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Exhibit R-2, RDT&E Budget Item Justification: PB 2022 Defense Logistics Agency **Date:** May 2021

Appropriation/Budget Activity 0400: Research, Development, Test & Evaluation, Defense-Wide / BA 5: System Development & Demonstration (SDD)	R-1 Program Element (Number/Name) PE 0605080S / Defense Agencies Initiative (DAI) - Financial System
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COST (\$ in Millions)	Prior Years	FY 2020	FY 2021	FY 2022 Base	FY 2022 OCO	FY 2022 Total	FY 2023	FY 2024	FY 2025	FY 2026	Cost To Complete	Total Cost
Total Program Element	181.447	23.114	20.537	32.254	-	32.254	-	-	-	-	Continuing	Continuing
01: Defense Agencies Initiative - Financial System	181.447	23.114	20.537	32.254	-	32.254	-	-	-	-	Continuing	Continuing

Program MDAP/MAIS Code:
Project MDAP/MAIS Code(s): 0491

A. Mission Description and Budget Item Justification

The Defense Agencies Initiative (DAI) program, a Category I Defense Business System, is an Enterprise Resource Planning (ERP) based program that was originally created to solve Defense Agency financial management problems through standard end-to-end business processes delivered by commercial off-the-shelf (COTS) software. DAI's mission is to provide an auditable, Chief Financial Officer (CFO) Act compliant business environment for the Defense customer organizations with accurate, timely, and authoritative financial data. DAI supports continued development and fielding of its current Increment 3 baseline. Previous funding for DAI Increments 1 and 2 were documented in the Defense Enterprise Business Systems program element 50605070S00. Increment 3 will deliver new financial capabilities including Defense Working Capital Fund (DWCF) and Re-Sale accounting plus a major application upgrade.

B. Program Change Summary (\$ in Millions)	FY 2020	FY 2021	FY 2022 Base	FY 2022 OCO	FY 2022 Total
Previous President's Budget	23.114	20.537	23.390	-	23.390
Current President's Budget	23.114	20.537	32.254	-	32.254
Total Adjustments	0.000	0.000	8.864	-	8.864
• Congressional General Reductions	-	-			
• Congressional Directed Reductions	-	-			
• Congressional Rescissions	-	-			
• Congressional Adds	-	-			
• Congressional Directed Transfers	-	-			
• Reprogrammings	-	-			
• SBIR/STTR Transfer	-	0.000			
• Inflation for Non-Pay/Non-Fuel Purchases	-	-	-0.393	-	-0.393
• Program Increase for DFAS and DISA	-	-	8.014	-	8.014
Working Capital Fund Accounts Migration					
• Program Increase for USMC Migration	-	-	1.243	-	1.243

Change Summary Explanation

FY 2021:

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0400: <i>Research, Development, Test & Evaluation, Defense-Wide / BA 5: System Development & Demonstration (SDD)</i>	PE 0605080S / <i>Defense Agencies Initiative (DAI) - Financial System</i>

-SBIR/STTR Transfer: Due to an error while coding FY21 Enactment, the SBIR/STTR transfer is not reflected in the exhibit totals. Programs were indeed taxed and the funding was transferred to the SBIR PE 0605502S. For DAI, the SBIR/STTR transfer is \$0.712M.

FY 2022:

- Provides \$8.014M for the DLA to migrate DFAS and DISA Working Capital Fund Accounts into the DAI.
- Provides \$1.243M to DLA to migrate the USMC into DAI, an Enterprise Resource Planning System.

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Exhibit R-2A, RDT&E Project Justification: PB 2022 Defense Logistics Agency										Date: May 2021		
Appropriation/Budget Activity 0400 / 5					R-1 Program Element (Number/Name) PE 0605080S / <i>Defense Agencies Initiative (DAI) - Financial System</i>				Project (Number/Name) 01 / <i>Defense Agencies Initiative - Financial System</i>			
COST (\$ in Millions)	Prior Years	FY 2020	FY 2021	FY 2022 Base	FY 2022 OCO	FY 2022 Total	FY 2023	FY 2024	FY 2025	FY 2026	Cost To Complete	Total Cost
01: <i>Defense Agencies Initiative - Financial System</i>	181.447	23.114	20.537	32.254	-	32.254	-	-	-	-	Continuing	Continuing
Quantity of RDT&E Articles	-	-	-	-	-	-	-	-	-	-		
Project MDAP/MAIS Code: 0491												

A. Mission Description and Budget Item Justification

DAI mission is to deliver an auditable, CFO Act compliant business environment for Defense customer organizations providing accurate, timely, authoritative financial data supporting the DoD goal of standardizing financial management practices, improving financial decision support, and supporting audit readiness. DAI has replaced multiple non-compliant financial management systems supporting diverse operational functions and the warfighter in decision-making and financial reporting. DAI currently provides the capability to produce timely, auditable reports as noted in four consecutive annual unmodified System and Organization Controls report (SOC-1).

The primary goal is to deploy a standardized system solution to improve overall financial management and comply with BEA, Standard Financial Information Structure (SFIS)/Standard Line of Accounting (SLOA), and Office of Federal Financial Management (OFFM) requirements. Common business functions within budget execution include the Department's BEA End to End (E2E) business processes: Cost Management; Budget to Report (B2R); Procure to Pay (P2P) with enhancements facilitating SFIS/SLOA and DoD procurement data standards and direct Treasury disbursing; Acquire to Retire (A2R) (real property lifecycle accounting only); Hire to Retire (H2R) (Time and Labor reporting and absence management only); Order to Cash (O2C); Proposal to Reward (P2R) (Grants financial management and accounting only; and a phased implementation of Governance, Risk, and Compliance (GCR) capabilities supporting audit readiness. Future Defense Working Capital Fund accounting, and Re-Sale Accounting (for Defense Commissary Agency (DeCA).

The DAI program modernizes the Defense Agencies' financial management processes by streamlining financial management capabilities, addressing financial reporting material weaknesses, and supporting financial statement auditability for the majority of agencies, field activities and non-Service organizations across the DoD. DAI supports a transformation of budget, finance, and accounting processes across participating defense agencies to help improve the quality of financial information, supporting financial auditability and decision-making. The DAI business solution, once fully implemented, will provide a near real-time, web-based system from a ".mil" environment of integrated business processes that will enable in excess of 84,000 Defense Agency financial managers, program managers, auditors, and Defense Finance and Accounting Service (DFAS) representatives to make sound financial business decisions.

The DAI implementation approach deploys a standardized system solution that is consistent with requirements in the Federal Financial Management Improvement Act (FFMIA) and the DoD Business Enterprise Architecture (BEA), while leveraging the out-of-the-box capabilities of the selected Commercial-Off-the-Shelf (COTS) product, Oracle e-Business Suite (EBS), Release 12.2.8 (R12). DAI implemented an Oracle Office of Management and Budget Financial Systems Integration Office (FSIO) qualified COTS financial management business solution with common business processes and data standards. The Program Management Office (PMO) will not develop any objects that are included in core COTS software or services (i.e. vendor data from Federal authoritative sources).

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<p>DAI supports the 2018 National Defense Strategy (NDS) Strategic Goal 3, “Reform the Department’s Business Practices for Greater Performance and Affordability as well as Strategic Objectives (SO) 3.1 “Improve and Strengthen business operations through a move to DoD-Enterprise or shared services; reduce administrative and regulatory burden” as well as SO 3.3 Undergo an audit, and improve the quality of budgetary and financial information that is most valuable in managing the DoD.</p> <p>DAI is currently implemented at 26 Defense organizations and the Office of the Under Secretary of Defense, Comptroller (OUSDC). The program office is also responsible for operational sustainment of the system. Funds are required for additional government and contractor support, licenses, maintenance, and hardware to accomplish the remaining capability developments and organizational implementations. In 2017, 2018, 2019, and 2020, DAI received unmodified audit opinions with no comments.</p> <p>The benefits of DAI are:</p> <ul style="list-style-type: none"> • Labor efficiencies (entering data once) and shared across all business processes (modules), workflows and lifecycle in a modern system; • Reduction in contractor support; • Financial visibility (Access to real-time financial data transactions); • Enabling agility and resilience in execution (No silos – anyone/anywhere can backfill and work continues); • Retiring legacy systems; • Shared common business processes and employment of Federal/DoD Enterprise data standards (i.e., SFIS, SLOA, Procurement Data Standard (PDS) and Procurement Request Data Standard (PRDS)); and United States Standard General Ledger (USSGL) Chart of Accounts to resolve DoD material weaknesses and deficiencies. • Reducing reliance on custom Reports, Interfaces, Conversions, Extensions, Forms and Workflows by leveraging application upgrades • Enhanced Internal controls to ensure accurate data, regulatory compliance and ensuring segregation of duties • Significantly reduced data reconciliation requirements; and • Enhanced analysis and decision support capabilities. <p>The DAI PMO also provides system integration services that include: acquisition/financial management, project management; configuration management; developing required Reports, Interfaces, Conversions, Extensions, Forms and Workflows (RICE-FW) objects; testing (cyber security, integration, functional, performance, conversion, user acceptance, operational); training (train the trainer/change management preparing the users for the cross functional skills and awareness needed to perform well with an integrated enterprise resource planning system); system deployment; data conversion; information assurance; database administration; as well as studies, coordination/analysis support.</p> <p>DLA provides the Milestone Decision Authority (MDA), DLA Acquisitions (J7), and DLA Information Operations provides the Program Executive Officer (PEO), program manager, and PMO staff. The DAI PMO relies on DLA Acquisitions for most contracting support. Defense Information Systems Agency (DISA) data centers provide production, test and development, as well as Continuity of Operations (COOP) hosting, and the Joint Interoperability Test Command (JITC) for interoperability and performance testing. The DAI PMO serves as systems integrator.</p>		

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B. Accomplishments/Planned Programs (\$ in Millions)	FY 2020	FY 2021	FY 2022
<p>Title: Defense Agencies Initiative (DAI) - Financial System</p> <p>Description: In FY 2020, the DAI PMO accomplished:</p> <ul style="list-style-type: none"> • Obtained 4th consecutive annual Unmodified Opinion by an Independent Public Auditor (best outcome). • Deployed DAI Increment 3 Rel 2, an initial Defense Working Capital Fund (DWCF) capability, to a newly expanded/renamed Defense Counterintelligence and Security Agency. • Deployed DAI Time & Labor Release in a large agency to over 3,500 new personnel based on an Executive Order. • Developed/Tested DWCF and agency unique requirements and completed the study of 4th Estate common/core capabilities. • Studied Agency unique requirements for Joint Chiefs of Staff (JCS), National Defense University (NDU), DeCA and DCSA. • Developed necessary work instructions and training materials. • Supported the Financial Management (FM) & time/labor operations for over 53k users at 26 organizations. • Supported the DoD RMF process to support actions included in the Designated Authorizing Authority required Plan of Actions and Milestones including an independent FISCAM Test of Design/Test of Effectiveness to result in a DAA decision to award an Authority to Operate. • Continued to mature the GRC capabilities by expanding Enterprise controls: Configuration, Access, Prevention & Transactions supporting audit findings, recommendations & CAPs. • Maintained the technical operations including: application of DISA Security Technical Implementation Guides, hardware & software currency for servers operating systems, middleware & applications including patches; overseeing internal processes within the DECC enclaves; & the daily operation of several interfaces with external systems leveraging DLA Defense Automated Addressing System (DAAS), as well as established Federal Enterprise system web services. • Conducted regular adversarial assessments, RMF continuous monitoring including code scans, an independent Cyber Economic Vulnerability Assessment and a Cooperative Vulnerability and Penetration Assessment. • Obtained an interim Interoperability Certification or an Authority to Connect to the DoD Global Information Grid. • The Program also performed developmental, operational and Cyber security testing with independent third parties under Office of the Secretary of Defense oversight. The Defense Logistics Agency contracted for an independent public accounting firm to conduct the annual FFMIA and SSAE 18 assessments and conduct Cyber security assessments on the system. • Expand the utility of Robotic Process Automation to include repetitive PMO functions. <p>FY 2021 Plans: In FY 2021, the DAI PMO will:</p> <ul style="list-style-type: none"> • Field DAI Increment 3 Rel 3 accounting maturation to users at existing agencies plus DeCA, Joint Staff, National Defense University (over 4.5K users). • Development/Testing for DWCF and agency unique requirements and complete the study of US Marine Corps (USMC) and 4th Estate common/core capabilities. 	23.114	20.537	32.254

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B. Accomplishments/Planned Programs (\$ in Millions)		FY 2020	FY 2021	FY 2022
<ul style="list-style-type: none"> • Work instructions and training materials. • Mature the Financial Management (FM) & time/labor operations for over 90.1K users at over 26 organizations. • Develop updated work instructions and training materials. • Train 25K time and labor users and over 5K USMC financial users. • Support the DoD RMF process to support actions included in the Designated Authorizing Authority required Plan of Actions and Milestones including an independent FISCAM Test of Design/Test of Effectiveness to result in a DAA decision to award an Authority to Operate. • Continue to mature the GRC capabilities by expanding Enterprise controls: Configuration, Access, Prevention as well as Transactions supporting audit findings, recommendations & CAPs. • Mature the technical operations including: application of DISA Security Technical Implementation Guides, hardware & software currency for servers operating systems, middleware & applications including patches; overseeing internal processes within the DISA Data Center enclaves; & the daily operation of several interfaces with external systems leveraging DLA Defense Automated Addressing System (DAAS), as well as established Federal Enterprise system web services. • Study costs associated with hosting DAI in the Oracle Cloud. • Expand utility of Robotic Process Automation to include repetitive PMO functions. <p>FY 2022 Plans: In FY 2022, the DAI PMO will:</p> <ul style="list-style-type: none"> • Field DAI Increment 3 Rel 4 accounting maturation to users at existing agencies plus USMC (over 5K users). • Development/Testing for DFAS DWCF unique requirements and complete the study of a major application upgrade. • DAI will complete the development and deployment of G-Invoicing capabilities to meet the OSD & Treasury Mandates for Oct 1, 2022. • DAI will continue to develop Robotic Process Automations (RPA) to enhance timeliness & quality of Tier2 Helpdesk request, testing, demonstrations, and incident resolution. • DAI will support the planned Full Operational Capability (FOC) of the Identity, Credential and Access Management (ICAM) program to systemically transmit Access Control Information from Agencies and provide DAI provisioning information to the ICAM centralized repository. • DAI will continue to expand the utility of Advana with DAI data supporting OUSD(C) and using organizations. <p>FY 2021 to FY 2022 Increase/Decrease Statement: FY 2022 will be the first year that DAI will deploy financial capabilities to USMC and continue maturation of DWCF accounting capabilities necessary to meet Defense Finance and Accounting Service (DFAS) requirements. DAI projects supporting 123k users.</p>				
Accomplishments/Planned Programs Subtotals		23.114	20.537	32.254

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Exhibit R-2A, RDT&E Project Justification: PB 2022 Defense Logistics Agency		Date: May 2021
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C. Other Program Funding Summary (\$ in Millions)

N/A

Remarks

D. Acquisition Strategy

DAI is developed and implemented using an evolutionary/incremental strategy including major annual software releases to accommodate upgrades as required by changes to the Department's BEA including new laws, regulations and policies as governed by its Functional Sponsor.

DAI Increments 1 and 2 are in sustainment. When Increment 3, Rel 1 went live in October 2018, it subsumed Increment 2; therefore, only one DAI production baseline exists at any point in time.

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Exhibit R-3, RDT&E Project Cost Analysis: PB 2022 Defense Logistics Agency **Date:** May 2021

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Product Development (\$ in Millions)				FY 2020		FY 2021		FY 2022 Base		FY 2022 OCO		FY 2022 Total	Cost To Complete	Total Cost	Target Value of Contract
Cost Category Item	Contract Method & Type	Performing Activity & Location	Prior Years	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost			
DAI Compliance Support	Option/CPIF	CACI Inc Federal : Chantilly, VA	31.280	5.854	Jun 2020	4.288	Jun 2021	5.345	Jun 2022	0.000		5.345	Continuing	Continuing	0.000
DAI Implementation Support	Option/CPIF	CACI Inc Federal : Chantilly, VA	28.402	5.496	Mar 2020	5.682	Mar 2021	6.100	Mar 2022	0.000		6.100	Continuing	Continuing	0.000
DAI Infrastructure Support	Option/CPIF	CACI ISS Inc : Fairfax, VA	14.476	4.000	May 2020	2.118	May 2021	3.010	May 2022	0.000		3.010	Continuing	Continuing	0.000
Global Model P2P Support	C/CPIF	IBM : TBD	3.418	2.408	Aug 2020	2.542	Aug 2021	3.766	Aug 2022	0.000		3.766	Continuing	Continuing	Continuing
Global Model A2R Support	C/CPIF	CACI, Inc : TBD	4.736	1.342	Apr 2020	2.336	Apr 2021	2.621	Apr 2022	0.000		2.621	Continuing	Continuing	Continuing
Requirements Management (RM) Support	MIPR	DISA : Fort Meade, MD	1.272	0.262	Oct 2019	0.256	Oct 2020	0.510	Oct 2021	0.000		0.510	Continuing	Continuing	Continuing
DCPDS/DAI Interface File Changes	MIPR	DLA Finance : Fort Belvoir, VA	0.037	0.008	Feb 2020	0.008	Feb 2021	0.193	Feb 2022	0.000		0.193	Continuing	Continuing	Continuing
Prior Year Contracts	Option/Various	MULTI : MULTI	68.289	0.000		0.000		0.000		0.000		0.000	0.000	68.289	54.057
Subtotal			151.910	19.370		17.230		21.545		0.000		21.545	Continuing	Continuing	N/A

Remarks
 Prior Year Contracts include: Global Model P2P C/FFP IBM: Bethesda, MD \$21.927 million; Global Model A2R C/CPFF CACI Inc Federal: Chantilly, VA \$10.146 million; DAI Data Conversion Support Option/FFP Terathink: Reston, VA \$2.857 million; Oracle Time & Labor Software License and Maintenance C/FP Mythics, Inc: Virginia Beach, VA \$1.020 million; Global Model CAD C/CPFF CSC: Falls Church, VA \$3.205 million; Jaws Professional Licenses C/FFP Immix: McLean, VA \$0.017 million; Oracle Advanced Compression Licenses \$1.622 million; Oracle Contract Lifecycle Management Licenses C/FFP Mythics Inc: Virginia Beach, VA \$7.408 million; Oracle Licenses MIPR DISA: Pensacola, FL \$5.446 million; Kurzweil 5000 508 Assistive Tech Licenses C/FFP Envision Technology Inc: Bethesda, MD \$0.008 million; Dragon Naturally Speaking 508 C/FFP Red River Computer Co: Claremont, NH \$0.007 million; DISA/DITCO Delinquent Balance MIPR DISA DITCO: Scott AFB, IL \$0.017 million; and DBTA Section 1553 MIPR DFAS:Columbus, OH \$0.377 million.

Support (\$ in Millions)				FY 2020		FY 2021		FY 2022 Base		FY 2022 OCO		FY 2022 Total	Cost To Complete	Total Cost	Target Value of Contract
Cost Category Item	Contract Method & Type	Performing Activity & Location	Prior Years	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost			
Estimated SBIR/STTR:	TBD	TBD : TBD	2.789	0.864	Jun 2020	0.712	Jun 2021	1.118	Jun 2022	0.000		1.118	Continuing	Continuing	Continuing
Subtotal			2.789	0.864		0.712		1.118		0.000		1.118	Continuing	Continuing	N/A

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Exhibit R-4A, RDT&E Schedule Details: PB 2022 Defense Logistics Agency		Date: May 2021
Appropriation/Budget Activity 0400 / 5	R-1 Program Element (Number/Name) PE 0605080S / <i>Defense Agencies Initiative (DAI) - Financial System</i>	Project (Number/Name) 01 / <i>Defense Agencies Initiative - Financial System</i>

Schedule Details

Events by Sub Project	Start		End	
	Quarter	Year	Quarter	Year
<i>Defense Agencies Initiative (DAI)</i>				
DAI - - See schedule exhibit for more details	1	2018	4	2025