



## **DFAS TRANSFORMATION STRATEGY**

**March 2003**

Version 1.1

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## 1. Introduction

Transformation is a principle theme of the September 30, 2001, Quadrennial Defense Review (QDR) Report and is at the heart of the new strategic approach embraced by the Department of Defense. The QDR notes that among the areas needing transformation: "DoD's financial systems are decades old and not well interconnected, and accounting and auditing processes would struggle to meet the standards of generally accepted accounting principles." As a follow-up to the QDR, the FY 2003-2007 Defense Planning Guidance (DPG) continues developing the theme of transformation. In particular, the DPG tasked the Defense Agencies to prepare Transformation Roadmaps by June 2002 for review by the Secretary of Defense. In response, DFAS established a Transformation Working Group to develop an initial strategy for DFAS transformation. The strategy provides a foundation upon which to build a financial services operation that addresses existing financial management deficiencies by enhancing and streamlining government processes, consolidating operations, and leveraging to the greatest extent possible private sector expertise and innovation. The roadmap was a first step in defining the challenges and the general approach DFAS will pursue in the transformation process, it was not meant to describe the DFAS vision for transformation in full or to detail an implementation approach and transformation schedule. Before proceeding to the next phase of transformation planning and broader involvement by DFAS personnel in transformation activities, an understanding of our strategic approach to transformation is essential. This Transformation Strategy (or roadmap) describes our approach.

## 2. Transformation Plan Methodologies

The DFAS Transformation Strategy is based on the *DFAS Segments* option – defined as transformation on a Product Line basis – and would result in the best value to DoD. Pursuing the DFAS Product Line approach, DFAS' initial analysis identified four Transformation methodologies as most likely to yield the best value to DoD for the various DFAS Product Lines. These include:

- Competitive Procurement (FAR Part 15). DFAS' analysis assumes that competition drives innovation and, in turn, best value. The Competitive Procurement process of the Federal Acquisition Regulation (FAR Part 15) could be used as a means to engage in public-private competitions in order to determine the best provider of a function or service. This approach mirrors the recommendation recently outlined in the Commercial Activities Panel Report, "*Improving the Sourcing Decisions of the Government*." OMB is in the process of revising Circular No. A-76 to incorporate FAR Part 15 guidance and create a single step cost comparison process. If this method is used DFAS will stress the concept of a "soft landing" for its employees.
- Public-Private Venture (PPV). In general, a PPV is a contractual arrangement formed between public and private sector partners, and can include a variety of activities involving the private sector in the development, financing, ownership, and operation of a public facility or service. Typically, each partner shares in income resulting from the partnership in direct proportion to the partner's investment. The underlying logic for

establishing partnerships is that both public and private sector partners have unique characteristics that provide them with advantages in specific aspects of service or product delivery.

- Most Efficient Organization (MEO) Plus. “MEO Plus” refers to a streamlined Government organization developed via appropriate tools/models. MEO Plus will reorganize the function to be the most efficient and effective in providing the required services without entering into a competition with a private sector entity.
- Circular No. A-76 Cost Comparison. This long-standing approved method of conducting public-private competitions (last updated by OMB in 1996) is an extremely difficult, although effective, process that has resulted in substantial savings to DoD. Currently OMB is revising this process based on the recommendations of the Commercial Activities Panel report in an attempt to streamline it, incorporate FAR Part 15 guidance, and make the process more fair to both the government and industry.

### **3. Transformation Goals**

DFAS is a Working Capital Fund activity. It is not funded by direct appropriations; rather it operates on revenue received by charging customers for services provided. In effect, the Military Services and Defense Agencies have contracted out their finance and accounting work to DFAS and DoD intends to continue along this path. DFAS has been in a state of transformation since it was established in 1991. In keeping with our goal of being a “best value” service provider, DFAS has continuously worked to reduce operating costs and increase efficiencies and to seek better ways to do business. We are responsible for providing “best value” for the hard earned taxpayer dollars committed to this work.

In carrying out this responsibility, any DFAS transformation activity must be in sync with the Strategic Mission of DFAS to “*Provide responsive, professional finance and accounting services for the people who defend America*” and its Strategic Vision to provide “*Best Value to its Customers*” by becoming:

- A world-class provider of finance and accounting services,
- A trusted, innovative financial partner,
- One organization, one identity, and
- An employer of choice, providing a progressive and professional work environment

The DFAS Transformation Strategy is intended to document and institutionalize this “best value” commitment and the strategic approach for continuous evolution to achieve “best value”. This strategy will provide the foundation on which DFAS will assist DoD in taking financial operations to the next level.

Our approach to transformation is active not passive, but our activism must be tempered by the reality established by the legislative and policy environment by which we are governed. We

must continue to identify the means to achieve improved efficiencies and reduced costs of operation. Where legislation and/or policy preclude pursuing improvements, we must inform appropriate authorities and work for relief. While progress has been made, a significant amount of work needs to be completed before DFAS Transformation becomes reality. For instance, in pursuing some of the methodologies discussed in the Transformation Plan, enabling legislation is required. In moving forward with the transformation framework outlined in this plan, DFAS will work with the DoD leadership and the DoD Office of General Counsel to develop a legislative proposal to obtain the required relief. While the challenges to rapidly implement an organizational transformation of this scope and complexity are significant, continuing to transform DFAS is in the best interests of the Department, the warfighter, and the American taxpayer.

#### **4. Assumptions**

The DFAS Transformation Strategy is based on a number of key assumptions as follows:

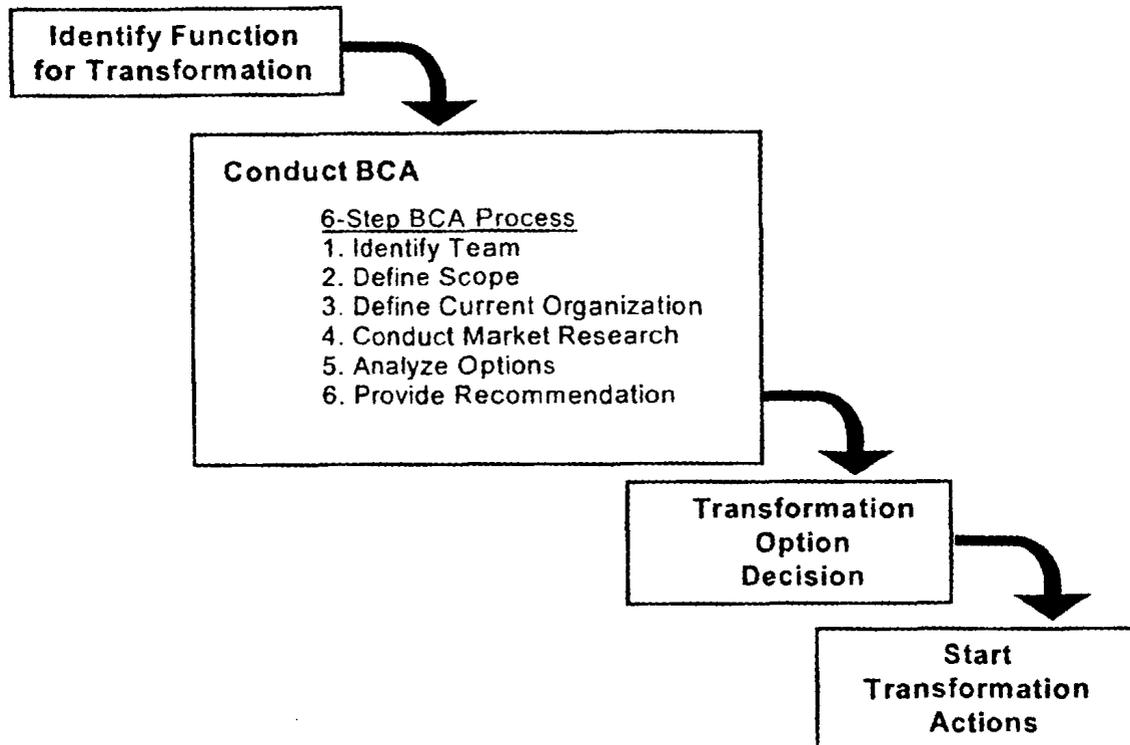
- The critical evaluation criterion in DFAS' analysis was the potential for "best value" to DoD,
- While the current A-76 process is an inefficient method for achieving organization wide transformation, it is the primary methodology currently available,
- DFAS delivers services to DoD that can be provided by the private sector,
- While the private sector can provide the services currently delivered by DFAS, because of the purely commercial nature of these functions, the conversion process will require significant process customization (e.g., unmodified Commercial off the Shelf [COTS] software probably will not initially work for DFAS),
- Establishing commercial analogues is critical to efficiently outsourcing government functions, and
- DoD financial management systems and processes are not standardized. The transformation strategy must be flexible enough to mitigate these barriers and adapt to the framework being developed in the "To-Be" DoD Enterprise Financial Management Architecture.

#### **5. Transformation Strategy Overview**

The DFAS Transformation Strategy is effectively a four-part process: Part One identifies a candidate function for transformation. Part Two performs a Business Case Analysis (BCA) of the identified function and provides a recommended transformation option. This BCA is key to a successful transformation initiative and is a management decision process. Part Three presents the completed BCA to the DFAS Leadership Council (DLC) for a decision on the recommended transformation option. Part Four implements the DLC decision whether it is one of the options identified in the transformation plan some other yet to be defined direction. In the end, each DFAS Product Line will be analyzed to determine the best transformation approach. The BCA is not designed to restrict the potential solution sets, but rather should examine all possible options. While early analysis by the DFAS Transformation Working Group eliminated some options as

unworkable, many additional approaches and organizational forms/processes were not discussed that should be examined for possible implementation.

Figure 1 below provides an overview of this Transformation Strategy.



**Figure 1. Transformation Strategy**

## **6. The Business Case Analysis (BCA) Process**

The BCA is the key to the transformation strategy and forms the basis for management decisions. The Business Line Executive (BLE) is primarily responsible for conducting this analysis. The purpose of the BCA is to determine the best transformation methodology for the function being considered for transformation. The objectives of the BCA are to:

- Define the mission, scope, and boundaries of the function under study;
- Clearly define the organization, manpower, cost, and resources of the current function;
- Present a comparison with other commercial alternatives; and
- Present options for consideration with an analysis of the benefits and drawbacks.

The BCA process consists of the six steps shown in Figure 1 and is programmed to take about 90 days to complete as shown in the Figure 2.

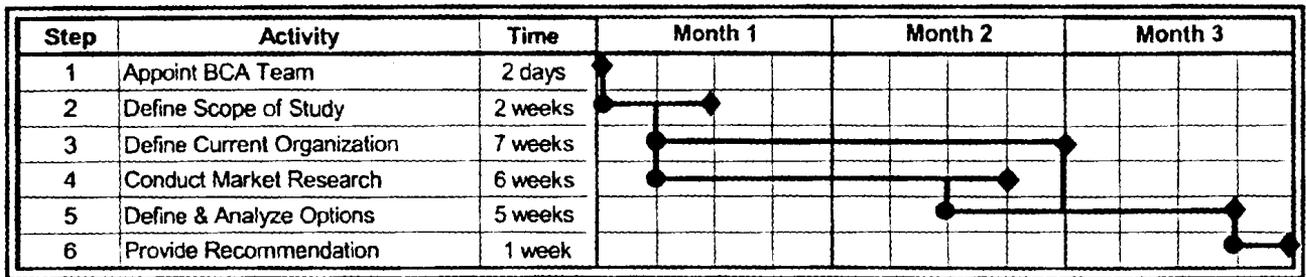


Figure 2. BCA Timeline

The following sections summarize the key steps of the BCA process. DFAS is developing a BCA Guide that provides the detailed process information needed to complete a BCA. This guide will be posted on the DFAS ePortal on the Competitive Sourcing page when completed.

**6. a. Step 1 - Appoint the BCA Team**

Successful completion of the BCA will depend on the quality, experience and dedication of the team identified to conduct the analysis. Because this analysis will have far reaching effects on DFAS mission, personnel, and costs, the BCA analysis team is chaired by the BLE, Product Line Executive (PLE), or a direct reporting representative to the BLE. The BCA Team members should include functional expertise and be supported by legal, personnel, procurement, financial analysts, and systems experts. In some analyses, key customer representatives may need to participate.

**6. b. Step 2 - Define the Scope of the Study**

This is the most important step of the analysis in that it will define the boundaries of the function under study, its relationship to the DFAS mission and customers, and the impact of inherently governmental or core functions. The definition of the business unit defines the boundaries of the work that will be included in the study. The business unit must sound with clearly severable work, but the definition should not try to state the desired organizational end result.

**6. c. Step 3 - Define the Current Organization**

This step will be the most time consuming and detailed part of the analysis. It defines the foundation for evaluation of transformation options and the final recommendation. The current organization must be clearly defined to include resources (manpower, facilities, budget), relationships (internal DFAS, external support, and customers), and key functions (processes, deliverables, and general workload).

#### **6. d. Step 4 - Conduct Market Research**

This step requires significant involvement of the Acquisition Services representative in coordination with the Competitive Sourcing representative. The desired outcome of this section is a clear view of commercial availability of similar services, general commercial standards for the services, and identifies any other potential options for conversion to contract (i.e. Preferential Preferred Programs such as NISH, NIB, etc.).

#### **6. e. Step 5 - Define and Analyze Options**

This step examines the available options and analyzes each option. Sufficient information must be gathered for each option to allow management to make a well-informed decision that is in the best interest of DFAS and the DoD. All alternative courses of action should be included in the BCA. Each option should be presented separately and include a basic description, the end result, a benefit analysis, a cost analysis, personnel impact analysis, and an overall risk assessment of the tangible and intangible risks of implementing the option. A basic acquisition approach should also be addressed for each alternative.

#### **6. f. Step 6 - Provide Recommendation**

This step prioritizes the options examined in Step 5 and generates a recommendation identifying the course of action that has the greatest benefit and lowest risk while focussing on the DFAS mission. A synopsis of the benefit and risk analysis is provided that supports the recommendation. The final BCA report is provided to the DFAS Leadership Council (DLC).

#### **Decision**

The DFAS Leadership Council evaluates the recommendation provided in the BCA and makes a final determination of the course of action that will be implemented and the projected timeline.

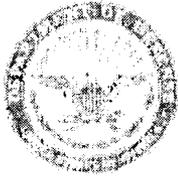
#### **7. Transformation Implementation**

Once the DFAS Leadership Council or Director has decided on a course of action, the transformation process can begin. Actual implementation time will be dictated by a number of factors including the transformation option choice made, interaction with other DFAS transformation efforts or other DoD transformation initiatives such as BRAC and the development of the DoD Enterprise Financial Management Architecture.

#### **8. Conclusion**

A completed, comprehensive Business Case Analysis and a DFAS Leadership Council decision will provide a solid foundation for follow-on transformation actions associated with pursuing the recommended course of action for the DFAS function under study. Through this Transformation Strategy, DFAS will determine the appropriate course of action to transform functions. With the assistance of the Business Case Analysis Guide, the Competitive Sourcing Guide, our Competitive Sourcing Lessons Learned, and potential legislative and policy relief to broaden

available options, DFAS can be a model for transformation and continue its tradition of “best value” service to clients and customers.



FORM 1-0  
ATTENTION OF

DEPARTMENT OF THE ARMY  
DEPUTY CHIEF OF STAFF, G-9  
700 ARMY PENTAGON  
WASHINGTON DC 20310-0700  
HSA-JCSG/D. D. 435

DAPR-ZB

10 JUL 2005

MEMORANDUM FOR OSD BRAC CLEARINGHOUSE

SUBJECT: OSD BRAC Clearinghouse Tasker 0452 -- Request for Source Document

1. Reference e-mail from Lucian Niemeyer, Senate Armed Services Committee, June 30, 2005, subject as above.
2. Issue/Question: "In a memorandum for Chairman, Infrastructure Steering Group for Donald Tison, Chair of HSA on Dec 22, 2004 titled 'Request of Use of Anti-Terrorism/Force Protection (AT/FP)', a reference was made to a premium of 13.8% of baseline costs for building components typically found in MILCON." Please provide a source or justification and the name of the certifying official for this premium. Also need the written ISG response."
3. Response: The 16.8% cost premium for AT/FP used in our COBRA models was derived from existing U.S. Government source data, specifically the DoD publications entitled, "The Unified Facilities Criteria (UFC), DoD Security Engineering Facilities Planning Manuals UFC 4-010-01, UFC 4-011-01, and UFC 4-020-01", prepared by the Under Secretary of Defense for Acquisition, Technology and Logistics, dated December 3, 2004. These documents, prescribed by Military Standard (MIL-STD) 3007, prescribe safe building standoff distances, building reinforcement and hardening standards, as well as estimates of added construction costs needed to meet the prescribed AT/FP standard. The UFC 4-011-01 expresses these added AT/FP costs as a percent increase above base building costs.

The HSA JCSG developed a simplified and logical approach using the sources cited above to develop an estimate of the additional cost of AT/FP building reinforcement and hardening, as described below.

- a. Type of Facility: A primary gathering building, which is an inhabited building that routinely has 50 or more occupants, is used to identify administrative office space. Page A-3 of UFC 4-010-01 provides a definition of a primary gathering building.
- b. Level of Protection: The level of protection is "Low" for primary gathering building. This is specified on page A-4 of UFC 4-010-01. Under a Low level of protection for new and existing buildings, the majority of personnel suffer significant injuries and less than 10% suffer fatalities.
- c. Threat Severity Level: The UFC 4-020-01 categorizes threat levels as very low, low, medium, high, and very high. Table A-1 in UFC 4-020-01 associates an explosive weight delivered by a vehicle bomb with each threat level. This JCSG used a low threat level, which associates 200 pounds of explosives being delivered by vehicle. For low threat level and low level of protection, the UFC 4-011-01 refers to



DAPR-ZB  
 SUBJECT: OSD BRAC Clearinghouse Tasker 0452 – Request for Source Document

Table A-6 (found on page 8 of Appendix A) for the percent of cost increase to provide ATRP building reinforcement and hardening.

Table A-6 of the UFC, which is shown below, lists the percent increase in construction cost for ATRP building reinforcement and hardening for administrative facilities using several levels of standoff distance. The HSA JCSG used a mid-range standoff distance (80 – 96 feet) that is associated with 16.8% increase cost of ATRP building reinforcement construction and hardening.

Table A-6. 100 KG-TNT Low Level of Protection

STANDOFF DISTANCE IN METERS	% Increase					Construction Type				STANDOFF DISTANCE IN METERS	%A	Construction Type									
	ADMIN FACILITY	MEDICAL CLINIC	BASE EXPT. EN-FACILITIES	BAR INT EN-FACILITIES	ROOF	Walls	Windows	Doors	Roofs			SPECIAL STRUCTURE	Walls	Windows	Doors	Roofs					
30.0	24.8	10.1	15.6	6.7		P	E	B	7	10.0	9.1	P	E	B	31	10.0	11.5	P	E	B	58
30.1	22.7	9.8	10.2	5.6		P	D	B	7	10.1	9.0	P	D	B	31	10.1	11.7	P	D	B	58
30.2	22.4	8.6	10.0	5.7		O	D	B	7	10.2	8.8	O	D	B	31	10.2	11.9	O	D	B	58
10.3-11.2	21.9	9.4	9.7	5.4		L	D	B	7	10.3-13.2	8.5	L	D	B	31	10.3-13.2	10.1	L	D	B	58
13.3-13.5	20.4	8.9	9.1	4.7		E	D	B	7	13.3-18.5	7.8	E	D	B	31	13.3-18.5	9.9	E	D	B	58
16.6-21.1	20.6	8.7	8.8	4.5		C	D	B	7	16.6-26.3	7.6	C	D	B	31	16.6-26.3	7.7	C	D	B	58
27.4-31.9	19.0	8.3	8.4	4.0		C	C	B	7	20.4-26.9	7.2	C	C	B	31	20.4-26.9	7.2	C	C	B	54
21.0-21.5	18.0	8.3	8.4	4.0		C	C	B	7	21.0-21.5	7.2	C	C	B	31	21.0-21.5	7.2	C	C	B	54
21.6-24.2	17.4	8.0	8.0	3.7		E	B	B	7	21.6-26.6	6.8	E	B	B	31	21.6-26.6	6.8	E	B	B	51
24.3-24.2	16.8	7.0	7.1	3.2		B	B	B	6	25.7-26.2	5.6	B	B	B	30	24.3-24.2	6.5	C	B	B	50
25.3-31.4	16.3	6.9	7.0	3.1		B	A	B	6	25.3-31.9	5.6	B	A	B	30	24.3-24.2	6.3	B	B	B	50
34.5-35.5	15.9	6.7	7.2	2.8		B	A	B	5	32.4-34.6	5.5	B	A	B	26	25.3-31.9	6.2	B	A	B	50
35.6-38.8	15.5	6.0	6.9	2.6		A	A	B	5	34.7-35.5	4.0	B	A	E	25	40.8-48.9	6.0	A	A	E	50
39.9-43.4	15.4	5.8	6.8	2.5		A	A	B	3	35.6-48.9	4.7	A	A	E	25	49.0-	5.9	A	A	A	50
45.5-47.0	15.3	5.8	6.7	2.4		A	A	B	1	49.0-	3.9	A	A	A	25						
47.0-	14.5	4.5	5.0	2.1		A	A	A	1												

The ATRP cost premium of 16.8% translates to \$28.28 per GSF in added construction costs for all scenarios analyzed (16.8% x \$168.34 per GSF base building construction cost used in COBRA). The ATRP cost premium represents the reimbursable lump sum that DoD would be required to pay a private owner to remain in leased space modified to ATRP standards, or the one-time cost avoidance for moving from leased space to a military installation with MILCON.

It should be further noted that our approach to estimating the ATRP cost premium was also guided by a recent example where the Government Service Agency (GSA) leased a building for a DoD agency that required the landlord to reinforce and harden the building to ATRP standards. This case is described in the GSA analysis entitled, "Background Explanation of the Security Related Premium Data Used in the Financial Analysis Section of the Administrative Space Leasing Strategy, DoD National Capital Region", dated March 20, 2004. The paper refers to lease number GS-11B-01489. The cost of building reinforcement and hardening is billed as a cost reimbursable lump sum (one time total cost to DoD).

Last, regarding your request to see the ISG written response regarding the ATRP premium applied, no such writing exists. It should be emphasized, however, that the ISG was an active participant in the discussions regarding the ATRP cost premium and concurred with the approach and factor used.

DAPR-ZB

SUBJECT: OSD BRAC Clearinghouse Tasker 0452 – Request for Source Document

4. Coordination: None required.



CARLA K. COULSON

COL, GS

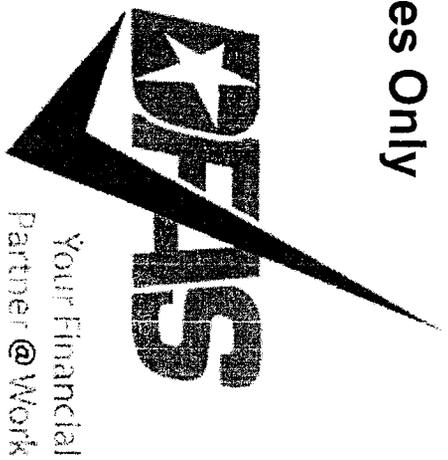
Deputy Director, Headquarters and  
Support Activities JCSG

2 Enclosures

1. DoD Security Engineering Facilities Planning Manuals UFC 4-010-01, UFC 4-011-01, and UFC 4-020-01. Draft, December 3, 2004
2. Background Explanation of the Security Related Premium Data Used in the Financial Analysis Section of the Administrative Space Leasing Strategy, DoD National Capital Region. GSA, March 20, 2004

**Deliberative Document — For Discussion Purposes Only  
Do Not Release Under FOIA**

**DFAS Response to JCSG  
on Scenario Change**



## Impact – Current Scenario



- Civilian Workforce
  - DFAS On board as of Dec 30, 2004 13,489
  - Closing locations 7744 (57%)
  - **Projected locations 5745 (43%)**
    - Columbus 2061
    - Denver 1211
    - Indianapolis 2473
  - Professional accountants impacted 58%
- Loss of expertise (at new locations)
  - Navy Accounting - Cleveland
  - Marine Corps Accounting 7 KS - Columbus
  - Marine Corps Military Pay Mt + Columbus 2010

Deliberative Document — For Discussion Purposes Only — Do Not Release Under FOIA

# Incremental Risk DFAS Denver



- Civilian Workforce
- DFAS On board as of Dec 30, 2004      13,489
- Closing locations      8955 (66%)
- **Remaining current locations**      **4534 (34%)**
- Professional accountants impacted      70%
- Loss of expertise (at new locations)
- Air Force Accounting - Denver      } cost center Denver
- Security Assistance Accounting - Denver
- Debt Servicing - Denver
- Civilian Pay - (Corps and Denver) - will also -
- Military Pay - Ordnance Dept -
- Disbursing - Centralized at Denver -

*Significant*

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ACQUISITION  
TECHNOLOGY  
AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3000

FEB 21 2003

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY (INSTALLATIONS  
AND ENVIRONMENT)  
ASSISTANT SECRETARY OF THE NAVY (INSTALLATIONS  
AND ENVIRONMENT)  
ASSISTANT SECRETARY OF THE AIR FORCE  
(INSTALLATIONS, ENVIRONMENT AND LOGISTICS)  
DEPUTY GENERAL COUNSEL (ENVIRONMENT AND  
INSTALLATIONS)  
DIRECTORS OF DEFENSE AGENCIES  
DIRECTORS OF DOD FIELD ACTIVITIES

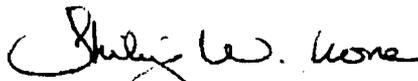
SUBJECT: Implementation of the Rural Development Act of 1972

The purpose of this memorandum is to reissue guidance to ensure that DoD Components are implementing the provisions of the Rural Development Act of 1972, as codified in Section 2204b-1, Title 7, United States Code. This section defines the approach to rural development by giving first priority for the location of new offices and facilities to rural areas.

Specifically, Section 601 of the Rural Development Act of 1972 states:

Congress hereby directs the heads of all executive departments and agencies of the Government to establish and maintain departmental policies and procedures giving first priority to the location of new offices and other facilities in rural areas as defined in the private business enterprise exception in section 306(a)(7) of the Consolidated Farmers Home Administration Act of 1961.

In accordance with Section 2204b-1 of Title 7, United States Code, the Military Departments and Defense Agencies shall give priority consideration to rural areas for the location of new offices and other facilities. This policy will be incorporated into a future revision of DoD Directive 4165.6, "Real Property Acquisition, Management and Disposal".

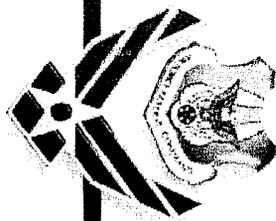
  
Philip W. Grone

Principal Assistant Deputy Under Secretary of Defense  
(Installations and Environment)

cc:  
Director Real Estate and Facilities,  
Washington Headquarters Services



*Buckley Annex, CO*



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# *Facts and Assumptions*

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## ■ TEN OTHER AGENCIES ON SITE

1. DSCA – Defense Security Cooperative Agency
2. DISA – Defense Information System Agency
3. U.S. Public Health Service – Federal Occupational Health – The Health and Wellness Center
4. Space Age Credit Union
5. DFEB – Denver Federal Executive Board
6. State of Colorado – Business Enterprise
7. DOD Inspector General
8. <sup>*with GAO*</sup> GAO – Government Accountability Office
9. AAFES – Cafeteria
10. AFFAFO – Air Force Accounting Finance Office

### Economic Impact if Closed

Name	Population	Jobs in MSA	DFAS Jobs	Indirect	Total %	Total	Percentage %
Limestone	73,260	41,296	364	222	586	-1.42	
Lawton	110,298	64,260	288	260	548	-0.86	
Indianapolis	1,600,779	1,044,270	2,930	1,994	4,924	-0.47	
Rome	298,093	158,274	381	360	741	-0.47	
Pensacola NAS*	429,301	214,654	666	607	1,273	-0.46	
Patuxent River	92,697	54,956	112	127	239	-0.45	
Columbus	1,677,102	1,123,547	2,187	1,743	3,930	-0.35	
Charleston	572,411	344,025	386	635	1,021	-0.31	
Rock Island	374,940	226,974	306	268	574	-0.25	
Cleveland	2,140,376	1,296,703	1,793	1,274	3,067	-0.24	
Denver	2,301,861	1,521,993	1,332	1,152	2,484	-0.16	
Dayton	845,596	503,916	365	308	673	-0.13	
Kansas City	1,906,092	1,220,737	882	757	1,639	-0.13	
Omaha	792,514	539,630	287	300	587	-0.11	
Norfolk NAS	1,625,044	988,514	334	464	798	-0.08	
Pacific Ford Island	893,358	575,713	221	221	442	-0.08	
San Antonio	1,816,323	1,016,270	368	398	766	-0.08	
Seaside	414,423	232,018	53	54	107	-0.05	
Orlando	1,802,305	1,113,712	227	221	448	-0.04	
San Diego	2,918,829	1,816,527	332	344	676	-0.04	
St. Louis	2,753,772	1,654,968	344	370	714	-0.04	
Arlington	3,942,004	2,800,543	455	336	791	-0.03	
Lexington	420,861	298,238	112	127	239	-0.02	
San Bernardino	3,645,017	1,517,811	116	117	233	-0.02	
Oakland	2,458,679	1,367,025	50	41	91	-0.01	

*Direct  
not set change  
- 3600 at Patuxent - 9%*

\*with Pensacola Saufley Field



# DFAS BRAC Commission Update

Zack E. Gaddy

Director, Defense Finance and Accounting Service

July 28, 2005

# Agenda



- Transformation roadmap and successes
- BRAC and DFAS
  - Current environment
  - Future business operations
- Footprint and capacity
- Summary



DCN: 11561

7/28/2005

Integrity - Service - Innovation

2 of 16

# DFAS Transformation



- DFAS transformation strategy designed to realize vision – “Best-value” for our customers through continuous process improvements
  - Best possible performance
  - Reduced cost
  - Great quality
- Business case analysis and enabling tools ensure fact-based decisions determine the best transformation alternative
- All transformation alternatives garner significant savings
  - People
  - Processes
  - Systems
- Transformation is a team effort and involves everyone in DFAS

DCN: 11561

7/28/2005

Integrity - Service - Innovation

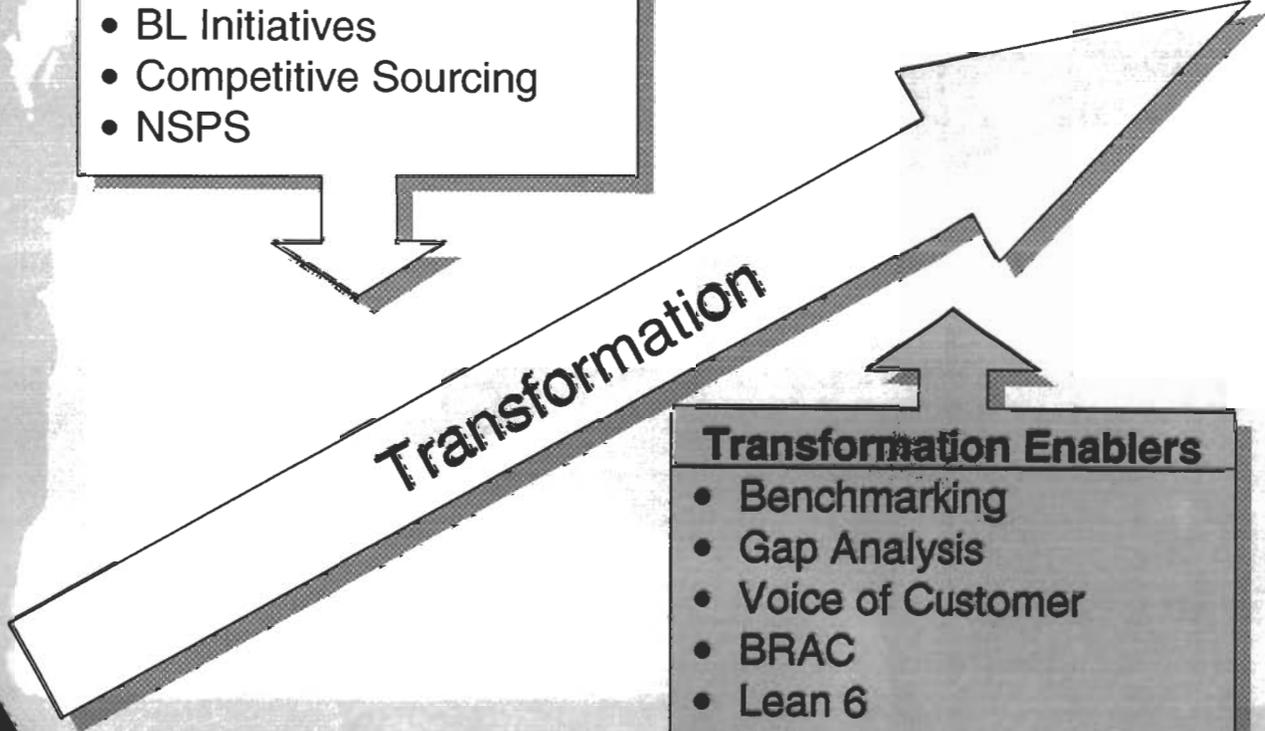
3 of 16

# Transformation Roadmap



- Transformation Initiatives**
- Strategic Targets
  - BCAs/HPOs
  - BL Initiatives
  - Competitive Sourcing
  - NSPS

- Transformation Enablers**
- Benchmarking
  - Gap Analysis
  - Voice of Customer
  - BRAC
  - Lean 6
  - Balanced Scorecard



## Proof of Concept: DFAS Transformation Successes



- A-76 Competitions
  - 7 major competitions with an average 37% FTE reduction
- Business Case Analyses (BCAs)
  - 9 BCA studies completed, analyzing critical DFAS segments
- High Performing Organizations (HPOs)
  - 2 HPO plans complete and beginning implementation
  - 6 HPO development plans currently ongoing
- Benchmarking
  - Contract with Deloitte & American Productivity and Quality Center (APQC)
  - Benchmark on key quality, service, and cost dimensions--execute business initiatives to close performance gaps
- Europe Transition
  - Realignment of DFAS Europe workload (458 work-years) as directed by OSD to CONUS DFAS sites
  - Left storefront operations of 107 work-years, with 171 work-years transitioned to CONUS DFAS sites
  - Realized efficiencies of 180 work-years as a result of successful transition, \$10.4M per year, consolidated operations from 4 buildings to 1

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# DFAS Opportunity Leveraging BRAC



## DFAS Today

Arlington	Oakland
Charleston	Omaha
Cleveland	Orlando
Cleveland Bratenahl	Pacific
Columbus	Patuxent River
Dayton	Pensacola NAS
Denver	Pensacola Saufley
Europe	Red River Army Depot
Indianapolis	Rock Island
Japan	Rome
Kansas City	San Antonio
Lawton	San Bernardino
Lexington	San Diego
Limestone	Seaside
Norfolk	St Louis

## BRAC

## DFAS 2011\*

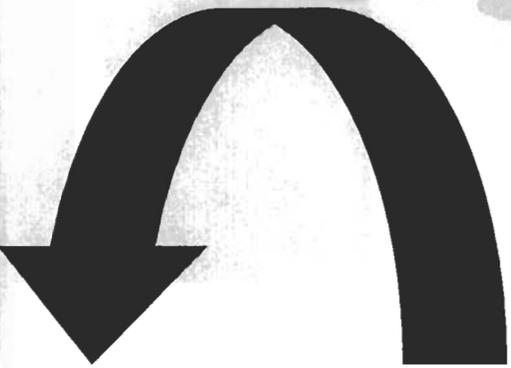
Arlington Liaison
Cleveland Enclave / Cleveland Bratenahl
Columbus
Denver
Europe
Indianapolis
Japan
Red River Army Depot

\*Based on May 13, 2005 BRAC Recommendations

# Current DFAS Operations: Functional Model



- Organizes enterprises into functionally based parts (business lines)
- The most prevalent shared business model
- Typically used for finance and accounting firms
- Other examples: National Finance Center, Health and Human Services



**PROS**

- Operations focus
- Improved performance
- Better operational standardization

*Focuses*  
*- shared w/ the focus*  
*5 - 10 years ago*  
*Business lines*  
*Div. & units*  
*people for*  
*fund & ops*  
*in award*  
*Imp. HD*  
*Process +*  
*metrics in*  
*day to day - how*  
*doing*

# DFAS Locations / Product Lines



	Sites Remaining if BRAC Scenario is Unchanged							Sites Closing if BRAC Scenario is Unchanged																							
	Arlington (Liaison)	Columbus	Denver	Indianapolis	Cleveland Enclave / Cleveland Bratenahl	Europe	Japan	Red River Army Depot	Charleston	Cleveland	Dayton	Kansas City	Lawton	Lexington	Limestone	Norfolk	Oakland	Omaha	Orlando	Pacific	Patuxent River	Pensacola NAS	Pensacola Saufley	Rock Island	Rome	San Antonio	San Bernardino	San Diego	Seaside	St Louis	
Military & Civilian Pay Services	X	X	X	X	X				X	X		X	X						X						X	X					X
Accounting Services	X	X	X	X		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Commercial Pay Services	X	X		X			X	X	X	X		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Corporate Resources	X	X	X	X				X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Corporate Elements	X	X	X	X				X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
TSO	X	X	X	X	X		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X

DCN: 11561

*MTSAS  
and  
DFAS*

*see mail - Acti used by AIT  
reiv pay*

*(Level 1  
DFAS  
- Red Army)*

7/28/2005

Integrity - Service - Innovation

## BRAC 2005 Impact on DFAS



- DFAS will operate from fewer locations
  - Reduced footprint
  - Lower operating costs
  - Streamlined operations
  - Closer to customer base
  - Optimal distribution of workload within a coast to coast environment
- The Future: Create Centers of Excellence
  - Continuously improve with economy of scale and skill
  - Strengthen and standardize business operations
  - Simplify training delivery and support
  - Improved oversight and control

*had said to P case of another 3 sites & COE centered of all other Contractor Debt*

# Example: Future DFAS Operations by Location



	Columbus	Denver	Indianapolis	Other
<b>Functions</b>				
Accounting Operations	X	X	X	
Accounts Maintenance	X	X	X	
Accounts Payables	X COE CC	X	X	
Accounts Receivables	X	X	X	
Civilian Pay		X	X	
Corporate Accounting			X	
Disbursing	X	X	X	
Garnishments		X COE		
Military Pay		X COE RC	X COE AC	
R&A				Cleveland (COE)
Travel		<i>Reserve Component</i>	X COE	
<b>Mission Centric</b>				
Acquisition	X			
Active Military			X	
Classified			X	
FMS		X		
Medical		X		
Reserve/Guard		X		
Special Operations			X	
Training & Recruitment		X		
Transportation		X		
Trust Funds		X		
<b>Customer Groups</b>				
Air Force		X		
Army			X	
Navy	X			
Marine Corps	X			
Defense Agencies	X	X	X	
NAF				Red River

*will be on the ground with other 5 COE sites for the future*

COE = Center of Excellence CC=Call Center RC=Reserve Component AC=Active Component

*pop-a - to deliver by where the work ends up.*

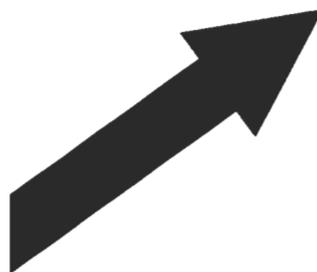
# DFAS Transformation Footprint



## FY 2011 Footprint

## Today's Footprint

- 30 locations \*
- 14,290 FTEs
- 110 systems
- \$1,776M cost/execution authority
- **70% technicians / 30% professional**
- Aging workforce
- General Schedule Pay System



- Fewer locations
  - 8 shown on May 13, 2005\*
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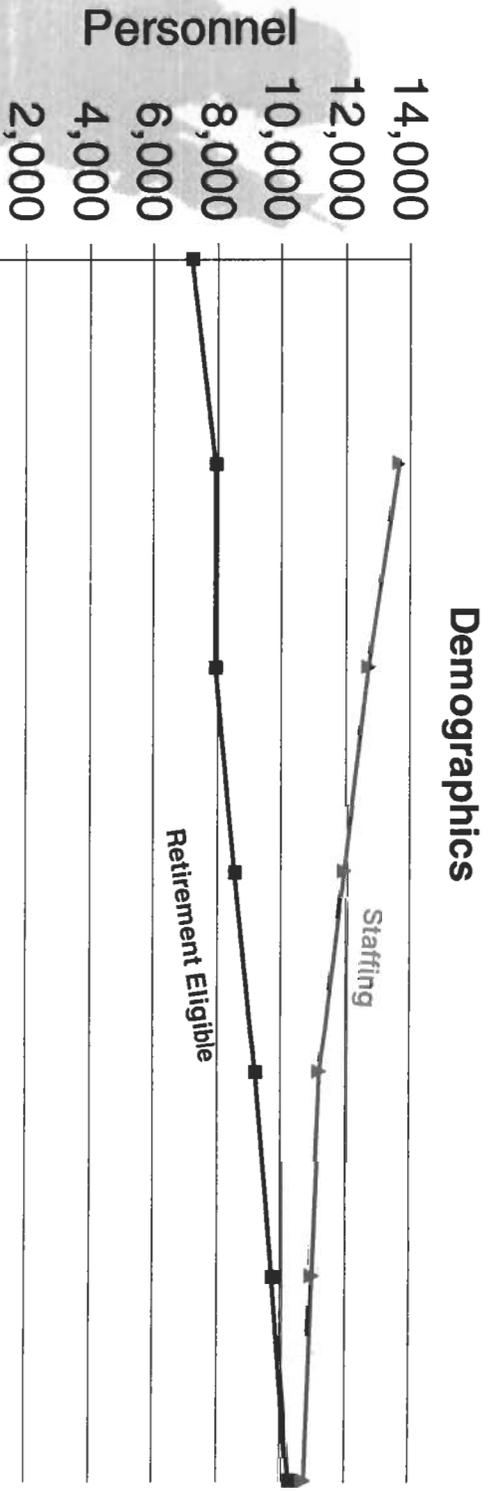


## BRAC facilitates DFAS transformation

BRAC provides opportunity to implement site consolidations, streamline DFAS operations, and support our goal to provide best value to the warfighter

\* Includes Europe & Japan

# DFAS Demographics



FY05    FY06    FY07    FY08    FY09    FY10    FY11

BRAC Years

BRAC / NSPS Implementation

Strategic Pause

ERP's, receiving system  
Technology Improvements, A-76, and HPO's

*Travel Implemented*

*Considerable A-76*

*See 2025 - saved money*

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7/28/2005

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*Feed into the process*

*overweight risk*

*3/10/2005*

# BRAC Offers Maximum Employee Assistance

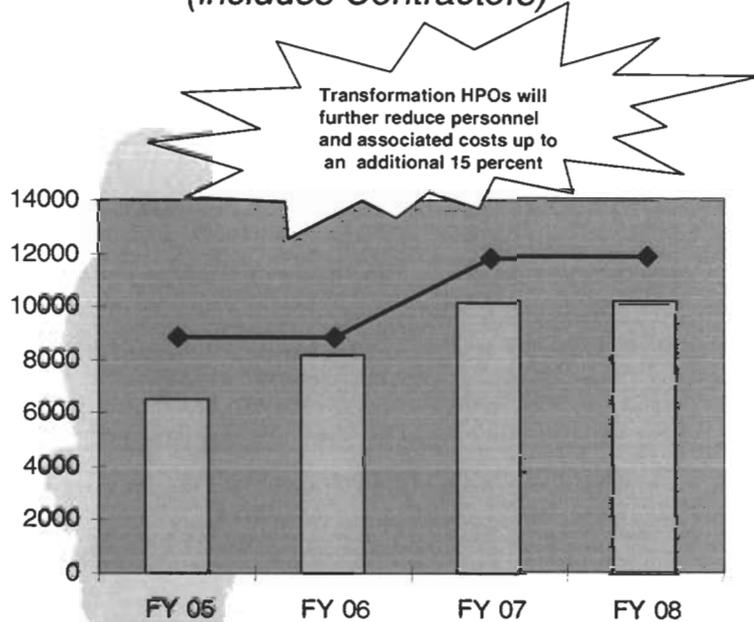


- Employee transition options include
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  - Other Federal Agencies
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- Realignment outside of BRAC (to reduce footprint or other) may not provide the same comprehensive transition options

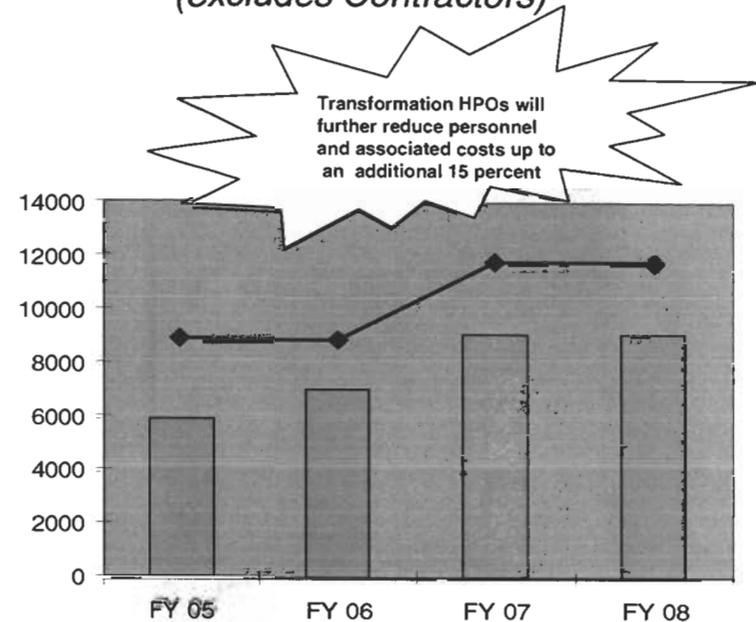


# Capacity analysis: DFAS CO, DE and IN

**DFAS CO, DE, and IN Site Capacity**  
*(includes Contractors)*



**DFAS CO, DE, and IN Site Capacity**  
*(excludes Contractors)*



- Occupancy projections based on notional schedule
- Schedule will be upgraded based on implementation of Transformation timelines
- Strength calculated using the notional schedule and **current** contractor personnel (excluding Cleveland R&A and non-consolidated sites) and **assumes**:
  - Contractor population remains constant through FY 08 – conservatively high, and
  - All DFAS personnel occupy office space as currently configured

# Total available capacity: DFAS CO, DE and IN



## Total available capacity against current requirements

Site	Current Population <sup>1</sup>	Vacant Workstations in Place	Available Tenant Space <sup>2</sup>	Build Out Required	Total Projected Capacity <sup>3</sup>
Columbus	2,208	707	0	768	3,683
Denver	1,427	745	1,230	0	3,402
Indianapolis	2,987	801	315	610	4,713
Subtotal:	6,622	2,253	1,545	1,378	11,798
<i><sup>1</sup> Includes civil/mil/contractors</i>		Current & Vacant	Current, Vacant & Available	Current, Vacant, Available & Build	
Grand Total		8,875	10,253	11,798	

*Reduced DFAS footprint will eliminate more than 60 percent (more than \$40M) in reoccurring costs when compared to current annual facilities/logistics costs*

<sup>1</sup> Current population: as of June, 2005 (civilian/military/contractors) at gaining location.

<sup>2</sup> Tentative identified to realign under BRAC 2005

<sup>3</sup> Total capacity based on current re-configuration of space and workstations



## Summary

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- Transformation has been a key part of Agency strategy since DFAS was established in 1991
- DFAS transformation is based on BCA and accepted process improvement methodology (Lean 6)
- BRAC is an integral part of transformation strategy
- DFAS transformation will continue during and beyond BRAC 2005

# DFAS

*Your Financial Partner @ Work*





## DFAS BRAC Commission Update

Zack E. Gaddy  
Director, Defense Finance  
and Accounting Service

Richard J. Anderfuren  
Site Director, Denver

August 4, 2005

# Agenda

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- Transformation roadmap and successes
- BRAC and DFAS
  - ✓ Current environment
  - ✓ Future business operations
- Footprint and capacity
- Summary
- DFAS at a glance
- DFAS customer service matrix and organization
- DFAS success stories
- DFAS Denver information
- The road ahead



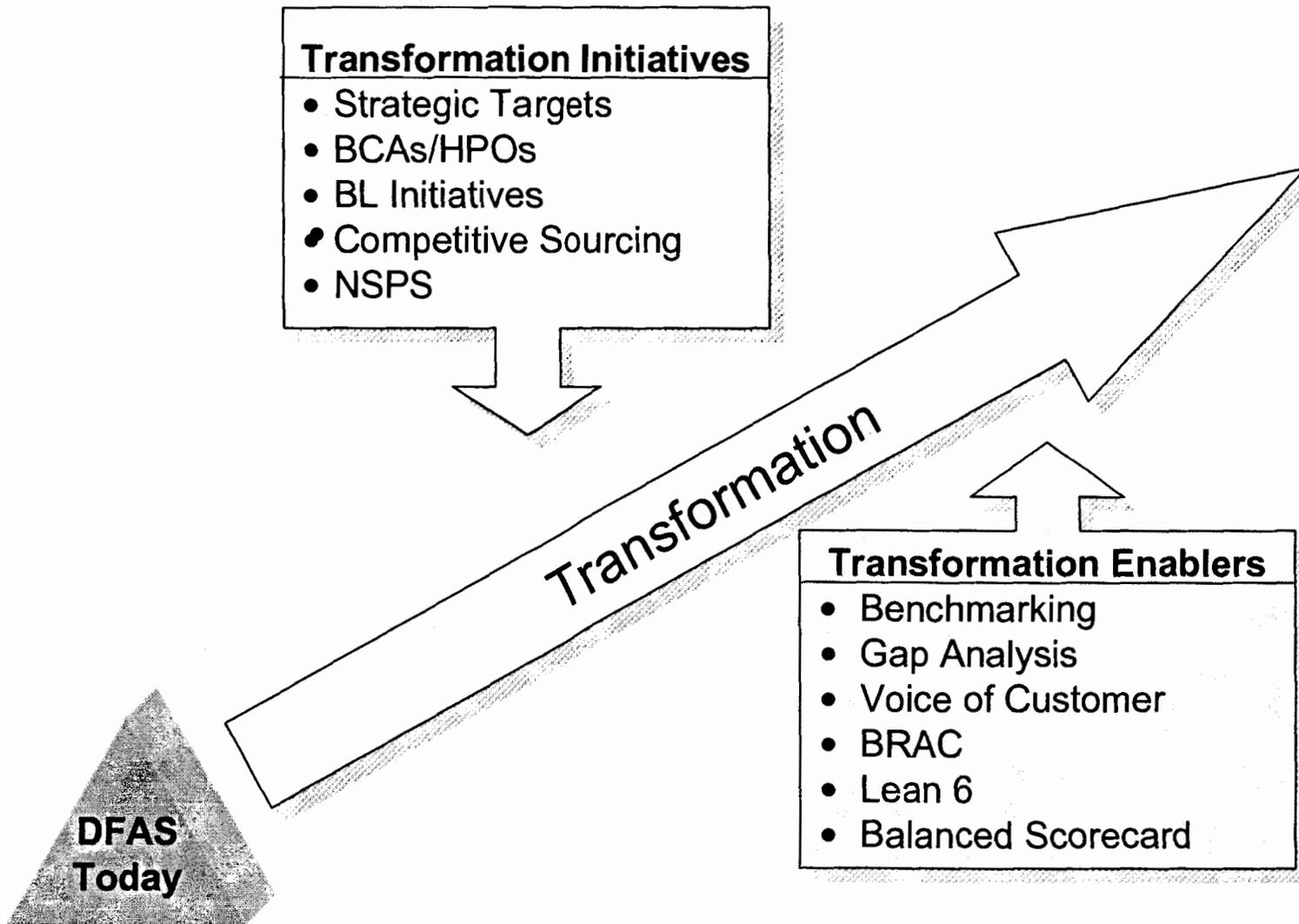
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# Transformation Roadmap



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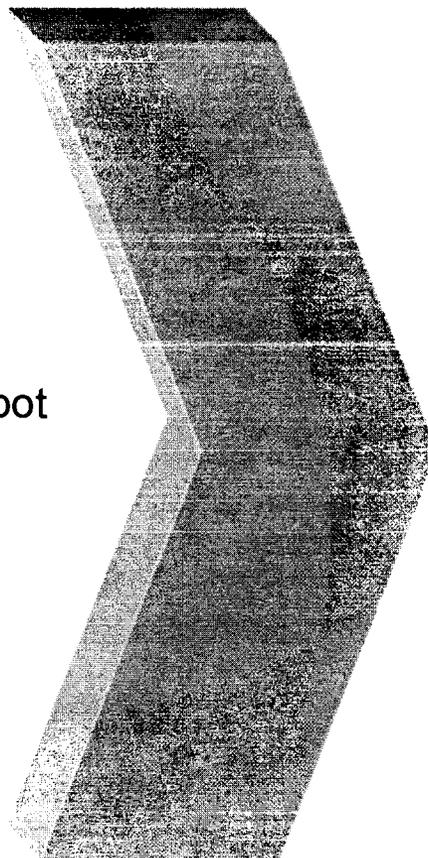
# DFAS Opportunity Leveraging BRAC



## DFAS Today

- |                     |                      |
|---------------------|----------------------|
| Arlington           | Oakland              |
| Charleston          | Omaha                |
| Cleveland           | Orlando              |
| Cleveland Bratenahl | Pacific              |
| Columbus            | Patuxent River       |
| Dayton              | Pensacola NAS        |
| Denver              | Pensacola Saufley    |
| Europe              | Red River Army Depot |
| Indianapolis        | Rock Island          |
| Japan               | Rome                 |
| Kansas City         | San Antonio          |
| Lawton              | San Bernardino       |
| Lexington           | San Diego            |
| Limestone           | Seaside              |
| Norfolk             | St Louis             |

## BRAC



## DFAS 2011\*

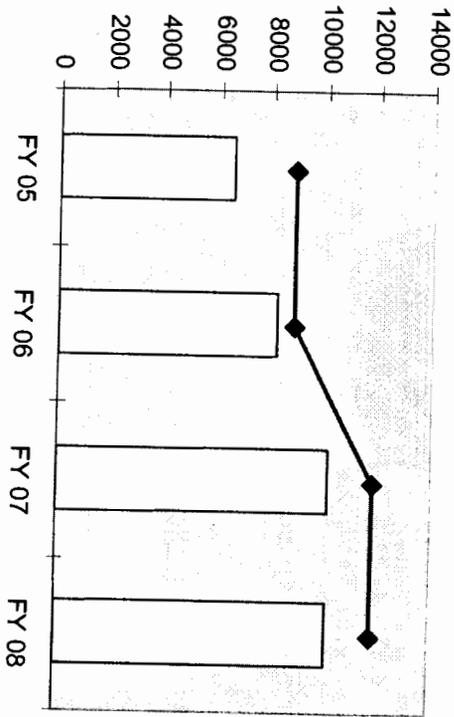
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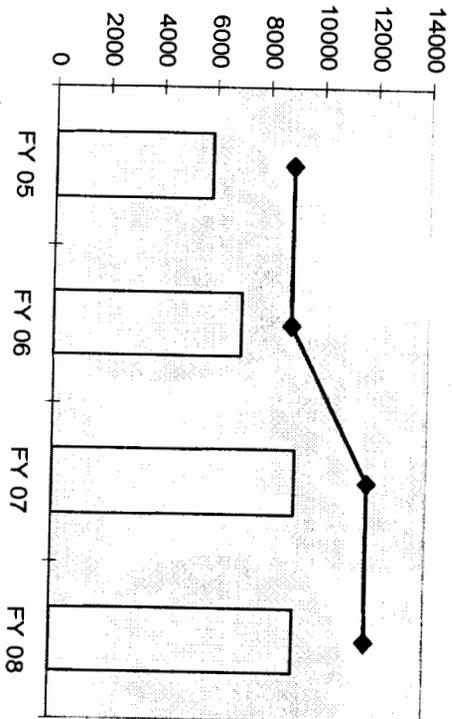
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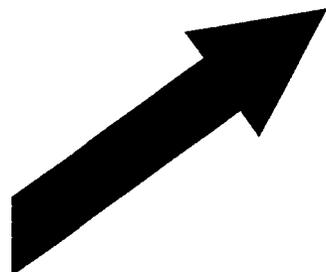
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# DFAS Transformation Footprint



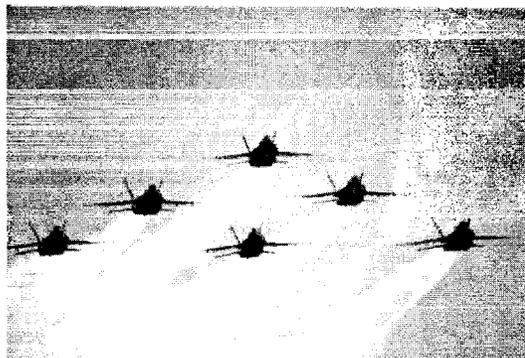
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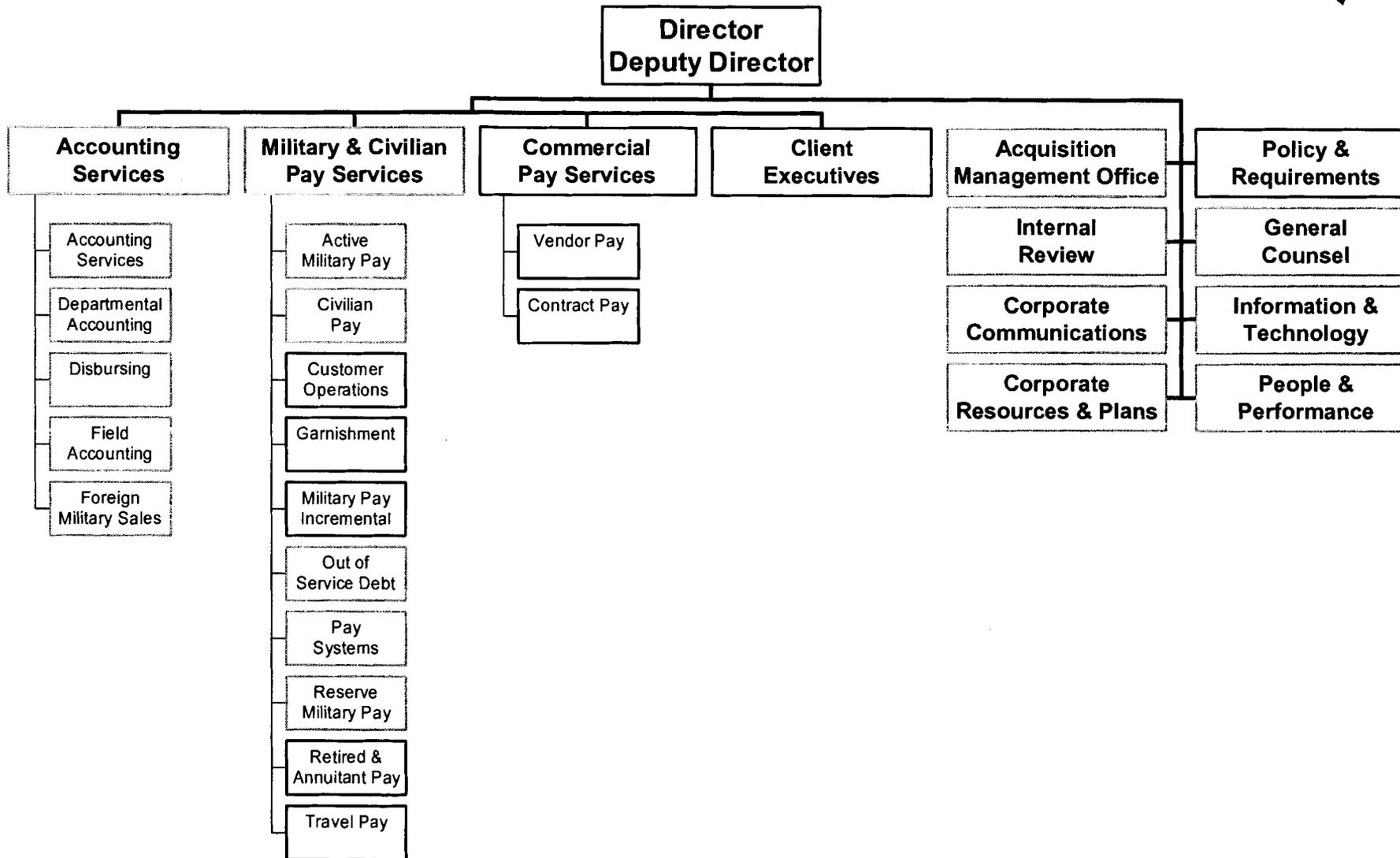
## DFAS Maximizes Value with Anchor Site Operations



- Benefits include:
  - ✓ Mission Operations: Superior operational capability at anchor sites
  - ✓ Workforce
    - ✓ Demonstrated performance of existing workforce
    - ✓ Positive local labor source; demographic favorable for hiring the right skills for the future
  - ✓ Reduced footprint/infrastructure and transformation initiatives deliver a positive effect on customer rates
- Discussion of site specific successes, DFAS Columbus
  - ✓ Richard J. Anderfuren, Site Director, Denver

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# DFAS Organizations at Denver



*Note: Business Lines and Product Lines highlighted in yellow are specific to DFAS Denver.*

## **DFAS Denver Customers and Success Stories - Air Force Accounting**



- Primary customers include Department of Defense Comptroller, Air Force, Air National Guard, Air Force Reserve, United States Transportation Command and several Defense Agencies
- Air Force Accounting Services success stories
  - ✓ Consolidated Air Force field accounting
    - San Bernardino & Orlando into Dayton in July 2004
    - San Antonio into Limestone in October 2004
    - Omaha into Dayton in May 2005
    - Subsequent mergers under analysis
  - ✓ Benefits Include
    - Leverages/disseminates smart business practices
    - Reduces/eliminates redundant processes
    - Reduces systems management requirements/operating costs
    - Reduces workyear requirements
    - Provides more consistent customer response

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## DFAS Denver Customers and Success Stories - Air Force Accounting

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- Air Force Accounting Services success stories (continued)
  - ✓ Security Assistance Accounting A-76 Competition
    - Completed public/private competition under Office of Management and Budget Circular A-76 in August 2004
    - Submitted winning bid, beating Deloitte Consulting by \$4 million
  - ✓ DFAS most efficient organization (MEO) initiated - February 2005
    - Accomplishing work within required cost and performance parameters
  - ✓ Primary customers include DoD Comptroller, Defense Agencies, Military Services and over two hundred Foreign Countries and International Organizations

DCN: 11561

## **DFAS Denver Customers and Success Stories - People Pay**



- **Air Force Active Military Pay**
  - ✓ Customers – pay nearly 389,000 active duty Air Force members worldwide twice monthly
  - ✓ Success Stories – Partnering with Air Force Personnel community to continuously track and resolve of pay issues quickly and accurately
  
- **Debt and Claims Management**
  - ✓ Customers – Debt Collection, waiver, remission and correction of records for separated military members
  - ✓ Success Stories – Consolidated individual out-of-service debt activities to Denver in 1996 – from 500 employees to less than 200 – Total collections average \$80M per year

DCN: 11561

## DFAS Denver Customers and Success Stories



- Centralized Disbursing
  - ✓ Customer Service Base – 198 installations world wide
    - ✓ United States Air Force, DoD Agencies, Military Sealift Command, National Geospatial-Intelligence Agency, Merchant Marines
  - ✓ Operations – 24/6 operation with 70 FTE's
    - ✓ Total Disbursements:
      - ✓ Transaction Number (FY04) 20,094,101
      - ✓ Dollar Amount (FY04) \$36,597,187,325
    - ✓ Total Collections:
      - ✓ Transaction Number (FY04) 104,241
      - ✓ Dollar Amount (FY04) \$25,120,535,287

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## DFAS Denver Customers and Success Stories - People Pay



- Automated Military Pay Systems
  - ✓ Customers – The Denver Pay Systems Office maintains and monitors the Defense Joint Military Pay System (DJMS) for Active, Guard, and Reserve forces for the Army, Air Force, and the Navy.
  - ✓ Success Stories – Even though the system is to be replaced by the Forward Compatible Pay System, payrolls under DJMS are both accurate and timely. All legislative related pay changes are implemented either through critical systems changes or manual work-arounds developed for pay technicians
- Civilian Payroll Office
  - ✓ Customers – The Denver payroll offices pays more than 219,000 Army civilian customers monthly
  - ✓ Success Stories – Successfully absorbed workload from Pensacola during Hurricane Ivan; Implemented aggressive payroll technician certification process

DCN: 11561

# DFAS Denver Personnel Statistics



- **DFAS Business Lines and Number of On Site Personnel**

(HR Flash Report - EOM May 2005)

- ✓ **Total Number Employees - 1,175**

- Military/Civilian Pay Services
- Accounting Services Air Force
- Information & Technology
- Corporate Resources
- Corporate Organizations

- ✓ **Total Contractor Personnel – 96**

(Contractors – March 2005)

$1175 + 96 = 1271$

Military #

Sub 121  
Contractors

- **Status of Retirement Eligible Employees as of May 31, 2005**

- ✓ **Eligible For Retirement - 656 - 56%**

- Optional - 239 - 20%
- Early - 417 - 35%

# DFAS Denver Facilities Statistics

- DFAS is a tenant on the former Lowry Air Force Base
  - ✓ Known as the Buckley Annex
  - ✓ Property owned and managed by Air Force Base
- DFAS assigned space - 414K square feet<sup>2</sup>
  - ✓ Includes administrative and warehouse space in 4 buildings
  - ✓ (Bldgs 444, 407, 409 and 667)
- Excess space available
  - ✓ DFAS Vacant workstations – approx 745 seats (bldg 444 -726, bldg 407 – 19)
  - ✓ Excess space in building 444 – approx 1230 seats (former tenant space DISA) and Air Reserve Personnel Center (slated to realign under BRAC 05)
  - ✓ DFAS Occupied Seats – approx 1,427
  - ✓ Total capacity - 3,402 seats (bldg 444 – 3,352, bldg 407 - 50)
- Strong host installation Force Protection program

1,175 seats  
 96 seats  
 745 - vacant  
 160  
 -----  
 2176  
 -----  
 2332

- 1427  
 745  
 160  
 -----  
 2332

Not count  
 A. of July 1, 2005  
 1230 / 76 / 121  
 1230 - 1070 - ARPC  
 160  
 3402

not count ARPC space

<sup>1</sup> Lowry Air Force Base closed in previous BRAC  
<sup>2</sup> DFAS Facilities Database - Effective 31 May 2005

Tom Carroll  
 303-676-7545

## Summary

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- DFAS transformation will continue during and beyond BRAC 2005
- May 13, 2005 recommendation provides the optimum business solution



# DFAS

*Your Financial Partner @ Work*



Your Financial  
Partner @Work

## DFAS BRAC Commission Update

Zack E. Gaddy  
Director, Defense Finance  
and Accounting Service

Steve Bonta  
Site Director, Indianapolis

August 3, 2005

# Agenda

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- Transformation roadmap and successes
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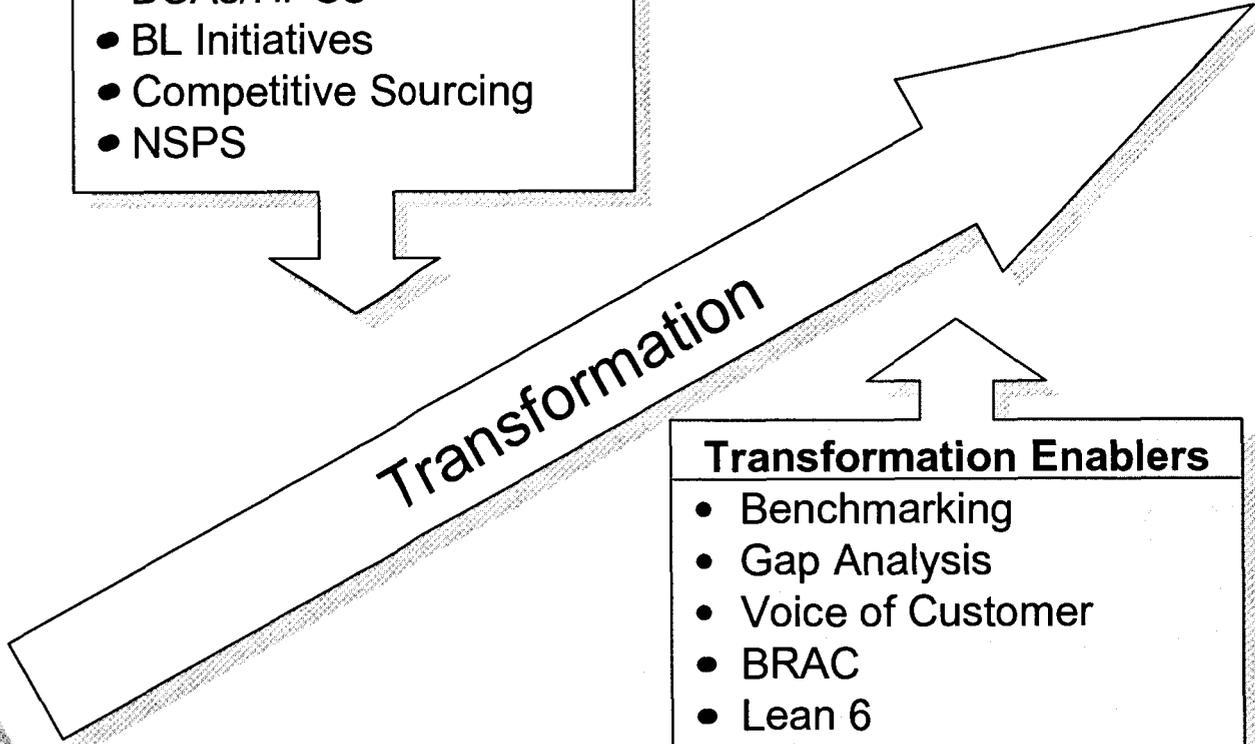
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  - ✓ Simplify training delivery and support
  - ✓ Improved oversight and control

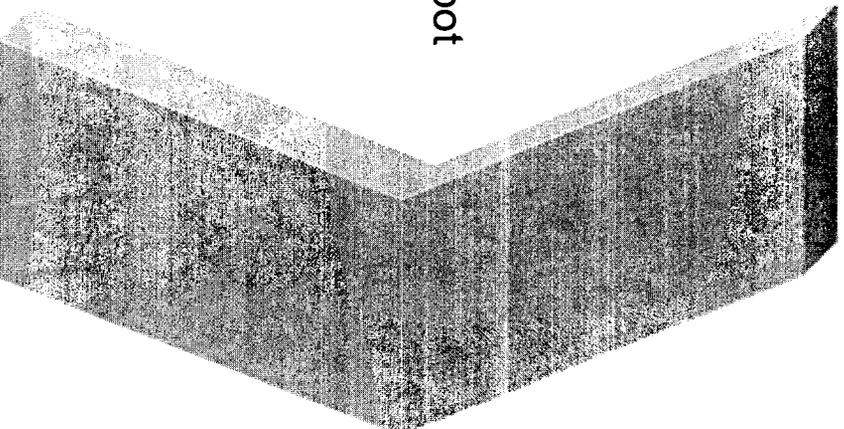
# DFAS Opportunity Leveraging BRAC



## DFAS Today

Arlington	Oakland
Charleston	Omaha
Cleveland	Orlando
Cleveland Bratenahl	Pacific
Columbus	Patuxent River
Dayton	Pensacola NAS
Denver	Pensacola Saufley
Europe	Red River Army Depot
Indianapolis	Rock Island
Japan	Rome
Kansas City	San Antonio
Lawton	San Bernardino
Lexington	San Diego
Limestone	Seaside
Norfolk	St Louis

## BRAC



## DFAS 2011\*

Arlington Liaison  
Cleveland Enclave /  
Cleveland Bratenahl  
Columbus  
Denver  
Europe  
Indianapolis  
Japan  
Red River Army Depot

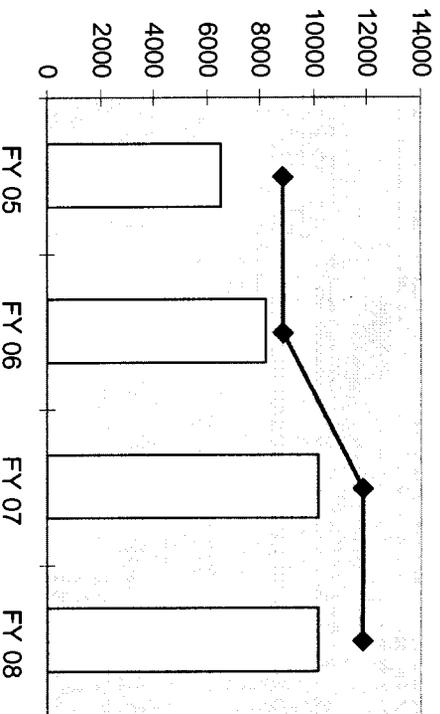
DCN: 11561

\*Based on May 13, 2005 BRAC Recommendations

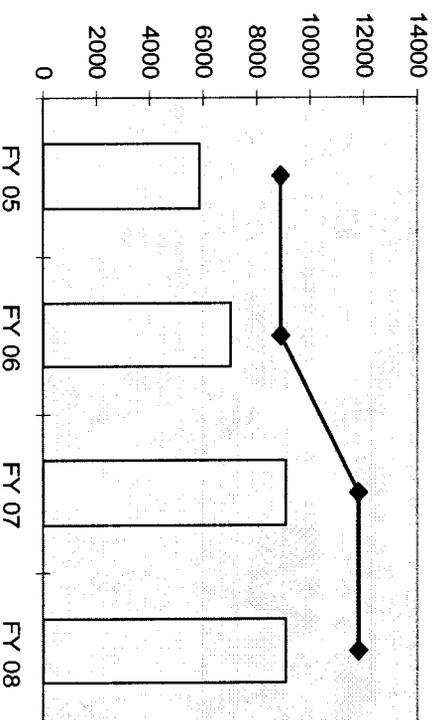
# Capacity analysis: DFAS CO, DE and IN



**DFAS CO, DE, and IN Site Capacity**  
*(includes Contractors)*



**DFAS CO, DE, and IN Site Capacity**  
*(excludes Contractors)*



- Occupancy projections based on notional schedule
- Schedule will be upgraded based on implementation of Transformation timelines
- Strength calculated using the notional schedule and current contractor personnel (excluding Cleveland R&A and non-consolidated sites) and assumes:
  - Contractor population remains constant through FY 08 – conservatively high, and
  - All DFAS personnel occupy office space as currently configured

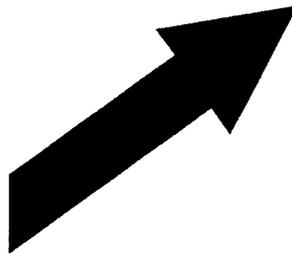
DCN: 11561

# DFAS Transformation Footprint



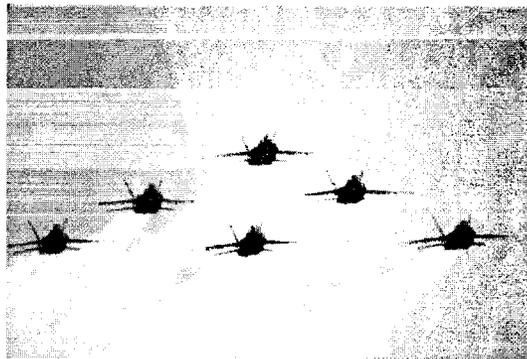
## Today's Footprint

- 30 locations \*
- 14,290 FTEs
- 110 systems
- \$1,776M cost/execution authority
- **70% technicians / 30% professional**
- Aging workforce
- General Schedule Pay System



## FY 2011 Footprint

- Fewer locations
  - ✓ 8 shown on May 13, 2005\*
- <= 10K FTEs
- < 50 systems
- \$1,337M cost/execution authority
- **70% professional / 30% technicians**
- Right employees with right skills
- Optimum number and mix of civilians/contractors
- Pay for performance under NSPS



## BRAC facilitates DFAS transformation

BRAC provides opportunity to implement site consolidations, streamline DFAS operations, and support our goal to provide best value to the warfighter

\* Includes Europe & Japan

# BRAC Offers Maximum Employee Assistance



- Employee transition options include
  - ✓ Move with Work
    - ✓ DFAS will pay PCS costs for permanent employees who move with their work
  - ✓ Early PPP Registration
  - ✓ Retirement Seminars
  - ✓ VERA/VSIP
  - ✓ Severance Pay
  - ✓ Other Federal Agencies
  - ✓ Resume and Interviewing Assistance
  - ✓ Private Sector Employment
- Realignments outside of BRAC (to reduce footprint or other) may not provide the same comprehensive transition options

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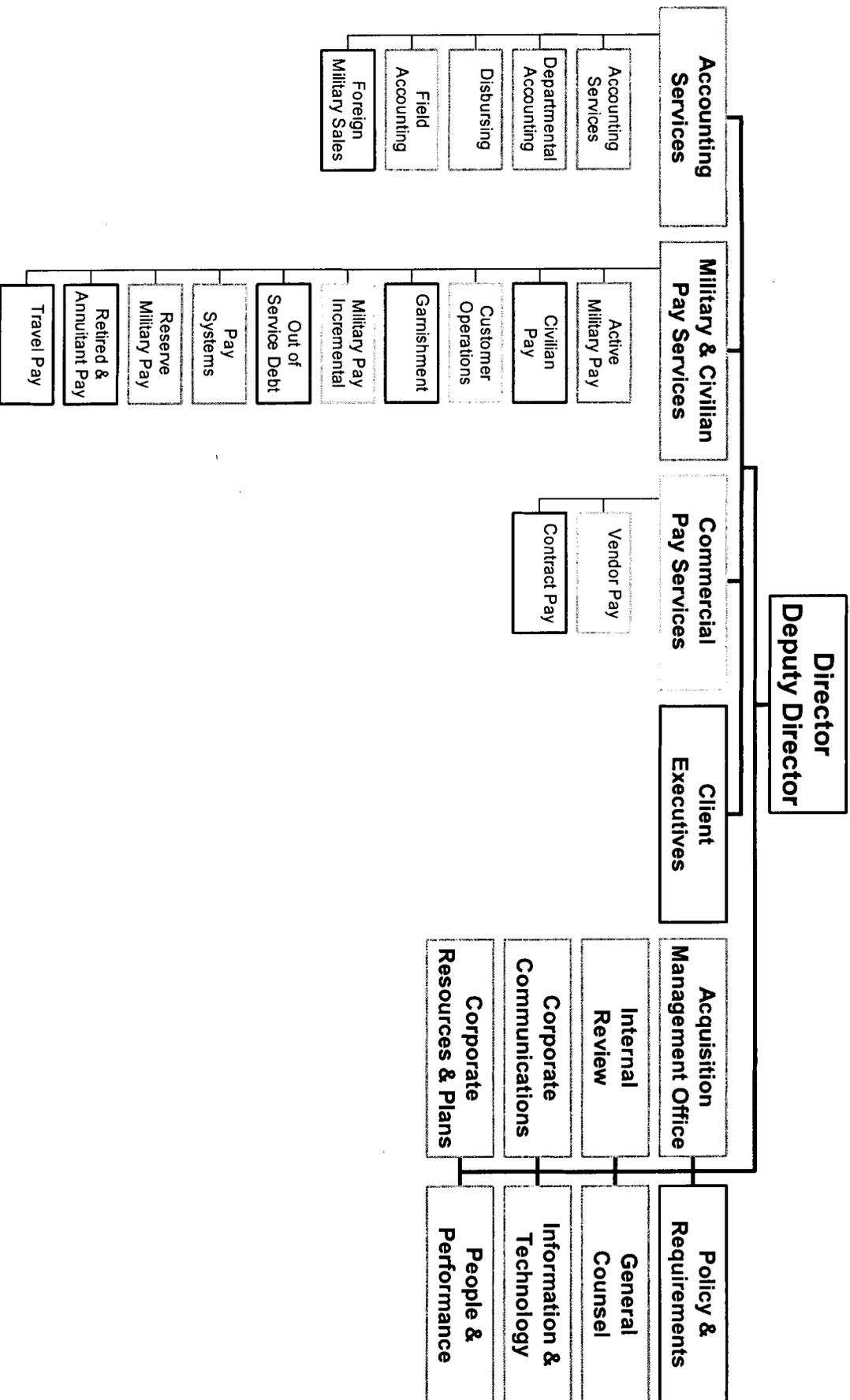
## DFAS Maximizes Value with Anchor Site Operations

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- Benefits include:
  - ✓ Mission Operations: Superior operational capability at anchor sites
  - ✓ Workforce
    - ✓ Demonstrated performance of existing workforce
    - ✓ Positive local labor source; demographic favorable for hiring the right skills for the future
  - ✓ Reduced footprint/infrastructure and transformation initiatives deliver a positive effect on customer rates
  
- Discussion of site specific successes, DFAS Columbus
  - ✓ Steve Bonta, Site Director, Indianapolis

# DFAS Organizations at Indianapolis



*Note: Business Lines and Product Lines highlighted in yellow are specific to DFAS Indianapolis.*

## DFAS Customers Served



- Office of the Secretary of Defense
- Department of Defense Agencies
- Joint Chiefs of Staff
- Department of the Treasury
- Audit Agencies (e.g., DODIG, GAO, AAA)
- Misc. other Agencies and Department of Defense Field Activities
- Health and Human Services
- Active, Reserve and National Guard military members for Air Force, Army Navy and Marine Corps
- Military Retirees and Annuitants for Air Force, Army, Navy and Marine Corps
- Military Spouses and Former Spouses
- DOD Civilian Employees
- Foreign Nationals

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## **DFAS success stories – Local victories**



- Initiated ELAN Reengineering for implementation in March 2006
- Implemented the Desktop Management Initiative
- Saved \$300K in workers' compensation costs for FY 2004 for activities serviced by Human Resources, DFAS Injury Compensation Team (ICT)
- Developed and tested Web-based Military Pay Profile Implementation of the Defense Military Pay Office (DMPO) Imaging System at 26 sites
- Successfully consolidated 17 External Army Vendor Pay locations into DFAS Indianapolis

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## **DFAS success stories – Local victories**



- Successfully transferred Disbursing workload from DFAS Europe to Central Disbursing Services
- Assisted Army Finance Units deployed in Iraq and Kuwait in establishing connectivity to Treasury's CASHLINK II system
- Completion of the development and deployment of the Deployable Disbursing System (DDS) into Europe, Iraq, Kuwait, and Afghanistan
- Asserted to Army that the Fund Balance with Treasury (FBWT) for general funds is auditable
- Completed the legislative write-off of Army's suspense accounts
- Assisted the Defense Threat Reduction Agency and Office of the Inspector General in achieving their clean audit opinions for FY 2004

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# DFAS Indianapolis Personnel Statistics



- DFAS Business Lines and Number of On Site Personnel

(HR Flash Report - EOM May 2005)

- ✓ Total Number Employees - 2,514

- Accounting Services
- Military/Civilian Pay Services
- Information & Technology
- Corporate Organizations
- Commercial Pay Services
- Corporate Resources
- Acquisition Mgmt

- ✓ Total Contractor Personnel – 420

(Contractors – March 2005)

*2934*

- Status of Retirement Eligible Employees as of May 31, 2005

- ✓ Eligible For Retirement - 1,123 - 45%

- Optional - 472 -19%
- Early - 651 - 26%

# DFAS Indianapolis Facilities Statistics



- DFAS is a tenant in the Major General Emmett J. Bean Federal Center
  - ✓ Property owned and managed by General Services Administration, Chicago Region
  - ✓ Building renovation completed 2003
- DFAS assigned space - 1.1M square feet<sup>1</sup>
  - ✓ Includes administrative and warehouse space plus an external warehouse facility
- Excess space available
  - ✓ Vacant workstations - approx 800
  - ✓ Vacant, excess space within the building - 600 seats
  - ✓ US Army Enlisted Records and Evaluation Center – 300 seats
  - ✓ Total capacity - 4,700 seats
- Robust guard force support with appropriate equipment under Federal Protective Service management

Handwritten calculations and notes:

3734

4334

7 900 net capacity

4634

4700  
- 1700  
-----  
3000

<sup>1</sup> DFAS Facilities Database - Effective 31 May 2005

## Summary



- Transformation has been a key part of Agency strategy since DFAS was established in 1991
- DFAS transformation is based on BCA and accepted process improvement methodology (Lean 6)
- BRAC is an integral part of transformation strategy
- DFAS transformation will continue during and beyond BRAC 2005
- May 13, 2005 recommendation provides the optimum business solution

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# DFAS

*Your Financial Partner @ Work*

