



DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

OCT 15 2014

MEMORANDUM FOR CHAIRMAN, DEFENSE BUSINESS BOARD

SUBJECT: Terms of Reference – “Transforming Department of Defense Core Business Processes for Revolutionary Change”

The Department of Defense (DoD) spends about \$100B annually on core business processes (i.e., human resource management, healthcare management, financial management, acquisition and procurement, logistics and supply, and real property management) that support our mission. Private sector businesses, particularly large global corporations with business process challenges analogous to those of DoD, have experienced significant cost savings through the implementation of process redesigns and agile reference architectures. While DoD has improved its core processes and the supporting information technology (IT) hardware and software over the last decade, the Department still lags behind the commercial sector. The application of commercial sector lessons learned, combined with modern, commercially-derived IT approaches, may enable the Department to save money and resources while improving mission performance.

My goal is to modernize our business processes and supporting systems and create an agile enterprise shared services organization in order to reduce costs, maximize return on investment, and improve performance while ensuring we maintain system security. To ensure our efforts leverage best practices, I am establishing a Task Group under the Defense Business Board (DBB) to review and recommend changes to the Department’s current plans for enterprise modernization. The task group’s recommendations should be specific and actionable in order to enable the creation of an agile enterprise shared services organization. The Task Group should:

- Identify how private sector enterprises create a cost conscious culture and propose how DoD might do the same. Your analysis should include how private sector enterprises consolidate IT “utilities” to create efficient and agile organizational performance. Consider the use of third parties to evaluate and recommend ways to best reconfigure all or part of DoD’s supporting business processes and their associated IT. Consider ways a vendor analysis work product might be used to derive needed financial and transaction data for application to DoD.
- Consider a conceptual roadmap that will support a staged modernization of an OSD Principal Staff Assistant organization. Recommend how best to enable the construction and operation of the new technology “stack” to support redesigned business processes.
- Recommend an approach for the Department to establish a means (such as a cash flow model) to identify and quantify the economic value of modernization on a productivity basis. Propose how enterprise modernization can best be structured to bring innovation and agility to the “end user” community to gain additional efficiencies.



OSD011861-14

- Make recommendations to the DoD Enterprise Roadmap to address shared approaches to IT services and all of the above.
- Consider utilizing the results and analyses of previous studies relevant to this analysis.

The DBB will provide its findings and recommendations to the Secretary of Defense or the Deputy Secretary of Defense, informed by the Task Group's work, no later than its January 2015 quarterly meeting. The Offices of the Deputy Chief Management Officer; Chief Information Officer; and Under Secretary of Defense for Acquisition, Technology and Logistics will serve as DoD liaisons for this project and provide technical assistance as needed. The Joint Chiefs of Staff will also support, as required.

In accordance with DoD policy, Ms. Roxanne Decyk and Messrs. Kenny Klepper, Philip Odeen, and Emil Michael are appointed as members of the Task Group, pursuant to 5 U.S.C. § 3109, to serve as special and government employee members for the life of this study. Ms. Decyk is also designated as the chair of the Task Group. These four individuals are also currently appointed as members of the DBB.

As a subcommittee of the DBB, and pursuant to the Federal Advisory Committee Act of 1972, the Government in the Sunshine Act of 1976, and other appropriate federal statutes and regulations, this Task Group shall not work independently of the Board's charter and shall report its recommendations to the full DBB for public deliberation and approval. The Task Group does not have the authority to make decisions on behalf of the Board, nor can it report directly to any federal representative. The members of the Task Group are subject to 18 U.S.C § 208, which governs conflicts of interest.



cc:
Chairman of the Joint Chiefs of Staff
Under Secretary of Defense for Acquisition, Technology
and Logistics
Deputy Chief Management Officer
Department of Defense Chief Information Officer