadre" to prepare Implementation Plan and SOP's
- DASA-CE Contract support to create ACM web tool for WBS creation and maintenance

## Discussion Points/Next Steps:

- Action Plan approval by USAREUR leadership
- Document Cost Model updates in ACF workflow tool
- Complete internal technical blueprint documents



# USARC COST MANAGEMENT PROGRAM



**Problem/Opportunity:** USARC is working toward better utilization of the ERP cost management capabilities and standardized practices to improve cost analysis and control across programs. Personnel training and master data issues are the largest challenges.  
**Outcome:** Better cost management processes through better use of the ERP.

## Timeline/Milestones:

- ✓ Dec 15 – Planning phase
- ✓ Jan 16 – Cost Mapping Event #1
- ✓ Feb 16 - Assessment
- ✓ Mar 16 – Cost Mapping Event #2
- ✓ Apr 16 – Cost Mapping Event #3
- Jun 16 – Cost Mapping Event #4
- TBD – Expansion phase

## 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.

## Discussion Points/Next Steps:

- Training to date has been informative, but just “scratched the surface”...
- Positive progress made on process mapping and cost models.
- Other USARC CMP Initiatives:
  - ✓ Apr - Cost Management Exec Training
  - ✓ Apr – FY17 Road to Budget Kickoff
  - ✓ May – Mid Year Review and Analysis
  - Jul and Aug – Cost Management Bootcamp Training





# Enterprise Cost Frameworks



# Installation Management Data Integrity Project



## Problem/Opportunity:

- The installation management community requires change across DOTMLPF-P to effectively manage the planning, programming, budgeting, execution, and reporting of Installation Programs across all Army financial systems

## Outcome:

- Streamlined financial data construct
- Standardize Work Breakdown Structure (WBS)
- Standardize Cost Allocation Methodologies
- Cross-functional Governance

## Resource Requirements:

- Current requirements are being met with internal manpower and stakeholders

## Timeline/Milestones:

- ✓ Completed various test scenarios in the GFEBs training environment
- ✓ Validated design, solution, and concept of operations with stakeholder community
- ✓ Integrated stakeholder data requirements

## Discussion Points/Next Steps:

- Jun 16 - Finalize financial data construct
- Jun 16 - Develop detail integrated implementation timeline
- Jul 16 - Update to DFAS 37-100
- Jul 16 – Implement standard WBS structure and labor allocation across Logistic Readiness Centers



# 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.

## 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.

## 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

## Timeline/Milestones:

**MAY:** Completed USAR site visits for 3 F/MF Bde's and ESC

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

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

**AUG:** Begin CAB Pilot, 101<sup>st</sup> CAB (Focus: training strategy and tasks)

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



# 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:

- SWM Phase 1 Data Call
  - Data Call is completed.
  - Cost Estimating Relationships being developed and will be completed 4<sup>th</sup> QTR FY16
- SWM Phase 2 Data Call for remainder of Army systems will continue through CY16
- G-4/DASA-CE Collaboration w/AMC, SECs, PEOs and Project Leads
  - By 4<sup>th</sup> QTR provide Courses of Action on how to best automate the collection of SW sustainment data and resources required

## Resource Requirements:

- DASA - CE - .5 MY FY 16
- ARDEC - GOVT - 2 MY FY 16
- Enhancements/Changes to Current Army Systems – TBD

## Discussion Points/Next Steps:

- GFEBs Pilots Underway
  - 7 Pilots at CECOM SEC using updated CDRLs to collect financial and cost management data
  - 4 Pilots at ARDEC Picatinny collecting Organic SW Maintenance Support
- SWM Phase 2 Data Call for the remainder of the systems in the Army has been initiated.
- G-4/DASA-CE Coordination w/AMC, SECs & PEOs and Project Leads
  - G-4 Lean Six Sigma Project
  - Gathering info from AMC, SECs and Project Leads and scheduling working groups



# Member Topics



# Closing Comments