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Exhibit R-2, RDT&E Budget Item Justification: PB 2015 Office of Secretary Of Defense **Date:** March 2014

Appropriation/Budget Activity 0400: Research, Development, Test & Evaluation, Defense-Wide / BA 5: System Development & Demonstration (SDD)	R-1 Program Element (Number/Name) PE 0605027D8Z / OUSD(C) IT Development Initiative
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COST (\$ in Millions)	Prior Years	FY 2013	FY 2014	FY 2015 Base	FY 2015 OCO #	FY 2015 Total	FY 2016	FY 2017	FY 2018	FY 2019	Cost To Complete	Total Cost
Total Program Element	14.501	6.267	6.788	6.500	-	6.500	6.000	3.000	-	-	-	-
927: Next Generation Resource Management System	14.501	6.267	6.788	6.500	-	6.500	6.000	3.000	-	-	-	-

The FY 2015 OCO Request will be submitted at a later date.

A. Mission Description and Budget Item Justification

As the Department of Defense strategic, operational and tactical plans and objectives transforms the war fighter with new capabilities and doctrine, the budgeting and accountability of funds used to pursue the Department objectives will become more complicated and detailed for senior leader to make decisions with supporting rationale for the taxpayer. Incorporating information technology toward current and emerging business processes manifesting into a state-of-the art system of systems will result in increasing efficiencies, timely diagnostics, and reducing lifecycle costs to maintain, sustain and repair.

This initiative exploits emerging technology, processes, trends, capabilities, and techniques to incorporate state-of-the-art information technology enabling the ability, agility, and level of fidelity to collect, process, administrate and report resource management data and to automate business processes within a more robust analytical environment within the Office of the Under Secretary of Defense (Comptroller) OUSD(C).

<u>B. Program Change Summary (\$ in Millions)</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015 Base</u>	<u>FY 2015 OCO</u>	<u>FY 2015 Total</u>
Previous President's Budget	7.010	6.788	6.500	-	6.500
Current President's Budget	6.267	6.788	6.500	-	6.500
Total Adjustments	-0.743	-	-	-	-
• Congressional General Reductions	-0.571	-	-	-	-
• Congressional Directed Reductions	-	-	-	-	-
• Congressional Rescissions	-	-	-	-	-
• Congressional Adds	-	-	-	-	-
• Congressional Directed Transfers	-	-	-	-	-
• Reprogrammings	-	-	-	-	-
• SBIR/STTR Transfer	-0.169	-	-	-	-
• Other Program Adjustments	-0.003	-	-	-	-

Change Summary Explanation

FY2013 adjustment for Sequestration (-\$0.571), SBIR/STTR Transfer (-\$.169), and other program adjustments (-\$.003).

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Exhibit R-2A, RDT&E Project Justification: PB 2015 Office of Secretary Of Defense										Date: March 2014		
Appropriation/Budget Activity 0400 / 5					R-1 Program Element (Number/Name) PE 0605027D8Z / OUSD(C) IT Development Initiative				Project (Number/Name) 927 / Next Generation Resource Management System			
COST (\$ in Millions)	Prior Years	FY 2013	FY 2014	FY 2015 Base	FY 2015 OCO #	FY 2015 Total	FY 2016	FY 2017	FY 2018	FY 2019	Cost To Complete	Total Cost
927: Next Generation Resource Management System	14.501	6.267	6.788	6.500	-	6.500	6.000	3.000	-	-	-	-
Quantity of RDT&E Articles	-	-	-	-	-	-	-	-	-	-		

The FY 2015 OCO Request will be submitted at a later date.

A. Mission Description and Budget Item Justification

The Department's budget focuses on institutionalizing and financing our capabilities to fight the wars we are in today and the scenarios we are most likely to face in the years ahead, while at the same time mitigating risk and providing for contingency operations. It also includes a fundamental overhaul of the DoD's approach to procurement, acquisition, and contracting. As such, the complex details of budgeting and tracking of funds become increasingly critical to senior leader decision making and to provide accountability to the taxpayer. Incorporating information technology toward current and emerging business processes manifesting into a state-of-the art system of systems will result in increasing efficiencies, timely diagnostics, and reducing lifecycle costs to maintain, sustain and repair.

Today, the Office of the Under Secretary of Defense Comptroller OUSD(C) and the Cost Analysis and Program Evaluation (CAPE) uses various distinct automated systems (Comptroller Information System (CIS), PBD Wizard, Program Resource Collection Process (PRCP), Supplemental Resource Collection Process (SRCP), Budget Exhibits Generator and Standard Data Collection System (SDCS) to formulate, justify, and execute DoD budgets. These six or more systems interact with at least several computer-based systems controlled by external organizations and agencies. These systems manage very similar financial information, yet each uses its own scheme for representing information. Much of the information managed by these systems is redundant. Cross-system data representations and redundancies make it difficult to exchange and to reconcile information. The capabilities provided by Comptroller systems, in some cases, fail to deliver services needed by its users, or fail to operate in ways that complement current and emerging business practices. They fail to give executives information in a comprehensible form, making it difficult to draw conclusions. Data disparities and functional redundancy make these systems more costly to keep than they need to be.

There is a critical need for the development of a state-of-the-art information technology system to modernize and replace multiple, antiquated legacy systems and processes used to formulate, justify, present and defend the entire Department of Defense Budget in the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) to meet Title 10 and Title 31 mission and reporting requirements. The Comptroller's plan for mitigating the deficiencies and capability gaps associated with current systems is development of the Next Generation Resource Management System.

This initiative exploits emerging technology, processes, trends, capabilities, and techniques to incorporate state-of-the-art information technology enabling the ability, agility, and level of fidelity to collect, process, administer and report resource management data and to automate business processes within a more robust analytical environment within the Office of the Under Secretary of Defense (Comptroller) OUSD(C). Funded efforts will improve the timeliness of resource management reviews and decisions for senior leaders and Congress.

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Appropriation/Budget Activity 0400 / 5	R-1 Program Element (Number/Name) PE 0605027D8Z / OUSD(C) IT Development Initiative	Project (Number/Name) 927 / Next Generation Resource Management System	
B. Accomplishments/Planned Programs (\$ in Millions)		FY 2013	FY 2014
Title: Next Generation Resource Management System		6.267	6.788
Description: Plan, develop, test and evaluate the system components (i.e. unified database, expert system, cross domain security, enterprise service bus, applications, services) and supportability requirements in modernizing the budget formulation, programming execution and reporting capabilities for the Department of Defense. Activities will include, but not be limited to, the preparation of all documentation required for Clinger-Cohen Compliance and acquisition regulations, developing requests for proposals, and oversight and management of contracts and deliverables.			
FY 2013 Accomplishments: Program Management Office Performance 1QFY 2013-4Q FY2013. Acquisition documentation development and finalization 1Q FY 2013-2Q FY 2013. MDD 2QFY2013 Conduct market research to assess optimal means to exploit emerging technology, processes, trends, capabilities and techniques to incorporate state-of-the art capabilities in the information technology industry 2QFY2013 BPR 4Qfy2013 Solicitation documentation development and approval 4QFY2013			
FY 2014 Plans: Continue Program Management Office 1QFY 2014-4Q FY2014. Milestone A 1QFY2014 RFP Release 1QFY2014. Solicitation Phase 1QFY2014 Evaluation Phase 1QFY2014 - 2QFY2014 Contract Award 4QFY2014 Post Award Activities 4QFY2014			
FY 2015 Plans: Continue Program Management Office 1QFY 2015-4Q FY2015. MSB 1QFY2015 Increment 1.0 Developmnet,review and acceptance 1QFY2015-1QFY2016			
Accomplishments/Planned Programs Subtotals		6.267	6.788
C. Other Program Funding Summary (\$ in Millions) N/A			

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C. Other Program Funding Summary (\$ in Millions) Remarks D. Acquisition Strategy Analysis of the Alternatives (AoA) Revisions 1Q FY 2013 MDD 2QFY2013 Business Process Reengineering 4QFY2013 Conduct Market Investigation 2QFY 2013 Finalize market investigation 2QFY2013 MSA 1QFY2014 RFP Release 1QFY2014 Contract Award 4QFY2014 MSB 1QFY2015 Increment 1 development and acceptance 1QFY2015-1QFY2016 Increment 2 development and acceptance 3QFY2016 - 3QFY017 Increment 3 development and acceptance 3QFY2017 - 3QFY2018 Once infrastructure in place, competitive contracts in the out years for individual services/applications.		
E. Performance Metrics N/A		