

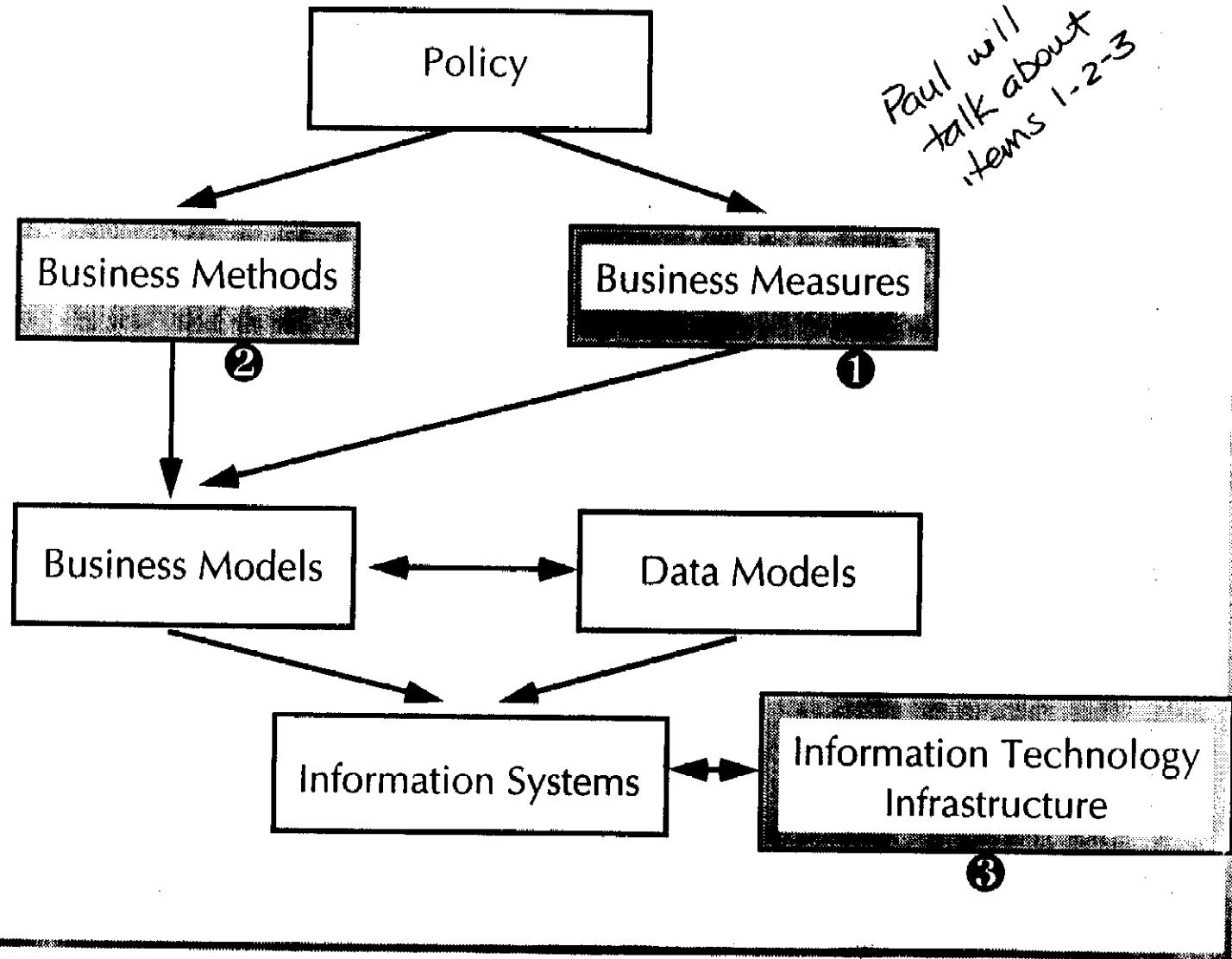
Office of the Director of Defense Information

Progress Report
on
DoD Corporate Information Management (CIM)
for Mr. Atwood

August 13, 1991

Presentation by Paul A. Strassmann

The Executive Level Group's CIM Framework



Functional Economic Analysis

- Quantifies costs and benefits using Discounted Cash Flow analysis.
- Accounts for risks.
- Applies to decisions involving existing and proposed:
 - Business methods & Information technology
- * • Focuses on Operations/Management ratio as the measure of "overhead cost" efficiency (the DoD Tooth/Tail ratio).

The Corporate Information Management Measure of Efficiency

Industrial Measure of Managerial Efficiency:

Revenues	\$xxxx
Minus: Operations	\$ <u>xxxx</u>
Value-Added	\$xxxx
Minus: Management	\$ <u>xxxx</u>
Profit	\$xxxx

Managerial Efficiency = Operations/Management

DoD Measure of Managerial Efficiency:

Budget	\$xxxx
Minus: Operations	\$ <u>xxxx</u>
Management	\$xxxx

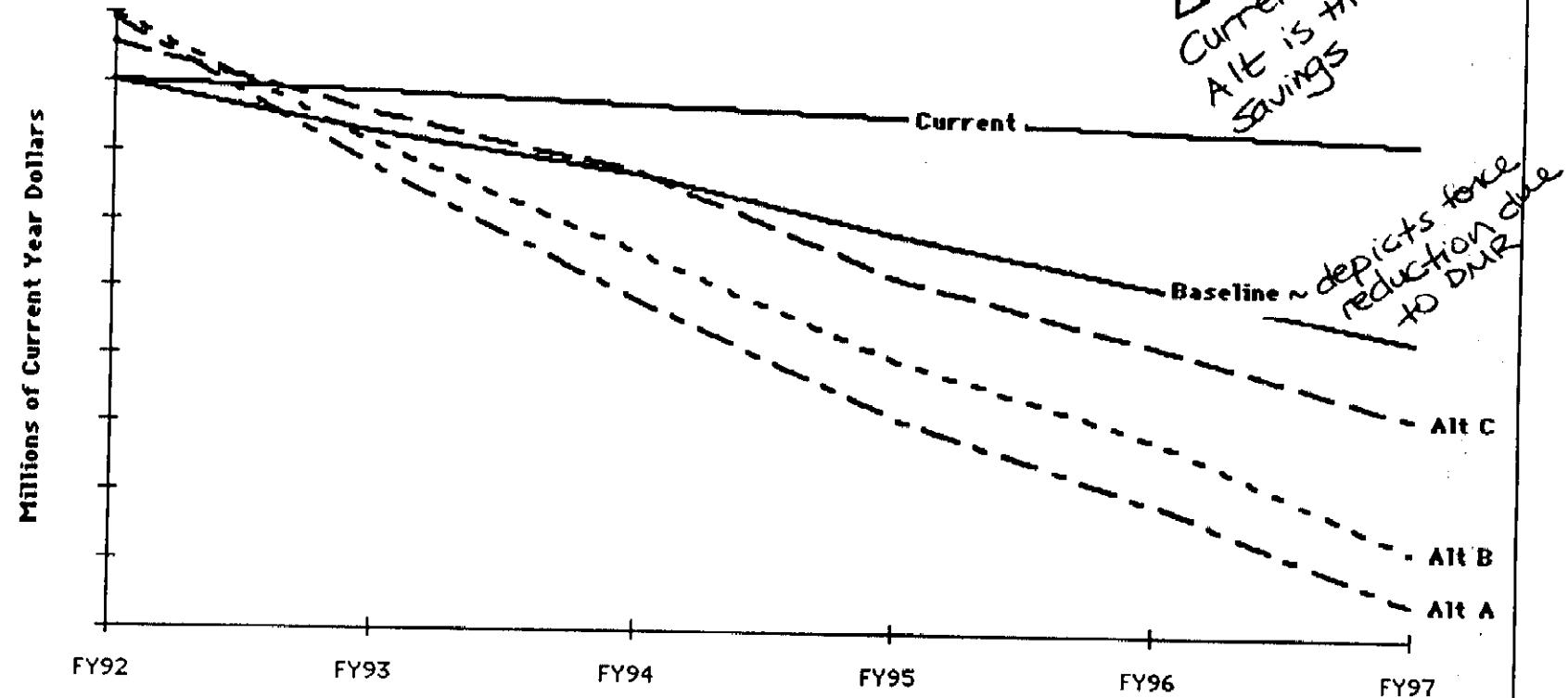
CIM Efficiency = Operations/Management = Tooth/Tail

Example: Blood Program

- Baseline
 - Manual record-keeping and labeling
 - Redundant record-keeping
 - Separate personnel and material records
- Alternatives
 - Build new system (A)
 - Build composite system (B)
 - Share systems with other agencies (C)



Summary of Functional Area Total Cost and Savings

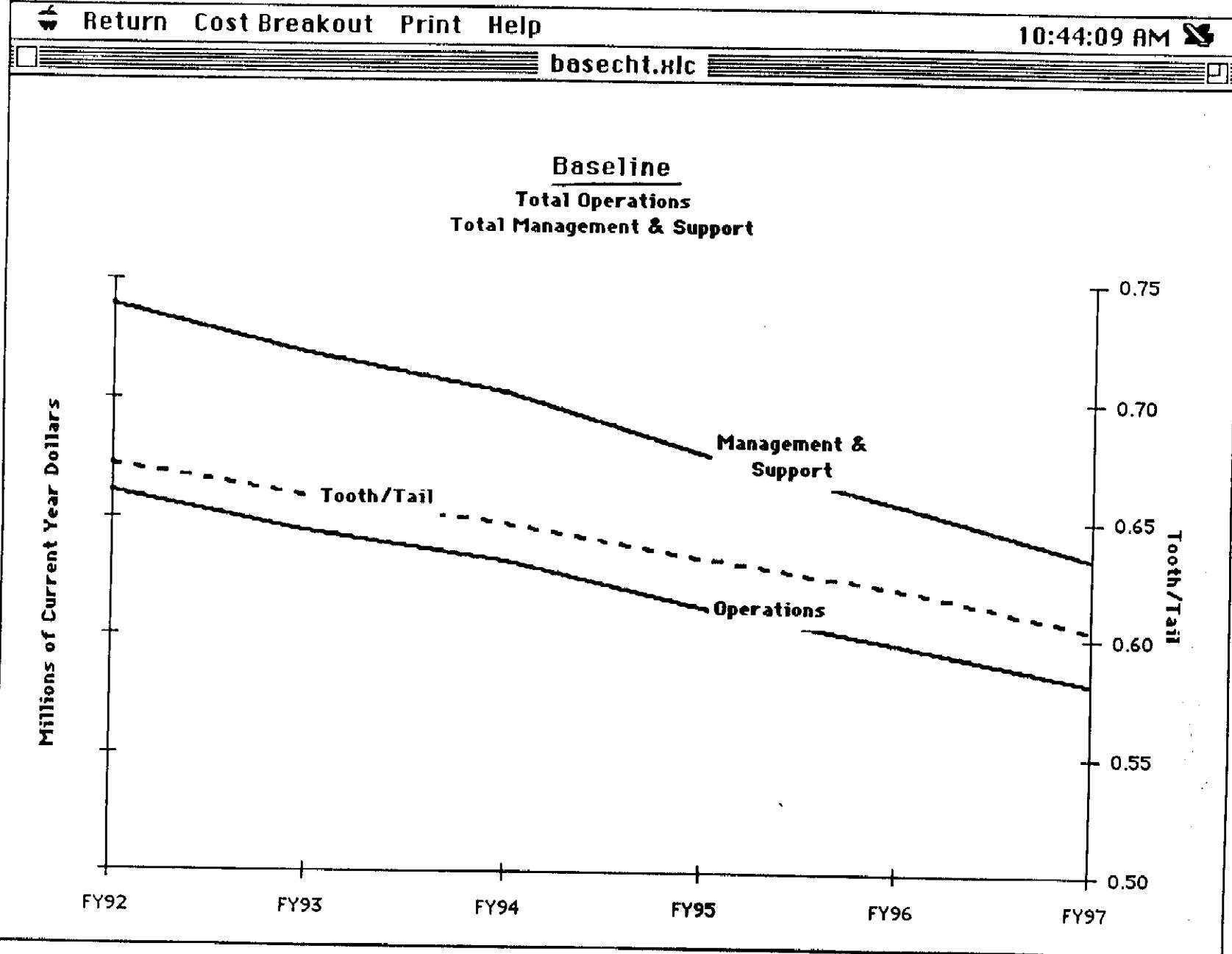


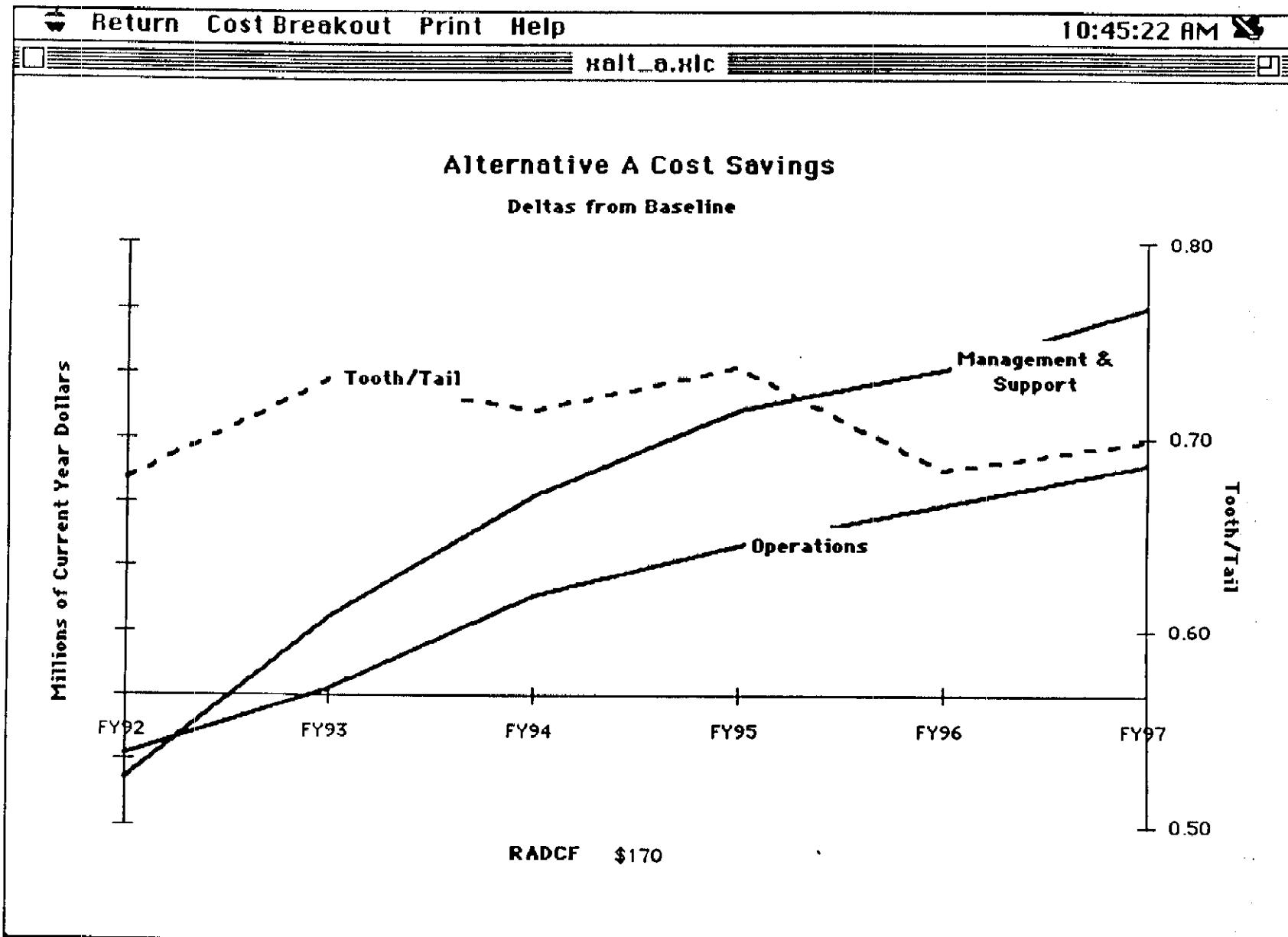
RADCF (Alt A)	
High	\$184
Expected	\$170
Low	\$150

RADCF (Alt B)	
High	\$147
Expected	\$131
Low	\$115

RADCF (Alt C)	
High	\$59
Expected	\$44
Low	\$25

Data are masked,
pending approval
of OSD Health Affairs



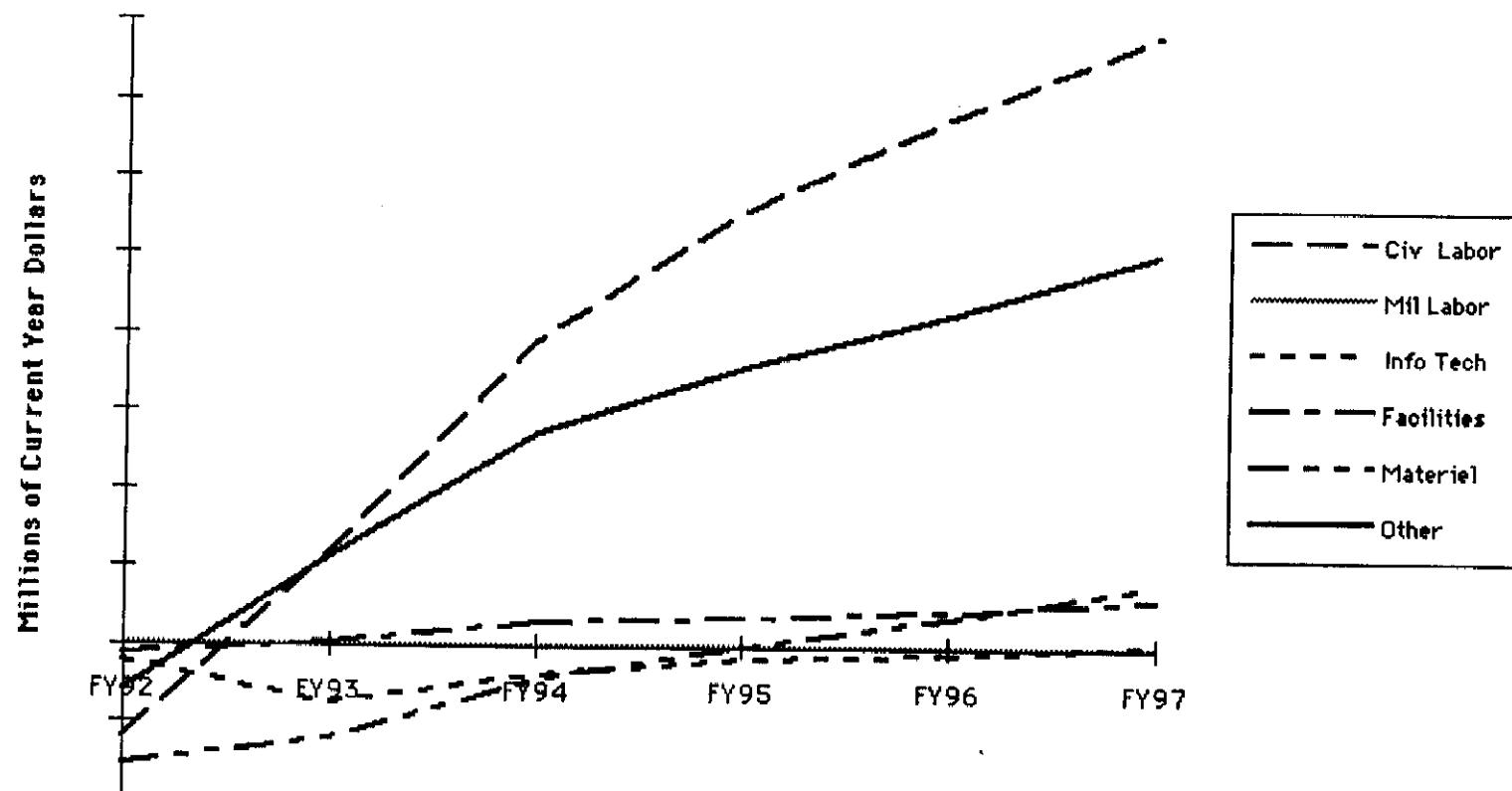


Data are masked,
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of OSD Health Affairs

Return Subtotals RDT&E RDT&E Invest Op Activities Disposal Other Print Help

ops_a.xls

Operations Cost Savings Breakout
Alternative A - Deltas from Baseline

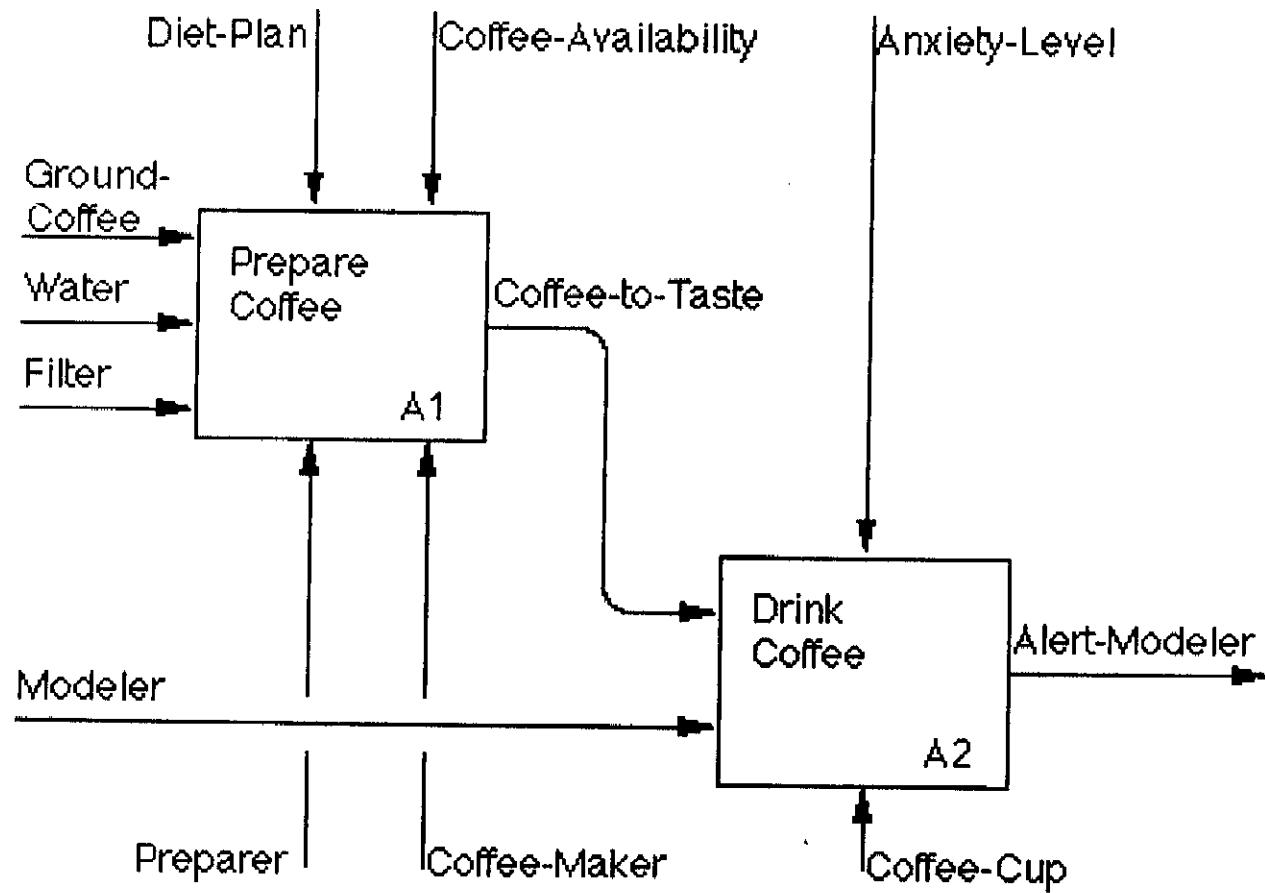


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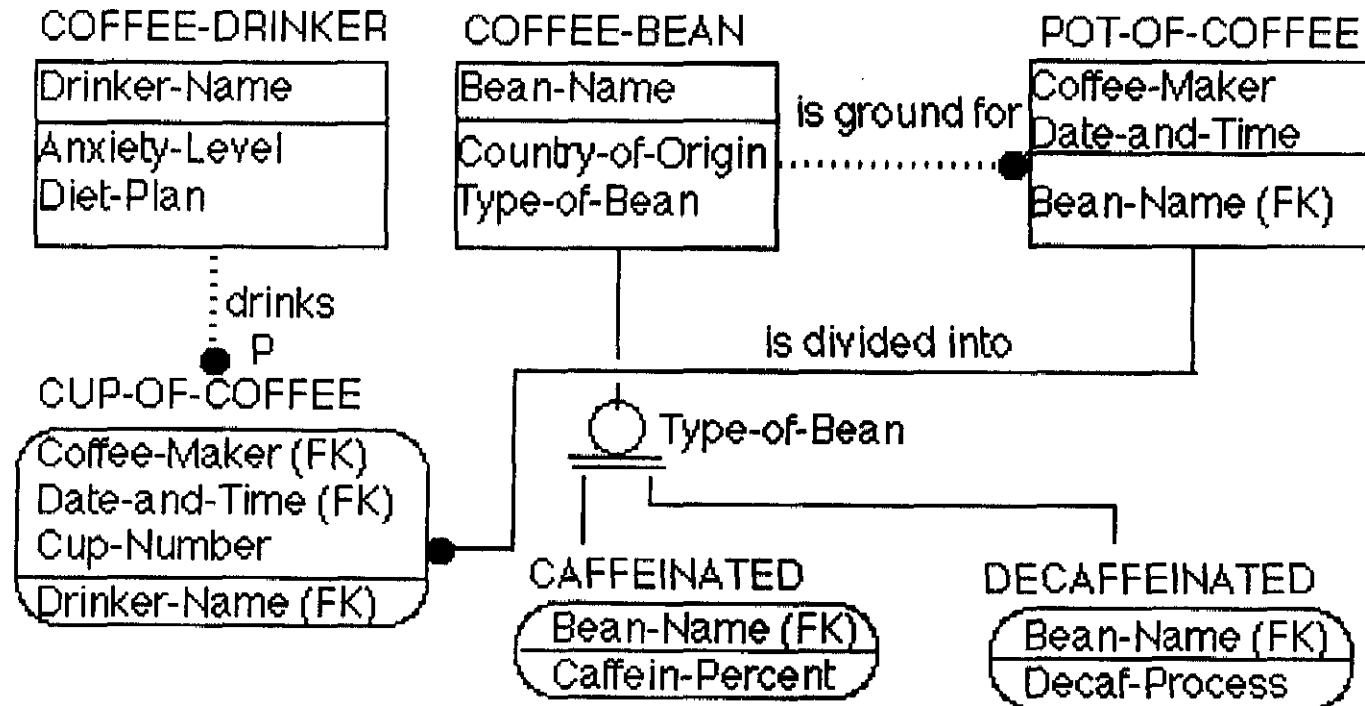
The CIM Business Re-engineering Process

- #1 : Develop "Baseline" activity model.
- #2: Apply Activity Cost Analysis to find "Baseline" costs.
- #3: Apply "Transaction Flow Analysis" and "Total Quality Management" principles to eliminate non value-added activities and to improve performance.
- #4: Develop "Alternative" activity models.
- #5: Develop Functional Economic Analysis and implementation plan.

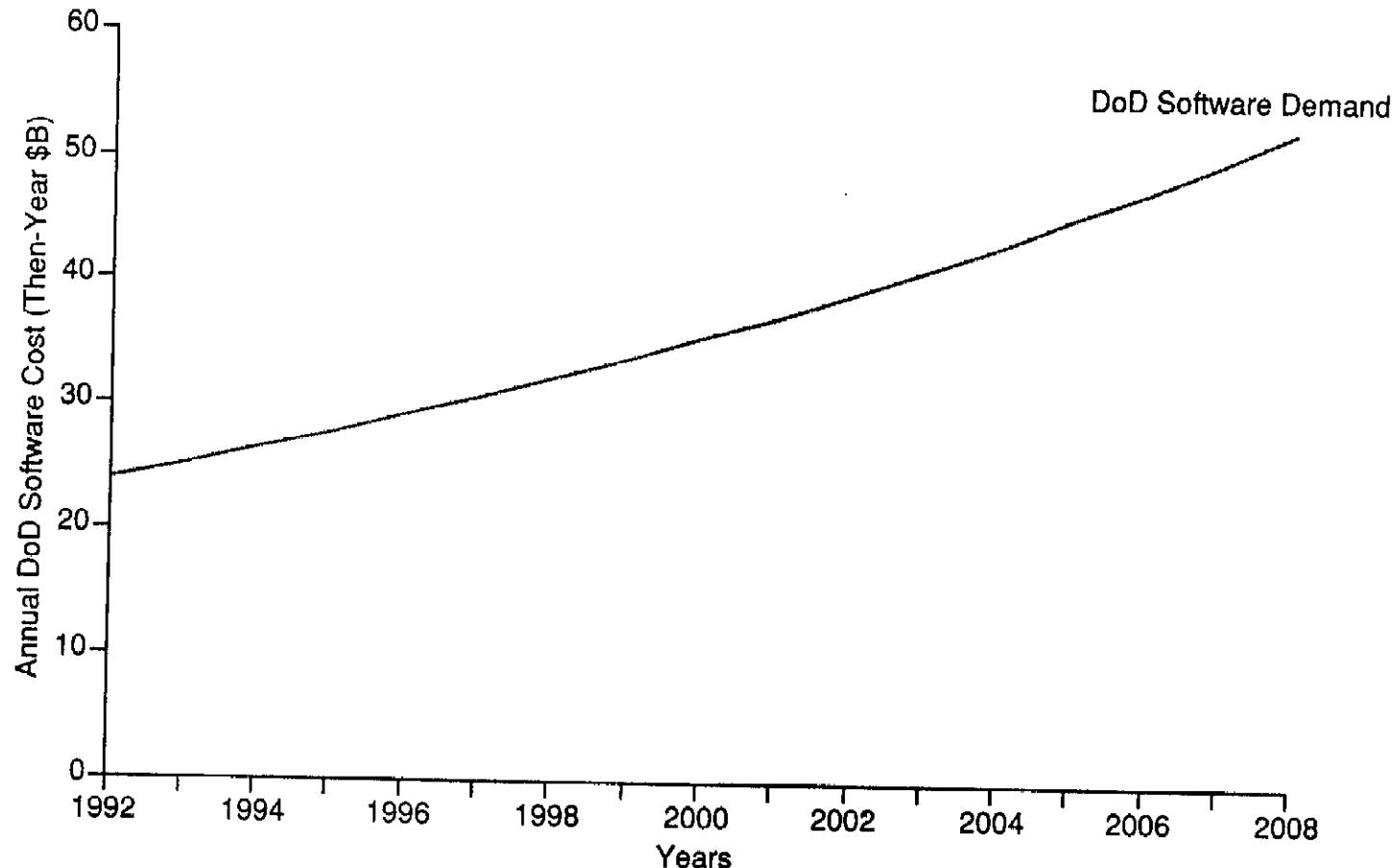
The IDEF Business Process Model Diagram



The IDEF Business Data Model Diagram

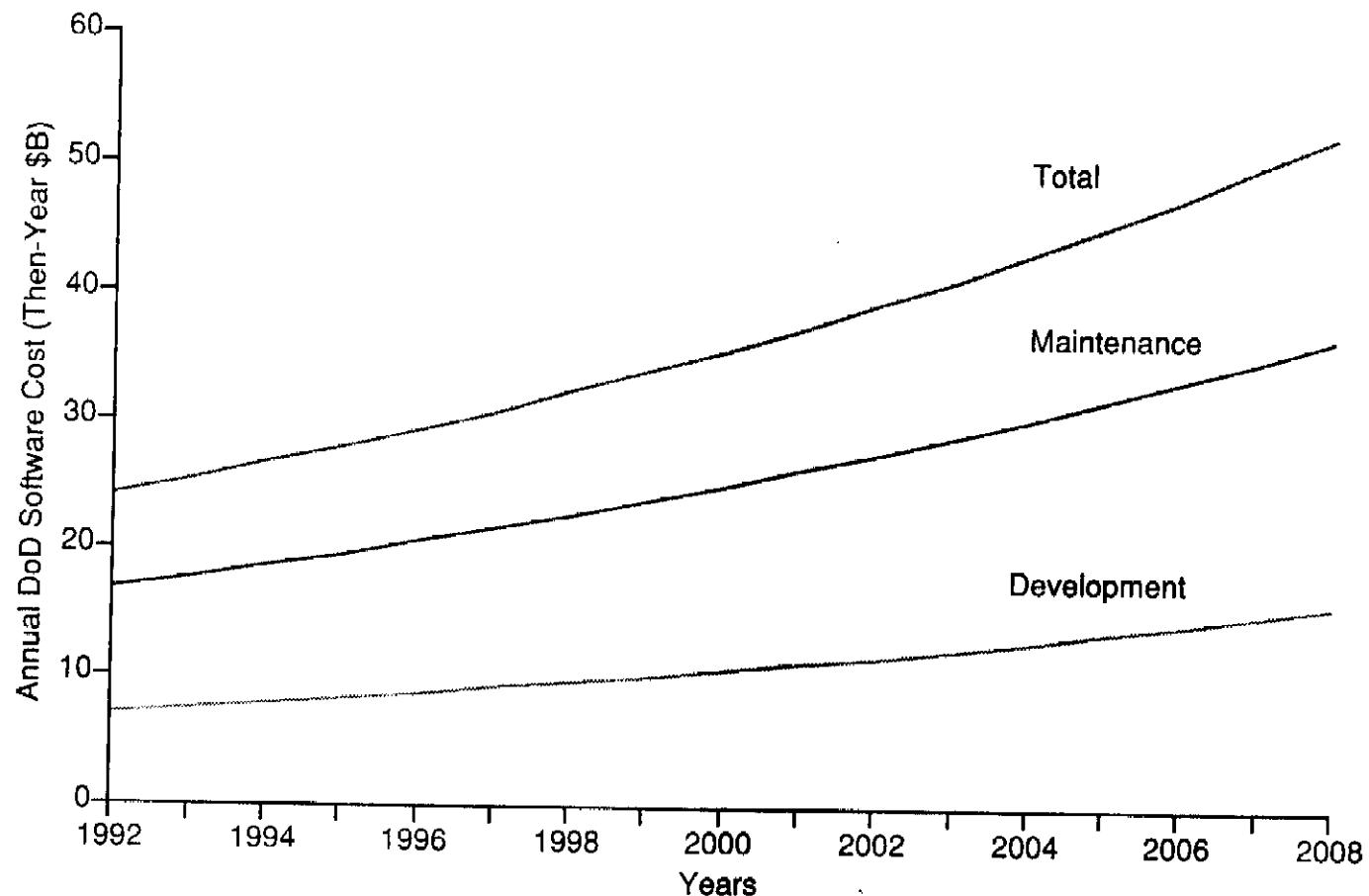


DARPA Estimate of DoD Projected Software Demand



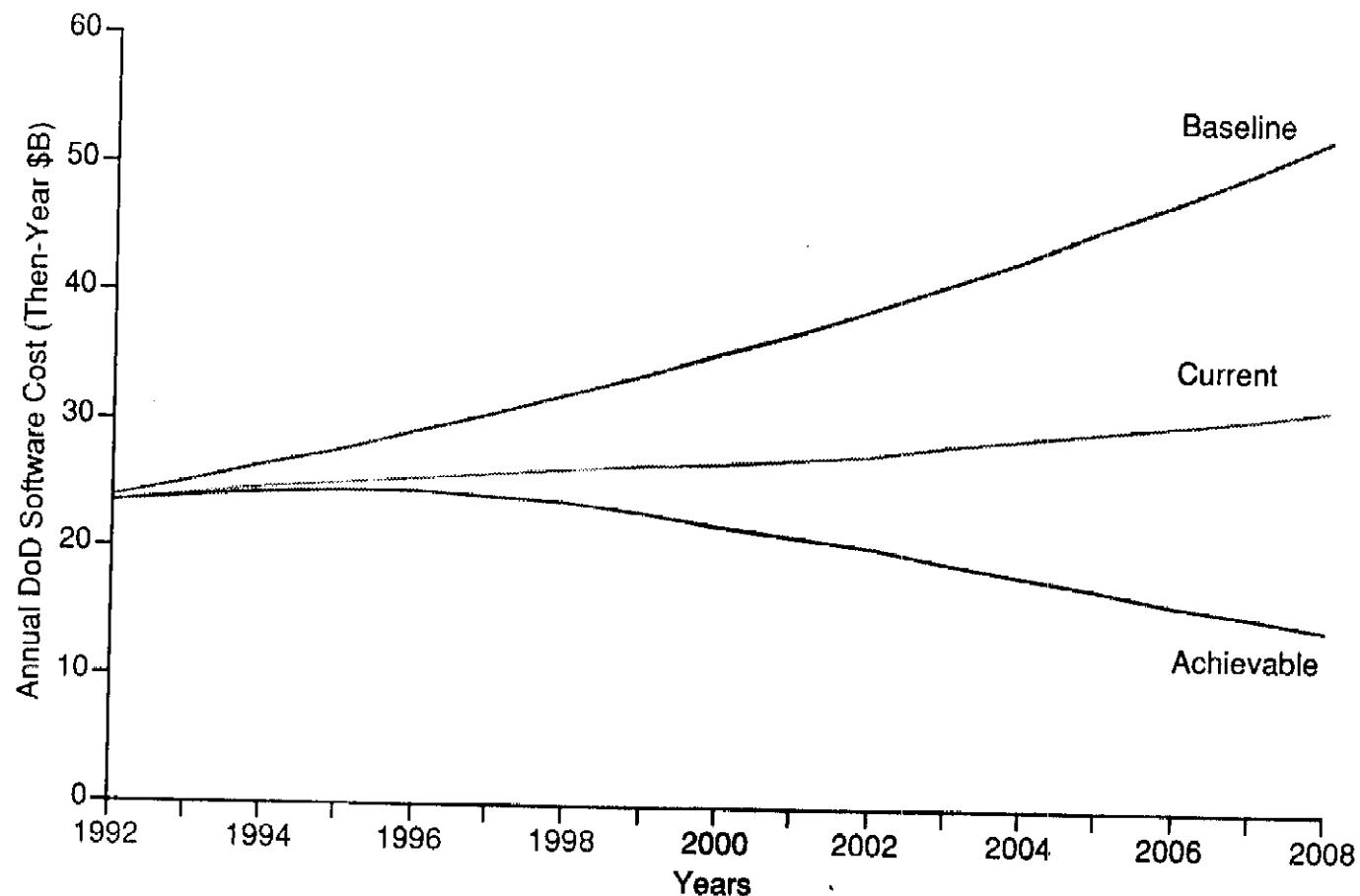
Source: "DoD Software Technology Plan: ROI Analysis",
PRELIMINARY DATA, 29 July 1991

DARPA Estimate of Life-Cycle Software Costs



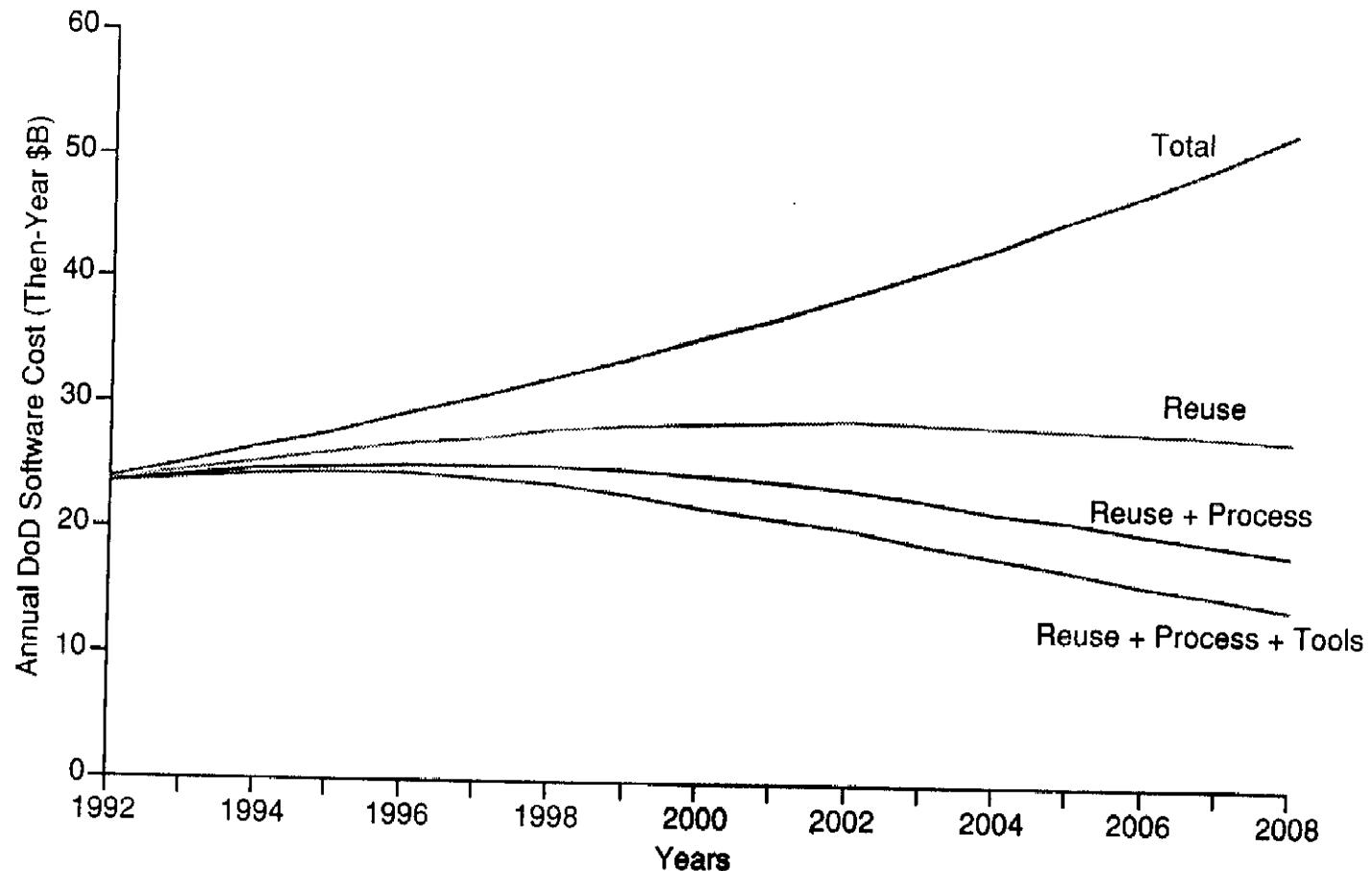
Source: "DoD Software Technology Plan: ROI Analysis",
PRELIMINARY DATA, 29 July 1991

DARPA Estimate of DoD Achievable Software Demand



Source: "DoD Software Technology Plan: ROI Analysis",
PRELIMINARY DATA, 29 July 1991

DARPA Estimate of Sources of Savings



Source: "DoD Software Technology Plan: ROI Analysis",
PRELIMINARY DATA, 29 July 1991

The CIM Technology Re-use Program

Software Re-use Repository

- Army's RAPID software component "warehouse" to DISA.
- Combined Army/JCS DoD Data Dictionary to DISA.
- Study under way to bring multiple C3I software component stockpiles under CIM control.

Hardware Re-use Repository

- Enterprise funding proposal currently under way.
- Will shorten hardware acquisition cycle for Components.
- Will rationalize capacity management practices.
- Will increase useful technology life from 4 to 7-10 years.
- Will provide for central maintenance and support, (of code) and provide an extra layer of security.

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diagnostics