



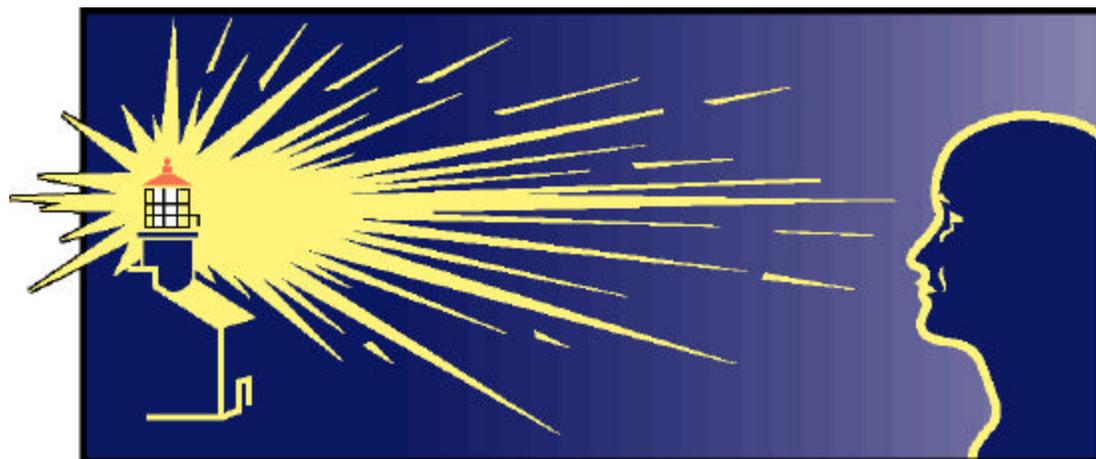
**Navy Working Capital Fund
Financial Management Conference
Breakout Session Presentation**

**NWCF ENTERPRISE RESOURCE PLANNING
PILOT PROJECT
(FINANCIAL MANAGEMENT)**

**At
SSC SAN DIEGO**

22 Feb 2001

SSC NAWC NSWC NADEP NAVAUD DFAS



PROJECT CABRILLO

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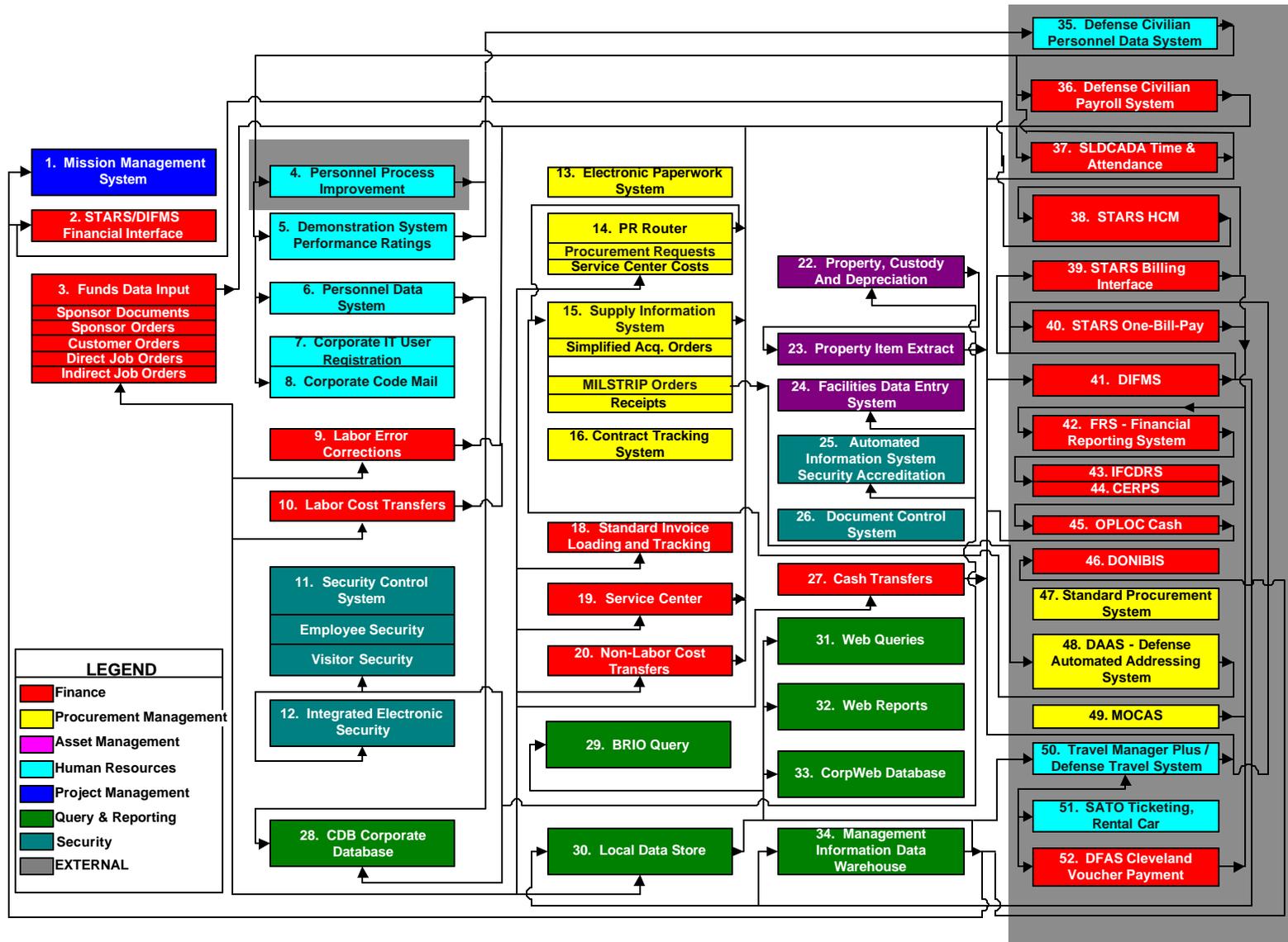
- Objectives
- Current Environment
- NWCF ERP Organization
- Schedule
- SAP configuration areas
- Scope
- Interfaces architecture
- Benefits
- Significant business process changes
- Next steps
- Keys to success
- Other facts

Objectives

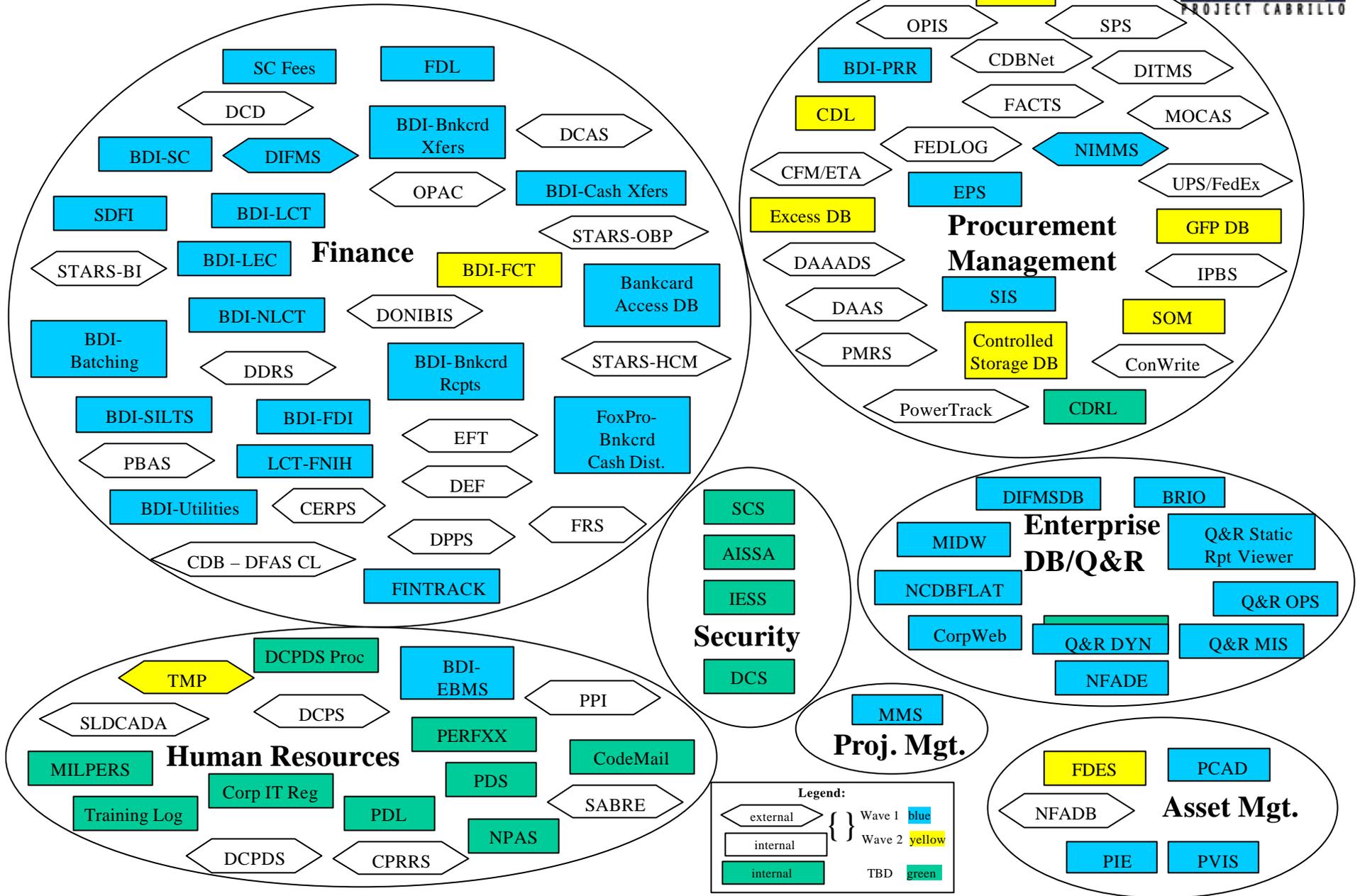
- Implement New Financial management processes using best business practices
- Business Process Re-engineering (BPR) Using Enterprise Resource Planning (ERP)
 - Buy a set of configurable software tools that fully integrates data for cross functional lines
 - Provide consistent, complete, relevant, and timely information for the decision maker
 - Enter data only once, in a single database, with a common user interface, and common tools
 - Eliminate DON/DoD unique software where appropriate

Objectives (con't)

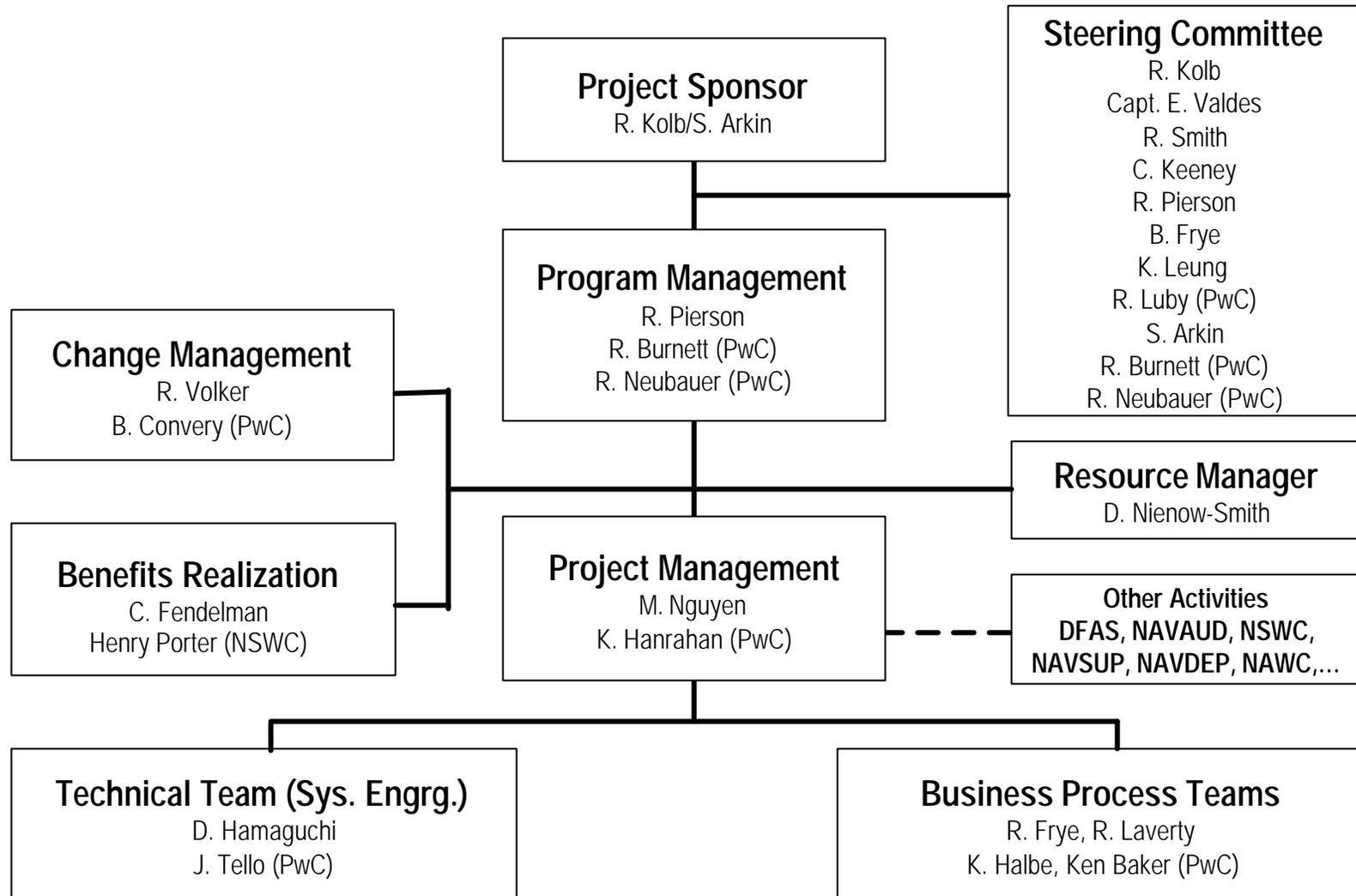
- **Eliminate existing internal business systems and interfaces to the maximum extent possible**
 - **Initial SSC Goal is a 75% (43 systems; 20 instances of Oracle DB; over 100 manual processes; 54 interfaces) reduction of infrastructure using a single integrated business management system**
 - **End state Goal is 99+ %**
- **Single source data entry while eliminating data redundancy and improving data integration**
 - **SSC Goal is to Eliminate**
 - **The entry of the same data multiple times**
 - **The duplicative data in the system (Data exists in only one place with one definition)**
- **CFO Compliance (auditable information to the transaction level; JFMIP/USSGL)**
 - **SSC Goal 100% drill down capability to original transaction event; all transitions have audit logging & trail; JFMIP certified software; configuration within federal regulations**
- **Provide Navy management an order of magnitude improvement in business information with an associated significant reduction of infrastructure costs**
 - **SSC Goal is a complete business system featuring real-time transactions, ABC/M, EVM, best business practices and reporting**
 - **Current economic analysis indicates an infrastructure savings of \$68.2M out thru 2010**



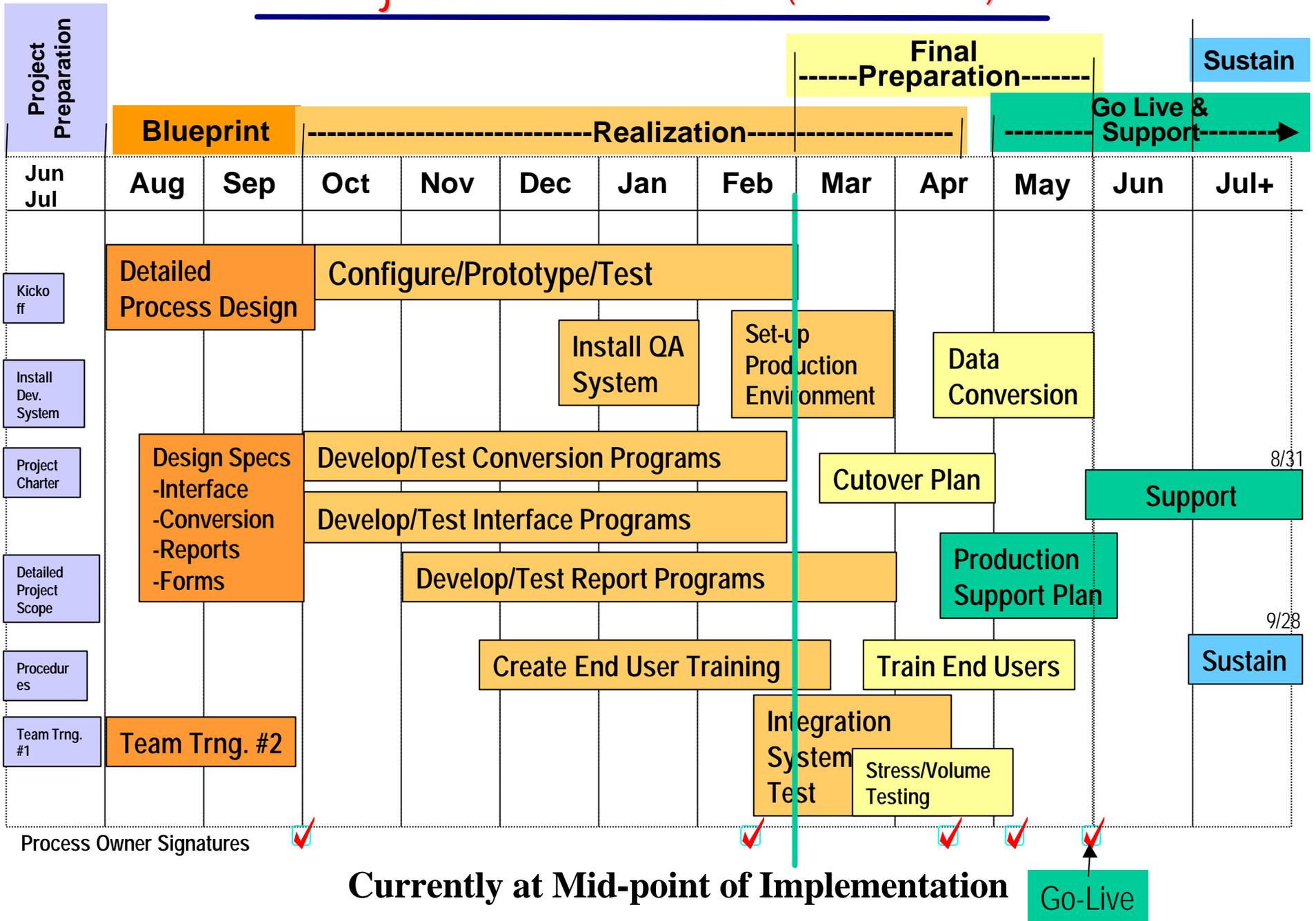
Legacy Application Retirement Map



Program Organization



Project Plan - Wave 1 (Revised 12/00)



Currently at Mid-point of Implementation

Go-Live

SAP Configured Areas

-
- Finance FI
 - Controlling CO
 - Asset Management AM
 - Material Management MM
 - Project Systems PS
 - Human Resources HR
 - Fund Mgmt/Sales Distribution FM/SD
 - Investment Management IM

Funds Management

- Reimbursable Orders
- Direct Cite
- Funds Control

Reimbursable Billing

- Mechanical Bills
- Advance Liquidation
- Billing Reject Correction
- Sales and Distribution*
- CMET validation*

Encumbrance Posting

- Commitments
- Obligations
- Accruals
- Cost Liabilities

Vendor Pay

- Vendor Master
- Vendor Invoice Processing and Certification

Accounts Payable

Accounts Receivable

Treasury

- Daily Cash/Interfund Bills
- Activity Cash Reconciliation
- Cash Correction/Cash Transfers
- Misc Cash Adjustments (SF 1081)

General Ledger/Financial Statements

- Financial Management
- Month-End DONIBIS/CDB
- Year-end Closing/Adjustments

Asset Management

- Capital Purchases
- Contributed Assets
- Sponsor-Owned Equipment
- Depreciation
- Physical Inventory/Custody Maint.
- Automated Asset Master Record*

Process Area Scope (Wave 1)

Controlling/Costing

- Actual to Budget Comparison
- Overhead Project Accounting
- Cost Center Accounting
- Profit Center Accounting
- Rate Application
- Cost Allocations
- Activity Based Costing
- Cost Center Reporting
- Investment Management

Human Resources

- Time & Attendance – Civ., Mil.
- Work Schedule Administration
- Time & Attendance Reporting

Purchasing (Goods and Services)

- Outgoing Government Order
- MILSTRIP
- Credit Card*
- Simplified Acquisition
- Purchase Order Modification
- Procurement Service Center Fees

Receipt Management

- Good Receipt
- Goods Return

Purchasing/Material Management

Reporting

- Project Management
- Cost Center Management
- Center Management

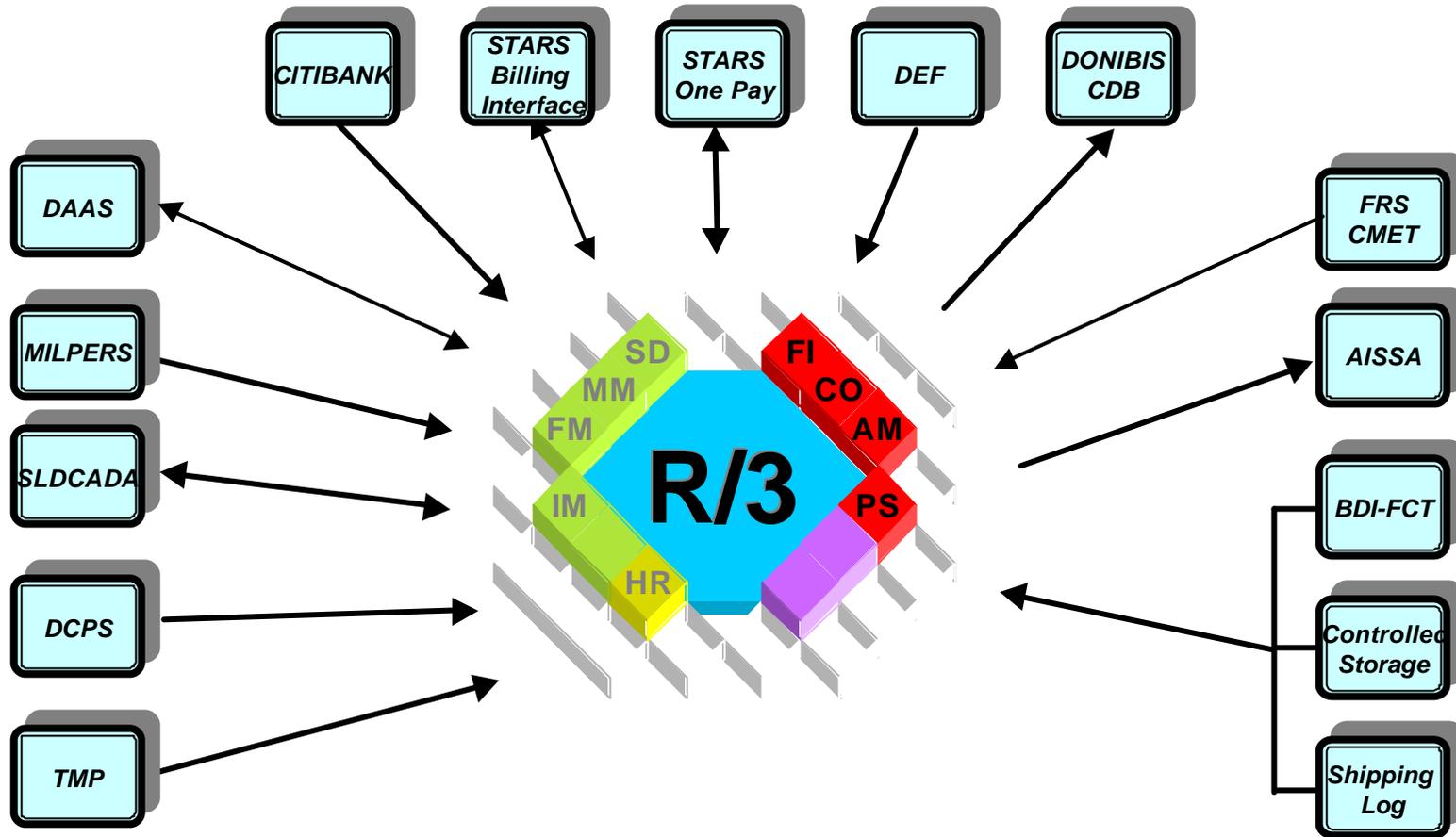
Project Systems

- Proposals
- Planning
- Budget
- Execution (Gant/Pert)
- Costing
- Reporting
- WBS

Potential Scope Wave II

- Activity Based Costing (ABC)
- Planning
- Budgeting (A-11)
- Workforce management
- Business warehouse
- Training
- Human Resources (HR)
- Earned Value Management (EVM)
- Vendor pay

NWCF Pilot Interface Architecture (Wave 1)



- Major business areas re-engineered based on best business practices
- Common tools used across technical codes ensuring consistency, data integrity, and visibility
- An integrated data environment
 - Real/near-real time
 - Visibility/velocity/validity of data
 - Single data entry point
- Automated workflow for appropriate processes
- Paperless where appropriate
- Document management tools used to facilitate communications

Next Steps

- Set-up of Quality Assurance system environment
- Continued business process refinement and begin final configuration of R/3
- ASN (FM&C) and DFAS approval of MOU(s)
 - Interfaces
 - Concept of Operations
- Cutover plan
 - FMO approval
 - Timing – agreement DFAS & FMO
- Pre Go-Live test planning
 - Define Go-Live decision criteria
 - External Approving activity - Coordinated Testing, DFAS, NAVAUD, FMO
 - Timely Decision Schedule

Project Management

Business Process Changes

- Work Breakdown Structure elements and network activities will replace 'as-is' customer order and job order number levels and values.
- Project planning, incoming funding, and execution tracking will be linked together through the WBS. It is expected that there will no longer be a need for "shadow" tracking systems within technical codes.
- Funds availability controls will be applied to preclude overspending of funds.

Business Process Changes

- Asset master records will be created at time of requisition.
- Increased control over center assets.

Business Process Changes

- Commitments will be automatically recorded when a requisition is created and saved; obligations will be automatically recorded when a purchase order is created and saved.
- Supervisors and buyers will act as a control point to ensure asset masters are created for asset purchases.
- Credit card authority will be raised to \$25,000 per transaction for GSA vendors, Unicor, and supplies from small business vendors where a letter of agreement exists
- Credit card reconciliation will be de-centralized using electronic file from Citibank as the source data. Paper statements will no longer be received.

Business Process Changes

- Decentralized entry of time and attendance data, to the employee, if needed. Discontinued use of paper time sheets and paper approval.
- Cost objects (e.g., WBS element, Network/Activity) must be valid and open at time of timesheet entry.
- All approved, pending, and rejected leave requests will be documented electronically.

Business Process Changes

- Cost center numbering scheme will change from 'D' to '2'. Cost center structure will go to the branch level, with some exceptions, and will be a 6-character value. Alphabetic characters will not be used.
- Profit and loss visibility in detail at the cost center level. Stabilized and production overhead variances will allow recognition of profit and loss at the cost center.

Business Process Changes

- Implement United States Standard General Ledger (USSGL) as Chart of Accounts.
- General Ledger (GL) expense accounts will generally be tied to object class categories and will replace the currently used expense elements.
- Certified invoices will be processed through an electronic interface to STARS One Bill Pay (SOBP).
- Fiscal period will change to calendar months rather than fiscal week.

Business Process Changes

- Technical Code personnel will be responsible for entry of majority of data for incoming funding documents.
- On-line entry will replace use of manual Funding Document Acceptance (FDA) form.
- Incoming funding documents will be scanned upon receipt. A report will be available to identify documents awaiting acceptance.
- Funds availability controls will be applied to preclude overspending of funds.

Keys to Success

- Empowerment of ERP Teams to make most decisions
- Timely Decision for issues that teams cannot make as a result of policy or regulations
- Scope Management
- Do not change core code
- Personnel retention of core team members
- Communication to the masses
- Minimize interfaces
- Manage your plan
- Minimize the “Monday Morning Money” quarterbacking
- Training, training, & more training
- Plan basic reports at go-live time

Other Facts



- Absolute need for many of your best people on the project
- Once committed resource must be 100% dedicated to project as this is a complex task
- Highly political effort
- It is not cheap to get to a ERP system (especially the early pilots) but we strongly believe the reward and pay off will be their
- Data conversation strategy and data cleaning is critical