Defense Reform Update for Secretary of Defense William Cohen by Stan Soloway November 8, 1999
The DMC was established as the Board of Directors to oversee the continued reengineering of the Department of Defense.
Early in 1997, the Deputy Secretary of Defense issued a series of Management Reform Memoranda (MRMs) covering a wide range of issues with requirements for review and reports.

1. Implementation and Expansion of Infrastructure Savings Identified in the QDR
2. Moving to a Paper-free Contracting Process by Jan 1, 2000
3. Streamlining Management of OSD-sponsored Higher Education Organizations and Programs
4. Eliminating Unneeded Publications in OSD and Organizations Under the Cognizance of OSD
5. Disposal of Excess Government-owned Property
6. Streamlining and Simplifying Member-arranged Movement of Household Goods
7. Streamlining the Management of Leased Property
8. Disposal of Excess and/or Obsolete Structures
9. Evaluation of Non-training Audiovisual Materials
10. Redesigning DoD Source Acceptance Policies and Procedures
11. Adoption of Commercial Identifiers in DoD Business Systems by Jan 1, 2000
12. Expanding Use of Prime Vendor Contract Instruments
13. Adopting Standard Commerical Products for Registration Fields
14. Reengineering PCS and Inactive Reserve Travel
15. Reengineering Defense Transportation Documentation and Financial Processes
16. Identifying Requirements for the Design, Development & Implementation of a DoD Public Key Infrastructure
17. Reducing the Number of Committees
After the DRI report was released in November 1997, Defense Reform Initiative Directives (DRIDs) were released covering over 40 issues that require reports to the Deputy Secretary of Defense. Many new ideas have emerged for changing the way we are doing business. Sometimes they take the form of DRIDs and others are informal reviews.

1. Personnel Downsizing Plans (21 Nov 1997)
6. Appointment of the Team to Create the Defense Threat Reduction and Treaty Compliance Agency (3 Dec 1997)
7. Overseas Military Banking Program (5 Dec 1997)
8. Reducing the Number of Committees (10 Dec 1997)
10. Establishment of Task Force on Implementing Competition and Infrastructure Initiatives (19 Dec 1997)
12. Transfer Humanitarian Assistance and Demining Programs to the Defense Security Assistance Agency (22 Dec 1997)
DRIDS - Defense Reform Initiative Directives

16. Transfer the Nuclear Command and Control System Function and Support Staff to the U.S. Strategic Command (5 Jan 1998)
17. Appointment of the Team to Develop a Blueprint to Merge Command, Control, Communications, and Computing Functions and the Development and Acquisition of Intelligence, Surveillance and Reconnaissance Systems (C4 and ISR Systems) into the Office of the Under Secretary of Defense for Acquisition and Technology (5 Jan 1998)
18. Feasibility of Competing Functions Involved in National Stockpile Sales (5 Jan 1998)
25. DoD Plan for Integration of the National Guard and Reserve Component into Domestic Weapons of Mass Destruction Terrorism Response (26 Jan 1998)
27. DoD Computer Forensics Laboratory and Training Program (10 Feb 1998)
29. Joint Activities Study (25 Feb 1998)
DRIDS - Defense Reform Initiative Directives

32. Paperless Contract Closeout (13 Apr 1998)
33. Paperless DD Form 250, Material Inspection and Receiving Report (13 Apr 1998)
34. Transfer of Warsaw Initiative (Partnership for Peace) Program Management Functions to the Defense Security Assistance Agency Form 250, Material Inspection and Receiving Report (05 May 1998)
35. Location of the Defense Threat Reduction Agency Headquarters and Support Offices (05 May 1998)
36. Disposal/Demolition of Excess Structures (05 May 1998)
38. Funding Requirements for DoD Spectrum Management Responsibilities (06 May 1998)
39. Travel Reengineering (11 May 1998)
42. Transfer of the Space Policy Function (20 May 1998)
44. Paper-Free Program Objectives Memorandum Submission (02 Jun 1998)
45. Prime Vendor Contracting Program for Facility Maintenance Supplies (24 Aug 1998)
46. Paperless Contracting (09 Dec 1998)
47. End-to-End Procurement Process (09 Dec 1998)
50. Reengineering of Relocation and Reserve Component Travel (27 Jun 1999)
## Performance Scorecards

<table>
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<tr>
<th>Initiative</th>
<th>MRM #</th>
<th>DRID #</th>
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<td>Competitive Sourcing</td>
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<tr>
<td>Government Purchase Card</td>
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</table>
Simplifying Purchasing with the Government Purchase Card
Increase Purchase Card Usage to 90% by FY 2000 and Decrease Traditional Micro-Purchase ($2,500 and Less) Transaction Methods

$12 Million in rebates through June 1999

Increase Purchase Card Usage to 90% by FY 2000 and Decrease Traditional Micro-Purchase ($2,500 and Less) Transaction Methods

Dollar Value of Purchase Actions:
FY1998 = $3.4B
FY1999 = $4.35B (Projected)
Cumulative Minimum Savings from Increased Purchase Card Usage

Cumulative Savings $175M *

* Cost Savings figured at $20 per transaction
Overhaul of Financial Operations & Systems

- Consolidating Systems
- Increasing Accuracy
Reduce the Number of Financial Operations and Accounting Systems to 32 by FY 2003

- FY 1991: 324 systems
- FY 1998: 109 systems
- FY 1999 Current: 102 systems
- FY 2003 Goal: 32 systems

69% CONSOLIDATION OF SYSTEMS
Reduce Unmatched Disbursements / Negative Unliquidated Obligations by 75% of 1998 Level

82% Improvement in Reconciling Disbursements with Official Accounting Records

FY 1993 Baseline: $34.3
FY 1997: $8.4
FY 1998: $8.1
FY 1999: $6.3 (As of 3Qtr)
FY 2000 Goal: $2.0
Paperless Contracting

- Contract Requirements
- Solicitations
- Awards/Modifications
- Receipts/Acceptance
- Invoices/payment
- Delegated Contract Closeout (DCMC only)
Reduce Paper-bound Contracting Processes by 50% by January 2000

- 72% (Exceeding the NPR Goal!)
- 71%
- 60%
- 33%

Paper Transactions

NPR GOAL
DRI GOAL
Achieve a 90% Paperless Contracting Environment by January 2000 (by Category)

<table>
<thead>
<tr>
<th>Category</th>
<th>FY97 Baseline</th>
<th>FY98 Annual</th>
<th>FY99 2nd Qtr</th>
<th>FY99 3rd Qtr</th>
<th>FY99 Projections</th>
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<td>Contract Requirements</td>
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GOAL

FY98 Annual
FY99 2nd Qtr
Streamlining and Saving Through Competitive Sourcing
The A-76 Process
NOTE: Competitive and Strategic Sourcing goal is $11.2B savings by 2005. Savings based on historic average of 20% per FTE competed regardless of competition results.
Savings: $11.2 Billion
Competitive Sourcing
Programmed Savings FY97-05

Total Savings FY 97 - 05 $11.20 Billion
FY 05 Recurring Savings: $3.40
Military Housing Privatization Initiative: Improving Quality of Life
Privatize 28,000 Military Housing Units by FY 2000

300K Housing Units
200K Need Repair

Privatized
Pending Award
Planned Solicitation

GOAL
Energy & Utilities Management
Energy & Utilities Management Goal

- Privatize 2,400 utilities systems by September 30, 2003

- Reduce energy consumption per square foot in our buildings and facilities 30 percent below 1985 levels by 2005 and 35 percent by 2010

“Manage energy, not power infrastructure”
Reduce Energy Consumption 30% below 1985 levels by 2005 and 35% by 2010 *

* Mandated per Executive Order 13123
Logistics Transformation
Logistics Initiatives

- Reduce wholesale supply order-receipt time
- Re-engineer product support
- Re-engineer logistics processes
- Re-engineer operational maintenance procedures
- Modernize logistics information systems
Reduce Order Receipt Time by 50% of FY 97 Baseline
(Requisitioned items for any class of supply submitted against the Wholesale System)

On Track
Total Asset Visibility & Accessibility
- Achieve 90% Visibility of Items in Storage by FY 2000

GOAL
Reduce Secondary Item Inventory
Balance to $56B by FY 2000

Exceeding the Goal!
Framework for Longevity

- Change Management - Rapid Improvement Teams
- Performance Management
- Pilots/Experimentation
- Congress / GAO / Industry Partnership