



Agency Priority Goal Action Plan

DoD Reform Savings

Goal Leader:

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Overview

Goal Statement

- By September 30, 2021, create a long-lasting culture of innovation, empowerment, and improvement to reduce the cost of doing business throughout the Department and achieve \$16.4B in reform savings (FY20 - \$7.7B and FY21 - \$8.7B). The Department will drive transformational improvements of business processes, systems, and policies to increase effectiveness and performance while aligning and reprioritizing savings to support the National Defense Strategy (NDS).

Challenge

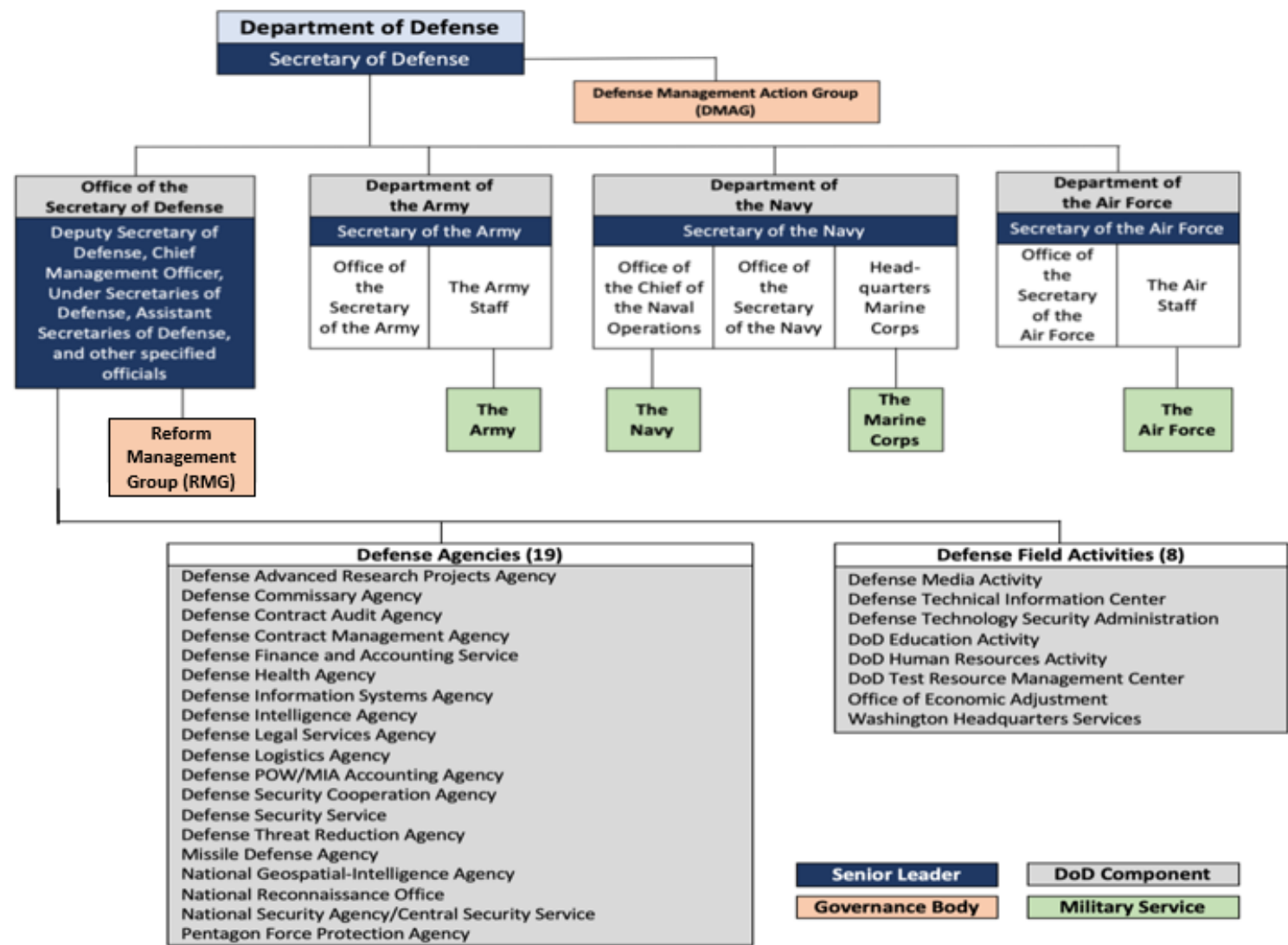
- DoD must achieve enterprise-wide reform saving targets totaling \$46B over FY 19-24. The changing global landscape affects how and where we need to target some of our reform efforts for implementation follow through such as weapons acquisition processes, artificial intelligence and cybersecurity. In addition, the Department continues to address institutional resistance to cultural change.

Opportunity

- We continue to look for ways to meet our goals to achieve DoD-wide reform savings targets by actively governing DoD reform progress and effectiveness and annually setting FYDP reform saving targets.

Leadership & Implementation Team

The Defense Management Action Group (DMAG) and Reform Management Group (RMG) are the two primary governance organizations for DoD reform efforts.



Leadership & Implementation Team, cont.

Deputy's Management Action Group (DMAG)

The DMAG is the primary civilian-military management forum that supports the Secretary of Defense (SD), and addresses top Departmental issues that have resource, management, and broad strategic and/or policy implications. Its primary mission is to produce advice for the Deputy Secretary of Defense (DSD) in a collaborative environment and to ensure that the DMAG execution aligns with the SD's priorities as well as the planning and programming schedule. The DMAG is co-chaired by the DSD and Vice Chairman of the Joint Chiefs of Staff (VCJCS), with Secretaries of the Military Departments, Chiefs of the Military Services, and DoD Principal Staff Assistants holding standing invitations.

The Organizational Policy and Decision Support Directorate (OP&DSD) within the Chief Management Office (CMO) facilitates, promotes, and integrates required analytical and knowledge management support as well as the primary staffing element to the DMAG Executive Secretary. The Executive Secretary also supports the work of a DMAG Senior Steering Group which often advises the DSD concerning the DMAG's agenda, its approach, the preparation of principals, meeting execution, and follow-up afterwards.

Reform Management Group (RMG)

The RMG is the principal governance body that drives execution of the third line of effort in the National Defense Strategy of reforming the Department's business practices for greater performance and affordability. It is a deliberative body with the seniority and authority to make decisions affecting the business of the Department. The RMG is chaired by the Chief Management Officer (CMO) of the DoD.

The members are: Under Secretary of Defense for Research & Engineering; Under Secretary of Defense for Acquisition & Sustainment; USD(C)/CFO; Under Secretary of Defense for Personnel & Readiness; D,CAPE; DoD Chief Information Officer; Assistant Secretary of Defense for Legislative Affairs; Director, J8, Joint Staff; Under Secretary of the Army; Under Secretary of the Navy; Under Secretary of the Air Force; Chief, National Guard Bureau; Director, Defense Logistics Agency; and Reform Team Leads, as recognized by the CMO, subject to the priorities of the Department & focus of the RMG.

Goal Structure & Strategies

The Department is creating a long-lasting culture of innovation, empowerment, and improvement to reduce the cost of doing business throughout the Department.

Our goal is to reform the Department's business practices for greater performance and affordability by:

- Improving and strengthening business operations through a move to DoD enterprise, or shared services and reduction of administrative and regulatory burden (category management and contract efficiencies, enterprise business systems consolidation/reductions; regulatory reduction; consolidation of shared services; and business process re-engineering). (CMO)
 - *DoD has a separate goal focused specifically on regulatory burden (reducing the number of existing regulations); this goal is focused on reducing the cost of doing business throughout the Department.*
- Leveraging data as a strategic asset by expanding our data analytics capability and cultivate data-driven solutions. (CMO)
- Improving the quality of budgetary and financial information that is most valuable in managing the DoD. (USD(C)/CFO)
- Enabling innovative acquisition approaches that deliver warfighting capability at the speed of relevance. (USD (A&S))

Goal Structure & Strategies, cont.

FY20 Programmed and Budgeted Savings

Reform Lever	Reform Examples within Lever	\$K
Better Alignment of Resources	Bottom Up Review Next Gen Air Dominance (NGAD) DHP Under-execution	
Better Alignment of Resources Total		\$2,144,000
Business Process Improvement	Contract Efficiencies Improve Expenditure Efficiency IT Reform	
Business Process Improvement Total		\$2,310,000
Business System Improvement	Automation & Equipment	
Business System Improvement Total		\$251,000
Divestments	Equipment Divestiture Program Divestments or QTY Reductions	
Divestments Total		\$2,949,000
Policy Reform	Civilian Reduction/Realignment	
Policy Reform Total		\$178,000
Weapon System Acquisition Process	Contracting Improvements	
Weapon System Acquisition Total		(\$101,000)
Grand Total		\$7,731,000

Definitions
Better Alignment of Resources – Reprioritizing or moving finances and personnel to realign from legacy capability in support of the National Defense Strategy.
Business Process Improvement – Refining actions, personnel, and timelines to increase effectiveness, efficiency, and reliability of the Department’s delivery of goods and services.
Business System Improvement – Modernizing and eliminating legacy business systems and processes to increase the effectiveness and reduce duplication of the Department’s IT business systems and deliver information at the speed of relevance.
Divestments – Selling equipment or weapon systems, or strategically discontinuing legacy acquisition programs to fund purchases in support of the Department’s highest priorities.
Policy Reform – Changing the Department’s procedures to best empower the warfighter with the knowledge, equipment, and support systems to fight and win.
Weapon System Acquisition – Procuring and sustaining weapon systems differently to prioritize speed of delivery, continuous adaptation, and frequent modular upgrades.

Summary of Progress – FY 2020 Q3

The Department launched a Defense-Wide Review in FY20 to begin reforming the Fourth Estate, composed of the parts of the DoD that are outside of the military departments and not typically the focus of our annual program/budget review process.

As a result of the FY20 effort, we harvested over \$5B (5.7% of the Defense-Wide overall budget) in FY 2021 savings, which we then realigned into lethality and readiness initiatives.

- Defense Agencies and DoD Field Activities (DAFA) Reviews: Met deadlines and congressional reporting requirements for initial budget guidance, baselines, and initial reviews of DAFAs per FY 2019 NDAA Section 921. (See slide 10)
- In addition to the governance process of DoD, each Military Service has its own governance process to ensure they are executing a disciplined, data-driven process for strategic cost management.
 - The Navy reviewed internal processes and programs to achieve reform and funding savings of over \$1.9B. Savings were realized in Business System/Business Process Improvements, and Weapon System Acquisition Processes. Examples include contracting improvements and program divestments.
 - The AF identified over \$1.2B in reform savings in the better alignment of resources (Next Gen Air Dominance (NGAD)) and business process improvements.
 - The Army identified \$4B in reform savings in business process improvements. Examples include equipment divestitures and contract efficiencies. Efficiencies are programmed for reinvestment in POM 20-24 and applied to readiness and modernization.

Summary of Progress – FY 2020 Q3

(Reform Actions by Reform Lever)

Business Process Improvement Lever

Category Management (CM): The CM team exceeded their quarterly targets to assess \$20B spend to identify efficiencies to DoD spend strategies. In Q3, the team assessed \$30.6B during Sprint 6. Some projects impacted by data requirements from Sprint 5 were extended. Additionally, COVID-19 impact required some projects be placed on hold or pushed to future sprints. The CM team implemented new processes to re-assess previous sprint adjudications in an attempt to identify additional savings opportunities.

- **Network and Service Optimization:** 4th Estate optimization was constrained during Q3 by COVID-19 travel restrictions that limited site survey work and migrations to the Global Service Contract. Efforts were shifted to in-house DoDNet core infrastructure buildout as well as baselining the FY21 schedule to accelerate missed activities where possible. In addition, the DoD continues reform activities that converge and consolidate the DAFA IT helpdesk/service desks.
- **Cloud and Data Center Optimization:** System migrations continued during Q3FY20. DAFAs participated in monthly progress review meetings and weekly email updates to monitor migration progress. The advent of the enterprise and community cloud options affected migration plans as some DAFAs switched to other cloud options. The main issues faced during Q3FY20 were continued litigation delays with the Joint Enterprise Defense Infrastructure (JEDI) cloud and the Defense Enterprise Office Solution (DEOS).
- **Service Requirements Review Boards (SRRB):** DoD established SRRBs designed to validate service contract requirements for continued need, redundancy and effectiveness of contracts, structures and conditions. The DoD Chief Management Officer issues annual guidance. The SRRB process is on track to validate savings and meet the target of \$441M by the end of FY20. Organizations continue to conduct paper briefings to the Senior Review Panels due to the COVID-19 pandemic.
- **Enterprise Digital Learning Modernization:** Continued progress with implementing USALearning assisted acquisition and delivery of the EDL LMS/LRS in the IL4 cyber accredited environment; expected to go live in November 2020. For Q3, spending under USALearning was below target due to the contract integrator's expiring performance period & award of a bridge contract as well as delays in receiving timely funding submissions from customers. In addition, assisted acquisition cycle time was slightly higher this Quarter, but still within the 60 day target for the same delays. Continuing to work with key stakeholders to clearly define roles, responsibilities, resources, and functional ownership of the DoD EDLM program.

Summary of Progress – FY 2020 Q3

Policy Reform Lever

- **Medical Force Structure:** Savings generated by manpower reductions have been delayed in this area, indicating potential challenges in meeting annual savings targets depending on the duration of the COVID-19 response. Senior health care leaders are mitigating efforts to include coordinating models and assumptions made by the DHA and the Services in assessing their force structures. Next steps for Q4 have been identified to assist evaluating the criteria and timing to restart reduction efforts based on the COVID-19 response requirements.
- **Clinical Rightsizing:** The Military Health System continues to pause its reform initiatives in light of the COVID-19 response. Known risks have been identified; department medical leadership is now developing criteria and plans for restarting reform activities and addressing impacts.

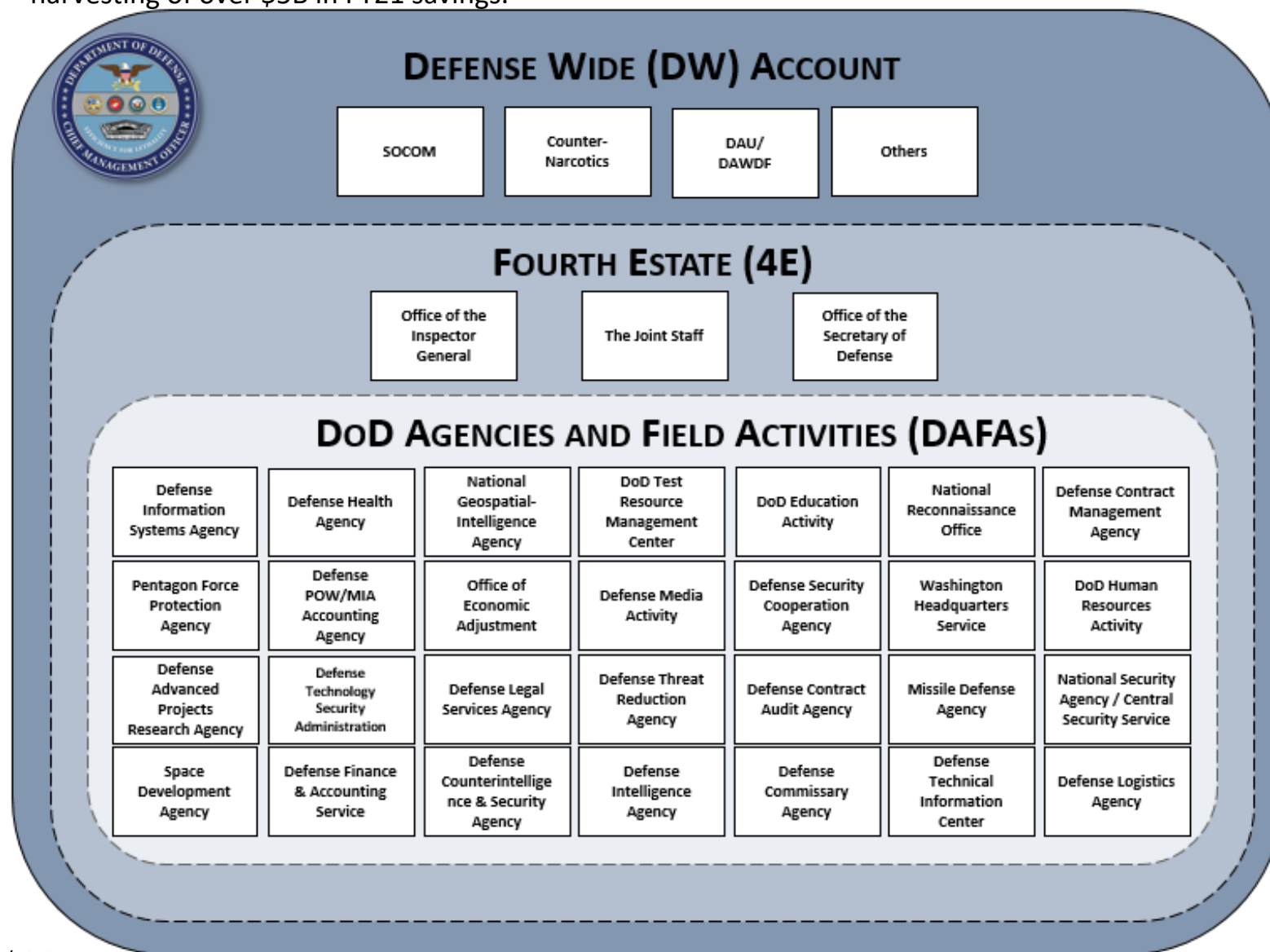
Business System Improvement Lever

- **Enterprise License Agreements (ELAs):** Department continues making progress on ELAs for Core Enterprise Technology Agreements designated targets. Awarded a Microsoft JELA 3 in Q1FY20. Awarded a Splunk Enterprise Software Initiative BPA in Q2FY20. Continuing work in Q3FY20 to complete DoD Cisco blanket purchasing agreement, estimated award in Q4FY20.

Lever alignment for the following remains pending financial savings review and validation by OCMO & OUSD(C)






- **Defense Resale:** The Department submitted Legislative Proposal #367 to Congress. Need congressional approval to move forward with the consolidation of Defense resale in order to realize any cost savings or impact on customer satisfaction rates.
- **DoD Lodging:** DoD Lodging (direct-run) severely impacted by COVID-19; significant reduction in occupancy rates (estimated average low of approximately 20 percent). Result is an increase in operating costs to personal protective equipment and upgraded sanitation procedures to ensure traveler and staff safety. Some properties were temporally closed, other's remained open with minimal travelers.

- The SecDef transitioned governance of the business functions for Defense-Wide (DW) organizations to the CMO on 6 Jan 20 with focus on reforming business processes, overseeing resource planning and allocation, and evaluating each DW organization's performance against business goals.
- The Department launched a DW review in FY20 to begin reforming the 4th Estate. The effort resulted in the harvesting of over \$5B in FY21 savings.



Key Milestones

- The Department is executing a large number of strategic initiatives to assist with transforming and reforming the enterprise. Sample key milestones for a few initiatives are:

Milestone Summary				
Key Milestone	Milestone Due Date	Milestone Status	Change from last quarter	Comments
Implement Category Management (CM)	Quarterly	Exceeded		Assessed \$30.6B in spend during Sprint 6, exceeding \$20B quarterly target.
Service Requirements Review Boards (SRRB)	Q4, FY20	On track		On track to meet target of \$441M by the end of FY20.
Cloud & Data Center Optimization	Quarterly	On track		On track for completion Q4FY21. 521 of 955 (55%) migrations & decommissions are complete. 39 of 71 (54%) data centers are closed or re-designated as SPPNs.
Medical Force Structure	Quarterly	Delayed		The Military Health System continues to pause its reform initiatives in light of the COVID-19 response.
Enterprise Digital Learning Modernization	Q1, FY21	On track		Continued progress with implementing USALearning assisted acquisition and delivery of the EDL LMS/LRS in the IL4 cyber accredited environment; expected to go live in November 2020 despite a few below target indicators this quarter.

Key Indicators

FY20 Agency Priority Goal (APG) 3.1.1 Performance Measures

- Under Strategic Objective 3.1, the Department has 18 Priority or Performance Goals with 80 associated Performance Measures
- This APG is designed to track efforts across the enterprise
- We set our reform savings targets by fiscal year versus quarter and are currently on track to achieve our target
- The Department is in the process of completing defense-wide reforms 2.0 (DW 2.0) with emphasis on clean-sheeting
- Reform areas are prioritized and reviewed by leadership. Successful review avoids pitfalls and delays in moving the initiatives forward
- Currently 50% of all reform areas are reviewed quarterly. To date the RMG has received briefs from 7 of 8 reform teams and the DW effort.
- Each Military Service has its own governance process to ensure they are executing a disciplined, data-driven process for strategic cost management
- DoD Reform Savings targets have been validated by USD(C)

Performance Measure		Q1 2020	Q2 2020	Q3 2020	Q4 2020
PM 3.1.1.1: <i>Achieve DoD-wide Reform Saving Targets.</i> Attain Comptroller validated Department-wide fiscal year (FY) reform financial saving targets to meet Office of Management and Budget Passback for DoD to achieve reform savings totaling \$46B over FY19-24.	Target				\$7.7B
	Actual				
PM 3.1.1.2: <i>Actively Govern DoD Reform Progress & Effectiveness.</i> Reform governance oversee initiative progress & impacts according to sanctioned schedules, savings, and performance.	Target	20%	40%	70%	100%
	Actual	50%	50%	89%	
PM 3.1.1.3: <i>Annually Set FYDP Reform Saving Targets.</i> Continuously establish annual RMG financial savings and effectiveness targets through each relevant Fiscal Year Defense Program (FYDP) cycle.	Target		X		
	Actual				

Data Accuracy and Reliability

The Department continues to operate the Data Management and Analytics Steering Committee (DMASC), a governance body that reviews initiatives related to DoD common enterprise data management and analytics, as well as performance and cost management.

The OCMO established the role of Chief Business Analytics Officer (CBAO). The CBAO chairs the DMASC.

The Department established a CDO Council to address technically oriented challenges and coordinate the Departments response to the requirements of the Foundations for Evidence Based Policy-Making Act.

As required by Sec 903 of the FY20 NDAA, the CDO now reports to the Department's CIO, who established the "Office of the CDO". In keeping with the CIO's recommendation, the Secretary designated David Spirk as the CDO pursuant to the requirements of the Foundations Act.

In addition, the Comptroller and CMO continue their collaboration to enhance and extend Advana, a next-generation, commercial-grade platform leveraging enterprise advanced analytics, to meet the critical Department of Defense national security, mission, and business challenges.

In FY20, Advana is building dashboards and a balanced scorecard for the 28 DoD Agencies and Field Activities (DAFAs).

DoD Reform Savings Validation

- The CMO established a Reform Management Framework (RMF) Portal to transparently initiate, execute, measure progress and validate reform cost savings for DoD Reform Management Group (RMG) business reforms
- The RMF Portal leverages role-based security and automated workflows to facilitate efficient and secure collaboration with fidelity of process and financial measures
- OUSD(C) validates final program/budgeted reform savings with year-one savings reflected in the annual Defense Budget Overview Book for RMG/Military Services/Defense Agencies & Field Activities (DAFA's) reform initiatives and Defense-Wide reform actions in the RMF Portal
- OCMO and OUSD(C) have validated reforms totaling \$35.6 billion in cost reductions between FY 2018 and the end of FY 2021.
- OUSD(C) and OCMO are collaborating to:
 - Automate the integration of balanced scorecard performance metrics sourced and utilized in Advana and the RMF Portal,
 - Publish Guidance to capture reform initiative savings for Defense Working Capital Fund components, and
 - Incorporate project implementation information and associated metrics to the RMF Portal.

Additional Information

DoD continually works to address major management priorities, challenges, and risks through Department-level and Federal-side priority efforts to improve force readiness, deliver greater impact through innovation, and increased effectiveness and efficiency.

Contributing Programs

- The Department partners with the Government Accountability Office (GAO) who identify and report on Government programs and operations at risk. Their biennial high-risk series update provides statuses of major Government operations GAO considers high risk due to vulnerability to waste, fraud, abuse, and mismanagement or are in dire need of broad-based transformation. The Department works collaboratively with GAO to resolve open recommendations aimed at improving Government operations.
- In addition, the Department supports DoD IG Management & Performance Challenges aligned to our reform efforts. Each year the DoD IG prepares an annual statement summarizing the most serious mismanagement challenges facing the Department and a brief progress assessment (<http://www.dodig.mil/Reports/Top-DoD-Management-Challenges>).
- The Department continues to be closely aligned with performance goal measures, in Category Management and Human Resources, that are directly associated with the President's Management Agenda CAP goals.

Additional Information, cont.

Stakeholder / Congressional Consultations

- The Department values Congress' leadership on reform in recent years. The Defense Wide Reviews and the Department's long-term focus seek reform efforts and to produce additional savings in support of future budget cycles. However, to fully implement some of these reforms, we require Congressional support and action, and, in certain cases, tough decisions.
- The Chief Management Officer routinely engages Congressional leadership and committees, to include the HASC and SASC, on our ongoing efforts and accomplishments and host Congressional staffer day events designed to inform and maintain good relations.
- The Department also works with the Office of Management and Budget to provide quarterly updates and overall strategic reviews of our results and ongoing efforts annually.