

DRAFT of 7/14/94

"CIM Modernization" Issue  
FY96-01 Program Review

ODPA&E Briefing  
to the

Enterprise Integration Corporate Management Council

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# "CIM Modernization" Issue FY96-01 Program Review

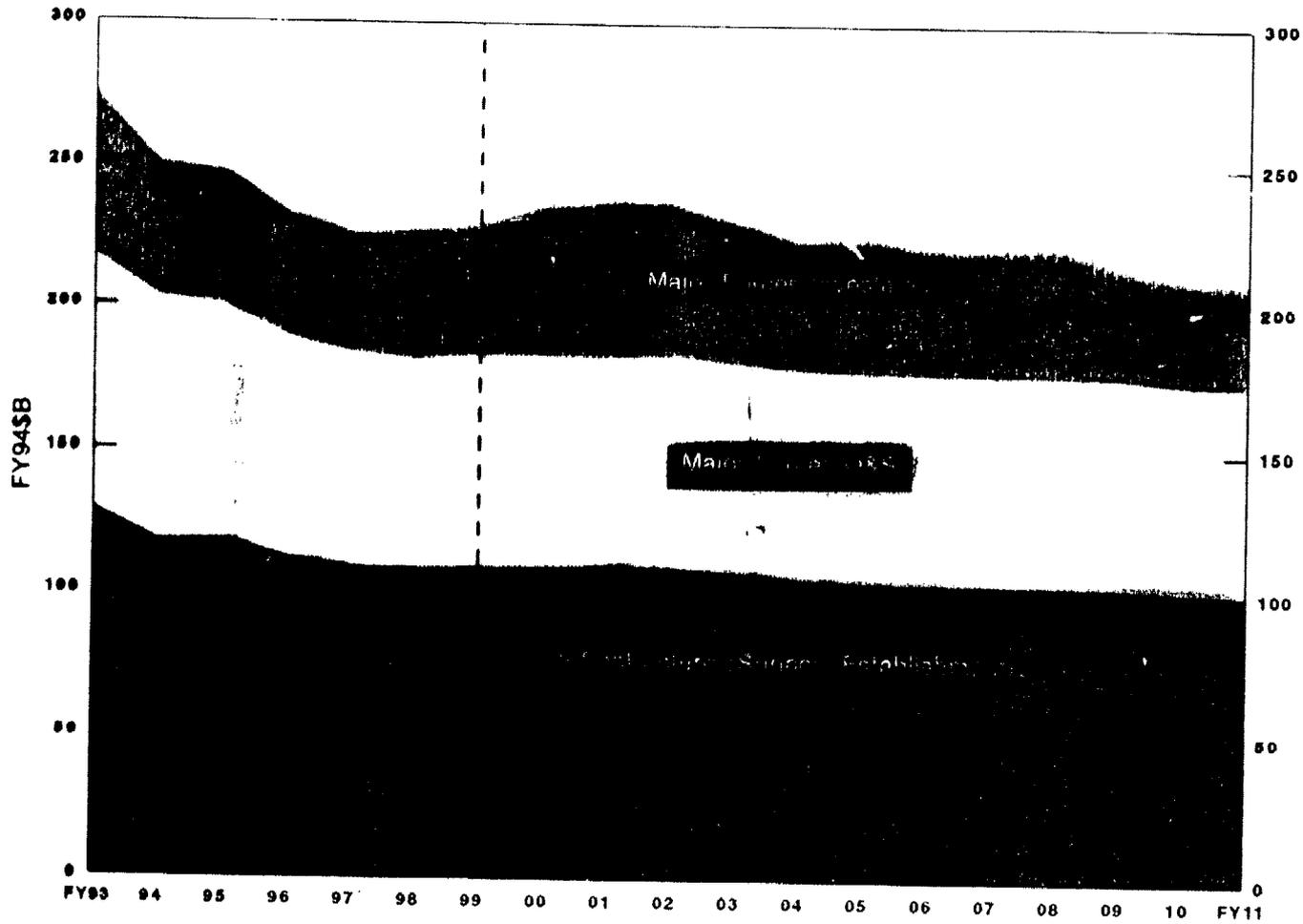
## Agenda

- o Context
- o How We Approached the Problem
- o What We Found
- o Alternative Courses of Action

## The Context

- o The Bottom Up Review and The DoD Topline
- o The Business Case--Information Technology is not an end in itself. Rather, IT investments are made to improve ability to accomplish our mission with finite (now diminishing) resources.
- o Congressional Concerns & Impatience

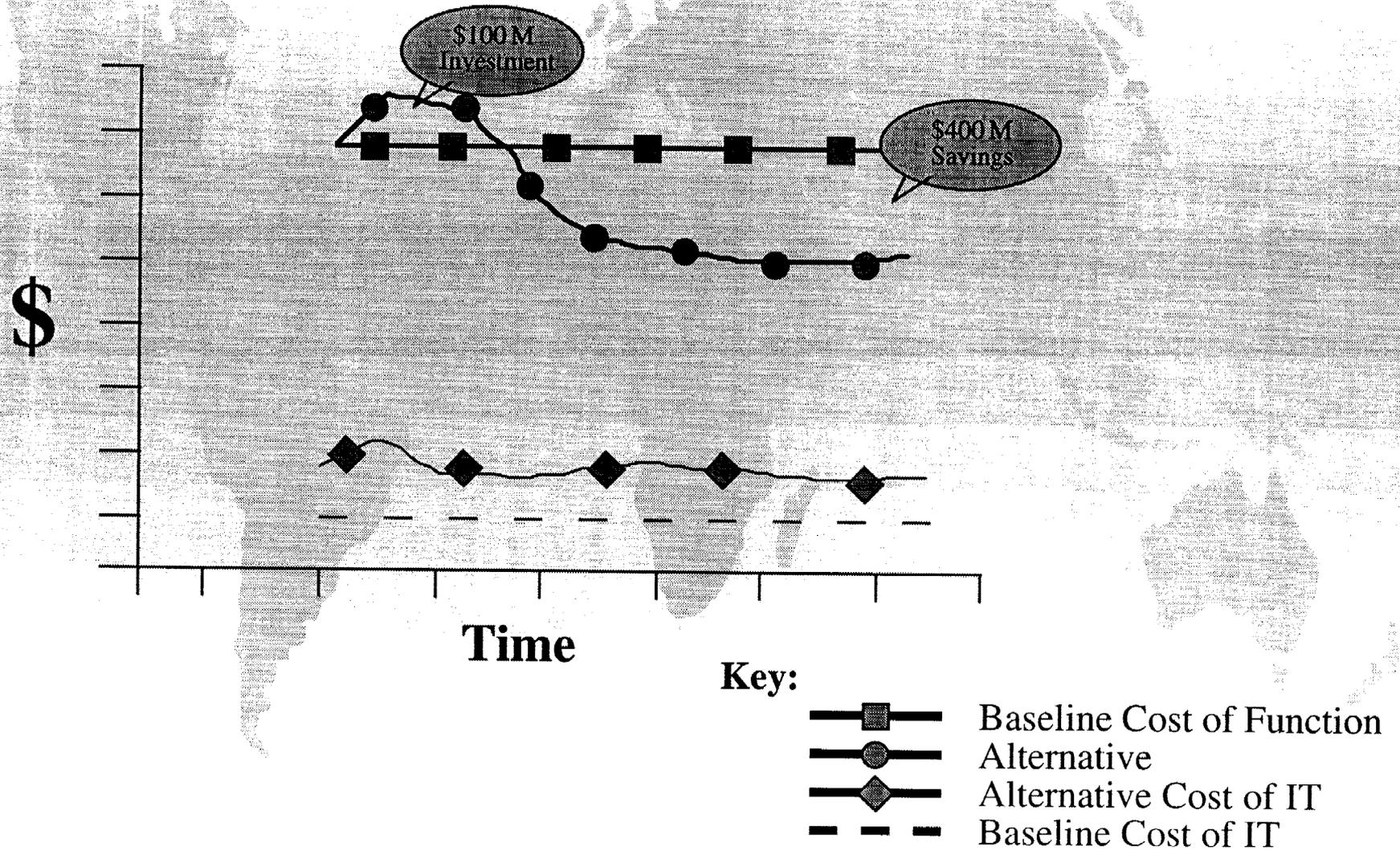
# DoD Topline Projection



DPP PB96(Estimated) as of 23 February 1994  
21 April 1994

TTCB123C.CH3

# The Business Case



## Congressional Concerns

--Insert appropriate quotes from recent legislation or reports

## How We Approached the Problem

- o Phase I -- Examine Direction Setting
  - Vision, Goals, Objectives, Performance Measures and Targets
  - 8000.1 Responsibilities
  - DoD Component "Buy In"
- o Phase II -- Look at the Numbers
  - Fit Between Established Objectives and POMed \$
  - Develop Alternatives
- o Defer Some areas to the Budget Review

## What We Found -- Phase I

- o Mixed Results across the enterprise, within enterprise areas, functional areas, and activities.
- o Much remains to be done BEFORE investing more in IT acquisition.
- o Strong Push needed on Performance Measures & Targets
- o Component "Buy In" is a critical deficiency.

## What We Found -- Phase II (Preliminary Results)

- o Business Area Costs/Outputs ill defined. (In most cases, FYDP doesn't support management by CIM business area; No MIS has reliable, usable performance data.)
- o AIS Resources
  - Work is just begining
  - Much data only recently available; some gaps remain.
  - IT is still programmed as an AFTERTHOUGHT!
  - Fairly certain all IT resources have NOT been identified.
  - Shortfalls in funding DepSecDef Perry's migration system policy exist.
- o Array of IT \$ by CIM Functional Area & DII being developed.

# FY 96-01 POM IT \$ by Functional Area (Preliminary)

(\$ IN MILLIONS), TOTAL 96-01)

(Does not include HA or AF data)

AREA	DEV/MOD	OPS	TOTAL
ACQUISITION	0	293.9	302.6
AUDIT/INSP/INV	0	3.8	3.8
COMM & CONTROL	555.7	1318.6	1960.4
ENVIR SCI	54.5	226.8	281.4
FINANCE	1114.6	2140.8	3255.4
HEALTH	2.3	12.3	14.6
HUMAN RESOURCE	63	1013.8	1761.6
INFO MGMNT	410.4	1359.1	2618.7
INTELLIGENCE	51.1	58.6	109.7
LOGISTICS	1612.7	3333.5	5403.2
OTHER	16.3	119.2	284.3
OTH SPEC STAFF	51.3	95.4	144.6
POLICY	27.3	31.1	58.4
PROCUREMENT	196.7	91.2	256.8
R&D	21	89.5	192.8
SCI & TECH	89.4	160.7	250.8
SYS ACQ MGMNT	22.1	40.6	62.8
TEST & EVAL	2.2	2.2	4.4
DII	4692.8	3602.1	9803.5
TOTAL	8983.4 *	13993.2 *	26769.8 *

\* Army provided totals only, no DEV/MOD-OPS breakout

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## What We Found -- Other Observations

- o Focus on Systems Development NOT on Business Process Innovation
- o Business Case for Investment missing or inadequate
- o Programmatic Structure sketchy and inadequate
- o Non-Compliance with DoD Acquisition and Life Cycle Management Policies
- o Component "Buy In" missing
- o Uneven OSD Adaptation to 8000.1 responsibilities
  - Life in Most of OSD did not change.
  - Shortage of Human Capital (bodies & skills) to OPERATE businesses and manage programs.
  - Business ownership seized from components in some areas (DFAS, HA), not in others.

## Alternatives

1. No Change to What We Found
2. Robust (Not Reckless) Pursuit of Standard Systems
3. Cautions Application of Migration System Strategy
4. Reinvent Our Strategy

## Alternative 2 -- Robust (Not Reckless) Pursuit of Standard Systems

- o ROI NOT a dominant concern
- o Correct Most Migration System Funding Shortfalls, BUT
  - Set deadlines for completing direction setting activities
  - Get Professional PMs/PEOs engaged; apply LCM policies
- o Terminate virtually all other IT Dev/Mod
- o Schedule and program termination of legacy AIS operations costs
- o Cut \$ out of affected business areas
  - 2 to 3 years after investments
  - 3 to 5 times the magnitude of the investment
- o Apply DFAS/HA model in EVERY business area

### Alternative 3 -- Cautious Application of Migration System Strategy

- o ROI is important, fund the systems that will deliver!
  - Vision, goals, objectives, measures are in place (or will be)
  - PM/PEOs in place and in control.
  - Legacy systems identified and their demise is planned.
  - Strong component "Buy In"
- o Delay all other migration systems investments pending completion of planning/ LCM activities
- o Terminate virtually all other Dev/Mod
- o Program for the business area savings resulting from the programmed investments
- o Apply the DFAS/HA organizational model to all CIM business areas

## Assessment of Alternatives 1, 2, and 3

- o Large Risk of Failure
- o IT/Migration System focus, little thought to process innovation
- o Components are NOT Willing, Fanatical Collaborators in Process Innovation
- o OSD lacks comparative advantage in conduct of business operations or program management
- o Any shot at success entails shifting levers of control & power away from components; a major political gamble

BUT

- o Left to their own, components will suboptimize, protecting parochial interests over "corporate" good

## Alternative 4 -- Reinvent Our Strategy

- o Leave operational (and reengineering) responsibilities with components

BUT

- o Use Carrot & Stick to "stimulate" commitment to process innovation
  - Stick: Large, DMR-like cuts in business area funding
  - Carrot: Pool of investment resources available based on JOINT BUSINESS PLANS developed & agreed to by senior business area managers & comptrollers of ALL affected components. (Source: ALL DoD IT Dev/Mod funding)
- o OSD PSAs become catalysts, arbiters, and liaison to investment fund manager.
- o Fund Manager (your neighborhood banker) allocates scarce resources based on risk/return calculus