Response to Solicitation:

N00600-00-Q-2624

Volume II: Cost Proposal for the Department of the Navy FYDP Improvement Project

July 17, 2000

Prepared by:

KPMG Consulting, LLC
7025 Newington Road
Lorton, VA 22079

FEB.18'2003 11:03 703 769 5480 BEARINGPOINT CITY VA #3629 P.001

PROPRIETARY NOTICE:

The data furnished in connection with this Request for Quotation, is considered by the submitter to be privileged or confidential and includes trade secrets or commercial or financial information not subject to mandatory disclosure under the Freedom of Information Act. Material considered privileged or confidential on such grounds is contained on all pages of this submission.

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KPMG Consulting

7025 Newington Road
Suite 201
Lorton, VA 22079

Telephone 703 339 7700

Fax 703 339 9669

July 17, 2000

Department of the Navy
Fleet and Industrial Supply Center Norfolk
Detachment Washington
Washington Navy Yard
ATTN: Mr. Cliff Knorr
1014 N Street, S.E., Suite 400
Washington DC 20374-5014

Dear Mr. Knorr,

KPMG Consulting, LLC is pleased to submit this cost and technical proposal for contractor assistance with the Department of the Navy's Future Years Defense Plan (FYDP) Improvement project, under contract number GS-23F-9796H. Our price proposal is submitted in response to the request for proposal N00600-00-Q-2624, dated June 29, 2000, and is consistent with the terms, conditions, and rates of our GSA schedule. Our price proposal is good for 60 days as requested in the request for proposal.

The following KPMG Consulting personnel will attend the oral presentation:

Alison Reilly, Managing Director (non-participating)
Arthur Crowley, Senior Manager
Steve Schwab, Manager
Chris Shelsta, Consultant

We propose to bill the Department of the Navy monthly for actual time incurred by labor category concurrent with delivery of written monthly progress reports. Some travel may be required in the performance of the required tasks. If travel is required, it will be approved by the COTR in advance and be reimbursed to the contractor at JTR Volume II rates.

We understand the challenges facing the Department of the Navy and look forward to supporting your FYDP Improvement project. Should you have any questions concerning our proposal, please contact myself at (703) 541-3715 or Mr. Art Crowley at (703) 541-3723.

Very truly yours,

Alison Reilly
Managing Director
KPMG Consulting, LLC

KPMG Consulting, LLC. KPMG Consulting, LLC is a subsidiary of KPMG LLP, the U.S. member firm of KPMG International, a Swiss cooperative.

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REPRESENTATIONS, CERTIFICATIONS, AND PROVISIONS

The following representation applies when the contract is to be performed inside the United States, its territories or possessions, Puerto Rico, the Trust Territory of the Pacific Islands, or the District of Columbia.

52.219-1 SMALL BUSINESS CONCERN REPRESENTATION (JAN 1991)

(a) *Representation.* The offeror represents and certifies as part of its offer that it ☐ is, ☐ is not a small business concern and that ☐ all, ☐ not all end items to be furnished will be manufactured or produced by a small business concern in the United States, its territories or possessions, Puerto Rico, or the Trust Territory of the Pacific Islands.

(b) *Definition.*

"Small business concern," as used in this provision, means a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on Government contracts, and qualified as a small business under the criteria and size standards in this solicitation.

(c) *Notice.* Under 15 U.S.C. 645(d), any person who misrepresents a firm's status as a small business concern in order to obtain a contract to be awarded under the preference programs established pursuant to sections 8(a), 8(d), 9 or 15 of the Small Business Act or any other provision of Federal law that specifically references section 8(d) for a definition of program eligibility, shall--

(1) Be punished by imposition of fine, imprisonment, or both;

(2) Be subject to administrative remedies, including suspension and debarment; and

(3) Be ineligible for participation in programs conducted under the authority of the Act.

The following provision is applicable if required on the face of the form:

52.219-4 NOTICE OF SMALL BUSINESS-SMALL PURCHASE SET-ASIDE (APR 1984)

Quotations under this acquisition are solicited from small business concerns only. If this purchase is for supplies, it will be made only from a small business concern furnishing its own manufactured product, or from a small business concern providing the product of another manufacturer. In either case, such product must be manufactured or produced in the United States, its territories or possessions, Puerto Rico, or the Trust Territory of the Pacific Islands. Quotations that are not from a small business concern shall not be considered and shall be rejected.

STANDARD FORM 18 BACK (REV. 10-83)

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(b) **Oral Presentation.** Technical proposals may not be classified. The following sections are to be included in the order indicated:

- Description of proposed project team composition and project management process to be employed
- Resumes of individuals who are proposed to actually work on the project
- Discussion of work efforts to be performed within each task/subtask area
- Discussion of similar projects undertaken by the company/directly applicable past performance with the value portion contributed by your firm's personnel
- Man-hours by each task/subtask
- Additional information relevant to the performance of subject task.

****** Clauses Incorporated by Full Text ******

SUBSTITUTION OR ADDITION OF PERSONNEL, SUP 5252.237-9400 (JAN 1992)

(TAILORED)

(a) The Contractor agrees to assign to the contract, **as full-time equivalents,** those persons whose résumés, personnel data forms or personnel qualification statements were submitted, as required by this RFQ, to fill the requirements of the contract. No substitution or addition of personnel shall be made except in accordance with this clause.

(b) The Contractor agrees that:
during the contract performance period,
during the first 180 days of the contract period,
no personnel substitutions will be permitted unless such substitutions are necessitated by an individual's sudden illness, death or termination of employment. In any of these events, the Contractor shall promptly notify the Contracting Officer and provide the information required by paragraph (d) below.

(c) If personnel, for whatever reason, become unavailable for work under this contract for a continuous period exceeding thirty (30) working days, or are expected to devote substantially less effort to the work than indicated in its proposal, the Contractor shall propose a substitution of such personnel, in accordance with paragraph (d) below.

(d) All proposed substitutions shall be submitted, in writing, to the Contracting Officer at least fifteen (15) days (thirty (30) days if a security clearance must be obtained) prior to the proposed substitution. Each request shall provide a detailed explanation of the circumstances necessitating the proposed substitution, a complete résumé for the proposed substitute and any other information required by the Contracting Officer to approve or disapprove the proposed substitution(s). All proposed substitutes (no matter when they are proposed during the performance period) shall have qualifications that are equal to or higher than the qualifications of the person being replaced.

(e) In the event a requirement to increase the specified level of effort for a designated labor category, but not the overall level of effort of the contract occurs, the Contractor shall submit to the Contracting Officer a written request for approval to add personnel to the designated labor category. The information required is the same as that required in paragraph (d) above. The additional personnel shall have qualifications greater than or equal to at least one (1) of the individuals proposed for the designated labor category.

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SECTION I: COST PROPOSAL

A. Base Year – Lot I
(Effective Date of Award thru 31Aug 2001)

Principal	$247.36	16	$3,957.76
Senior Manager	$196.75	104	$20,462.00
Senior Consultant	$122.22	240	$29,332.80
Consultant	$102.53	600	$61,518.00
Administrative	$64.94	320	$20,780.80
Principal	$257.25	80	$20,580.00
Senior Manager	$204.82	520	$106,402.40
Senior Consultant	$127.11	1,200	$152,532.00
Consultant	$106.63	3,000	$319,890.00
Administrative	$67.54	1,600	$108,064.00
Total Labor Cost			$843,519.76
Travel (NTE)			$10,000.00
Material (NTE)			$5,000.00
Total Cost			**$858,519.76**

Use or disclosure of this proposal data is subject to the restrictions listed at the front of this proposal.

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B. Option Year I – Lot II
(01 Sep 2001 – 31 Aug 2002)

Principal	$257.25	16	$4,116.00
Senior Manager	$204.62	104	$21,280.48
Manager	$162.94	240	$39,105.60
Consultant	$106.63	600	$63,978.00
Administrative	$67.54	320	$21,612.80
Principal	$267.54	80	$21,403.20
Senior Manager	$212.80	520	$110,656.00
Manager	$169.46	1,200	$203,352.00
Consultant	$110.90	3,000	$332,700.00
Administrative	$70.24	1,600	$112,384.00
Total Labor Cost			$930,588.08
Travel (NTE)			$10,000.00
Material (NTE)			$5,000.00
Total Cost			**$945,588.08**

Consulting
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C. Option Year II – Lot III
(01 Sep 2002 – 31 Aug 2003)

Principal	$267.54	16	$4,280.64
Senior Manager	$212.80	104	$22,131.20
Manager	$169.46	240	$40,670.40
Consultant	$110.90	600	$66,540.00
Administrative	$70.24	320	$22,476.80
Principal	$278.24	80	$22,259.20
Senior Manager	$221.31	520	$115,081.20
Manager	$176.24	1,200	$211,488.00
Consultant	$115.34	3,000	$346,020.00
Administrative	$73.05	1,600	$116,880.00
Total Labor Cost			$967,827.44
Travel (NTE)			$10,000.00
Material (NTE)			$5,000.00
Total Cost			**$982,827.44**

[redacted] Consulting
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FEB.18'2003 11:55 703 769 5480 BEARINGPOINT CITY VA #3634 P.001

Department of the Navy

Future Years Defense Plan Improvement: Planning, Programming & Budgeting System Business Process Review

Technical Proposal Presentation

July 17, 2000

In Response to Solicitation
N00600-00-Q-2624

Prepared by:

KPMG Consulting

7025 Newington Road
Lorton, VA 22079

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Please refer questions on this effort to:

Name		
Art Crowley, Senior Manager	(703) 541-3723	acrowley@kpmg.com
Steve Schwab, Manager	(703) 769-5212	sschwab@kpmg.com
Chris Shelsta, Consultant	(703) 541-3754	cshelsta@kpmg.com

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  - Data Warehouse Methodology
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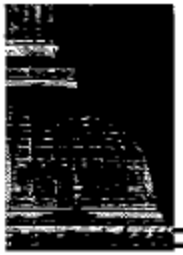

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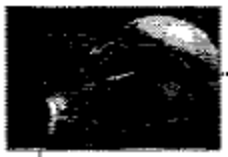
KPMG Consulting is a global leader in providing professional services to both Government and industry



KPMG Consulting is backed by 100 years of experience and a commitment to quality service.

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KPMG Consulting's Industry Focus

Public Services (PS)

- Intelligence Community
- DoD
- Treasury
- Justice
- Harvard
- Stanford

Financial Services (FS)

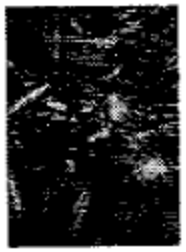
- Aetna
- Citicorp
- Kemper
- Wells Fargo
- American Express

Communications & Content

- Cablevision
- Bertelsmann
- AOL
- Qwest
- SBC
- PBS
- Bell Atlantic

High Tech

- Cisco Systems
- Microsoft
- Ingram Micro
- Apple
- Western Digital
- Macromedia



Consumer & Industrial Markets (CIM)

- Boeing
- Federal Express
- General Electric
- Campbell's
- Hoechst Celanese

Health Care (HC)

- American Cyanamid
- Beckman
- Dupont
- Kaiser Permanente
- Pfizer

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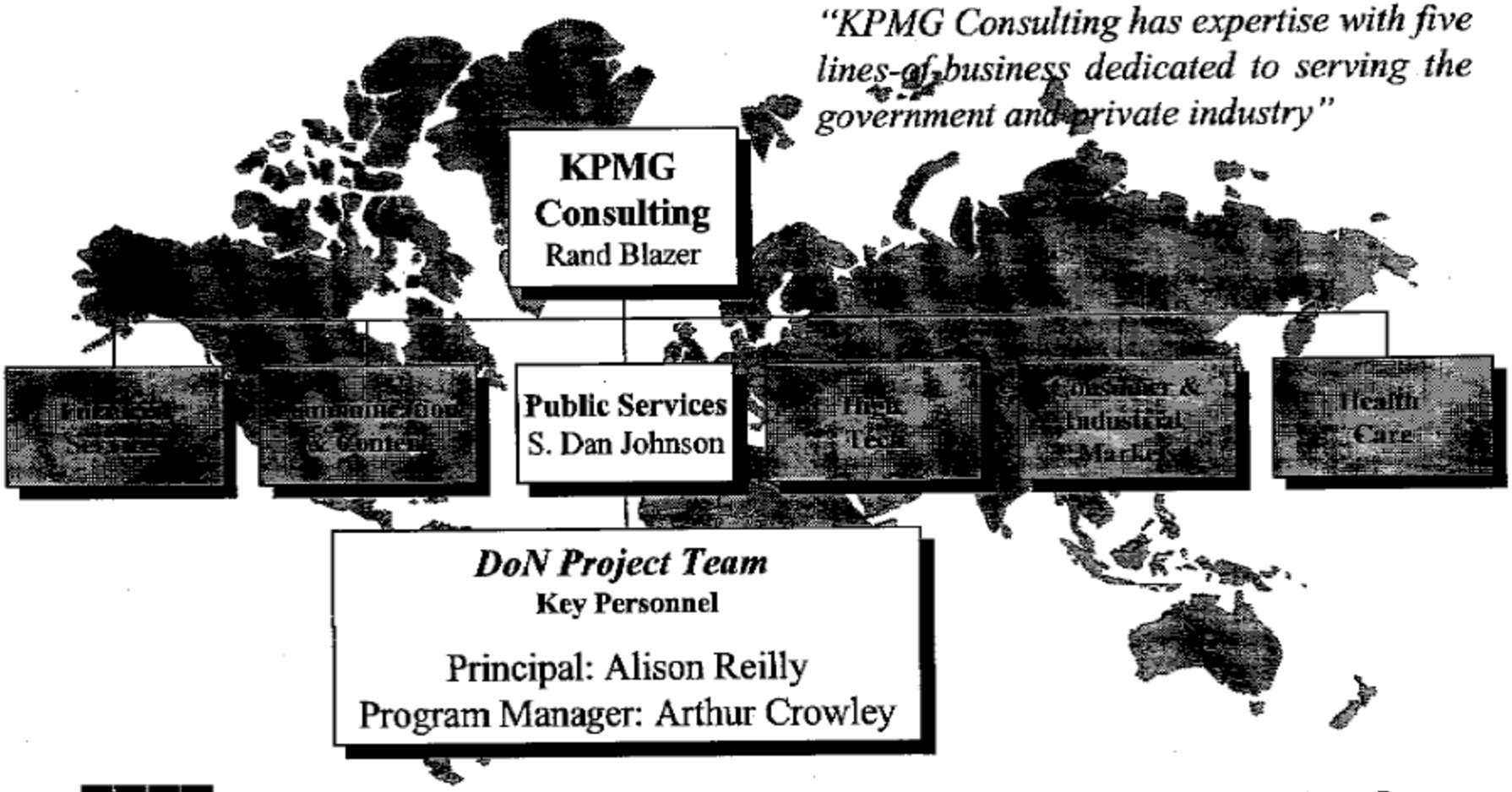
KPMG Consulting's Organizational Structure

"KPMG Consulting has expertise with five lines-of-business dedicated to serving the government and private industry"



KPMG Consulting

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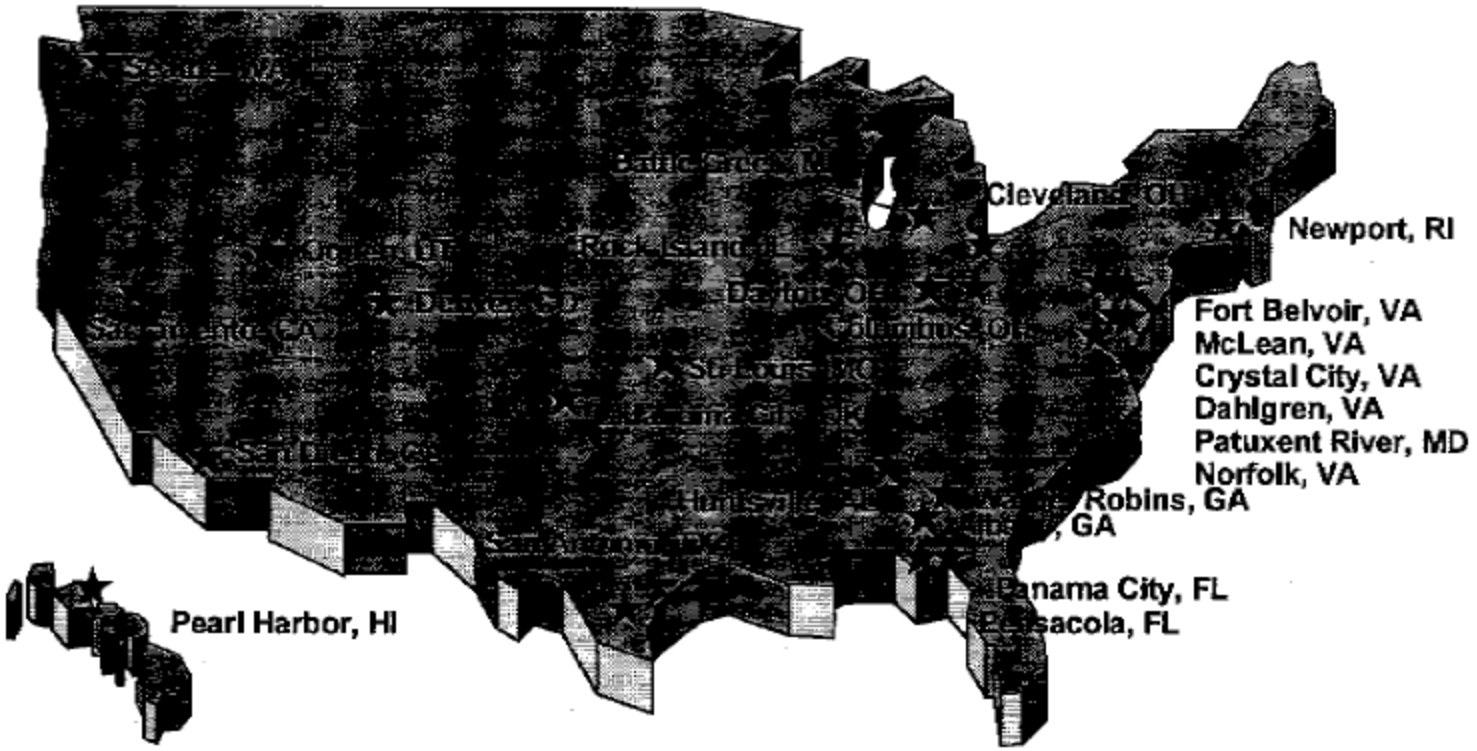
Our DoD Consulting staff are positioned at key locations to serve our clients



KPMG Consulting

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KPMG Consulting's Meeting Facilities

KPMG Consulting a leading provider of Internet integration services across the globe. KPMG Consulting offers state-of-the-art facilities available for hosting meetings, workshops, and conferences.

Some local office locations include:

Tyson's Corner office (Tyson's, VA)

- Total Number of Conference Rooms: 43

Crystal City office (Crystal City, VA)

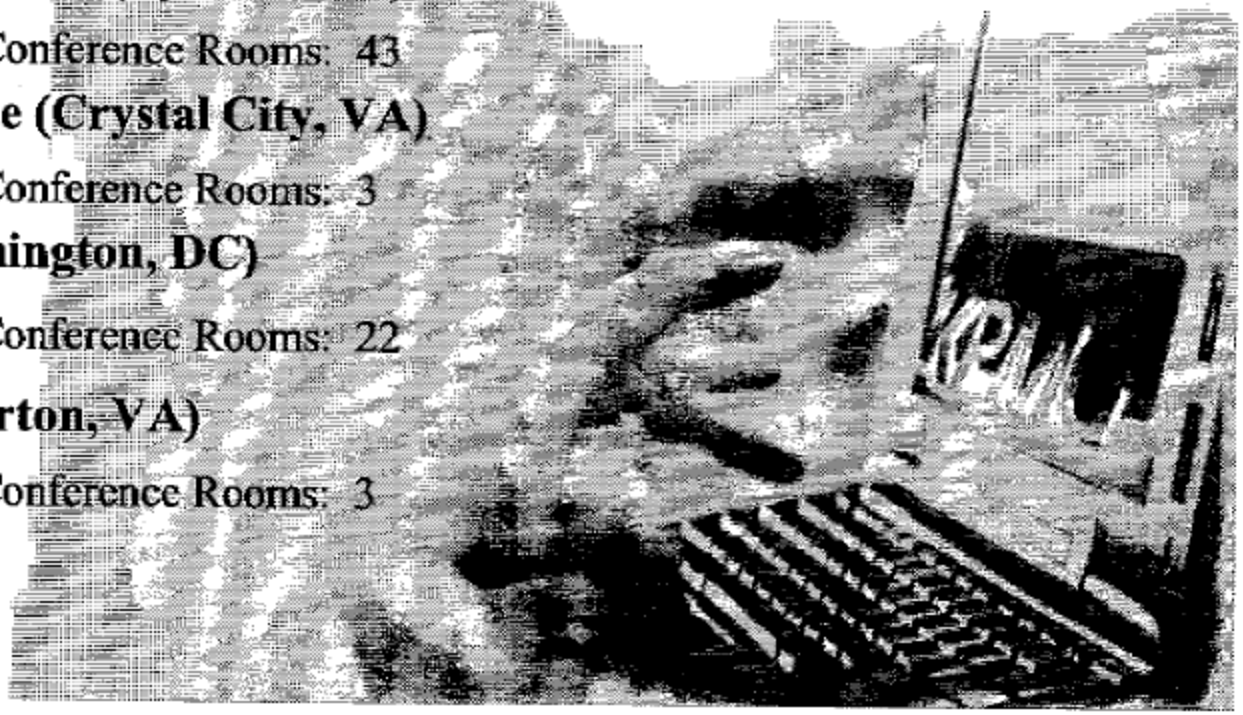
- Total Number of Conference Rooms: 3

D.C. office (Washington, DC)

- Total Number of Conferenec Rooms: 22

Lorton office (Lorton, VA)

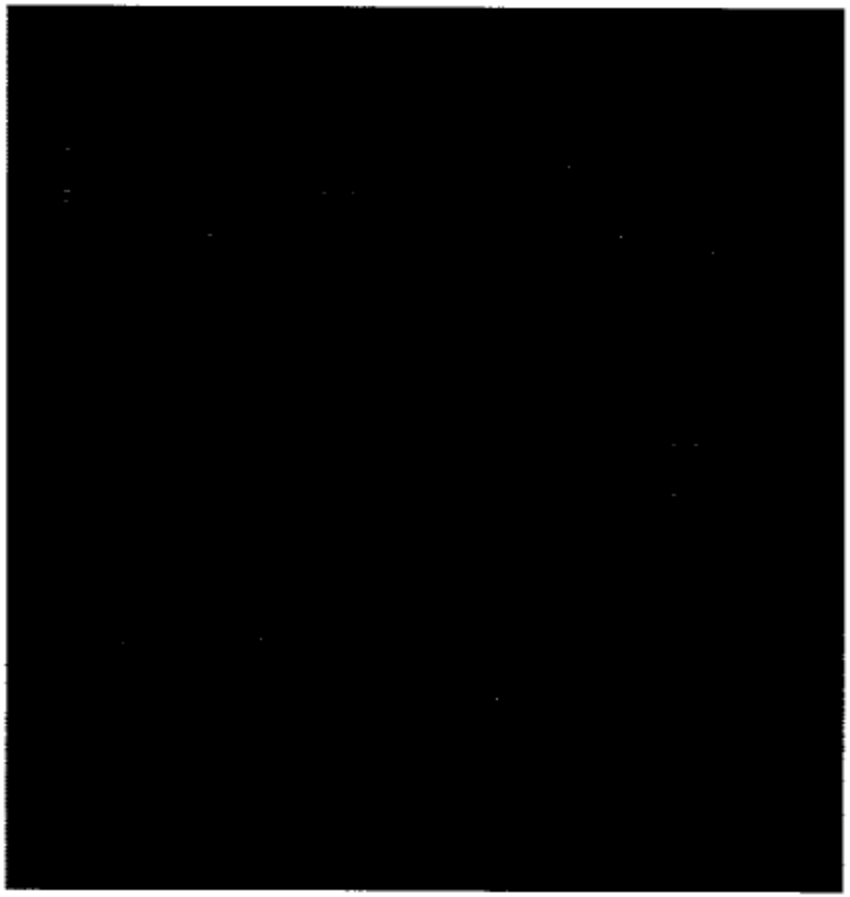
- Total Number of Conference Rooms: 3



KPMG Consulting

KPMG Consulting is committed to the pursuit of high-impact, long-term relationships with our clients

- *Seek "value-added" partnering relationships*
- *Shape the future of our industry - thought leadership*
- *Selectively pursue "highest-impact" clients*



KPMG Consulting

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KPMG Consulting's solutions are supported by leaders in the information systems industry

Equity Partners

Microsoft

CISCO SYSTEMS

Qwest. Cyber.Solutions

Strategic Alliances

PEOPLESOFT

Sun microsystems

COMPAQ
Better answers

hp HEWLETT PACKARD

IBM

KPMG Consulting

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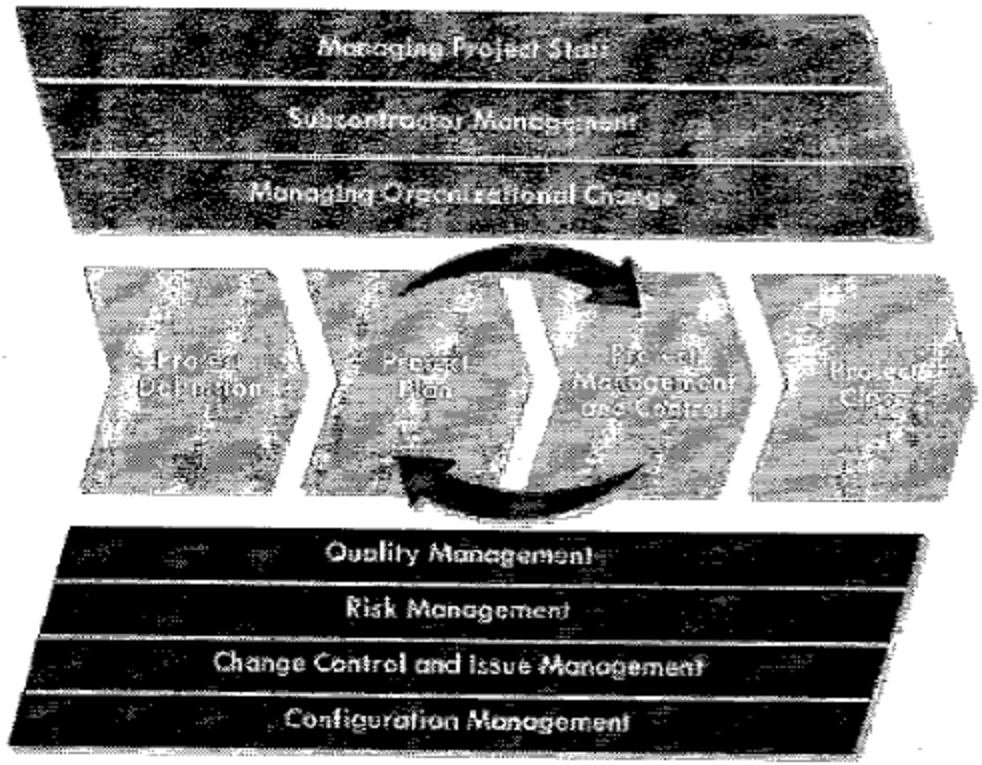
KPMG Consulting's Project Management Methodology

Four Major Phases of the PMM Model

KPMG Consulting's Project Management Methodology (PMM) is a basic, disciplined, structured approach to managing projects. It reflects our integrated international approach for conducting project management services. The ultimate purpose of this methodology is to make the defining, planning, and controlling of projects a repeatable, consistent, and successful process.



KPMG Consulting's PMM model comprises four major phases as illustrated above

KPMG Consulting

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KPMG Consulting's Project Management Methodology

Phase 1: Project Definition - The Project Definition Phase analyzes and confirms the work required to accomplish a project by defining and agreeing the objectives, scope, and benefits. These are documented in the Management Plan along with the implementation approach, high-level estimates, resources, and infrastructure required to conduct the project.

Phase 2: Project Plan - The Project Plan Phase defines, in detail, how specific project phases will be conducted. It covers the tasks that need to be accomplished, the time frame in which they will be performed, and the team members who will perform them.

Phase 3: Project Management and Control - The Project Management and Control Phase manages the daily activities of the project against the Detailed Work Plans defined in Phase 2. This is achieved through both iterative processes (e.g., monthly status reporting) and continuous processes that require attention in a nonscheduled manner.

Phase 4: Project Close - The Project Close Phase covers three main areas: transition of project deliverables to operations, disbanding the project, and conducting post-implementation reviews.

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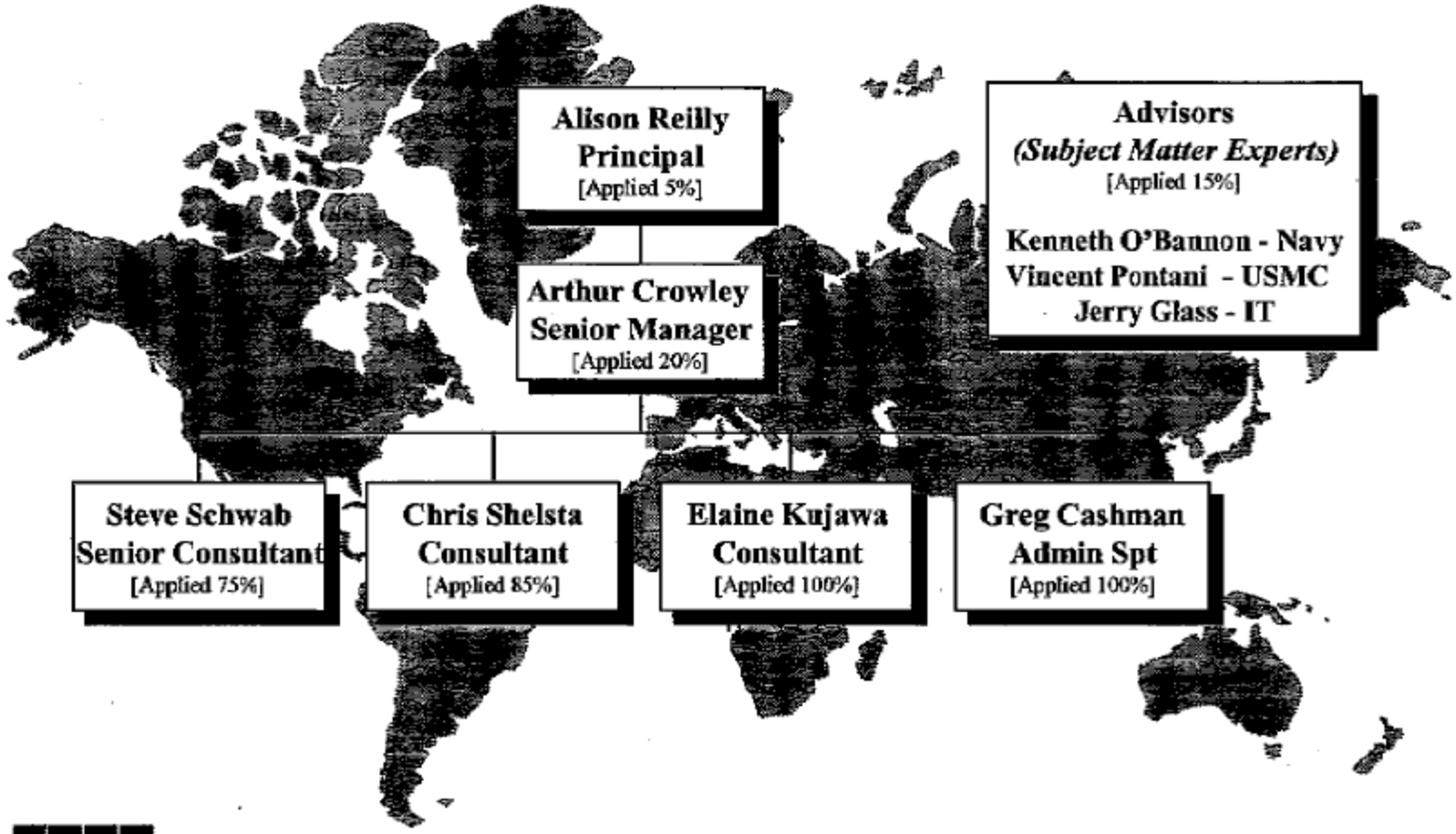
KPMG Consulting's Proposed Staffing Plan



KPMG Consulting

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Key Personnel Experience

Alison Reilly, CPA – Managing Director

- Degree: B.B.A., Accounting, Baylor University
- Expertise includes PPBS, BPR, Cost Economic Analysis and ABC with such clients as DoD and USCG
- Supervised preparation of a manual documenting the PPBS cycle for DLA Materiel Management. This project included complete documentation of relevant processes
- Supervised the development of an ABC model covering all aspects of the DLA supply chain. This effort included activity identification and analysis
- Top Secret Clearance – DSS
- Proposed Category – Principal

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Key Personnel Experience

Arthur Crowley – Senior Manager

- Degree: B.S., Computer Science, SUNY Maritime College
  M.B.A. Finance, Hofstra University
- Expertise includes BPR, Benchmarking and economic analysis working with such clients as DoD and DoN
- Managed effort to support DoN in the evaluation of NDP, PP&E systems, methods, and procedures.
- Supported DLA effort to develop new organizational structure and implementation strategy using KPMG Consulting's Change Management methodology
- Supported the Defense Fuel Supply Center's efforts to re-engineer business processes and conduct benchmarking initiatives
- Secret Clearance – DSS
- Proposed Labor Category – Senior Manager

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Advisory Personnel Experience

Ken O'Bannon – Manager

- Degree: B.S. Systems Engineering, U.S. Naval Academy, M.P.A., The George Washington University
- Graduate, Industrial College of the Armed Forces
- Retired Navy Captain
- Office Of The Chief Of Naval Operations (N880H)- Conducted requirement analysis, budget development and program sponsorship for majority of Navy helicopters and V-22. Initiated operational requirements for many new programs including a $800 million utility helicopter. Modernized Mine Warfare, search and rescue, and logistic helicopters defending programs to Congress and OSD
- Top Secret Clearance
- Proposed Labor Category – Senior Manager

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Advisory Personnel Experience

Vincent Pontani - Manager

- Degree: B.S. Economics, Texas A&M University
- Graduate, U.S. Army General Staff College
- Certified Lucent Data Systems design engineer
- Retired USMC Lieutenant Colonel
- Expertise includes PPBS operations, logistics and IT systems development, and BPR
- Led team that benchmarked service logistics processes and designed a new service logistics automated information system for global support
- Led budget development team and POM development team in support of a military service and departmental POM submission
- Top Secret Clearance – DoNCaf
- Proposed Labor Category – Senior Manager

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Advisory Personnel Experience

Jerry Glass – Manager

- Degree: B.S. Business Administration, Penn State University
  M.S. Information Systems, George Washington University
- Expertise in Data Warehousing, software development, workflow systems
- Assisted the Naval Air Systems Command (NAVAIR), in conjunction with the Naval Air Warfare Center Aircraft Division (NAWCAD) in developing a Financial Information Reporting System (FIRS) and a financial data warehouse (WARS) that will augment the existing financial system
- Selected to develop KPMG Consulting's Data Warehouse methodology for a major global Firm-wide effort, the "Traction" project
- Clearance - none
- Proposed Labor Category – Senior Manager

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Key Personnel Experience

Steve Schwab – Manager

- Degree: B.S. Economics, Univ. of Rochester
- Expertise includes BPR, Activity Based Costing and financial/program management supporting NAVAIR and NAVSEA clients
- Developed, designed and implemented database solutions to support process redesign in areas including personnel/manpower
- As a financial consultant for the U.S. Navy's Undersea Weapons Program Office, performed all aspects of financial management including requirements and supportability analysis/planning, budget preparation, and POM issue paper development
- Secret Clearance – DSS
- Proposed labor category – Senior Consultant

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Key Personnel Experience

Chris Shelsta – Consultant

- Degree: B.A. English, College of William & Mary
- Expertise in IDEF0 modeling, BPR, Activity Based Costing, and database development for such clients as DLA, USMC and NRO
- Generated and updated IDEF0 models of the materiel life cycle management activities of the USMC
- Generated and updated over forty process maps of as-is and to-be materiel life cycle management processes for the USMC
- Developed and refined ABC models and database tools for various DLA field activities, including DLA Europe, DLA Pacific, Defense Logistics Support Command Headquarters, and the Defense Reutilization and Marketing Service
- Top Secret Clearance – DSS
- Proposed Labor Category – Consultant

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Key Personnel Experience

Elaine Kujawa – Senior Management Analyst

- Degree: B.A. Industrial and Organizational Psychology, University of Maryland Baltimore County
- Expertise includes Activity Based Costing, BPR, and database design for both public and commercial sector
- Assisted development of ABC models for DLA Europe and DLA Pacific
- Assisted development of training materials for the Cognos PowerPlay OLAP application
- Conducted statistical analyses for benchmarking study and developed comparative cost model for DoD laboratories
- Secret Clearance – DSS
- Proposed Labor Category – Consultant

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Key Personnel Experience

Greg Cashman – Senior Management Analyst

- Degree: B.A. English, Catholic University
- Expertise in financial and business process modeling, BPR, cost analysis, and database development
- Currently provides analysis of corporate ABC process costs of the Defense Logistics Agency
- Developed and refined database tools in support of the Defense Logistics Support Command Columbus ABC model
- Has conducted process analysis for federal, state, and local government sectors
- Secret Clearance – DSS
- Proposed Labor Category – Administrative Support

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KPMG's Business Performance Improvement (BPI) Methodology is Organized into 8 Phases

- *Disciplined, structured methodology for business performance improvement*
- *Build agreements and trust that lead to action among those who can affect success*
- *Leave organizations better equipped to face transformational change in the future*
- *Involve all key stakeholders*

Awaken - case for change with all affected organizations

Envision - define the vision of future processes

Focus - determine "As-Is" processes and define the processes to be improved

Design – define the "To-Be" processes, both high level and details

Build - create the "To-Be" processes

Implement - deploy the new organization, roles and/or system

Enhance - refine the deployed system

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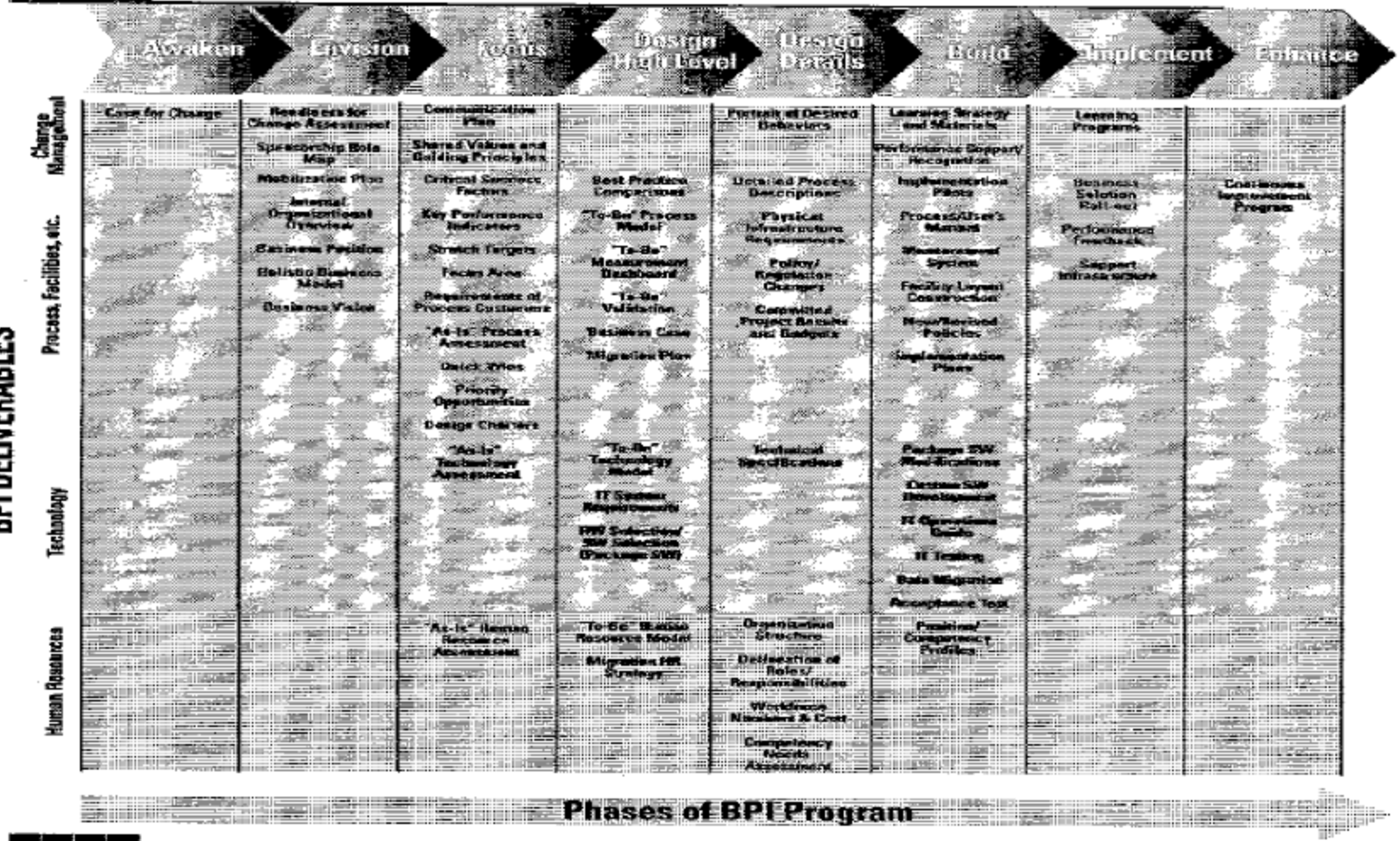
KPMG Consulting's BPI methodology contains 62 comprehensive deliverables tailored to client needs



KPMG Consulting

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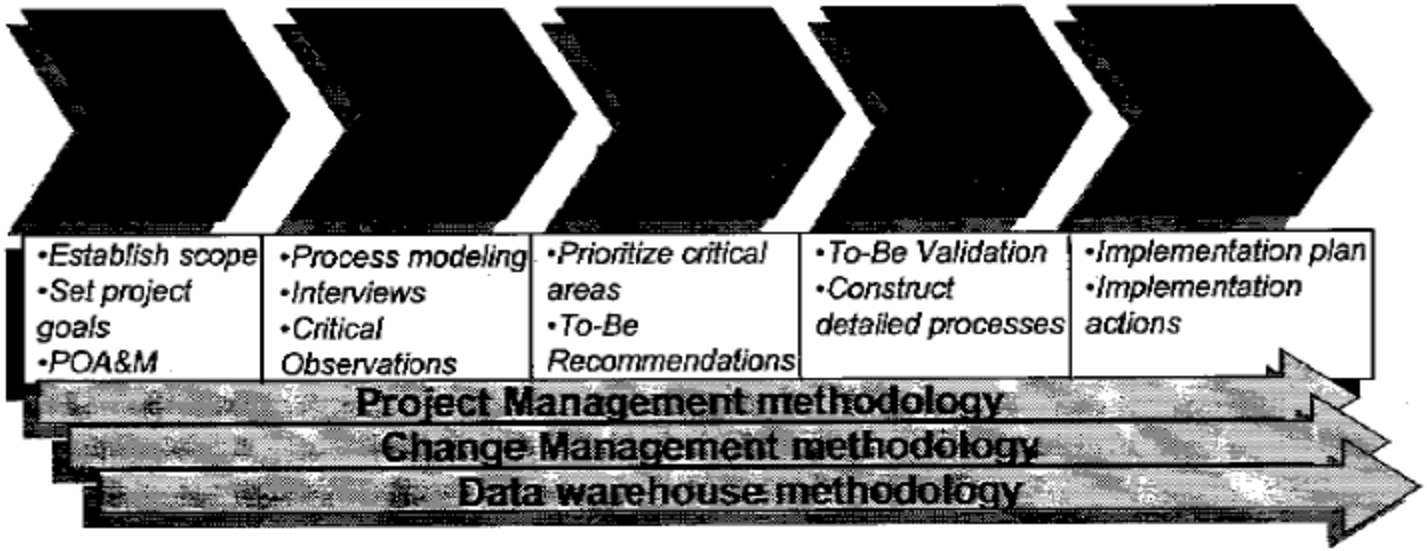
KPMG Consulting Tailored BPI Approach for FYDP Improvement BPR review



- Based on KPMG Consulting Comprehensive Business Performance Improvement methodology
  - Used throughout KPMG consulting in government & commercial environments
- Adapted to meet the needs of the PPBS environment and N83 FYDP Improvement goals

KPMG Consulting

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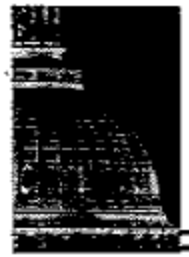

KPMG Consulting Understanding of our role in the FYDP Improvement Project

KPMG Consulting will perform 2 Tasks:

1. Perform PPBS Business Process Review *(RFP task 5.1)*
   - Conduct As-Is Assessment
   - Conduct To-Be Assessment
   - Develop Recommendations / Implementation
     - PBIS *(RFP task 5.2)*
     - Datawarehouse *(RFP task 5.3)*
     - Reporting *(RFP task 5.4)*
     - Overall process & information flow *(RFP task 5.6)*
2. Assist in OSD Program Element Restructuring *(RFP task 5.5)*
   - Support Implementation of new PE Structure
   - Identify Required Changes to Existing Processes/Systems (PBIS)
   - Identify Decision Support (DSS) Tools

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Detailed BPI Approach
Step 1 - Focus

- Identification of opportunities for performance improvement through an analysis of the current environment
  - Establish project team - delineate roles and responsibilities
  - Determine & concur on scope of project
  - Establish clear goals for project
  - Develop Critical Success Factors
  - Prioritize and select "high payback" processes for redesign
  - Develop Plan of Action and Milestones

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Detailed BPI Approach
Step 2 – Define "As-Is"

- Establish a framework against which the current process can be assessed
  - ***Process perspective*** – includes graphical representations and process models of current processes to be redesigned
    - Gather information on the current process / identify critical areas
      - Leverage KPMG Consulting Advisory personnel
    - Conduct process modeling workshops and interviews
    - Document processes as currently performed
      - Update "Programming and Budgeting System (PBS) Information Systems (IS) Architecture" ASN (FM&C) 30 Oct 1985
  - ***Information Technology perspective*** – High level analysis of the information technology (IT) environment and its performance
    - Network architecture
    - Application architecture
    - Data architecture
    - Identify potential IT issues to be considered during redesign

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Detailed BPI Approach
Step 3 - Design "To-Be" High Level

- Development of a portrait of how the redesigned processes will operate in the future
  - ***Process perspective*** – development of how work will be accomplished and information will flow according to redesigned processes
    - Prioritize critical areas for analysis
    - Develop new process enablers from high level perspective
    - Document new process design
    - Identify impacts to technology architecture
    - Identify Quick hits
  - ***Information Technology perspective*** – Design of new technology "blueprint" required to support redesigned process
    - Recommend application and data architecture changes to information systems (PBIS & data warehouse)

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Detailed BPI Approach
Step 4 - Design "To-Be" Details

- Detailed design and implications of implementing the "To-Be" solutions
  - ***Detailed Process Descriptions*** – work step descriptions, reporting requirements, workflow interfaces
    - Identify specific "ground rules" guiding level of detail
    - Construct detailed processes
    - Assess the impact of the business solution given the detailed process descriptions
    - Verify and finalize with design team and project leadership
  - ***Detailed IT recommendations*** – for PBIS, data warehouse, & other information systems
    - Identify information system requirements to support redesigned processes
    - Tie redesigned process to supporting technical infrastructure
    - Specify data management processes and procedures

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Detailed BPI Approach
Step 5 - Implement

- Detailed plan for implementing the "To-Be" solutions
  - Implementation Plan
    - Acts as a blueprint for integrating all process and technology elements
    - Provides an overview of the anticipated time frame for implementation
    - Provides a single over-arching program management frame-work for incorporating change activities
    - Assists in the establishment of cross-team communications and in the development of a co-operative organizational culture

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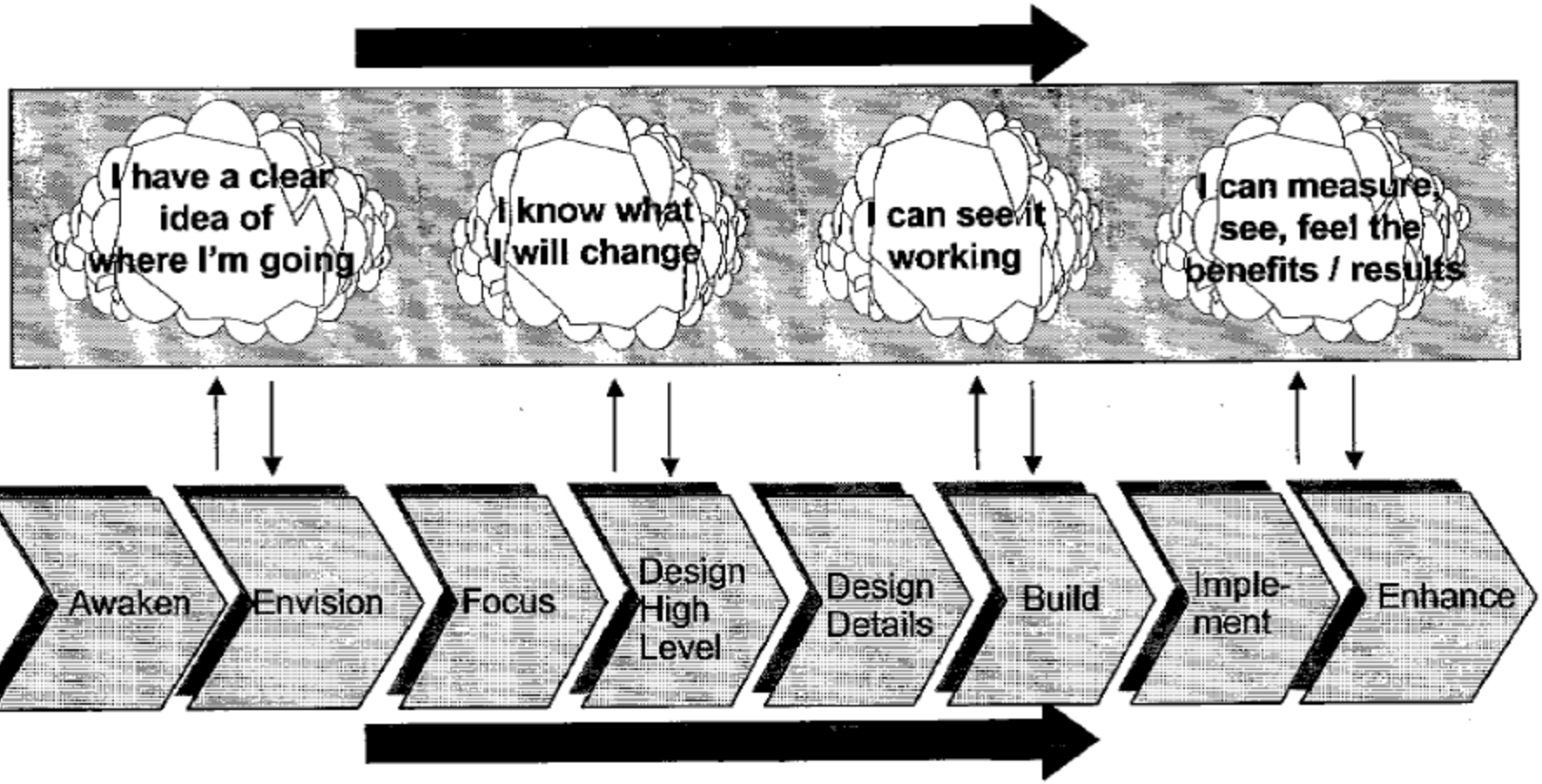
The success of any change program can be determined by gauging progress against four typical stages in the 'state-of-mind' of the client/sponsor.



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Change Management Results from Issues and Inefficiencies within Existing Frameworks

Issues Related to Major Change

A quartet of symptoms commonly appear…

- Confusion about goals, roles & responsibilities
- No clear means to solve problems and resolve conflicts
- Insufficient or weak communications
- Leadership perceived as not leading and being out of touch with what is really happening

…the problem is that successful implementation of critical business initiatives is put at risk

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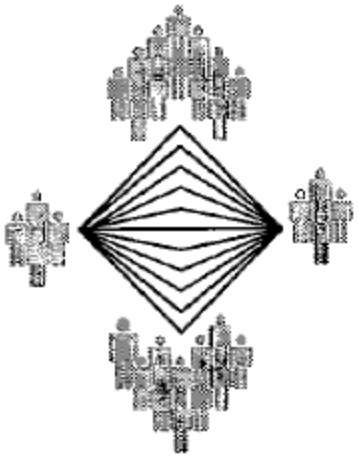
KPMG Consulting Manages Change Through . . .

- A clear, agreed upon Decision Making & Problem Solving strategy that truly engages those who can affect success
- A clear, actionable Road Map that lays out how all parties will get "from here to there" together
- Leadership that specifies intent and the "rules of the game"



* We address the concerns of all stakeholders by involving everyone, not only end-users, in the change management process.

KPMG Consulting

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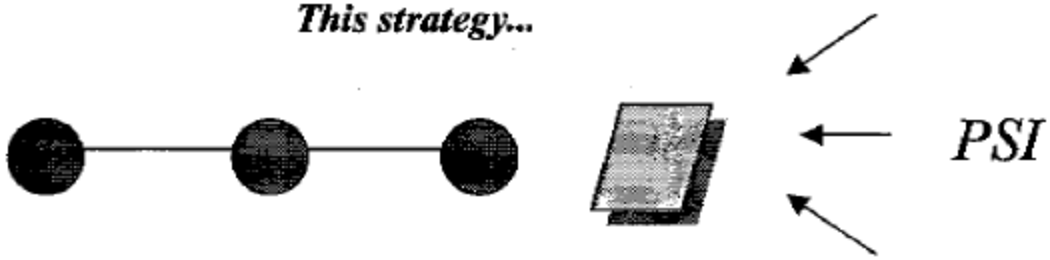
Alternate Decision Making & Problem Solving Strategies Shape the Probability of Successful Implementation (PSI) of Change

This strategy...



Or this one...

- KPMG Consulting recognizes that change management is not necessarily a streamlined process, but one in which everyone is involved

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Recommended Process Modeling Methodology – IDEF0

High-Level Overview

- IDEF0 is a graphical approach to system or process description, standardized by the U.S. Air Force Program for Integrated Computer-Aided Manufacturing (ICAM) in 1981.
- Each IDEF0 diagram delineates a level of process decomposition, and illustrates the flow of inputs and outputs within the process, as well as the influence of guiding controls and executing mechanisms.
- A hierarchy of diagrams is maintained via a numbering schema that ties parent and child diagrams.
- IDEF0 reveals what data elements are necessary to execute the diagrammed processes. IDEF0 lays a foundation for IDEF1X (ERWin Data Modeling).

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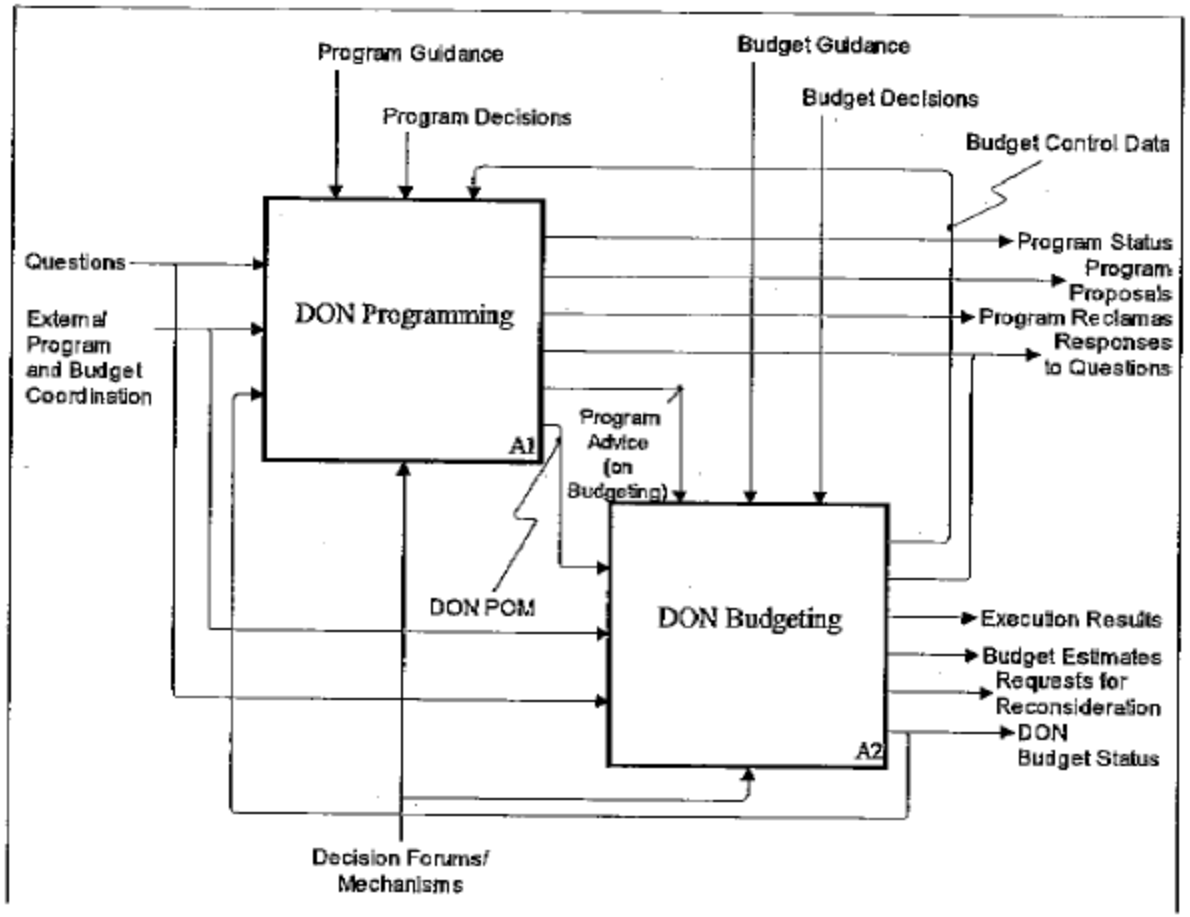
Example IDEF0 Diagram



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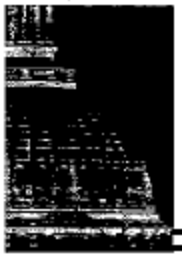

Why IDEF0?

- IDEF0 offers a proven, well-defined, and rigorous approach to capture and understand an organization's operations and information architecture, and provides a foundation for process reengineering and process improvement.
- At the same time, IDEF0 notation and diagrams are easy to learn and understand.
  - IDEF0 diagrams express a process in the same way the performer naturally thinks about the process, breaking it down into subprocesses and product flows.
  - Today's IDEF0 applications allow diagrams to be quickly constructed and edited.
- IDEF0 is endorsed by FIPS Standard 183
- IDEF0 is the natural predecessor to IDEF1X data model development

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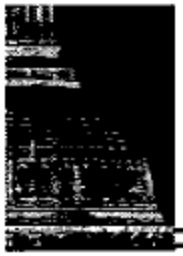

Recommended Process Modeling Software – Meta Workflow Modeler 4.2

Why Workflow Modeler?

- Promotes quick model development, leaving more time for analysis
- Supports both process and data modeling
  - Seamless integration between IDEF0 and IDEF1X within one tool
  - Supports Structured Modeling Language (SML) for easy interface with ERWin
- More robust capabilities than BPWin
- Web capability (supports e-based solutions)
- Customizable report capability encourages expedient, useful analysis
- Models are ODBC compliant for easy database storage and sharing
- User-defined glossary capability

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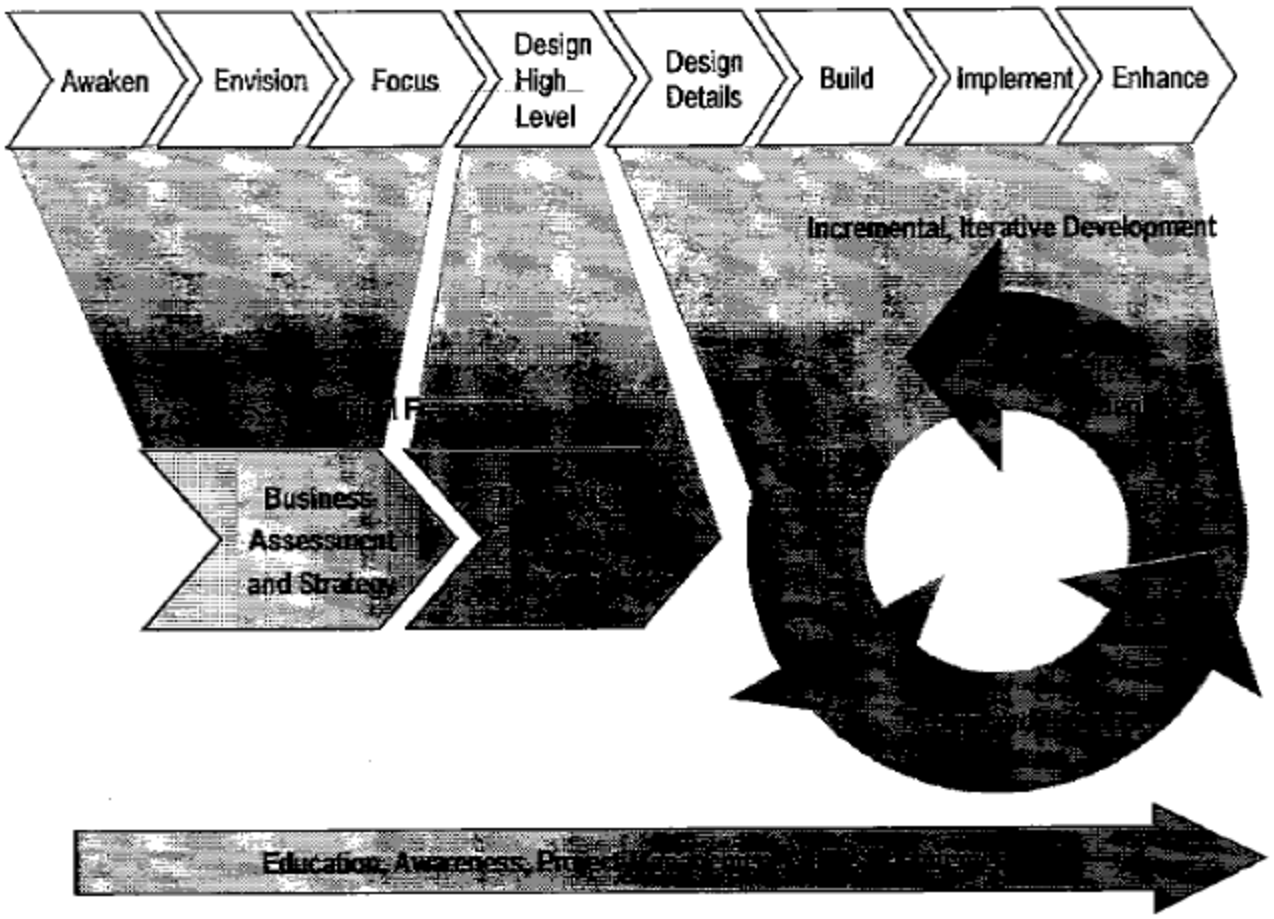
KPMG Consulting's Data Warehousing Methodology



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KPMG Consulting's Data Warehousing Methodology

Phase 1- Business Assessment & Strategy: KPMG starts from the premise that data warehouses should be built only for clear and compelling *business* reasons. In this initial phase, therefore, KPMG works with the clients to assess their business needs and, in light of these, to define the goals of the proposed data warehouse. The point is to understand the client's requirements clearly: what factors drive the business; what information is critical; what the business objectives are. Once understood, the scope of the project may be delineated and a high-level project plan formulated.

Phase 2- Technology Assessment & Selection: KPMG works with the client to establish this architectural framework, which defines the required hardware, software and networking components that will make up the data warehouse. KPMG will frequently evaluate and recommend software products (e.g., transformation tools, databases, query & reporting tools) appropriate to the proposed solution. The principal deliverable of this phase is a comprehensive technical specification, often accompanied by a shortlist of software tools.

Phase 3- Analysis & Planning: This is the first phase within the incremental development cycle. Its purpose is two-fold. First, KPMG and the client must define the scope and objectives of a given increment. This often equates to defining the subject area or data mart to be tackled. Second, KPMG must formulate a detailed plan for the increment to be developed. This plan should detail all tasks, resources, milestones, dependencies and deliverables.

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KPMG Consulting's Data Warehousing Methodology

Phase 4- Detailed Design: This phase produces the detailed design for the increment. This design is a compilation of *models* and *specifications*. The models are data models, which detail the structure and content of the warehouse. KPMG typically develops a *logical* data model as a series of star schemas. We also create the corresponding *physical* data model to implement the warehouse on a specific database. The specifications detail other aspects of the warehouse design. KPMG must specify the source of each data element in the warehouse and any transformation required to populate it. Moreover, we must address the user's perspective of the warehouse. This calls for specifying all screens and reports as well as any semantic layer that shields the user from the underlying complexity of the warehouse.

Phase 5 - Construction & Deployment: In this final phase of the cycle, the increment is actually developed and delivered to the user community. Working from the design produced in the previous phase, KPMG constructs a working warehouse. We create the database; code the transformations; populate the warehouse; develop the user interface; and test the application. We then deliver it to an initial group of users for additional testing. KPMG works closely with these initial users to understand how the application can be improved or modified. This may entail redesigning user interfaces, improving or adding reporting and analysis capabilities, or even defining new information relationships. When the system has been fully tested, it may be released to the wider user community. Once this phase concludes, another iteration commences.

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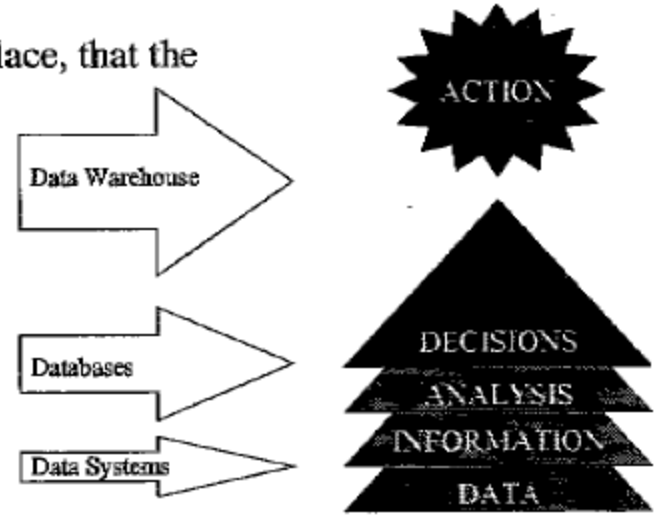
Data Warehousing

What are the benefits?

- Improved Decision Making – Increased data quality and flexibility of analysis.
- Standardized Reporting – Allows users to get the same data, the same reports and the same answers no matter where they go in the organization.
- Cleansing and Consolidation – Offers better data, in one place, that the organization can use for improved decision making.



When does it benefit?

- Slow Decision Making Process
- Lack of Data Integrity
- Single Decision Support Tool Does Not Exist

When should other storage and management techniques be used?

- Data use is not cross functional

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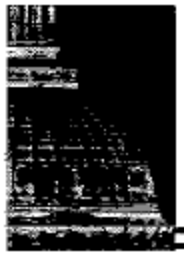

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  - Staffing Plan / Resumes Overview
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  - KPMG Consulting Business Performance Improvement (BPI)
  - Process Modeling Tools
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- Section III - Past Performance
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- Section IV - Man-hours by Task
- Section V - Sample Task

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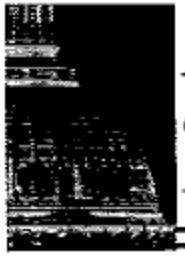

KPMG Consulting has the knowledge, experience, and depth of technological expertise to help N83 achieve its Navy FYDP Improvement project goals

Customer	Evaluation Criteria				
	PPBS	*BPR*	*IT Services*		
			Datawarehouse	*OLAP*	*Data Management*
USN Program Office - PMS404	✓	✓			✓
DLA	✓	✓			
Navy ND PP&E		✓	✓		
OPNAV N444	✓	✓			✓
USMCB Twenty-Nine Palms		✓			
AAFES		✓			✓
NIH		✓	✓	✓	✓
AFMC			✓	✓	✓

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KPMG Consulting Knowledge and Experience

- KPMG Consulting has extensive experience in providing PPBS, BPR and Data management support to clients throughout the DOD and Federal government
- Over 20 years of experience working in a "hands-on" capacity within the Navy's PPBS system
  - First hand knowledge of PPBS components
- Have significant experience in performing Business Process Reengineering within the DOD environment
  - Aware of political sensitivity among key stakeholders within the PPBS cycle
    - Programming vs. Budgeting
  - Realize the criticality of adjusting business processes to take full advantage Information Technology solutions
- Extensive knowledge and experience in implementing large financial management and data warehousing systems
- KPMG Consulting has been selected as the prime contractor on the NAVAIR Enterprise Resource Planning (ERP) pilot and is a subcontractor to IBM on the NAVSEA ERP pilot

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PMS404 – Program Office for Undersea Weapons

PPBS/BPR Experience

In FY98, PMS404 recognized an opportunity to improve its program management practices while at the same time taking proactive measures in the face of fact-of-life changes in resource availability (downsizing) despite no change in program management requirements. PMS404 tasked KPMG Consulting in hopes of restructuring the organization for improved alignment with business requirements and an improved financial planning system to better facilitate monitoring of the plan and reduce mismatches between planned program and actual execution.

KPMG Consulting assisted PMS404 by following its proven Business Performance Improvement (BPI) methodologies and applying its knowledge of PPBS in order to improve the business processes of the office. KPMG Consulting prepared and defended NAVCOMPT, OSD and Congressional Budgets in accordance with NAVCOMPT instructions 7102.2 and DoD instructions, maintained audit trails of and provided comparisons with past budget submissions. Additionally, KPMG Consulting supported the Resource Sponsor Program Objective Memorandum (POM) submissions, providing solid business advice in maintaining and increasing investment in critical programs.

Additionally, KPMG Consulting played a key role in the Resource Management Process Improvement Team, which was composed of program office and field activity personnel. This team used BPI methodologies to draft a vision document and establish plans to achieve results based on the document.

Further BPI efforts involved the development of an integrated database to aid in the analysis of government field activity budget requirements and establish funding profiles for future years. This effort was a result of the continuous improvement focus related to the field activity financial management process.

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DLA Materiel Management

PPBS Experience

KPMG Consulting was engaged to prepare a Desk Manual documenting the Planning Programming Budgeting System (PPBS) cycle for use by DLA Materiel Management headquarters personnel (DLA HQ MM). The project included complete documentation of all PPBS phases beginning with long range objective planning through incorporation of federally approved DLA budget into public law.

Throughout the engagement, KPMG Consulting applied its knowledge of planning, programming and budgeting gained through extensive financial work experience with a number of large commercial companies, including Westinghouse, Rolls Royce, and Cargill. This experience provided DLA with a product that documented its PPBS in the same clear and concise format used by private sector firms and organized it in a manner professed by those firms to be most functional. Additional objectives of the manual were to standardize procedures across MM field activities and to identify and include process improvements in those standards. KPMG Consulting drew heavily on its financial experience with Fortune 250 commercial practices to develop alternatives for improved, streamlined standards in the PPBS.

The manual was divided into several sections to illustrate the entire system. The *Introduction* defines PPBS and provides a brief synopsis of the DLA PPBS in relationship to the overall Department of Defense (DoD) PPBS. The *PPBS Cycle* defines detailed steps in the DLA PPBS on a milestone chart accompanied by narratives explaining each step. The *Planning Phase* describes the role of Defense Planning Guidance (DPG) in the DLA PPBS, how the DPG is developed and communicated to the appropriate DLA operational levels, and the importance of a successful planning phase as a basis for the programming phase. The *Programming Phase* describes the objective of documenting near and long range business plans as an operational program, as well as the Program Objective Memorandum (POM). The *Budgeting Phase* provides instructions to MM for each step required for budgeting and budget execution. Finally, *Business Case Analysis* plays an important part in each phase of the PPBS, and an entire section of the manual is dedicated to describing the use and methodology of BCA at DLA.

The manual now serves as a reference guide for HQ DLA MM to use to facilitate accomplishment of their responsibilities in the PPBS cycle.

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Navy National Defense PP&E

BPR – Systems Analysis

The annual financial statements prepared by DON and other financial agencies are prepared in conformance with the accounting concepts and standards recommended by the Federal Accounting Standards Advisory Board (FASAB) and issued by the Office of Management and Budget and General Accounting Office. The systems that maintain accountability over DON's National Defense Property, Plant and Equipment (PP&E) assets must generate timely, accurate, consistent and useful data on an ongoing basis.

The Office of the Assistant Secretary of the Navy (Research, Development and Acquisition)/Ship Programs engaged KPMG Consulting to identify all systems related to property accountability of DON National Defense PP&E, evaluate the systems to determine compliance with applicable laws, regulations and policy and present alternatives for system compliance and consolidation to include a systems architecture for each alternative and ensure that all DON National Defense PP&E assets are accounted for in those identified systems.

KPMG Consulting divided the task into two phases. The first phase culminated in the identification of the systems used to account for DON's National Defense PP&E assets and evaluation of those systems against a checklist of requirements identified from federal and DoD guidance. The second phase included identifying and evaluating the internal control procedures maintained by the systems and presenting four alternative options to assist the Office of the Assistant Secretary of the Navy in providing more accurate and timely financial reporting of National Defense PP&E assets.

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OPNAV N444

PPBS/BPR/Data Management

KPMG Consulting was tasked to enhance the capabilities of the Navy Base realignment and Closure (BRAC) Implementation Organization's (N444) management information systems. As headquarters for BRAC implementation, with multiple geographically dispersed organizational interfaces, Navy BRAC had continuous requirements for business process review in order to improve the procedures, communications, and systems tools necessary for successful mission execution.

KPMG Consulting's efforts included consolidation and maintenance of the integrity of the Navy BRAC baseline as detailed in the decision process, progression tracking against that baseline, and reporting to higher authority. Primary interfaces included OSD BRAC organizations: OEA, NAVFAC, major claimants, and the individually affected sites.

Through extensive interviews with the Navy BRAC staff, KPMG Consulting recognized the following set of critical business processes: Tracking of BRAC correspondence between claimants, Congress, field representatives, and interested third parties; allowing major claimants access to certain BRAC information utilizing either Lotus Notes or the World Wide Web; developing a Budget Assessment tool to allow BRAC Action Officers to justify budgeting requirements; and automating the business process Major Claimants follow to produce Quarterly Reports.

Allowed BRAC Action Officers and NAVFAC analysts to view budget data concerning all aspects (military construction, environment, etc.) of their closing or realigning bases. The data included budget information concerning RAD-XI, POM-98, Marks, Reclamas, and Restorals. Data was synchronized utilizing Notes replication, and all base Assessments were approved through a secure multi-tiered workflow process.

The Navy Budget Assessment was automated utilizing Lotus Notes to allow OPNAV N444 Action Officers to work from their office in conjunction with Naval Facilities Engineering Command (NAVFACENGCOM) analysts. Lotus Notes Pump was utilized to provide bi-directional replication between NAVFAC Assessment databases (residing in Microsoft Access and Clipper), and the Lotus Notes Assessment database. Lotus Notes managed the budget submissions, tracked the Office of Budget/Fiscal Management's (FMB) questions (and subsequent answers), AO/analyst assessment input, reports, FMB budget Marks (funding cuts/elimination), Major Claimant/OPNAV/NAVFAC Reclamas (requests for reconsideration), and FMB Restorals.

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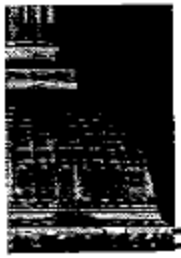

USMCB Twenty-Nine Palms

BPR - Activity-Based Costing/Process Modeling

"That's one of the biggest benefits of having KPMG's help here —they have assisted us in getting prepared and structured for the competitive sourcing process."

William Grandrath, Deputy of Installation and Logistics

With the Department of Defense (DOD) man date to reduce infrastructure costs and improve weapons modernization, services across the U.S. military have been working hard to curtail expenses. Twenty-Nine Palms is no exception. Home of the Marine Corps Air Ground Combat Center, Twenty-Nine Palms is the fist Marine Corps base to embark on the mission of meeting the DOD's mandate.

Bill Grandrath, Deputy of Installation and Logistics at Twenty-Nine Palms, explains, "Since this is a DOD mandate and the Marine Corps had not yet started, we spent several months evaluating what the other services—the Army, Air Force, and specifically the Navy—were doing. We found the KPMG Consulting had been instrumental in helping the Navy with its fleet concentration area regionalization initiative in San Diego, and we learned that a lot of the same tools could be applied to what we were trying to do here." Consequently, KPMG Consulting was brought on to help Grandrath and his colleagues understand their costs of doing business and identify opportunities for reducing those costs.

"By using the rapid prototype methodology and building the ABC models, KPMG Consulting has given us the opportunity to capture, model, and determine what the resulting cost to do business would be and, from that, the potential savings achievable in these 18 functional areas," says Grandrath.

And, of course, there are the cost savings. Grandrath says Twenty-Nine Palms has taken advantage of some of the opportunities identified during the ABC modeling and "we are saving money; we expect to achieve several hundred thousand dollars in the first year, and to continue saving at that rate in the years to come."

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Army & Air Force Exchange Service

BPR - Benchmarking/COTS Package Implementation

"KPMG helped us find the right solution for AAFES and then worked right along with us through the entire development and deployment process."

Richard Green, Fast Action Support Chief

With 8.7 million customers and annual revenues of $6.9 billion, the Army and Air Force Exchange Service (AAFES)—which provides high-quality merchandise and services at low price to U.S. military personnel and their families worldwide—is known as the "Wal-Mart of the military." As such, AAFES is faced with the enormous task of paying thousands of invoices every day, which, until recently, was accomplished manually Accounts payable staff members were sorting, distributing, and reconciling 4,000 invoices a day by hand.

KPMG Consulting began by identifying best practices and best-of-breed tools, investigating how organizations such as Wal-Mart, Sears, and J.C. Penney managed their accounts payable functions. The KPMG Consulting team discovered that electronic document imaging played a major role and advised AAFES to implement DocuPACT from InterTech Information Management and ActionWorkflow from Action Technologies, both of which were compatible with the entity's Microsoft Backoffice product suite and Windows NT operating system.

Over a period of five months, KPMG Consulting worked with AAFES to design, develop, and deploy an application that routes invoice images to clerks automatically, expediting indexing and reconciliation. Now, AAFES is processing as many as 10,000 invoices a day—with 20 percent fewer clerks than before.

The increased productivity AAFES currently enjoys is expected to result in savings of $4.5 million over five years. Beyond that, reduced demand for paper storage space as well as further staff attrition over time will likely save even more money for AAFES.

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National Institutes of Health

Knowledge Management/Data Warehousing

"They benefits of having KPMG help us on this project—in addition to providing supplement staff when we didn't have enough in-house positions—include their knowledge of new technology."

John Price, NIH Information Systems Branch Chief

The NIH Division of Computer Research & Technology (DCRT) was tasked with integrating the agency's various legacy data systems to simplify business processes for NIH staff—not exactly a routine assignment when you consider that the NIH comprises 26 separate institutes, centers, and divisions housed in 75 buildings on more than 300 acres. In 1992 DCRT began compiling a data repository and—as information technology progressed and the popularity and need for information increased at the NIH—proceeded to build a data warehouse and decision support system.

The need to build a data warehouse/decision support system led the NIH to seek outside support to augment DCRT's data warehousing staff. Having teamed with KPMG Consulting's Public Services practice in previous technical efforts—such as building a graphical user interface on the original data repository and a graphical front end on the agency's Administrative Database—the NIH once again turned to KPMG Consulting.

Together, the NIH Data Warehousing Committee, DCRT, and KPMG Consulting worked to design and build a data warehouse/decision support system that provides integrated business information and offers NIH staff the ability to perform queries and reporting. This information provides a picture of the agency's business performance across all administrative business areas—a capability that was not available before the data warehouse was implemented. The data warehouse furnishes the users with information that helps them understand how their business is performing and enhances their decision-making process.

KPMG Consulting also helped DCRT train the NIH community on the data warehouse/decision support system. The training proved to be very effective, with an increasing number of NIH staff registering to use the data warehouse.

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Air Force Material Command

Knowledge Management/Data Warehousing

With the mission to "develop, deliver, and sustain the best products for the world's best Air Force," the Air Force Materiel Command (AFMC) is the Air Force's largest employer. The AFMC employs approximately 108,000 military and civilian personnel and manages 57 percent of the total Air Force budget.

Working closely with its customers — the operational commands — AFMC ensures that each has the most capable aircraft, missiles, and support equipment possible. In order to do so on a consistent basis, they must be able to track financial and logistics information not only at the aggregate level, but also at the division, manager, analyst, and operations level. And with help from KPMG Consulting, AFMC has achieved that goal.

Air Force Materiel Command managers and analysts had a range of standalone, non-integrated solutions to meet specific business needs. Decision- makers had to access data from multiple sources, in different formats, across multiple legacy operational systems- or had to request other personnel to unlock these data assets.

KPMG Consulting developed a prototype, deployed it throughout the Command and the Pentagon in the financial and logistics management areas and solicited client feedback. Building upon the business requirements gathered, and the technical assessment performed during this proof-of- concept phase, KPMG Consulting collaborated with AFMC's Materiel Systems Group Software Factory to build and deploy a 250-user, web- based data warehouse in six months, appropriately named the Keystone Decision Support System (DSS).

As the first operational data warehouse- based decision support system in the Air Force, Keystone DSS is receiving positive accolades. For the first time, financial and logistics managers have access to large volumes of data contained in twelve Air Force legacy systems. Decision- makers quickly get up-to-date information so they can rapidly address business issues.

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- Section V - Sample Task

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Man-hours by Task (Lot I - Base Year)

	Task 5.1	Task 5.2	Task 5.3	Task 5.4	Task 5.5	Task 5.6	Total
Principal	24	16	16	16	16	8	96
Senior Manager	156	104	104	104	104	52	624
Senior Consultant	360	240	240	240	240	120	1440
Consultant	900	600	600	600	600	300	3600
Administrative	480	320	320	320	320	160	1920
Total Hours	1920	1280	1280	1280	1280	640	7680

Note: Hours for Task 5.7 are included in Tasks 5.1 through 5.6

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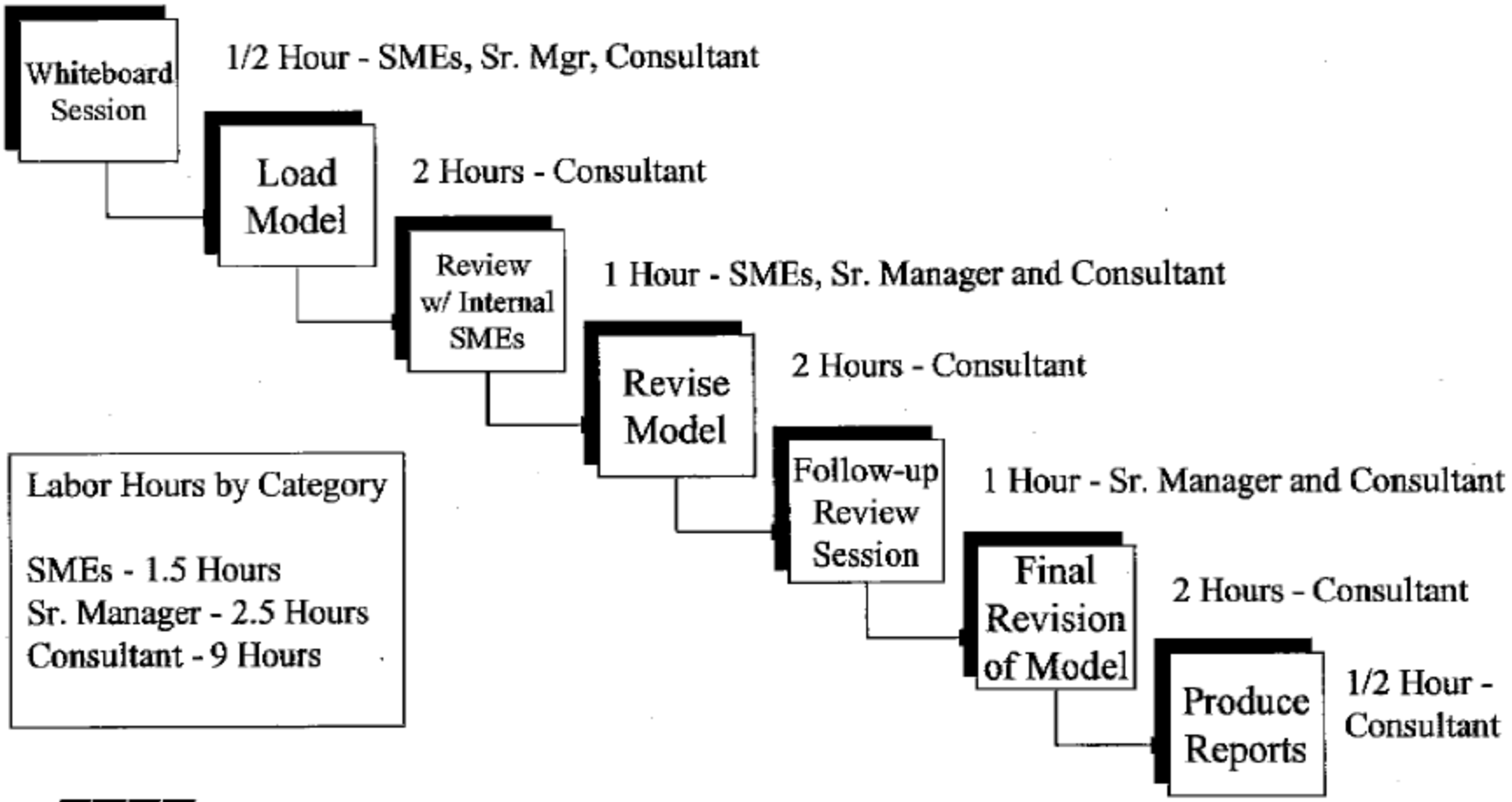
Methodology and Work Plan



Labor Hours by Category

SMEs - 1.5 Hours
Sr. Manager - 2.5 Hours
Consultant - 9 Hours

KPMG Consulting

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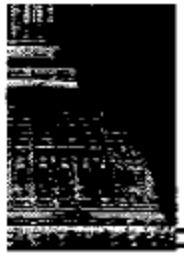

Deliverables

- Draft Process Model
- Glossary of Terms
  - Activity Definitions
  - ICOM Definitions
- Critical Observations
  - From Client Review and SME Review
- Final Process Model

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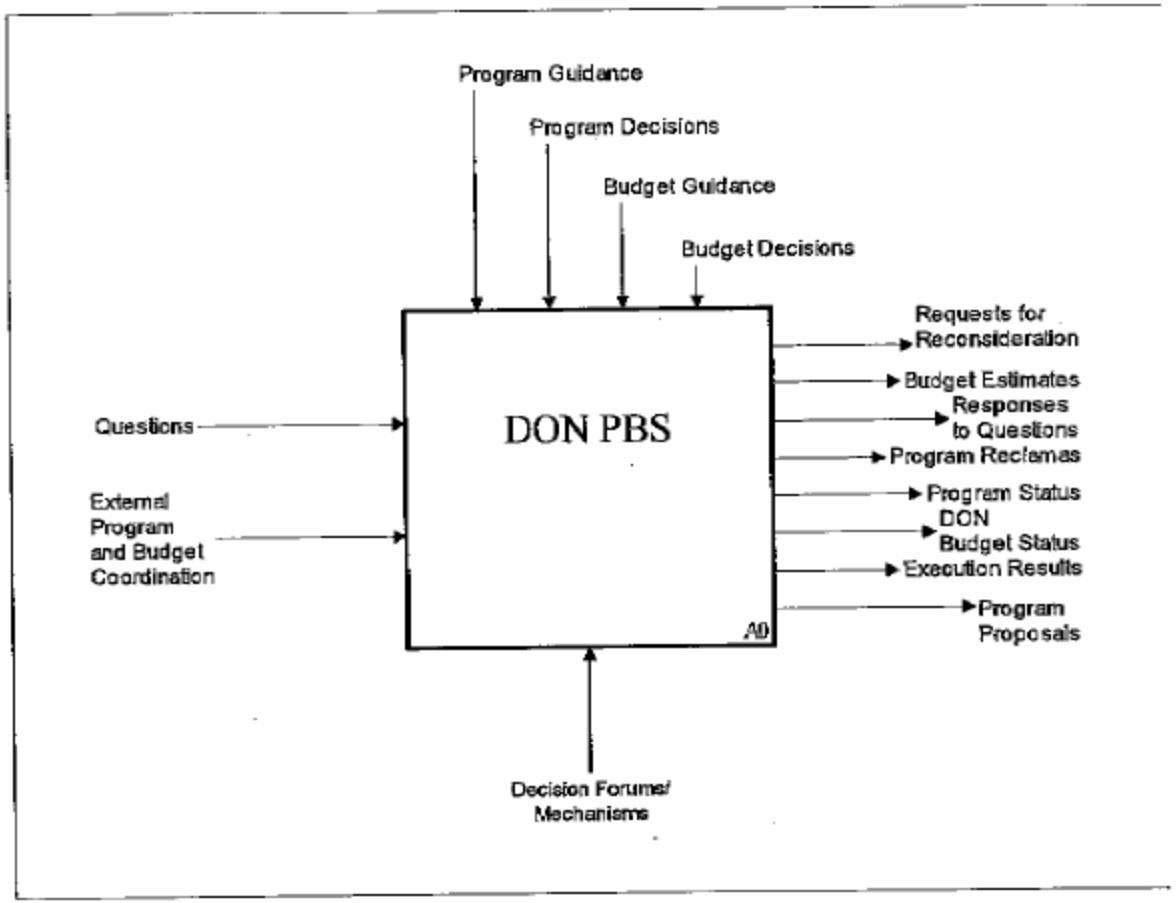
Inputs, Controls, Mechanisms, and Outputs of the DON PBS Process



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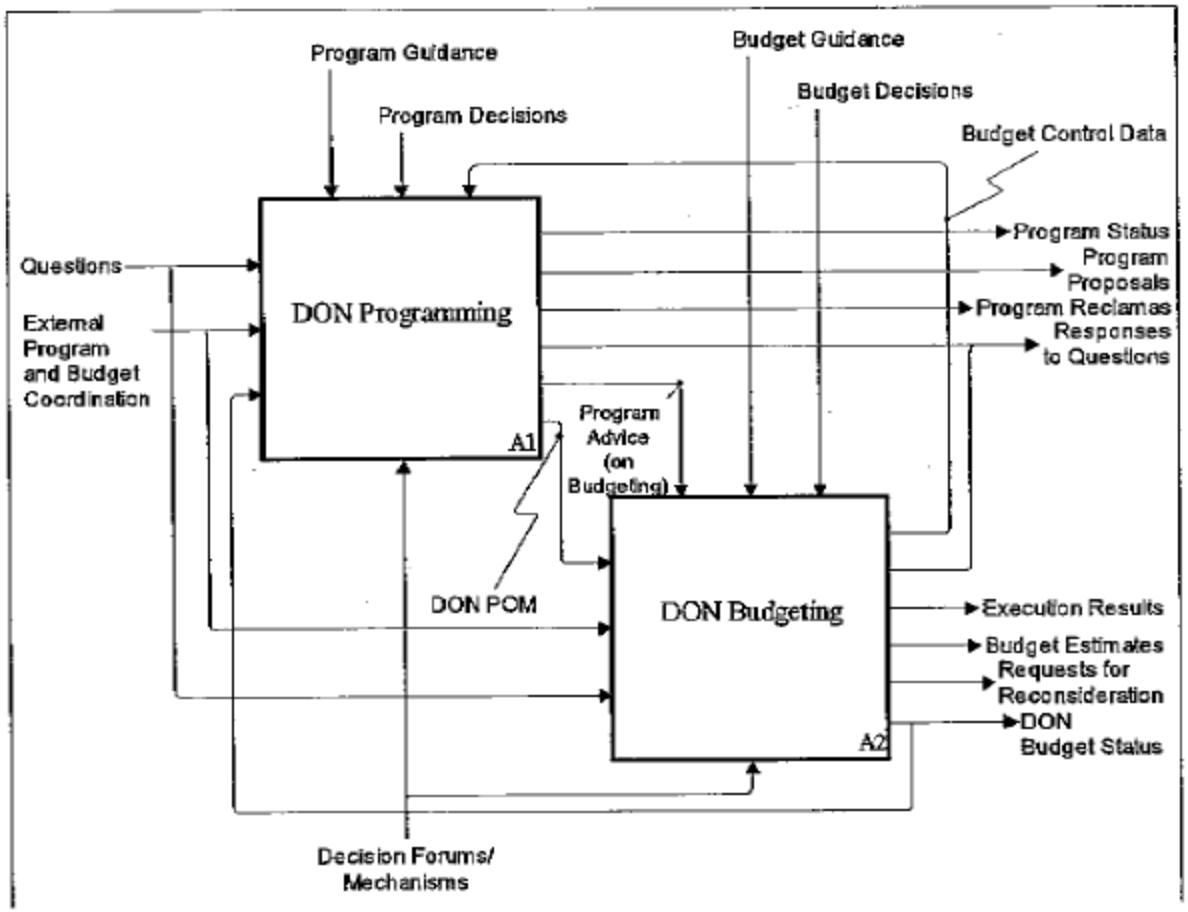
Decomposition of the DON PBS Process (Relationships Begin to Emerge)



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Areas to be Investigated and Improved (Internal to the Process)

- Production of *DON POM* for transfer to budgeting process
- Development of *Program Advice (on budgeting)* for transfer to budgeting process
- Development of *Budget Control Data* for relay programming process
- Development of *DON Budget Status* for relay to programming process

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Areas to be Investigated and Improved (External Reporting)

- Development and submission of *Program Proposals* and *Program Reclamas*
- Development and submission of *Budget Estimates* and *Budget Requests for Reconsideration*
- Development and submission of *Program Status* and *Budget Status*
- Development and submission of *Budget Execution Results*

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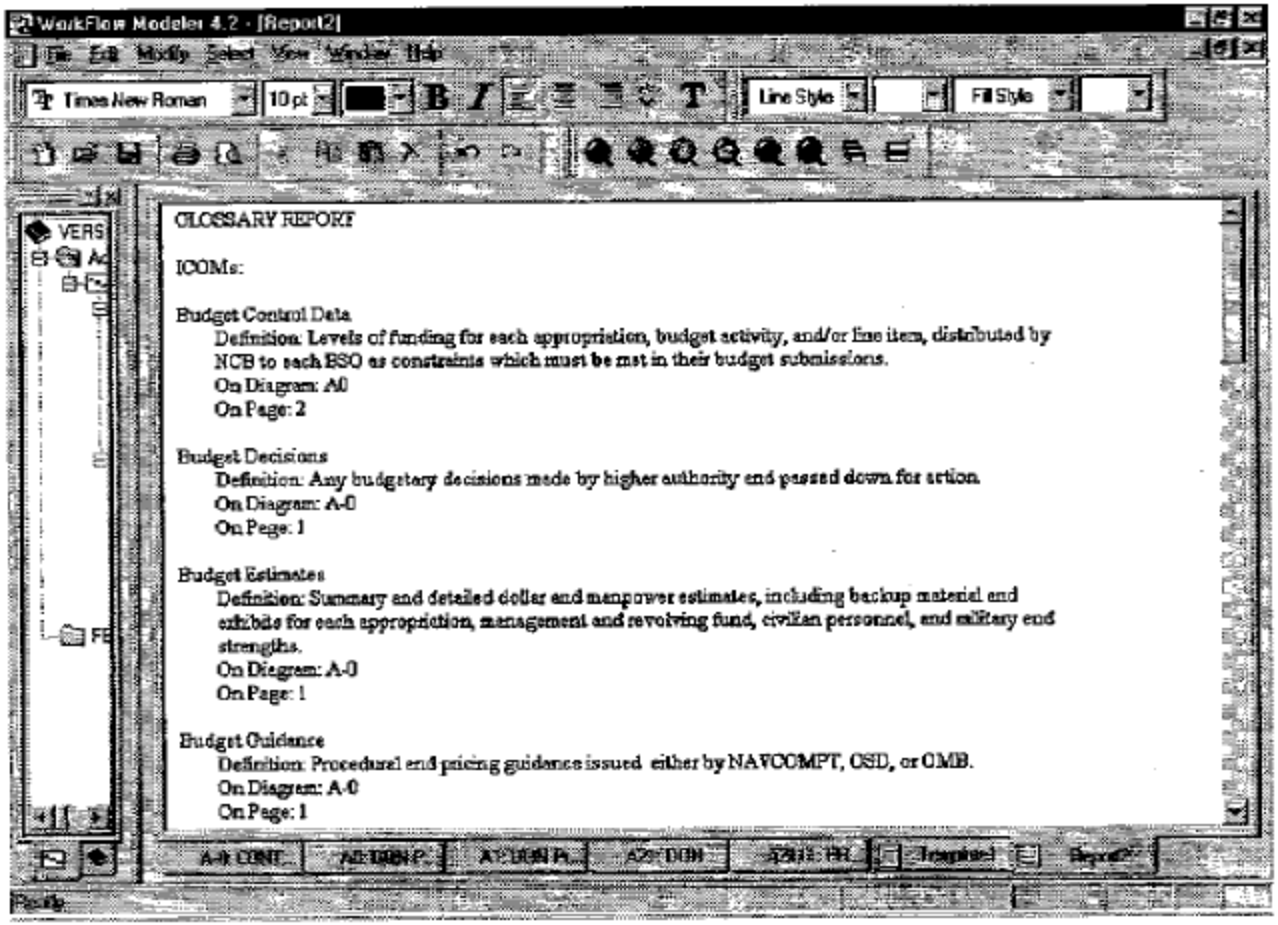
Example Reports and Outputs from the Modeling Tool - Glossary Report



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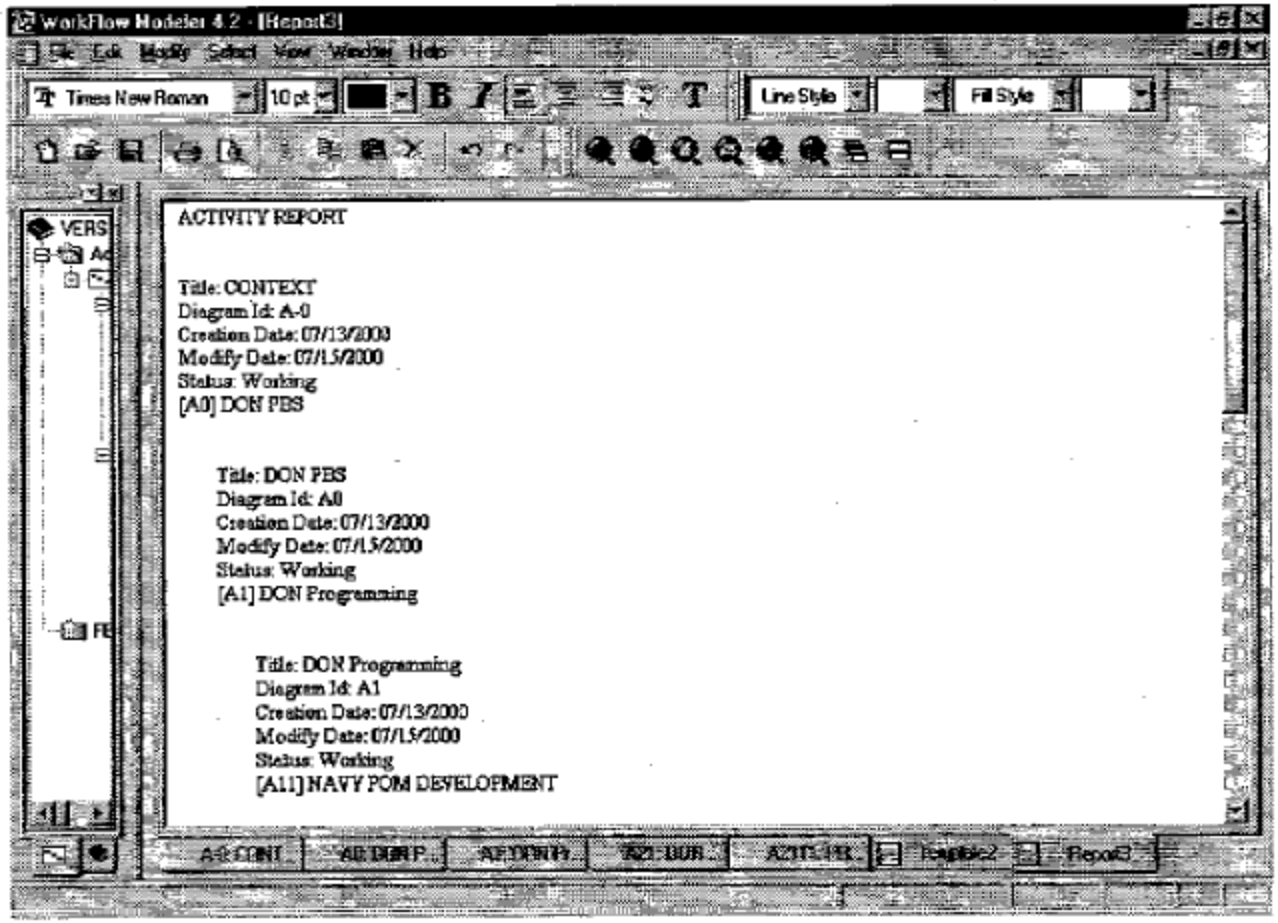
Example Reports and Outputs from the Modeling Tool - Activity Report



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