

DCN: 3047



DFAS BRAC Commission Update

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27, 2005

- DFAS at a Glance
- DFAS Customer Service Matrix and Organization
- DFAS History of Change
- The Road Ahead – Transformation
- BRAC 2005 Impact
- Summary



DFAS at a glance -- Director's Priorities

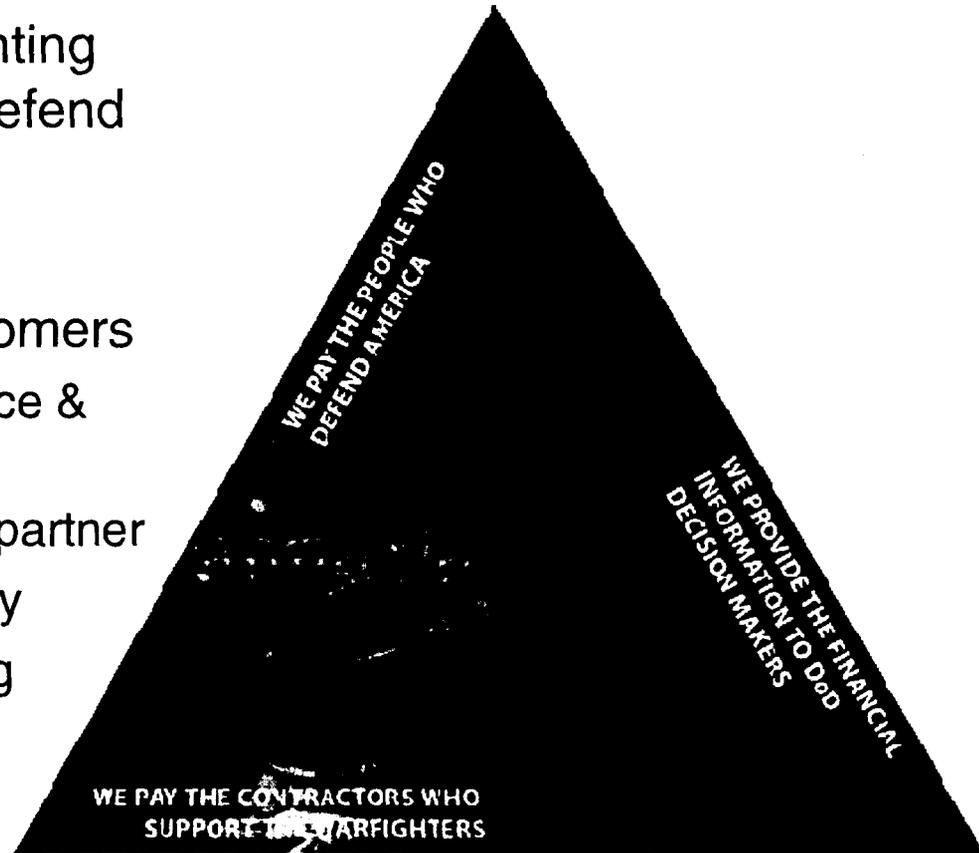


- Take care of our customers
- Improve our operations to become world-class
- Deliver the best value that excites our customers & motivates our employees

DFAS at a glance -- Our mission, vision & values



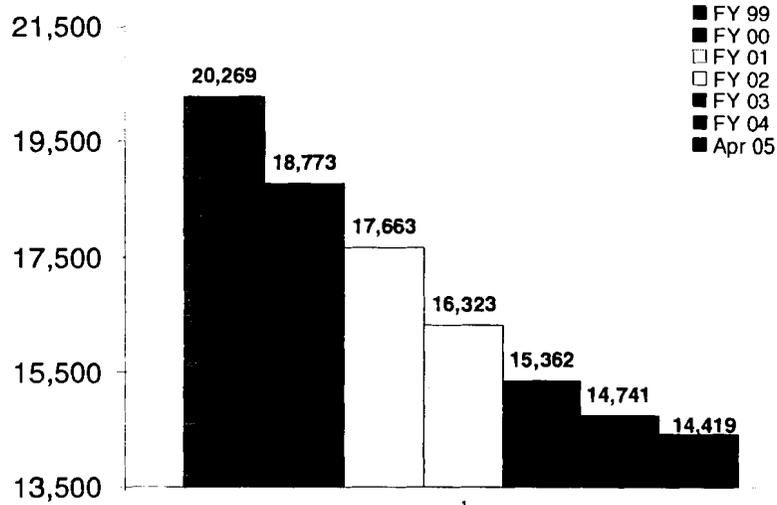
- *Mission:* Provide responsive, professional finance & accounting services for the people who defend America
- *Vision:* Best value to our customers
 - World-class provider of finance & accounting services
 - Trusted, innovative financial partner
 - One organization, one identity
 - Employer of choice, providing a progressive & professional work environment
- *Values:* Integrity, Service, Innovation



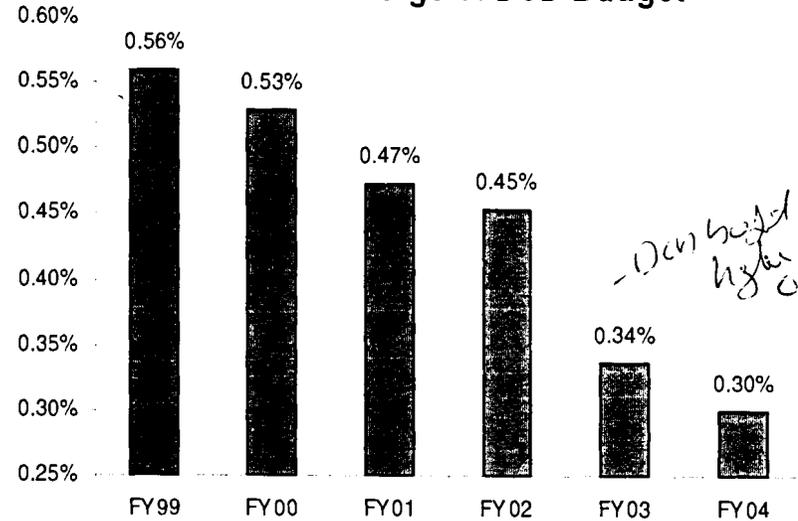
DFAS at a glance -- The state of DFAS today



Total Work Force

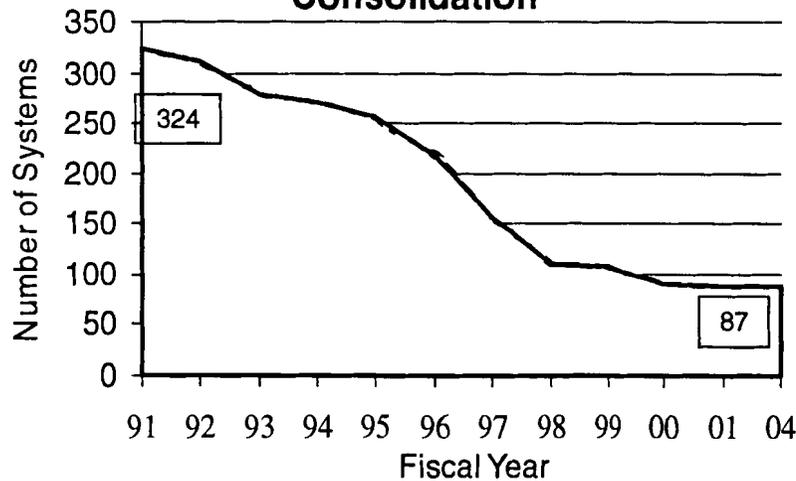


DFAS Percentage of DoD Budget

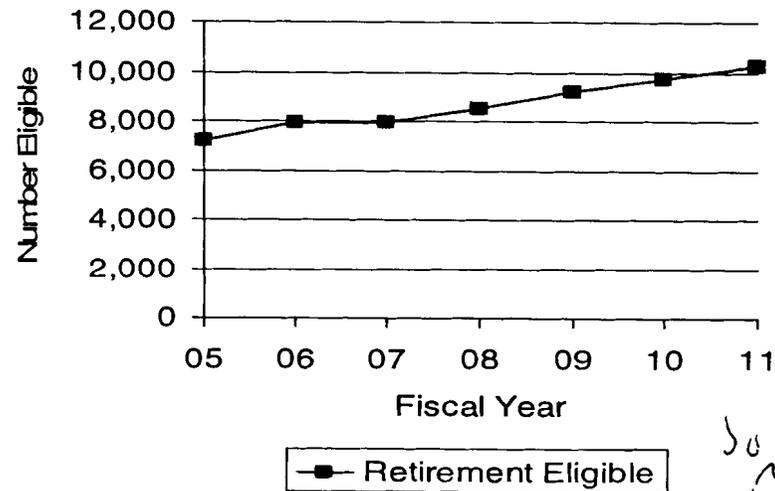


- Don't hold goal higher or they'll be better able to do it

Financial Management System Consolidation



Demographics



both negative

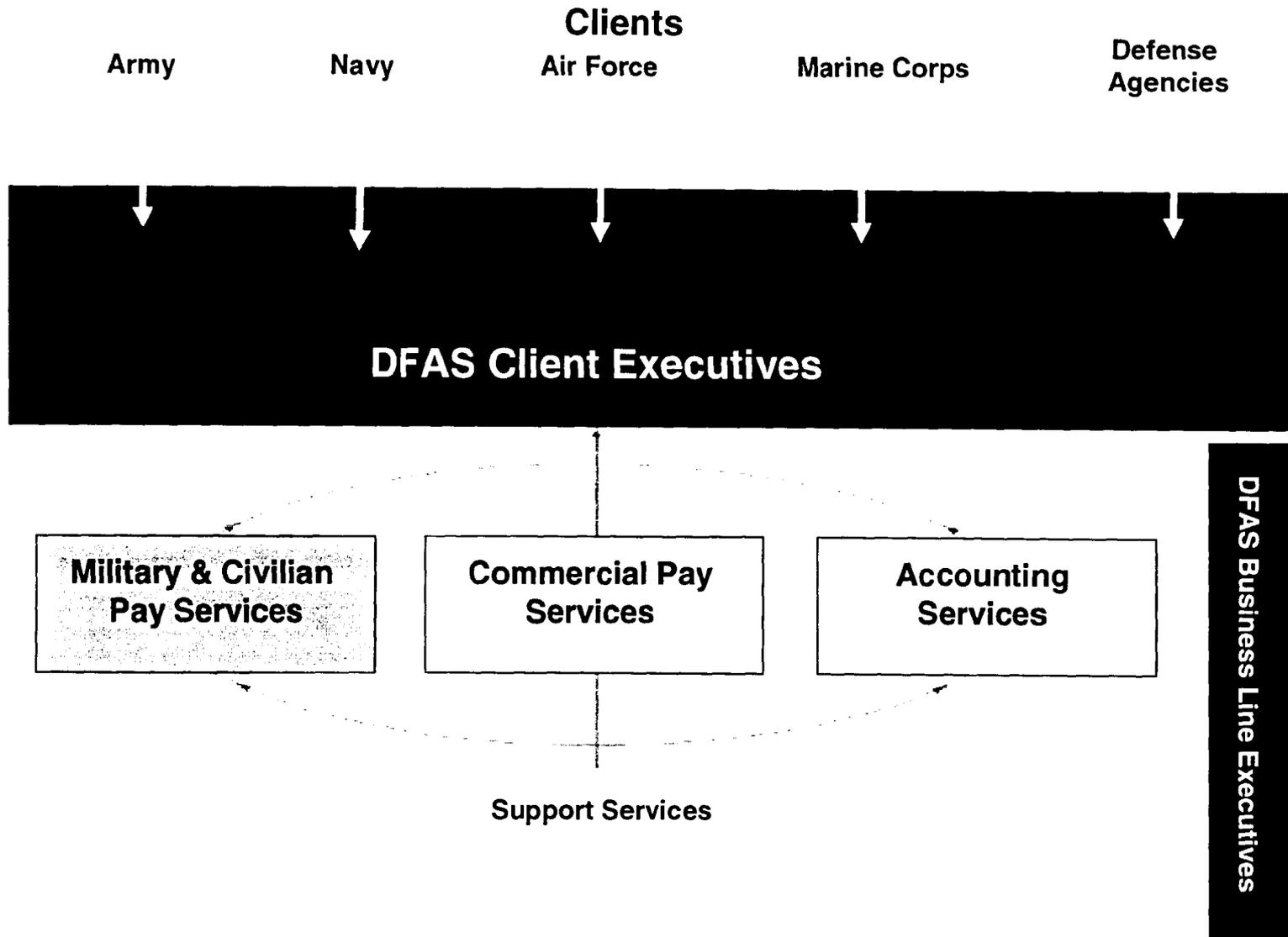
DFAS at a glance -- Magnitude of annual operations



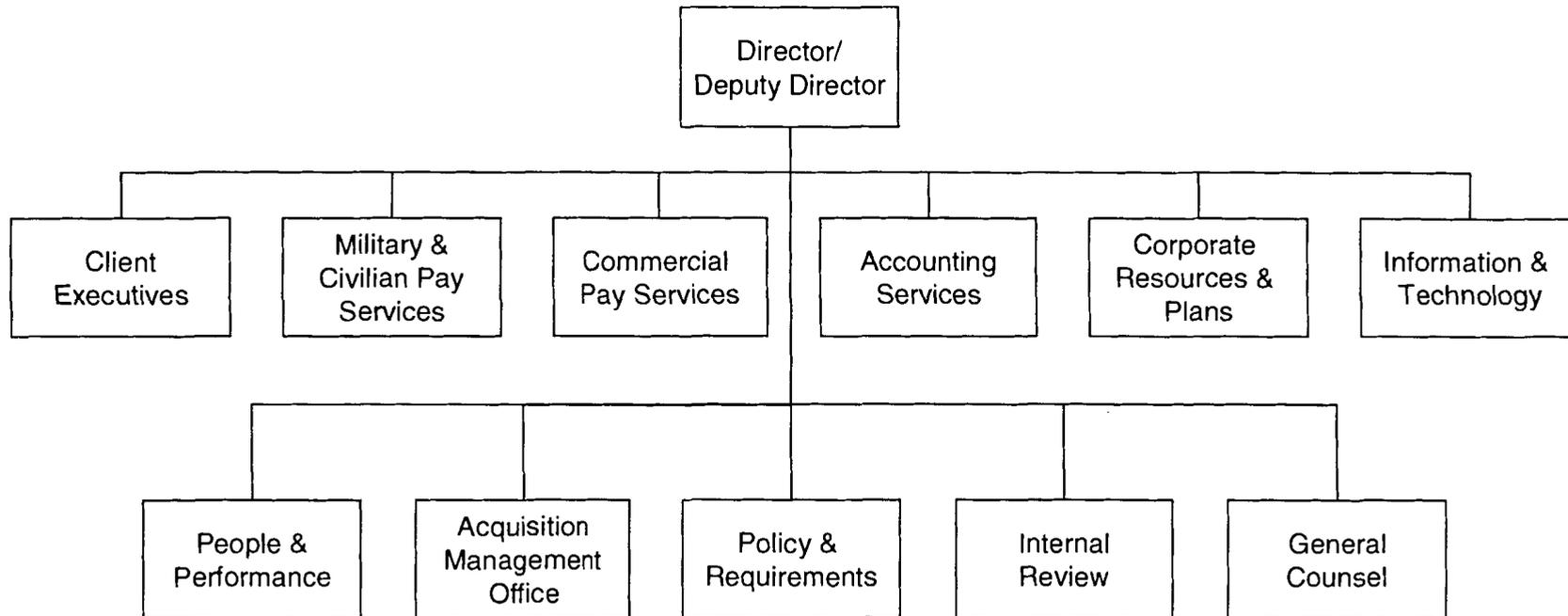
- Process 104M pay transactions to 5.9M military, civilians, retirees and annuitants
- Make 6.9M travel payments
- Pay 12.6M commercial invoices
- Process 127.3M general ledger postings
- Manage military and health benefits funds (\$234B)
- Make an average of \$455B in disbursements to pay recipients
- Manage \$13.5B in foreign military sales (reimbursed by foreign governments)
- Account for 282 active DoD appropriations

It's about the customer!

Customer Service Matrix



DFAS Organization



As of Feb. 28, 2005

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	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
Commercial Pay Services	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	
Corporate Elements	X	X	X	X						X		X															X		X		
TSO	X	X	X	X	X			X		X		X								X	X	X	X								



- Established January 16, 1991 to standardize finance and accounting processes and systems, reduce cost of DoD finance and accounting operations, and improve financial management
- Since 1991:
 - Consolidated more than 338 finance & accounting sites into 30 locations
 - Streamlined workforce from more than 27,000 to less than 15,000
 - Reorganized into major business units to align to customer needs and missions
 - Reduced number of systems from 324 to 87
 - Reduced operating costs from \$2.2B to \$1.8B (constant '05 dollars)



- DFAS transformation strategy designed to realize vision – “Best-value for our customers and world-class performance”
 - Competitive in the marketplace
 - “Brand name” is accepted as industry leader
 - Organization becomes a benchmark for others
- Business case analysis and enabling tools ensure fact-based decisions determine the best transformation alternative
- All transformation alternatives garner significant savings
- Transformation is a team effort and involves everyone in DFAS

Transformation Successes

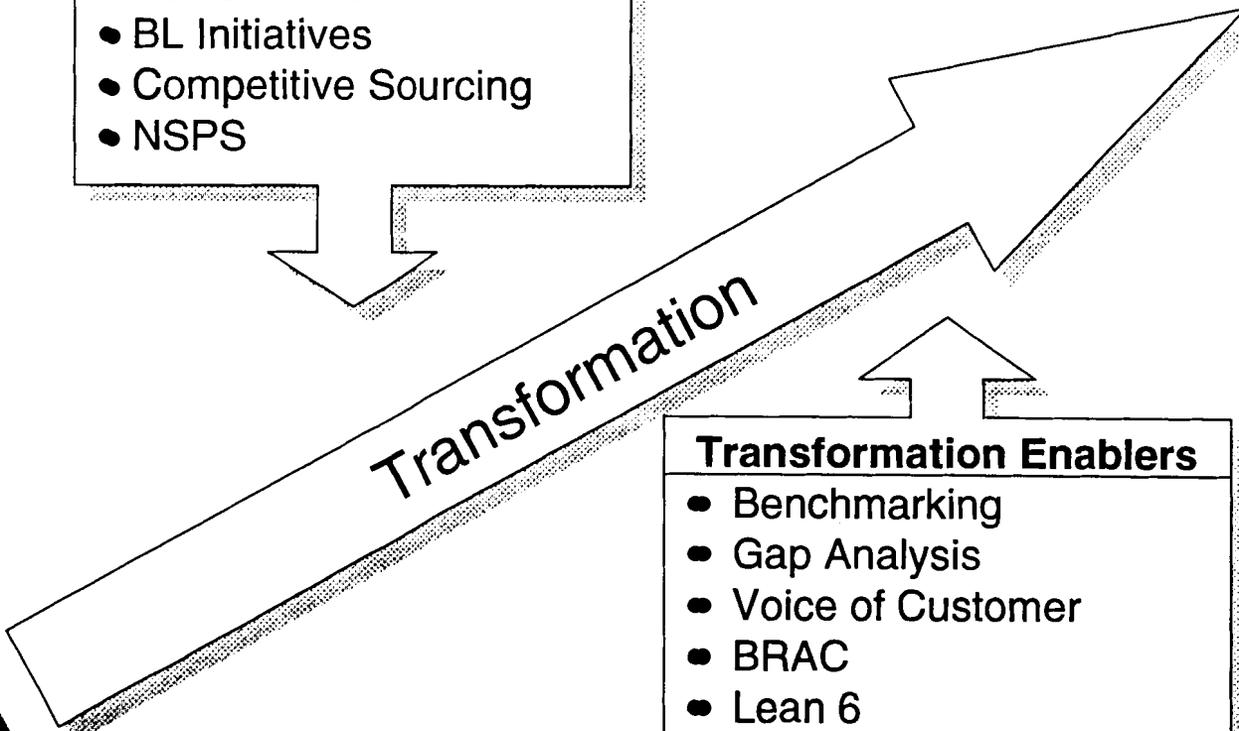


- A-76 Competitions
 - 7 major competitions with an average 37% FTE reduction
- Business Case Analyses (BCAs)
 - 9 BCA studies completed, analyzing critical DFAS segments
- High Performing Organizations (HPOs)
 - 2 HPO plans complete and beginning implementation
 - 6 HPO development plans currently ongoing
- 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

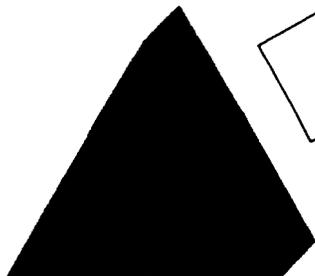
Transformation Roadmap



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



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





- DFAS BRAC involvement through Headquarters and Support Activities (HSA) JCSG:
 - Functional Subgroup - Financial Management Team
 - Major Admin HQ/NCR Subgroup - DC Area HQ & Support Activities Team
 - DFAS supplied data in response to JCSG data calls
 - DFAS did not make BRAC site recommendations
- BRAC provides an opportunity to transform DFAS
 - DFAS has realigned workload in the past. Results were limited, without BRAC-like authority
 - BRAC provides opportunity to implement site consolidations, streamline DFAS operations, and support goal to provide best value to customers

BRAC facilitates DFAS transformation

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

DFAS Transformation Footprint



Today's Footprint

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

FY 2011 Footprint

- 8 locations *
- 10,932 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

* Includes Europe & Japan

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

DFAS

Your Financial Partner @ Work

