



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

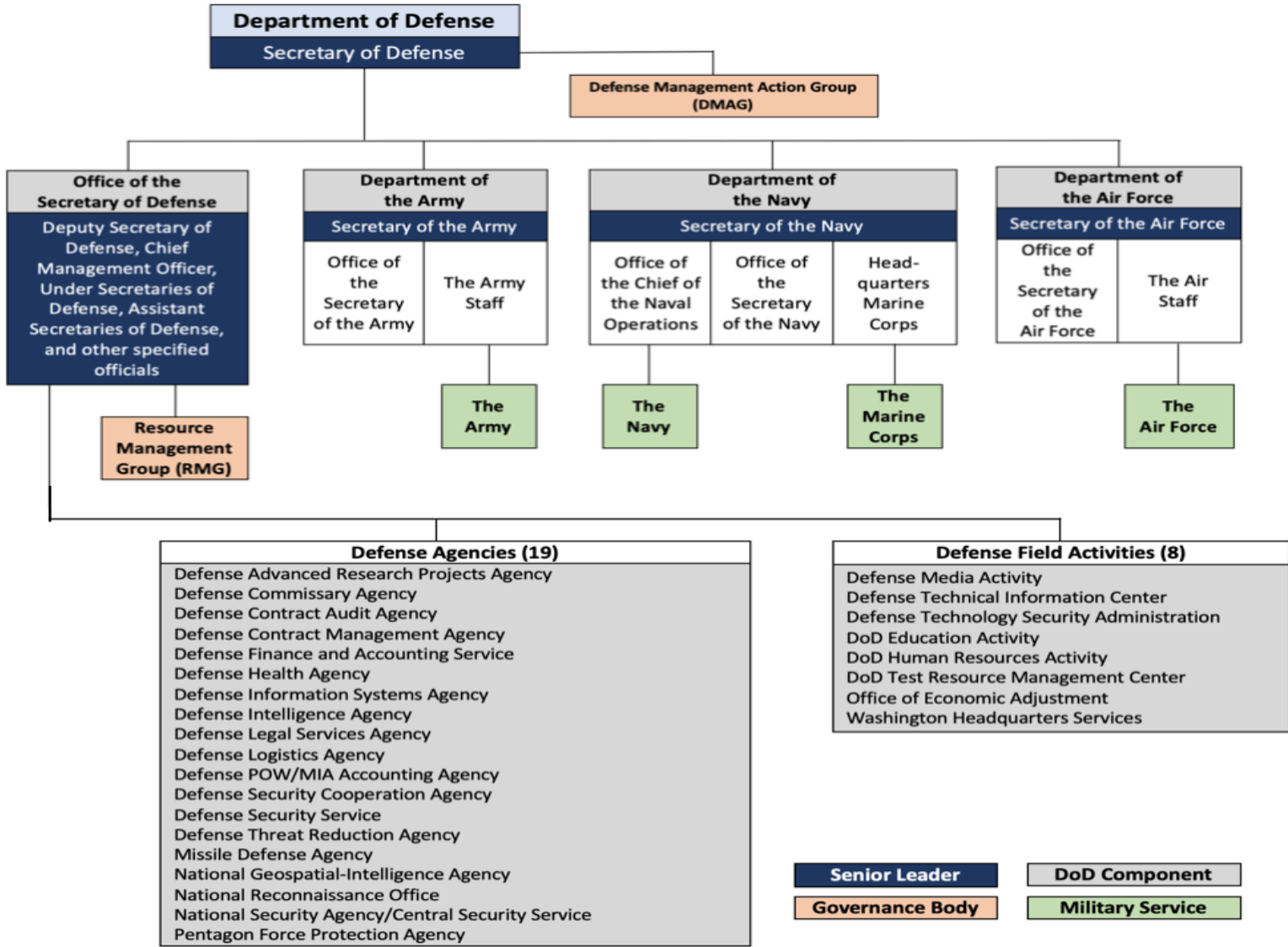
- DoD must achieve enterprise-wide reform saving targets totaling \$46B over FY 19-24. The changing global landscape affects how and where we need to target some of our reform efforts for implementation follow through such as weapons acquisition processes, artificial intelligence and cybersecurity. In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



Senior Leader	DoD Component
Governance Body	Military Service

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 Q1 & Q2

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 DAFA's 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 Q1 & Q2, cont.

(Reform Actions by Reform Lever)

Business Process Improvement Lever

- **Category Management (CM) Sprints 1-5:** In Q1FY20, the CM team met their quarterly targets to assess \$20B spend to identify efficiencies to DoD spend strategies. The Q2FY20 quarterly target was not met (assessed 7.1B) Several projects, identified early in the process required more than 90 days to complete due to Trade Secret Act migration requirements and additional analysis of initial findings. One additional challenge for this Sprint 5 activity was Global COVID 19 pandemic activity.

- **Network and Service Optimization:** The Network and Services Optimization reform is converging DAFA networks, service desks, and operation centers into an optimized, secure, and effective environment capable of addressing current and future mission objectives. Additionally, reform activities are accelerating a transition within the Department to a cloud-enabled future, while standardizing IT commodity applications through commercial industry capabilities to deliver modernized services.

- **Cloud and Data Center Optimization:** System migration efforts continued during Q2FY20 and 72 systems were either decommissioned or migrated to more optimal hosting environments. Four data centers were closed during Q2FY20. DAFAs participated in monthly progress review meetings and weekly email updates to monitor migration progress.

- **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. Annual guidance has been issued. Organizations are currently conducting internal SRRBs & preparing for the Senior Review Panels to be conducted by the end of June. We are on track to meet our target of \$441M by the end of FY20.

- **USALearning Assisted Acquisition:** In Q2FY20, the reform team developed an enterprise solution for delivering a Learning Management System (LMS) and Learning Record Store (LRS) in an Impact Level (IL)4 cyber security accredited environment. The solution will leverage existing digital learning and LMS and LRS capabilities, increase shared service opportunities, integrate LMS and LRS requirements, reduce the number of independent acquisitions, and begin to standardize LMS architecture into an open source enterprise digital learning environment.

Summary of Progress – FY 2020 Q1 & Q2, cont.

Policy Reform Lever

- Force Structure:

- The Military Health System is committed to support the COVID-19 response efforts; all initiatives have been placed on hold until the COVID response moderates to allow for restarting these efforts. This includes the reduction of military manpower as well as meeting Congressional requirements for the reduction implementation plans.
- In Q1FY20, drafted implementation plan for the President's Budget (PB) for FY20 reductions of uniformed personnel. Finalized operational requirement based on O-plan; the Director of Cost Assessment and Program Evaluation (CAPE), Personnel and Readiness, Joint Staff, and Service team are continuing to refine. Generated Force framework modelling tool to understand Joint and Service requirements across MILDEP models; will inform future manpower requirements. Identified >10% reduction in Headquarters (HQ) overhead (starting FY22).
- Generated \$19M in savings in Q1FY20, which exceeds the target of \$18M by Q2FY20. However, this number may not account for the additional costs related to implementing this measure.
- In Q1FY20, worked NDAA FY20 reporting requirements prior to executing reductions. Linked future additional savings to timeline for medical department HQ consolidation.

Better Alignment of Resources Lever

- **HR Shared Service Delivery:** Designed a formal governance structure, including success factors, and created a governance Mission Process Map. Drafted interim governance structure business rules and drafted a Charter and concept of operations for the interim governance body (Civilian Human Resources Shared Services Board or CHRSSB). Developed an implementation plan for a six-month pilot to test concepts for policy and processes.

Business System Improvement Lever

- **Enterprise License Agreements:** Awarded a Microsoft JELA 3 in Q1FY20. Awarded a Splunk Enterprise Software Initiative BPA in Q2FY20. Over the next quarter, expecting to award the Defense Enterprise Office Solutions (DEOS) Business Purchasing Agreement and the first task order.

- The SecDef transitioned governance of the business functions of 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.



DEFENSE WIDE (DW) ACCOUNT



FOURTH ESTATE (4E)









DoD AGENCIES AND FIELD ACTIVITIES (DAFAs)

Defense Information Systems Agency	Defense Health Agency	National Geospatial-Intelligence Agency	DoD Test Resource Management Center	DoD Education Activity	National Reconnaissance Office	Defense Contract Management Agency
Pentagon Force Protection Agency	Defense POW/MIA Accounting Agency	Office of Economic Adjustment	Defense Media Activity	Defense Security Cooperation Agency	Washington Headquarters Service	DoD Human Resources Activity
Defense Advanced Projects Research Agency	Defense Technology Security Administration	Defense Legal Services Agency	Defense Threat Reduction Agency	Defense Contract Audit Agency	Missile Defense Agency	National Security Agency / Central Security Service
Space Development Agency	Defense Finance & Accounting Service	Defense Counterintelligence & Security Agency	Defense Intelligence Agency	Defense Commissary Agency	Defense Technical Information Center	Defense Logistics Agency

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 follows:

Milestone Summary

Key Milestone	Milestone Due Date	Milestone Status	Change from last quarter	Owner	Comments
Implement Category Management (CM)	Quarterly	Not Met			CM uses 90 day sprints to assess DoD spend categories to develop opportunities for more efficient spend strategies. Completed Sprint 4 in Q1; assessed \$20B in spend. Completed Sprint 5 in Q2; assessed \$7.1B of \$20B in spend due to COVID-19 and other factors; savings estimates from Sprint 5 work projected to be \$265-\$363M.
Service Requirements Review Boards (SRRB)	Q4, FY20	On track			Annual guidance issued. Organizations are currently conducting internal SRRBs & preparing for the Senior Review Panels scheduled for June. We are on track to meet our target of \$441M by the end of FY20.
Cloud & Data Center Optimization	Quarterly	On track			As of 31 Mar 20, 481 out of 962 (50%) applications migrations were completed and 34 out of 71 (34%) data centers have been closed. IT Reform initiatives continued to progress despite challenges presented by the COVID-19 national emergency.
Medical Force Structure (Savings Generated)	Quarterly	Delayed			Effort delayed due to COVID-10 support. Generated \$19M in savings in Q1 of FY20 by repurposing military staff; exceeded the target of \$18M in savings by Q2FY20. Goal is \$36M in Q4FY20.
Enterprise Digital Learning Modernization – Develop and implement portal	Q2, FY20	Completed			Deployed a USALearning project portal for monitoring & tracking spending and requirements; delivered several key communication engagements.
HR Service Delivery	Q4, FY20	On track			FY20 goal is to establish an Interim Governance Process to support collaboration in effort to decrease duplication to increase mission-focused funding. Drafted a charter & concept of operations for the interim governance body (Civilian Human Resources Shared Services Board or CHRSSB).

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
- 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%		
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 established 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 outcomes of these reviews enable the Department to provide automated, timely, reliable, and readily accessible performance, cost and other common data to senior leaders. We assess the current state of data, select the appropriate maturity model and solicit best practices from industry leaders as we determine the next steps for actions or projects that need to be addressed.

The DMASC chartered the CDO Council, chaired by the DoD Chief Data Officer, to provide governance over technical decisions and related implementation activities across the Department.

In addition, the Department uses 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 for the 28 DoD Agencies and Field Activities (DAFAs).

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.