Cost Management
### Driving to a Centralized, Standardized CFO Function

<table>
<thead>
<tr>
<th>CFO Role</th>
<th>Financial Reporting</th>
<th>Compliance / Control</th>
<th>Decision Analytics on Financial Performance</th>
<th>Decision Analytics on Mission Performance</th>
</tr>
</thead>
</table>
| Analytics Performed | • Sound transaction processing  
• Creation of traditional finance reports (e.g., balance sheet) | • Provide assurance on strength of internal controls and risk management processes | • Perform cost management analysis  
• Provide resources for performance review | • Link cost performance data to related priority mission objectives  
• Partner on cost and mission analytics |
| Time | ~ Annually | ~ Quarterly | ~ Monthly or better | ~ Daily / Real time / predictive |
| Data Architecture | Distributed, non-standard | Distributed, standard | Centralized, standard | Centralized, standard, automated |
| Role of UoT | • Disaggregated systems approached on a one-off basis  
• No enterprise view | • Disaggregated systems  
• Central "translation" ability via single taxonomy  
• UoT collecting data from multiple sources | • UoT central host system  
• UoT leverages existing data linkages to receive specific updates/refreshes | • UoT central host system  
• Automated feeds for cost & audit  
• Shared service provider for analytics on financial performance and cost |

### CFO impact

- **Lower**
- **Higher**
Executive summary

CMO and DCFO began this cost transparency in summer of 2016

Our approach to cost transparency draws upon private sector experience from commercial consulting partners to deliver rapid insights, allow for quick decisions, and drive smarter transformations (i.e., re-org, business process optimization) by:

- **Leveraging cost and non-cost data:** Identify cost and performance implications of various scenarios
- **Delivering meaningful insights:** Managers can immediately use insights to manage spend
- **Identifying key transformation opportunities:** Isolate high-impact areas for long-term change
- **Developing a unified cost framework (CODE):** Quickly identify key segments which drive business decision making within a given line of business

We implement our approach within various lines of business during a time-boxed period: initial hypotheses and insights derived within 120 days; final within a 300-day sprint

- Our first line of business was Real Property, implemented successfully in ’16
- Medical and IT were successfully completed in fall ’17, with follow-on extension work currently ongoing
- Currently ~ 120 days into Supply Chain LoB and ~45 days into FM
Initial view on timing and major milestones for all LoBs

<table>
<thead>
<tr>
<th>LoB</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Property</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Medical</td>
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<tr>
<td>IT</td>
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</tr>
<tr>
<td>Supply Chain</td>
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</tr>
<tr>
<td>FM</td>
<td></td>
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</tr>
<tr>
<td>Maintenance</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Service Acquisitions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HR</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Community Services</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Operations</td>
<td></td>
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<td></td>
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<tr>
<td>Testing and RDT&amp;E</td>
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<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td></td>
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</tr>
</tbody>
</table>

Notional timeline for future LoBs

- Initial 300 days
- Sustainment
- Initial cost baseline with preliminary analytic capability
- Finalized baseline with advanced analytic capability
- Annual refresh complete (year over year data available)
Developing the Framework
Cost transparency journey delivered in three phases

1. Define the Cost Decision Framework (CODE)
   - Define key segments
   - Based on commercial best practice
   - Tailored to DoD
   - Assess materiality, actionability, variance

2. Create and populate CODE
   - Collect and map actuals
   - Develop commercial reference (CORE) model
   - Impute data gaps and recommend way forward

3. Manage cost performance
   - Train users
   - Sustain and refresh model
   - Close data gaps
   - Leverage for decision-making
Phase 1: Project began with development of CODE to identify the key business cost drivers for each LoB, with Real Property shown below.

**Level of Materiality, Variance, and Actionability**

<table>
<thead>
<tr>
<th>CODE focuses first on product segments:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Real Estate</strong></td>
</tr>
<tr>
<td>• Construction</td>
</tr>
<tr>
<td>• Maintenance &amp; Repair (overhead)</td>
</tr>
<tr>
<td>• Planning / management</td>
</tr>
<tr>
<td>• Leasing</td>
</tr>
<tr>
<td>• Divestment / demolition</td>
</tr>
<tr>
<td>• New land / property</td>
</tr>
<tr>
<td>• Environmental restoration</td>
</tr>
<tr>
<td>• Other</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

**Geography (Service)**
- Army
- Air Force
- Navy, Marine Corps
- 4th Estate (DLA, WHS, DoDEA, DHP, DECA)

**Site / Footprint (Installation)**
- All installations (U.S. and overseas)
  - Facility class (e.g., Administrative, Hospital & medical, Troop housing & mess, etc.)
  - Age
  - Condition
  - Other

**Facility profile**
- Personnel cost
- Contractor cost

**Object class**
- Supplies
- Travel
- Communications
- Other
Phase 2: Followed five step process to populate CODE framework with data

1. Acquired raw data from complex systems landscape
2. Mapped data to CODE framework
3. Identified and assessed confidence levels
4. Closed data gaps where actuals were unavailable or unreliable
5. Validated mappings and confidence levels with key stakeholders
Phase 2: Navigated complex systems landscape to populate Is-Cost
Phase 3: Progression from Proof of Concept into Sustainment

Proof of Concept
- Real Property
  - CODE
  - Populate
  - Manage
- IT
  - CODE
  - Populate
  - Manage
- Medical
  - CODE
  - Populate
  - Manage

Repeats for additional LoBs

Sustainment
1. Initiate Sustainment
2. Institutionalize Sustainment Platform
   - Refresh
   - Integrate Across Organization
3. Extending Org. Capabilities
   - Integrating Performance Management
   - Sustaining a DoD Cost Culture

Cost baseline
Key business questions drive our approach to cost transparency within a given LoB

<table>
<thead>
<tr>
<th>Assess cost</th>
<th>Improve efficiency</th>
<th>Transform</th>
</tr>
</thead>
<tbody>
<tr>
<td>• What are the primary</td>
<td>• Are personnel at efficient levels to manage</td>
<td>• Where is centralization cost-</td>
</tr>
<tr>
<td>cost drivers?</td>
<td>efficient levels to manage workload?</td>
<td>effective?</td>
</tr>
<tr>
<td>• What are the baseline</td>
<td>• What is the value of optimizing transport?</td>
<td>• What is the cost of duplication?</td>
</tr>
<tr>
<td>costs?</td>
<td>• How do outsourced costs compare to insourced?</td>
<td></td>
</tr>
<tr>
<td>• How should systems &amp;</td>
<td>• Is there opportunity to consolidate warehouses?</td>
<td>• What is the cost of non-optimal</td>
</tr>
<tr>
<td>accounting be best</td>
<td></td>
<td>demand signals?</td>
</tr>
<tr>
<td>aligned to capture costs?</td>
<td></td>
<td>• Are IT investments improving cost</td>
</tr>
<tr>
<td>• How do overhead costs</td>
<td></td>
<td>efficiency?</td>
</tr>
<tr>
<td>compare to benchmarks?</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• How can the DoD operating model be</td>
</tr>
<tr>
<td></td>
<td></td>
<td>modified?</td>
</tr>
</tbody>
</table>
The final end-user tool is composed of three primary components:

**Visualization dashboard**
Interactive cost analytics views designed to aid in managerial decision making, e.g.,
- Internal and external benchmarking
- Portfolio variance
- Data quality assessment

**Commercial Reference (CORE) model**
View of what analogous commercial entity would incur in functional execution costs
Accounts for some systematic DoD-unique cost drivers

**Is-Cost model**
Consolidated DoD-wide view of annual execution costs aligned to cost decision (CODE) framework
Real Property: Key themes and opportunities

Wide variation in electricity spend
Estimate potential savings through establishing and managing to cost performance baselines

Significant lease spend near existing DoD facilities
Leased administrative space is within a 30-mile commute of dense DoD footprint

Identification of regional clusters
Potential for CODE analytics to inform regional consolidation

Above: Electricity cost per square foot plotted for 400+ installations across all Services (each dot is different installation)

Above: Administrative leases arrayed according to cost and amount of “nearby” owned/leased administrative facilities

Top: DoD sites with administrative square footage. Bottom: Top 20 “high density” clusters of administrative facilities
Real Property: CODE gives Installation-level cost comparisons across all categories of spend.
Cost comparison of real property

Cost comparison between AFB A, portfolio medians, and commercial reference estimates:

<table>
<thead>
<tr>
<th>Product</th>
<th>FY 16 CODE</th>
<th>Commercial Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Air Force Base A</td>
<td>DoD Median</td>
</tr>
<tr>
<td>Total</td>
<td>22.21</td>
<td>7.80</td>
</tr>
<tr>
<td>Custodial</td>
<td>0.79</td>
<td>0.33</td>
</tr>
<tr>
<td>Electricity</td>
<td>2.18</td>
<td>1.10</td>
</tr>
<tr>
<td>Grounds</td>
<td>0.03</td>
<td>0.03</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>0.25</td>
<td>0.19</td>
</tr>
<tr>
<td>Pest Control</td>
<td>0.08</td>
<td>0.07</td>
</tr>
<tr>
<td>Refuse</td>
<td>0.08</td>
<td>0.09</td>
</tr>
<tr>
<td>Restoration and Modernization</td>
<td>2.82</td>
<td>0.96</td>
</tr>
<tr>
<td>Road Clearance</td>
<td>-</td>
<td>0.01</td>
</tr>
<tr>
<td>Sewer</td>
<td>0.05</td>
<td>0.07</td>
</tr>
<tr>
<td>Sustainment</td>
<td>15.75</td>
<td>4.92</td>
</tr>
<tr>
<td>Water</td>
<td>0.18</td>
<td>0.07</td>
</tr>
</tbody>
</table>

Air Force Base’s A real property costs in FY 16 were broadly comparable (on a per sq. ft. basis) to portfolio medians; however, cost appeared high in both Electricity and Sustainment.
Electricity cost per square foot comparison vs. CORE benchmarks:

**Air Force Base A Cost Analysis:**

- **Total FY 16 Electricity Cost*** ~ $7.5 Million
- **Total Square Feet** ~ 3.44 Million Square Feet
- **Cost per Square Foot** $2.18 / Square Foot

*Cross Service Regional Median:* $1.12 / Square Foot

Next step: Review and identify best practices being employed at installations outperforming commercial reference model
Key themes and opportunities for Medical

High spend compared to Purchased Care
On average, MTFs are more expensive than equivalent workload performed in Purchased Care network
• Adjusted to locality (where possible)

MHS outliers define performance gaps
Departments, MTFs, and Markets have large variance in cost performance when compared to peers
• Controlled for potential causes (e.g. readiness, GME, OCONUS, etc.)

Low FTE utilization relates to high unit cost
Lower utilization rates drive inefficiencies in cost performance at Department, MTF, and Market levels

MTFs above red line cost more than Purchased Care workload equivalent

Comparable MTFs have large variances in cost performance for same department

Physician utilization generally correlates with cost performance for each department/MTF combination
Information Technology: Key themes and opportunities

Higher spend compared to Commercial References
Delta with Commercial Reference model, driven primarily by:
  • External services
  • IT personnel

Lack of consolidation in third party vendors
High concentration with top vendors, with long tail of spend

Inefficiencies in usage of external service providers
IT spend/FTE increases in MAJCOMS that have greater % of spend on external services
Underpinning all reform levers is a foundational need for cost transparency.

**Potential reform levers for public sector leaders**

- Invest in new capabilities
- Reduce cost inefficiencies
- Optimize performance
- Influence demand
- Divest non-core activities

**What are the potential reforms under consideration?**

**What are the key management questions with respect to cost?**

**What business analytics are required to support decision making?**

**What data elements should be captured within cost framework?**

*Cost transparency lays the foundation across the spectrum of reform*
Financial Management Framework
## Financial Management Framework Key Discussion Points

<table>
<thead>
<tr>
<th>Objective</th>
<th>Goal for discussion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Share final CODE framework</td>
<td>Provide visibility to final version approved by Steering Committee</td>
</tr>
<tr>
<td>2. Share view of E2E process mapping</td>
<td>Share approach of using both commercial and BEA processes</td>
</tr>
<tr>
<td>3. Share sample &quot;use cases&quot; with early view of visualizations</td>
<td>Early view on mapping of CODE framework</td>
</tr>
<tr>
<td></td>
<td>Provide sample of questions that could be answered using data</td>
</tr>
<tr>
<td></td>
<td>Get your input on additional questions or visualizations you'd like to see</td>
</tr>
</tbody>
</table>
## Financial Management CODE Framework

### CODE focuses on eleven FM capabilities...

<table>
<thead>
<tr>
<th>Capability</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Programming and Budgeting</td>
<td>- Perform programming</td>
</tr>
<tr>
<td></td>
<td>- Perform budget preparation (budgeting)</td>
</tr>
<tr>
<td></td>
<td>- Perform post-Congressional allocation activities</td>
</tr>
<tr>
<td>2. Cost Accounting and Performance Management</td>
<td>- Perform managerial cost accounting</td>
</tr>
<tr>
<td></td>
<td>- Manage financial performance</td>
</tr>
<tr>
<td>3. Capital Planning and Accounting</td>
<td>- Manage capital planning and project approval</td>
</tr>
<tr>
<td></td>
<td>- Perform capital project accounting</td>
</tr>
<tr>
<td>4. Audit and Internal Controls</td>
<td>- Develop and implement internal controls (audit readiness)</td>
</tr>
<tr>
<td></td>
<td>- Operate internal controls</td>
</tr>
<tr>
<td></td>
<td>- Monitor compliance and perform internal audit</td>
</tr>
<tr>
<td></td>
<td>- Support external audit</td>
</tr>
<tr>
<td></td>
<td>- Perform remediation activities</td>
</tr>
<tr>
<td>5. Treasury Operations</td>
<td>- Manage treasury operations policies</td>
</tr>
<tr>
<td></td>
<td>- Manage cash</td>
</tr>
<tr>
<td></td>
<td>- Manage debt, investments, and financial risk</td>
</tr>
<tr>
<td></td>
<td>- Manage interagency reconciliation</td>
</tr>
<tr>
<td>6. General Accounting and Reporting</td>
<td>- Manage accounting policy</td>
</tr>
<tr>
<td></td>
<td>- Perform general accounting (proprietary and budgetary ledgers)</td>
</tr>
<tr>
<td></td>
<td>- Perform fixed asset accounting</td>
</tr>
<tr>
<td></td>
<td>- Perform periodic financial reporting</td>
</tr>
<tr>
<td>7. Management of Financial Systems</td>
<td>- Manage financial systems</td>
</tr>
<tr>
<td>8. Receivables Management</td>
<td>- Invoice customer</td>
</tr>
<tr>
<td></td>
<td>- Process accounts receivable (AR)</td>
</tr>
<tr>
<td></td>
<td>- Manage and process collections</td>
</tr>
<tr>
<td></td>
<td>- Manage adjustments / deductions</td>
</tr>
<tr>
<td>9. Payroll</td>
<td>- Report time (military / civilian)</td>
</tr>
<tr>
<td></td>
<td>- Manage pay (military / civilian)</td>
</tr>
<tr>
<td></td>
<td>- Process payroll taxes (military / civilian)</td>
</tr>
<tr>
<td>10. Payables Management</td>
<td>- Process invoices and expenditures</td>
</tr>
<tr>
<td></td>
<td>- Process expense reimbursements</td>
</tr>
<tr>
<td></td>
<td>- Process disbursements</td>
</tr>
<tr>
<td></td>
<td>- Review payments</td>
</tr>
<tr>
<td>11. FM Community and Org Support</td>
<td>- Perform functional community management</td>
</tr>
<tr>
<td></td>
<td>- Perform other services in support of FM activities</td>
</tr>
</tbody>
</table>

### ... and covers additional cost segments

#### Asset Type
- Personnel
- Systems
- External Services
- Other

#### Service / Agency
- Army
- Navy
- Air Force
- USMC
- 4th Estate
- OSD

#### Organization Layer
- HQ vs. Field

#### Personnel Type
- Military
- Civilian
- Contractor

#### Systems
- Legacy
- ERP
- Other
Created view of FM processes based on both commercial references, then mapped DoD BEA processes and CODE activities

- **P2P:**
  - Maintain Vendor Master
  - Maintain Material Master
  - Source Goods and Services
  - Manage Contracts
  - Execute Requisition
  - Execute Purchase
  - Receipt, Acceptance, Returns
  - Bill/Invoice
  - Fulfill Orders
  - Maintain AR
  - Maintain Customer Master
  - Manage Leads
  - Credit and Risk Approval
  - Manage Sales and Quotes
  - Manage Sales Orders
  - Process Invoices
  - Disburse Payment

- **O2C:**
  - Maintain Item Master
  - Manage Leads
  - Credit and Risk Approval
  - Manage Sales and Quotes
  - Manage Sales Orders
  - Fulfill Orders
  - Bill/Invoice Customer
  - Process AR
  - Manage and Process Collections
  - Manage adjmts.

- **B2R/R2R:**
  - Manage Accounting Policy
  - Perform General Accounting
  - Perform Fixed-Asset Accounting
  - Manage Labor Relations
  - Manage HR Policies
  - Manage Employee Data
  - Manage Workforce Planning
  - Source and Hire Talent
  - Manage Learning & Deployment
  - Manage Mobility & Deployment
  - Manage Comp and Benefits
  - Manage Employee Performance
  - Report Time
  - Manage Pay
  - Process Payroll Taxes
  - Manage Conflict & Compliance
  - Manage Separation & Retirement

- **H2R:**
  - Manage HR Policies
  - Manage Employee Data
  - Manage Workforce Planning
  - Source and Hire Talent
  - Manage Learning & Deployment
  - Manage Mobility & Deployment
  - Manage Comp and Benefits
  - Manage Employee Performance
  - Report Time
  - Manage Pay
  - Process Payroll Taxes
  - Manage Conflict & Compliance
  - Manage Separation & Retirement

- **Certain CODE capabilities considered supporting functions and not currently represented as part of an End-to-End business process, including:**
  - Audit and Internal Controls (4)
  - Treasury Operations (5)
  - Management of Financial Systems (7)
  - Community and Organization Support (11)
Procure-to-Pay (P2P) process: comparing commercial and DoD POV

Preliminary BEA observations for validation:

- Master data management is not cited as key component of process
- Commercial references often cite strategic sourcing of goods and services first, as opposed to opening a requisition and then developing a strategy
- Award procurement instrument is not as significant of an event in commercial equivalent process

Notes: 1.) Expense reimbursements are part of P2P in most commercial organizations.
FM visualizations answer three main type of questions

Total cost
What am I spending on a given capability/process?
Scope, magnitude, allocation
Shown as total costs and/or FTE's aligned to CODE capabilities across key processes

Comparative cost
How efficient is my performance compared to cost?
Top 1-2 indicators of process health
Shown as normalized costs to facilitate comparisons across benchmarks

Key drivers
What are key drivers of performance and cost?
Capability-specific views and cost drivers
Shown in domain-specific metrics
Current view of questions for each use case process (I/II)
Use cases to grow and evolve as team explores data and gets further stakeholder input

<table>
<thead>
<tr>
<th>PPBE (B2R)</th>
<th>Total Cost</th>
<th>Comparative Cost</th>
<th>Key Drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>How much does the programming and budgeting (PB) function cost the DoD?</td>
<td>How efficient is the PB function process Service / Agency?</td>
<td>How many people are involved in PB?</td>
</tr>
<tr>
<td></td>
<td><strong>Focus of today</strong></td>
<td></td>
<td>Level of involvement? FM coded or shadow FM?</td>
</tr>
<tr>
<td>P2P</td>
<td>How much does the FM portion of procure to pay (P2P) function cost the DoD?</td>
<td>How efficient is the Accounts Payable process across Services and vs. benchmarks?</td>
<td>Does diffusion of task responsibility drive increased costs?</td>
</tr>
<tr>
<td>Audit / IC</td>
<td>How much does audit readiness cost the DoD?</td>
<td>Why do audit readiness costs continue to increase?</td>
<td>What is driver of efficiency gaps for AP? Differences in source channel?</td>
</tr>
<tr>
<td>A2R</td>
<td>How much does acquire-to-retire (A2R) cost the DoD?</td>
<td>How efficient is the A2R process by Service / Agency and vs. commercial reference?</td>
<td>Right mix of labor? Should audit readiness continue to be outsourced? Can skillset be developed internally to DoD?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>How are costs spread across A2R sub-processes?</td>
<td>Do A2R costs increase with expected life of fixed assets?</td>
</tr>
</tbody>
</table>

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1. “Shadow FM” defined as personnel performing activities within the FM CODE who do not have an FM job code or explicit FM duties in their job description.
Sample Procure-to-Pay use case: AP efficiency

<table>
<thead>
<tr>
<th>CODE Capability</th>
<th>Business processes / Support activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Programming and Budgeting</td>
<td>PPBE (B2R)</td>
</tr>
<tr>
<td>2. Cost Accounting and Performance Management</td>
<td>Procure-to-Pay</td>
</tr>
<tr>
<td>3. Capital Planning and Accounting</td>
<td>Audit / IC</td>
</tr>
<tr>
<td>4. Audit and Internal Controls</td>
<td>Acquire-to-Retire</td>
</tr>
<tr>
<td>5. Treasury Operations</td>
<td>Budget-to-Report</td>
</tr>
<tr>
<td>6. General Accounting and Reporting</td>
<td>Hire-to-Retire</td>
</tr>
<tr>
<td>7. Management of Financial Systems</td>
<td>FM systems</td>
</tr>
<tr>
<td>8. Receivables Management</td>
<td></td>
</tr>
<tr>
<td>9. Payroll</td>
<td></td>
</tr>
<tr>
<td><strong>10. Payables Management</strong></td>
<td></td>
</tr>
<tr>
<td><strong>11. FM Community and Org Support</strong></td>
<td></td>
</tr>
</tbody>
</table>
Sample Procure-to-Pay use case: AP efficiency

**Total cost**

**Question:**
- How much does the FM portion of procure to pay (P2P) function cost the DoD?

**Evidence:**
- Total costs for CODE activity 10

**Next steps:**
- Determine comparative costs across Services to inform areas of inefficiency

**Comparative cost**

**Question:**
- How efficient is the Accounts Payable process across Services and vs. benchmarks?

**Evidence:**
- Invoice volume processed per FTE

**Next steps:**
- Where gaps exist, determine drivers of inefficiencies

**Key drivers**

**Question:**
- What is driver of efficiency gaps for AP? Differences in source channel? Seasonality? Something else?

**Evidence:**
- Invoice volume/$ processed by service and channel
- Detailed invoice metadata

**Next steps:**
- Shift invoice volume to high success rate channel
- Determine cyclical cause of invoice errors in months xxx-yyyy
**Comparative cost: Accounts Payable**

*Invoices processed per FTE*

### Managerial Insights
- All Services less efficient than commercial references
- Services have >10% variability once normalized, with Army lowest performing

### Further lines of inquiry
- What is driver of efficiency gaps for AP? Differences in source channel? Seasonality? Something else?
Key drivers: Accounts Payable for the Army

Example conclusion: Army AP inefficiency likely driven by high usage of email to receive invoices; while some seasonality exists, it is likely linked to FY closeout and not a primary driver of inefficiency.
<table>
<thead>
<tr>
<th>Sample Analyzes</th>
<th>Potential Data Requirements</th>
<th>Potential Data Sources</th>
<th>Data Status</th>
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<tr>
<td>• Analysis of invoices processed per FTE involved in P2P process</td>
<td>• Personnel costs involved in process</td>
<td>• Invoice type utilization report</td>
<td>• DFAS data contains majority of required volumes/counts</td>
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<tr>
<td>• Invoice to Pay cycle time</td>
<td>• Invoice volume and success metrics from standard business intelligence reports</td>
<td>• Contract data (i.e. FPDS)</td>
<td>• Analysis of WAWF data expected to provide invoice data</td>
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<tr>
<td>• Analysis of invoice type</td>
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<td>• General Ledgers (i.e. GAFS, GFEBS)</td>
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<td>• Additional sources TBD</td>
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</table>
Adoption
The CODE Business Integration Office (BIO) Team will help facilitate Sustainment efforts by communicating OSD’s cost management vision and enabling cross-LoB integration.

The Cost Management Board is a meeting that connects the CODE BIO Team to the functional communities and enables two-way communication.

**CODE BIO Team**
- Communicates OSD cost management vision
- Facilitates AOG progress towards Sustainment milestones
- Serves as a liaison between OSD ODCFO and the functional communities

**Cost Management Board**
- An LoB-specific forum for CODE BIO and Action Officers (AOs) to discuss pertinent cost management topics
- Meetings are held on an as-needed basis
- Enables CODE BIO Team to provide updates on milestones and next steps for DoD’s ECM
- Functional communities can provide insight/context on relevant operational issues, priorities, etc.

**Functional Community (LoB AOs)**
- Provides functional-specific context to cost management questions
- Communicates and escalates broader cost issues and potential impacts (e.g., source system changes)
- Informs ODCFO on current operating environment
Key Business Questions to Focus Approach and Analytics

- Tier 1 opportunities
- Tier 2 opportunities
- Tier 3 opportunities

Focus areas (current)

Currently in flight (not managed by reform effort)