

Slide 1 Navy Working Capital Fund Financial Management Conference Breakout Session  
Presentation

NWCF ENTERPRISE RESOURCE PLANNING PILOT PROJECT  
(FINANCIAL MANAGEMENT)

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SSC NAWC NSWC NADEP NAVAUD DFAS  
PROJECT CABRILLO

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## Slide 2 Briefing Outline

- 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

## Slides 3 and 4 Objectives

1. Implement New Financial management processes using best business practices
2. Business Process Re-engineering (BPR) Using Enterprise Resource Planning (ERP), including the following:
  - Buying a set of configurable software tools that fully integrates data for cross-functional lines
  - Providing consistent, complete, relevant, and timely information for the decision maker
  - Entering data only once, in a single database, with a common user interface, and common tools
  - Eliminating DON/DoD unique software where appropriate
3. Eliminate existing internal business systems and interfaces to the maximum extent possible, including the following:
  - 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+ %
4. 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 and the duplicative data in the system (Data exists in only one place with one definition)
5. 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
6. 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

## Slide 5 Current Environment “AS IS” System Landscape

The chart below shows the 52 processes that make up the current environment system landscape. Each process falls under 1 of 7 components: finance, procurement management, human resources, security, asset management, query and reporting, and project management. The chart shows the Mission Management System encompassing all processes.

1. Mission Management System (Project Management)
2. STARS/DIFMS Financial Interface (Finance)
3. Funds Data Input, including sponsor documents, sponsor orders, customer orders, direct job orders, and indirect job orders (Finance)
4. Personnel Process Improvement (Human Resources, external)
5. Demonstration System Performance Ratings (Human Resources)
6. Personnel Data system (Human Resources)
7. Corporate IT User Registration (Human Resources)
8. Corporate Code Mail (Human Resources)
9. Labor Error Corrections (Finance)
10. Labor Cost Transfers (Finance)
11. Security Control System, including employee security and visitor security (Security)
12. Integrated Electronic Security (Security)
13. Electronic Paperwork System (Procurement Management)
14. PR Router, including procurement requests and service center costs (Procurement Management)
15. Supply Information System, including simplified acquisition orders, MILSTRIP orders, and receipts (Procurement Management)
16. Contract Tracking System (Procurement Management)
17. No process shown.
18. Standard Invoice Loading and Tracking (Finance)
19. Service Center (Finance)
20. Non-Labor Cost Transfers (Finance)
21. No process shown.
22. Property, Custody, and Depreciation (Asset Management)
23. Property Item Extract (Asset Management)
24. Facilities Data Entry System (Asset Management)
25. Automated Information system Security Accreditation (Security)
26. Document Control System (Security)
27. Cash Transfers (Finance)
28. CDB Corporate Database (Query and Reporting)
29. BRIO Query (Query and Reporting)
30. Local Data Store (Query and Reporting)
31. Web Queries (Query and Reporting)
32. Web Reports (Query and Reporting)
33. CorpWeb Database (Query and Reporting)
34. Management Information Data Warehouse (Query and Reporting)
35. Defense Civilian Personnel Data System (Human Resources, external)
36. Defense Civilian Payroll System (Finance, external)
37. SLDCADA Time and Attendance (Finance, external)
38. STARS HCM (Finance, external)
39. STARS Billing Interface (Finance, external)
40. STARS One-Bill-Pay (Finance, external)
41. DIFMS (Finance, external)

42. FRS-Financial Reporting System (Finance, external)
43. IFCDRS (Finance, external)
44. CERPS (Finance, external)
45. OPLOC Cash (Finance, external)
46. DONIBIS (Finance, external)
47. Standard Procurement System (Procurement Management, external)
48. DAAS-Defense Automated Addressing System (Procurement Management, external)
49. MOCAS (Procurement Management, external)
50. Travel Manager Plus/Defense Travel System (Human Resources, external)
51. SATO Ticketing, Rental Car (Human Resources, external)
52. DFAS Cleveland Voucher Payment (Finance, external)

## Slide 6 Legacy Application Retirement Map

The figure below shows 7 major components within the legacy application retirement map: finance, procurement management, human resources, security, asset management, enterprise DB/Query and Reporting, and project management. Each of the 7 components is surrounded by their support elements. Support elements are identified as external or internal and whether they fall under Wave 1 or Wave 2

The Finance component has the following support elements:

1. BDI-SC (internal, Wave 1)
2. SC Fees (internal, Wave 1)
3. BDI-Bankcard Transfers (internal, Wave 1)
4. DIFMS (external, Wave 1)
5. BDI-Cash Transfers (internal, Wave 1)
6. FDL (internal, Wave 1)
7. BDI-LCT (internal, Wave 1)
8. SDFI (internal, Wave 1)
9. BDI-LEC (internal, Wave 1)
10. LCT-FNIH (internal, Wave 1)
11. BDI-NLCT (internal, Wave 1)
12. FINTRACK (internal, Wave 1)
13. BDI-Batching (internal, Wave 1)
14. FoxPro-Bankcard Cash Distribution (internal, Wave 1)
15. BDI-SILTS (internal, Wave 1)
16. Bankcard Access DB (internal, Wave 1)
17. BDI-Utilities (internal, Wave 1)
18. BDI-FDI (internal, Wave 1)
19. BDI-Bankcard Receipts (internal Wave 1)
20. BDI-FCT (internal, Wave 2)
21. DCD (external)
22. OPAC (external)
23. DCAS (external)
24. STARS-OBP (external)
25. STARS-HCM (external)
26. DONIBIS (external)
27. STARS-BI (external)
28. DDRS (external)
29. PBAS (external)
30. CDB-DFAS CL (external)
31. CERPS (external)
32. EFT (external)
33. DEF (external)
34. DPPS (external)
35. FRS (external)

The Procurement Management component has the following support elements:

1. BDI-PRR (internal, Wave 1)
2. EPS (internal, Wave 1)
3. NIMMS (external, Wave 1)
4. SIS (internal, Wave 1)
5. CDRL (internal, To be determined)

6. CTS (internal, Wave 2)
7. CDL (internal, Wave 2)
8. Excess DB (internal, Wave 2)
9. Controlled Storage DB (internal, Wave 2)
10. GFP DB (internal, Wave 2)
11. SOM (internal, Wave 2)
12. OPIS (external)
13. SPS (external)
14. CBDNet (external)
15. DITMS (external)
16. FACTS (external)
17. MOCAS (external)
18. CFM/ETA (external)
19. FEDLOG (external)
20. UPS/FedEx (external)
21. DAAADS (external)
22. IPBS (external)
23. DAAS (external)
24. PMRS (external)
25. ConWrite (external)
26. PowerTrack (external)

The Human Resources component has the following support elements:

1. BDI-EBMS (internal, Wave 1)
2. TMP (external, Wave 2)
3. MILPERS (internal, To be determined)
4. PDL (internal, To be determined)
5. DCPDS Proc (internal, To be determined)
6. PERFFX (internal, To be determined)
7. Training Log (internal, To be determined)
8. NPAS (internal, To be determined)
9. Corp IT Reg (internal, To be determined)
10. CodeMail (internal, To be determined)
11. PDS (internal, To be determined)
12. SLDCADA (external)
13. DCPS (external)
14. PPI (external)
15. SABRE (external)
16. CPRRS (external)
17. DCPDS (external)

The Security component has the following support elements:

1. SCS (internal, To be determined)
2. AISSA (internal, To be determined)
3. IESS (internal, To be determined)
4. DCS (internal, To be determined)

The Project Management component has the following support elements:

1. MMS (internal, Wave 1)

The Enterprise DB/Query and Reporting component has the following support elements:

1. DIFMSDM (internal, Wave 1)
2. BRIO (internal, Wave 1)
3. MIDW (internal, Wave 1)
4. Q&R Static Rpt Viewer (internal, Wave 1)
5. NCDFLAT (internal, Wave 1)
6. Q&R OPS (internal, Wave 1)
7. CorpWeb (internal, Wave 1)
8. Q&R MIS (internal, Wave 1)
9. Q&R DYN (internal, Wave 1)
10. NFADE (internal, Wave 1)

#### Asset Management

1. PCAD (internal, Wave 1)
2. PIE (internal, Wave 1)
3. PVIS (internal, Wave 1)
4. FDES (internal, Wave 2)
5. NFADB (external)

## Slide 7 Program Organization

The following figure shows the layout of the program organization chart.

At the top of the organization chart is the Project Sponsor, R. Kolb/S. Arkin.

A Steering Committee members box stems from the Project Sponsor box and includes R. Kolb, Capt. E. Valdes, R. Smith, C. Keeney, R. Pierson, B. Frye, K. Leung, R. Luby (PwC), S. Arkin, R. Burnett (PwC), R. Neubauer (PwC).

The Program Management box, with R. Pierson, R. Burnett (PwC), and R. Neubauer (PwC), is below the Project Sponsor box and branches off into the following three boxes: Resource Manager, with D. Nienow-Smith; Change Management with R. Volker and B. Convery (PwC); and Benefits Realization with C. Fendelman and Henry Porter (NSWC).

The Project Management box, with M. Nguyen and K. Hanrahan (PwC), is below the Program Management box and branches off into the following three boxes: Other Activities (DFAS, NAVAUD, NSWC and NAVSUP, NAVDEP, NAWC); Technical Team (System Engineering) with D. Hamaguchi and J. Tello (PwC); and Business Process Teams with R. Frye, R. Lavery and K. Halbe, Ken Baker (PwC).

Slide 8 Project Plan - Wave 1 (Revised 12/00)

The following shows a timeline with the following milestones:

Project Preparation (June through July)

- Kick off
- Install Dev. System
- Project Charter
- Detailed Project Scope
- Procedure
- Team Training #1

Blueprint (August through September)

- Detailed Process Design
- Design Specs, including Interface, Conversion, Reports, and Forms
- Team Training #2

Realization (October through April)

- Configure/Prototype/Test
- Install QA System
- Develop/Test Conversion Programs
- Develop/Test Interface Programs
- Create End User Training
- Set-Up Production Environment
- Integration System Test
- Data Conversion
- Cutover Plan
- Train End Users
- Stress/Volume Testing
- Production Support Plan

Go Live & Support (May through July and later)

- Set-Up Production Environment
- Integration System Test
- Data Conversion
- Train End Users
- Stress/Volume Testing
- Production Support Plan
- Support
- Sustain

Currently at Mid-point of Implementation

## Slide 9 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

## Slide 10 Process Area Scope (Wave 1)

Funds Management, which includes the following:

- Reimbursable Orders
- Direct Cite
- Funds Control

Reimbursable Billing, which includes the following:

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

Encumbrance Posting, which includes the following:

- Commitments
- Obligations
- Accruals
- Cost Liabilities

Vendor Pay, which includes the following:

- Vendor Master
- Vendor Invoice Processing and Certification

Accounts Payable

Accounts Receivable Treasury, which includes the following:

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

General Ledger/Financial Statements, which includes the following:

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

Asset Management, which includes the following:

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

\*SAP Enhancement

## Slide 11 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 and Attendance—Civilian, Military
- Work Schedule Administration
- Time and 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

\*SAP Enhancement

## Slide 12 Process Area Scope (Wave 1)

### Project Systems

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

### Slide 13 Potential Scope Wave 2

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

Slide 14 NWCF Pilot Interface Architecture (Wave 1)

The following figure shows 15 elements either pointing in or pointing out from R/3:

- TMP, DCPS, MILPERS, CITIBANK, DEF, FRS CNET, and BDFI-FCT, CONTROLLED STORAGE, and SHIPPING LOG point in toward R3.
- DONIBIS CDB and AISSA point out from R/3
- SLDCADA, DAAS, STARS BILLING INTERFACE, and STARS ONE PAY point both in and out from R/3.

## Slide 15 Benefits

- 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 including Real/near-real time, Visibility/velocity/validity of data, and Single data entry point
- Automated workflow for appropriate processes
- Paperless where appropriate
- Document management tools used to facilitate communications

## Slide 16 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), including Interfaces and Concept of Operations
- Cutover plan, including FMO approval and Timing—agreement DFAS & FMO
- Pre Go-Live test planning and Define Go-Live decision criteria, including External Approving activity (Coordinated Testing, DFAS, NAVAUD, FMO) and Timely Decision Schedule

## Slide 17 Significant Business Process Changes

### 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.

## Slide 18 Asset Management

### Business Process Changes

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

## Slide 19 Procurement Management

### 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, Unicolor, 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.

## Slide 20 Human Resources Management

### 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.

## Slide 21 Controlling

### 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.

## Slide 22 Financial Accounting

### 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.

## Slide 23 Funds Management

### 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.

## Slide 24 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

## Slide 25 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