Agency Priority Goal Action Plan

DoD Reform Savings

Goal Leader:

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Overview

Goal Statement

- o 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

- o 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

- o 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.
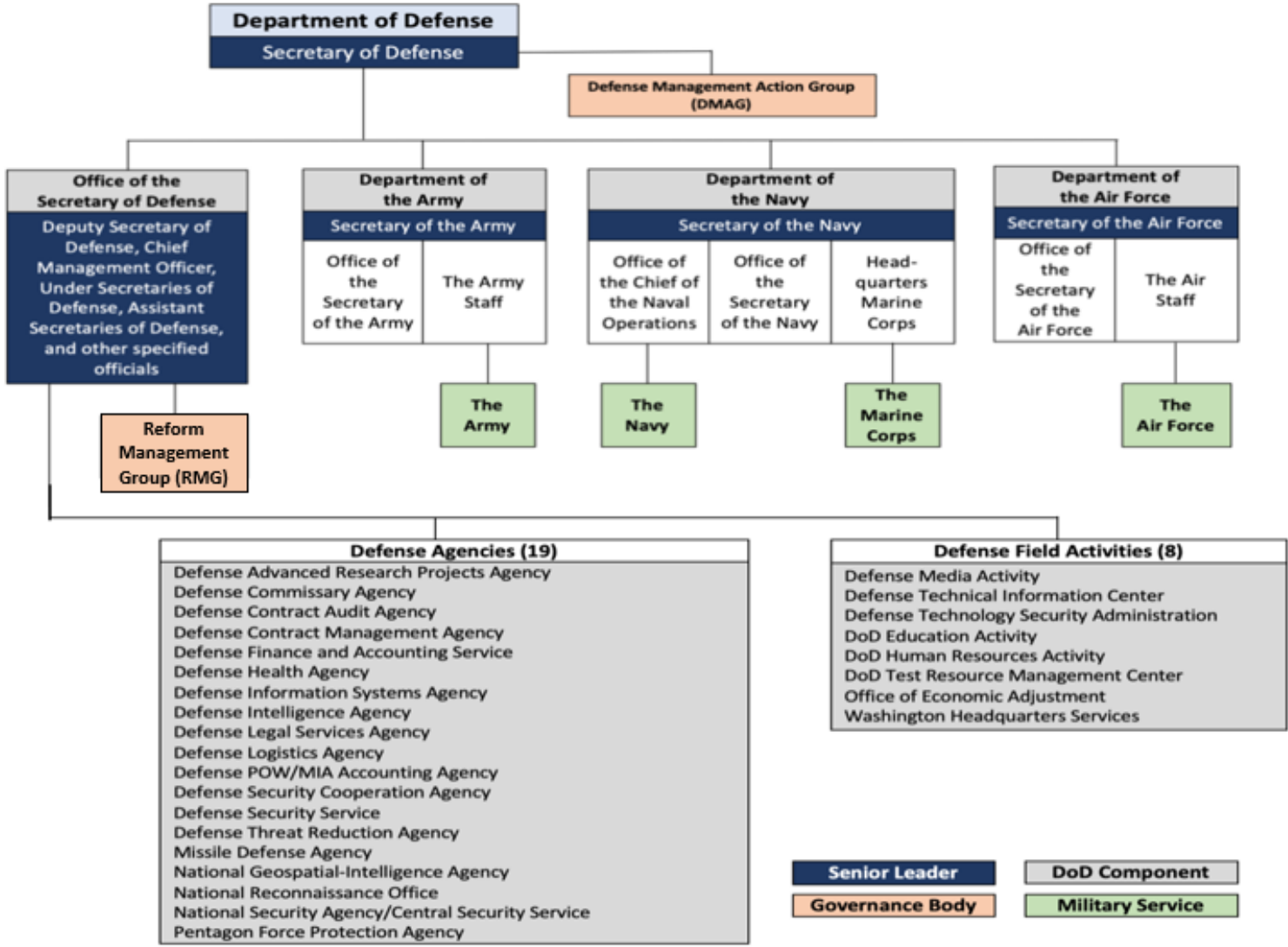
Leadership & Implementation Team, cont.

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.

Military Services:

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.

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))
- Build a Safe, Secure, and Resilient Defense Industrial Base (commercial and organic). (USD(A&S))

Summary of Progress

FY20 Programmed and Budgeted Savings: $7.7B

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, cont.

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 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, DoD harvested over $5B (5.7% of the Defense-Wide overall budget) that are now programmed and budgeted for FY 2021 savings, which we then realigned into lethality and readiness initiatives.

Defense Agencies and DoD Field Activities (DAFA): The Department published its first unified DAFA budget that helped to streamline funding and oversight after having met all congressional reporting requirements for budget guidance, baselines, and initial reviews of DAFAs per FY 2019 NDAA Section 921.

Summary of Progress Examples – FY 2020 Q4

(Reform Actions by Reform Lever)

Business Process Improvement Lever

- **Category Management (CM):** Although the CM team met or exceeded their quarterly targets to assess $20B spend to identify efficiencies to DoD spend strategies in Q1-Q3, they were not able to meet that target in Q4, having only assessed $2.8B following the conclusion of Sprint 6 due to COVID-19 and funding impacts. The CM team implemented new processes to re-assess previous sprint adjudications in an attempt to identify additional savings opportunities.

- **Network and Service Optimization:** Fourth Estate Network Optimization (4ENO) was constrained during Q4 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.

- **Cloud and Data Center Optimization:** Though system migrations are continuing, the Department is behind schedule to reach the Q4FY21 target. 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 Q3, and now into Q4, were continued litigation delays with the Joint Enterprise Defense Infrastructure (JEDI) cloud and the Defense Enterprise Office Solution (DEOS).

- **Service Requirements Review Boards (SRRB): Even though impacted by COVID, the** Department continued to focus on validation of contract requirements, redundancy, and effectiveness as a major reform area and successfully reviewed all requirements virtually. Financial savings of $441M were confirmed through programmed budgeted amounts in accordance with SRRB and Senior Review Panel validations.

- **Enterprise Digital Learning Modernization (EDLM):** 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. Spending in Q4 is typically the largest, however, Q4 spending is projected at $67M, making the total FY20 projection at $101M, approximately 13.8% below the $115M target. Spending was impacted in Q4, as well as Q3, 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. In Q4, the Department continued to work with key stakeholders to clearly define roles, responsibilities, resources, and functional ownership of the DoD EDLM program.

Summary of Progress Examples – FY 2020 Q4, cont.

Policy Reform Lever

- **Medical Force Structure:** Savings generated by manpower reductions have been paused in this area, indicating potential challenges in meeting annual savings targets depending on the duration of the COVID-19 response. One of the next steps is to revalidate savings and transfer price estimates in FY2022 budget review.
- **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 are working mitigation efforts and planning to restart reform efforts in the summer of CY2021.

Business System Improvement Lever

- **Enterprise License Agreements (ELAs)**: Department made progress within FY20 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. Continued work in Q3FY20 to complete DoD CISCO blanket purchasing agreement (BPA) with an estimated award in Q4FY20. However, the CISCO BPA is in protest and was not awarded in September 2020 as projected. The Department will continue to support contract reconciliation and work towards contract award during Q1FY21.

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. However, congressional approval is at risk. GAO report (GAO 20-418) concluded DoD and Congress need more reliable information on expected savings& costs of consolidating Defense resale organizations. The Department is working to address issued raised in the GAO report.
- **DoD Lodging:** DoD Lodging has been severely impacted by COVID-19 resulting in significantly reduced occupancy to an average low of approximately 20% and driven an increase in operating costs to include personal protective equipment and upgraded sanitation procedures to ensure traveler and staff safety.

Summary of Progress Examples – FY 2020 Q4, cont.

(Military Service Actions Cross Multiple Reform Levers)

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, divestments, and weapon system acquisition processes. Examples include contracting improvements and program divestments.

The Air Force 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 better alignment of resources, business process improvements, divestments and policy reform. Examples include contract efficiencies and equipment divestiture. Efficiencies are programmed for reinvestment in POM 20-24 and applied to readiness and modernization.

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	Not Met	⬇	For Q4, only assessed $2.8B of $20B spend assessment due to COVID-19 and funding limitations.
Service Requirements Review Boards (SRRB)	Q4, FY20	Met	➡	$441M target met at end of FY20.
Cloud & Data Center Optimization	Quarterly	Not Met	⬇	Behind schedule to complete by Q4FY21. 580 of 940 (62%) migrations & decommissions are complete. 39 of 61 (54%) data centers are closed or re-designated as SPPNs. Developing corrective action plans.
Medical Force Structure	Quarterly	Delayed	⬇	The Military Health System continues to pause its reform initiatives in light of the COVID-19 response. They plan to restart reform efforts in the summer of CY2021.
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

- DoD Strategic Goal: Reform the Department's Business Practices for Greater Performance and Affordability
- Strategic Objective: Improve and strengthen business operations through a move to DoD-enterprise or shared services; reduce administrative and regulatory burden. This objective is supported by 18 performance goals, to include DoD's three Agency Priority Goals, and 80 associated performance measures.
- The reform APG is designed to track reform efforts across the DoD enterprise and is upheld by the three key performance indicators/performance measures and targets in the table below.
  - Reform savings are set by fiscal year rather than quarterly; DoD successfully met FY2020 reform savings of $7.7B.
  - Reforms are prioritized and reviewed by the DMAG, RMG, and the individual military services governance boards; 100% of reforms were reviewed by Q4 FY2020.
  - The Under Secretary of Defense, Comptroller, annually sets and validates reform savings. By FY20 Q2, the Department successfully programmed and budgeted validated reforms for FY21-22, with FY21 to be published upon release of the President's Budget in Feb '21.

Performance Measure		Q1 2020	Q2 2020	Q3 2020	Q4 2020
PM 3.1.1.1: *Achieve DoD-wide Reform Saving Targets*. 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				$7.7B
PM 3.1.1.2: *Actively Govern DoD Reform Progress & Effectiveness.* Reform governance oversee initiative progress & impacts according to sanctioned schedules, savings, and performance.	Target	20%	40%	70%	100%
	Actual	50%	50%	89%	100%
PM 3.1.1.3: *Annually Set FYDP Reform Saving Targets.* 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

Means used to verify and validate measured values: DoD Components use the Defense Enterprise Reform Management Framework Portal to report execution, progress, and post implementation achievement of their reform initiatives, and the OCMO and OUSD(C) review and validate all reform savings prior to their inclusion in the Annual Performance Report, and the annual Defense Budget Overview released to Congress. Components provide reform financial savings business case data documentation for OCMO and OUSD(C) review followed by a senior panel as needed for any remaining Q&A's prior to Comptroller's validation. In addition, the Department's annual Statement of Assurance provides Management's assurance over the state of internal controls encompassing all reporting functions, financial and business process operational performance areas. Based on the results of internal control assessment activities, to include material weakness remediation and sustainment, the Department initiates confirmation and processes to validate reporting result accuracy. Strengthening inclusion of data reporting controls as part of the Risk Management and Internal Control Program is an area of emphasis for DoD that will only continue to improve going forward.

Sources of the data: As part of the DoD performance and reform goal owner verification and validation requirements and processes, the varieties of source data are documented for each reportable measure along with definitions available and used. DoD Component sources are listed, authoritative hard-copy data sources and automated database/feeder sources are identified. Data suppliers range across the Department from manual to fully automated sources, and are directly engaged whenever possible on the benefit from analysis of the data to improve its quality over time. Data reporting schedules are documented, collection staff are skilled in proper procedures, the methodology is standardized and followed, and supporting documentation is maintained and readily available.

Level of accuracy required for the intended use of the data: Data quality & accuracy limits are informed and appropriate to their intended use. As an example of this, DoD's goal owner for the COMSEC performance metric to modernize tactical radio communications identified in their annual verification and validation submission, that a data limitation exists for this measurement due to the result being only as accurate as the data reported by the Military Services. Further explanation on the appropriateness of continued use, informs governance reviewers that COMSEC stakeholders formally coordinate on the annual TCMP content to specifically identify and correct data errors before publication. Full understanding and awareness of the potential issues and mitigations in handling, aid in senior DoD governance decisions on use & value.   Additionally, methods in handling unusual data are established and used to conduct further research for addressing problems that may require attention, and appropriate, third party evaluations on data are performed and reported.

Limitations to the data at the required level of accuracy: Data limitations are identified, explained, and documented – to include the impact they could have on goal achievement for each performance measure's data based on the required level of accuracy within the Department's verification & validation form submitted, updated, and attested to by an executive/flag officer member on an annual basis.

How the department has compensated for such limitations if needed to reach the required level of accuracy: For each performance measure reporting data limitation annotated, Component/goal owners are further required to identify & document actions that will be taken to correct the limitations. Goal owners can calibrate the accuracy of the data to the intended use of the data & cost of improving data quality. Officials responsible for performance calculations as well as senior officials responsible for performance data credibility are documented.

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.