Financial Management Federal Shared Services Provider Application Part 2
Version 1.0
December 2013

General Instructions

Part 2 of the Financial Management Shared Service Provider (FSSP) Application is only to be completed by Applicants who passed Part 1. Applicants should follow the instructions for each section and submit their response to elizabeth.angerman@fms.treas.gov by COB January 17, 2014. Applicants must respond to each question and have their completed Application signed by the Executive Department CFO and proposed/current FSSP Director. Applicants should anticipate that their responses will be made public unless the information is properly designated as classified or has other disclosure restrictions.

Overview of the Evaluation Process

An Evaluation Committee comprised of an agency representative, a representative from the CIO community, a subject matter expert in shared services and financial operations, a representative from FIT, and a representative from the Office of Management and Budget's (OMB) Office of Federal Financial Management will evaluate the responses to Part 2 of the FSSP Application.[1] The Evaluation Committee will make final recommendations to Norman Dong, OMB Deputy Controller, and Richard Gregg, Treasury's Fiscal Assistant Secretary, who will make the final decision on whether the applicant will be designated a FSSP. FSSP designations are expected to be made before the end of Q2 of FY 2014.[2]

Section I. Background Information

Respond to the "Information Requested" section. Provide any applicable supporting documentation or reference materials in the form of an attachment (web links will not be reviewed). Written responses are limited to two one-sided pages with 12-point Times New Roman font per question. Responses to this section will not be scored; however, the responses will contribute to the scoring of responses to Section II – Evaluation.

Information Requested:

1. Name of Applicant's Executive Department and Federal Agency.

    a. Department of Transportation (DOT) – Federal Aviation Administration (FAA) – Enterprise Services Center (ESC)

2. The Applicant's organizational chart including the names and positions of key personnel for the services being proposed.

    a. *(See attached file:Sec 1 Q2 - ESC Organizational Chart.ppt)*

3. *Supplemental Forms A-E*.

[1] The responses to the Background Information questions will not be scored individually, but will provide supplemental information to help the Evaluation Committee score the responses to the Evaluation Section. Each Evaluation Section question will be worth a total of 100 points. The customer references will also be worth a total of 100 points. The Evaluation Committee will review the written responses, provide an initial score, and note areas of risk, deficiency, and concern. The Applicant will be expected to respond to identified areas of risk, deficiency, and concern in an Oral Presentation. The initial Evaluation Section scores will then be adjusted accordingly. Lastly, the Evaluation Committee will apply a best-value methodology when making its final decision. For this effort best-value to the government involves a consideration of the overall financial management system environment, immediate agency modernization needs, the envisioned end-state for shared services, and the amount of investment in infrastructure currently in place.

[2] An appeals process has been established for any Applicant that chooses to contest the decision.

4. As applicable, a summary of the Applicant's Exhibit 300 submissions related to upcoming Development, Modernization and Enhancement (DME)[3] expenditures to its financial management system(s), including its financial system.

    a. DOT is modernizing their current financial management system to better meet financial system standards, transparency requirements, and utilize the improved functionality provided by Delphi R12. The new Oracle Federal Financials Release 12 (Delphi R12) adds a new level of complexity to storage and data processing as well. This will be the first Oracle version that provides real time integration for double entry - federalized accounting generating budgetary and proprietary entries simultaneously. This new functionality is required for meeting all of DOT's requirements and needs surrounding accurate financial statement and managerial reporting.

    (See attached file: Sec 1 Q4 – Modernization of Current ESC Delphi System.docx)

5. In accordance with FIPS 199, state what security categorization is applied to the Applicant's financial management system?

    a. ESC's financial management system and procurement system are categorized as MODERATE systems.

6. A list of findings, equivalent to a material weakness, significant deficiency or reportable condition, within the past year resulting from financial statement audits, SSAE 16 Type II audits, other audits, or internal control reviews related to the financial operations and systems under the applicant's control and responsibility? For each finding, include the date of the original finding(s), corrective action plan(s), current status of the corrective action plan(s), and customer(s) (as applicable) to which each finding was applicable.

    a. During the FY13 ESC SSAE16 Audit Engagement, ESC did not receive any material weaknesses or significant deficiencies; however we did receive multiple "Notification of Finding and Recommendations (NFRs)".

    b. 2013 Financial Audit Opinions and Findings for ESC Customers

    DOT – Unmodified Opinion, no material weaknesses, 3 Significant Deficiencies
    1 of the 3 Significant Deficiencies included ESC in the Corrective Action Plan (CAP)
    FTA – PO to GL reconciliation
    CAP - Completed

    FAA - Unmodified Opinion, No Material Weakness, 1 Significant Deficiency involved ESC. Recording of Overflight Fee Revenue
    CAP - Completed

    CFTC - Unmodified Opinion, No Material Weakness, No Significant Deficiencies

    IMLS – Unmodified Opinion, No Material Weakness, No Significant Deficiencies

    GAO – Unmodified Opinion, No Material Weakness, No Significant Deficiencies

    CPSC –Unmodified Opinion, 1 Material Weakness not involving ESC, No Significant Deficiencies

    SEC - Unmodified Opinion, No Material Weakness, 1 Significant Deficiencies in Information Security but not involving ESC

[3] Defined in OMB's "*"Guidance on Exhibit 53 and 300"*.

7. A list of quality assurance processes, standards or certifications that the Applicant has received (e.g., International Standard for Organization, Information Technology Infrastructure Library, Certified Information Systems Security Professional, Project Management Professionals, Lean Six Sigma Certified Individuals).

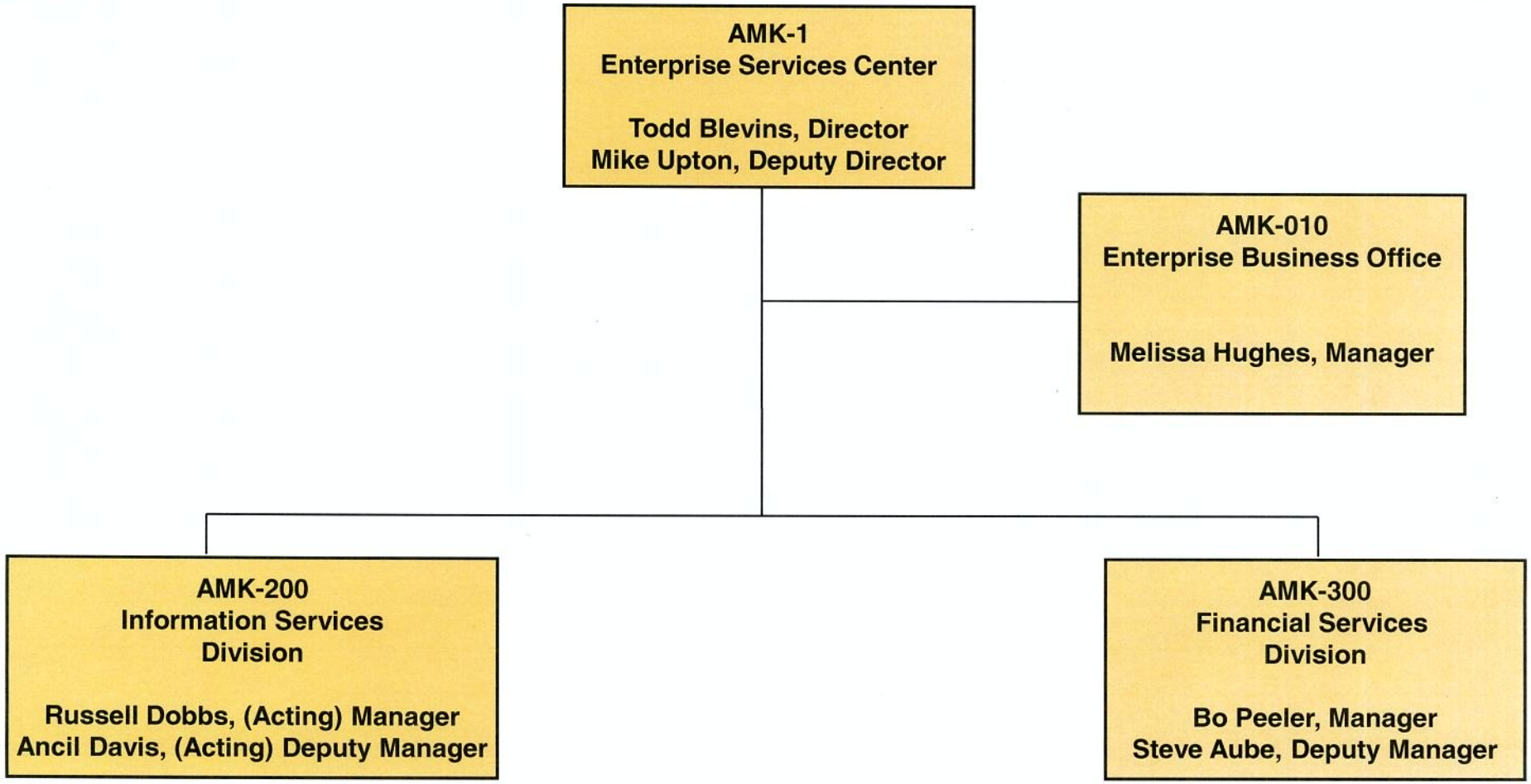
    a. The ESC is International Standards Organization (ISO) 9001:2008 certified and uses Lean Six Sigma disciplines to review and improve processes. In addition, the ESC Data Center is ISO (International Electrotechnical Commission (IEC) 20000-1:2011 certified. The ESC provides effective support that meets or exceeds the service levels defined within ESC SLAs utilizing processes that align with the ISO 9001:2008 and ISO/IEC 20000-1:2011 standards. These quality processes provide a management system, including policies and a framework, to enable the effective management and implementation of IT and financial services and a basis for Continual Service Improvement.

    In addition, numerous ESC staff responsible for managing projects and processes are Project Manager Professional (PMP) certified and continue to pursue yearly certification through continuing education. The OMB designated Information Systems Security Shared Service within ESC has a number of managers and technical staff who have achieved Certified Information Systems Security Professional (CISSP) certification.

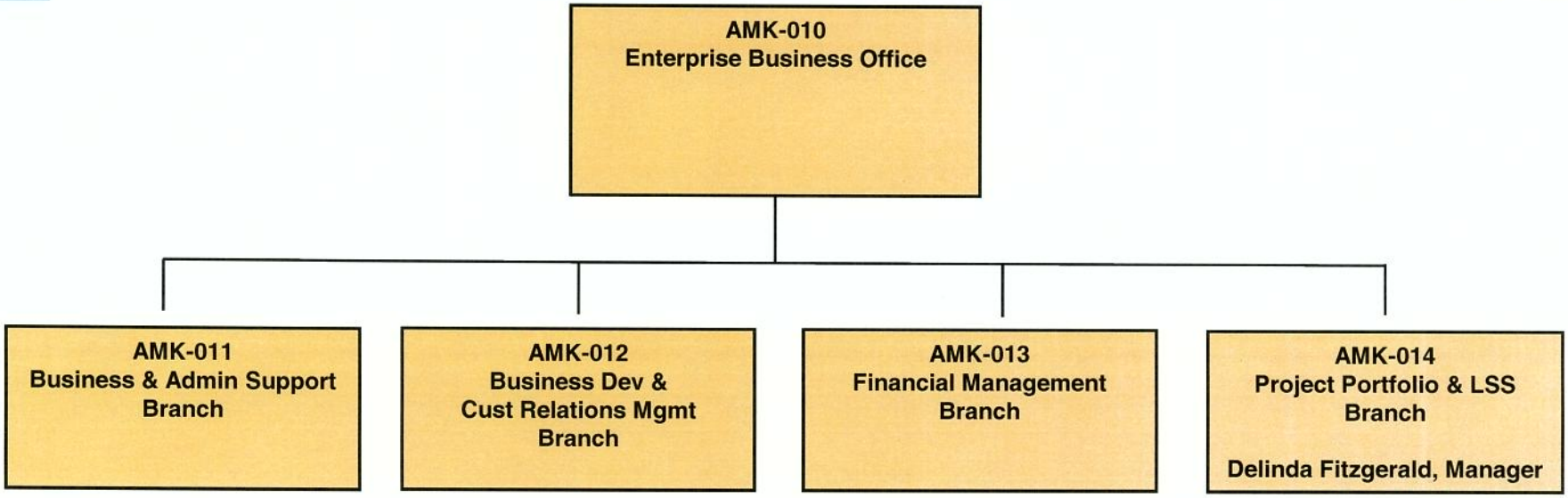
8. A describe of the Applicant's current ability to track a common Award ID among the grant, procurement, loan and financial management systems (as applicable).

    a. *(See attached file: Sec 1 Q8 –Common Tracking between Procurement and Financial Systems.docx)*

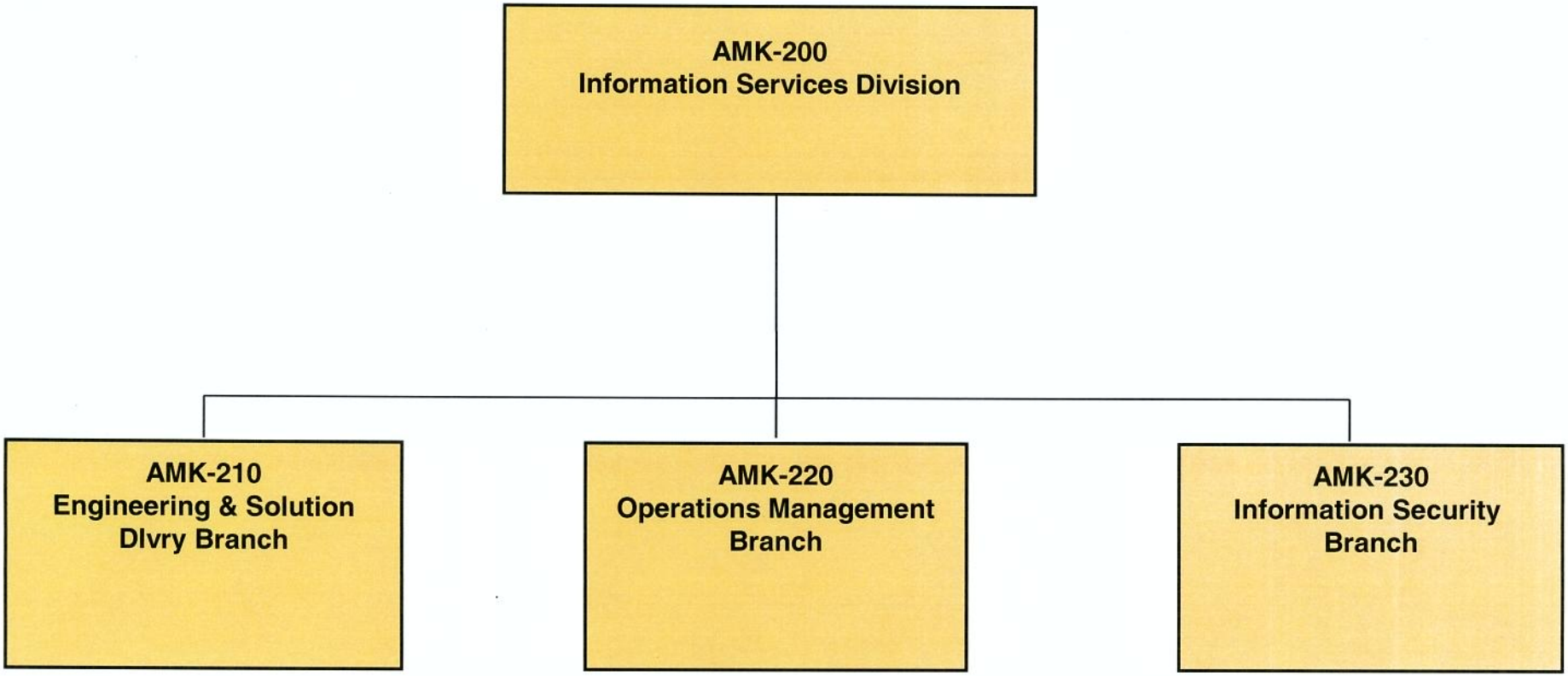
Enterprise Services Center



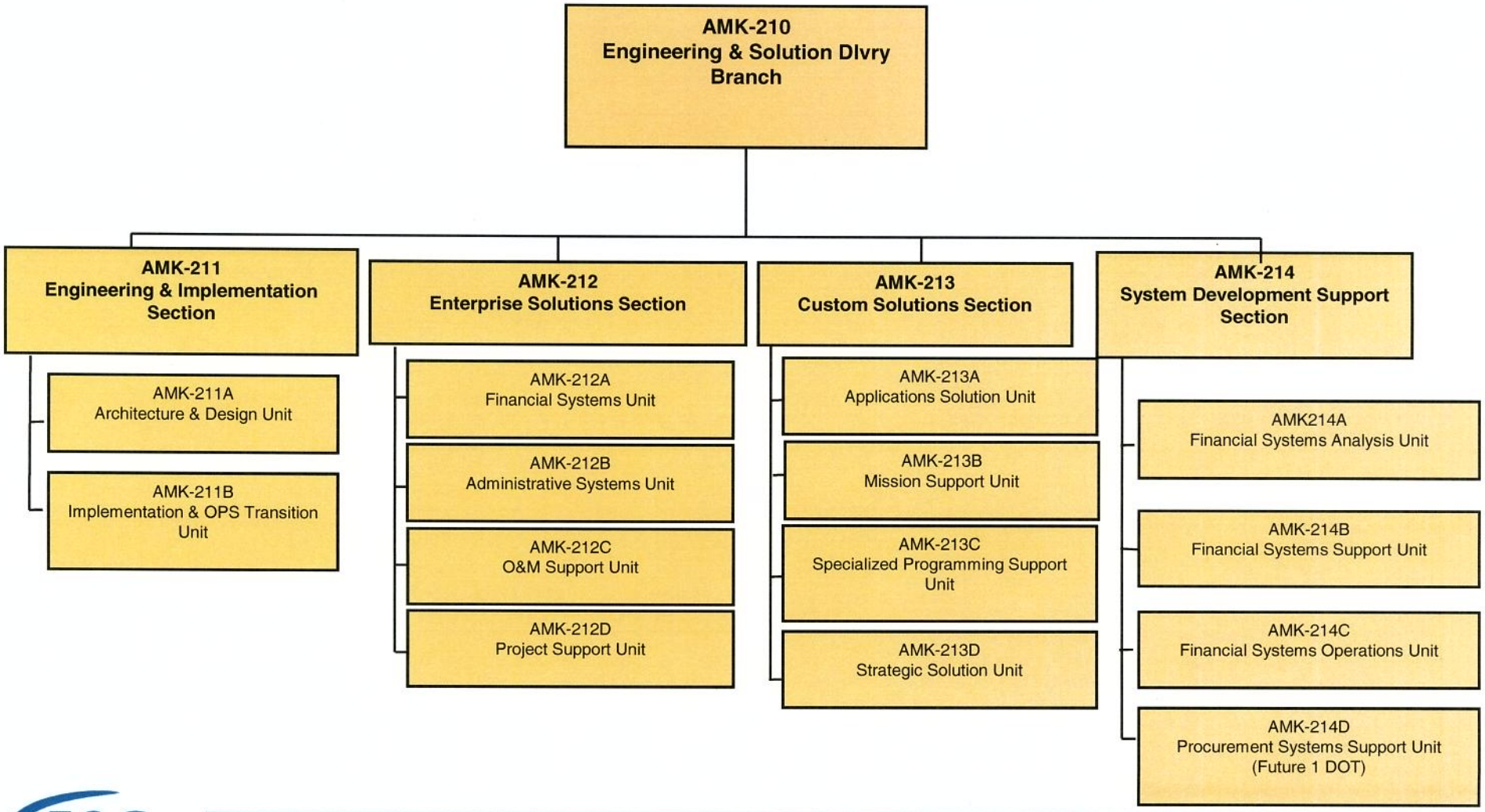
ESC Enterprise Business Office



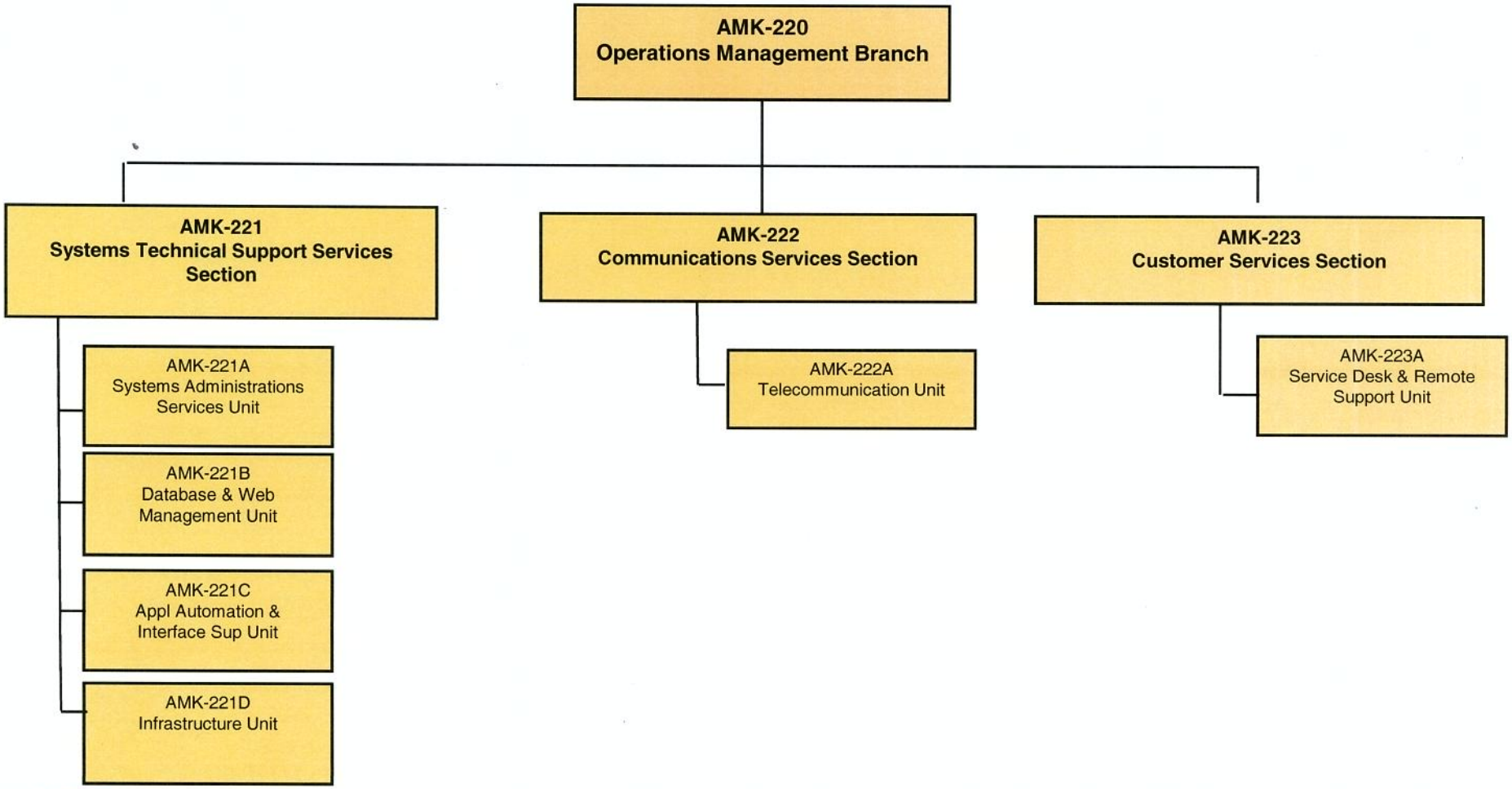
ESC Information Services Division



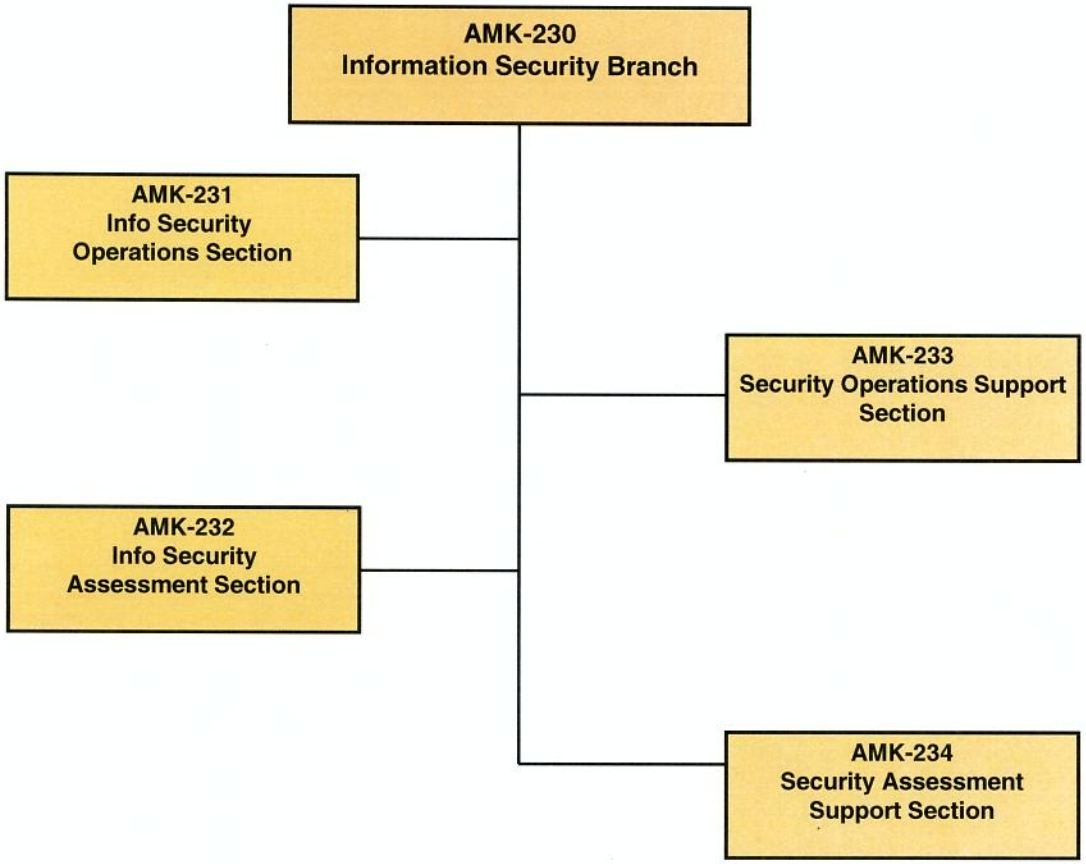
ESC Engineering & Solution Delivery Branch



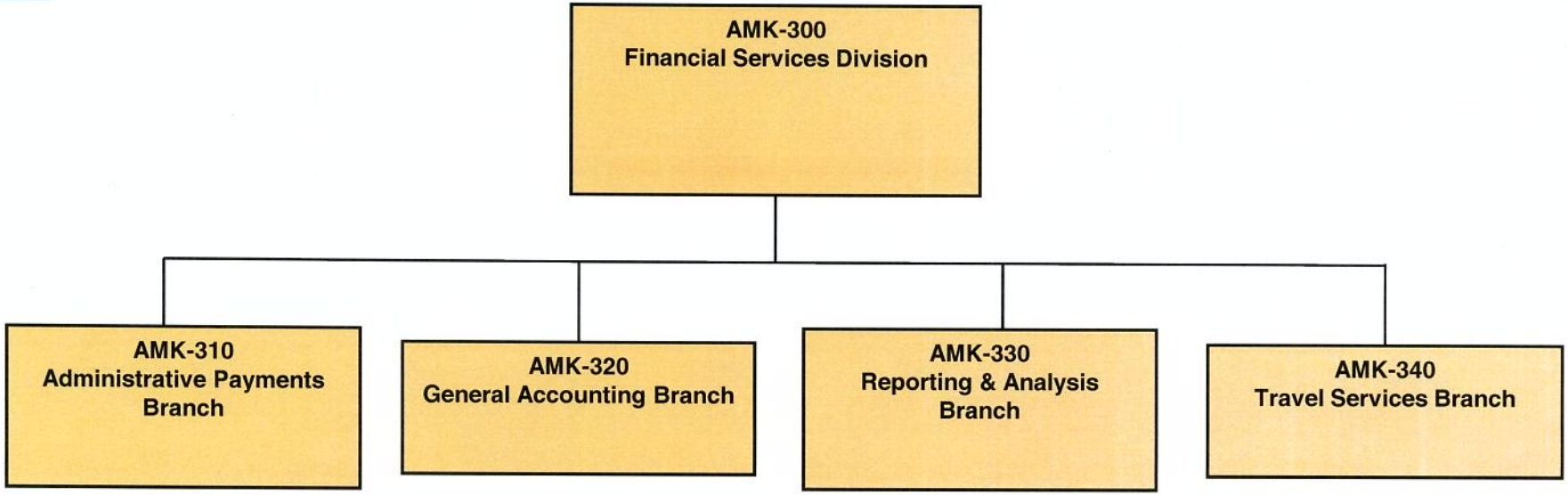
ESC Operations Management Branch



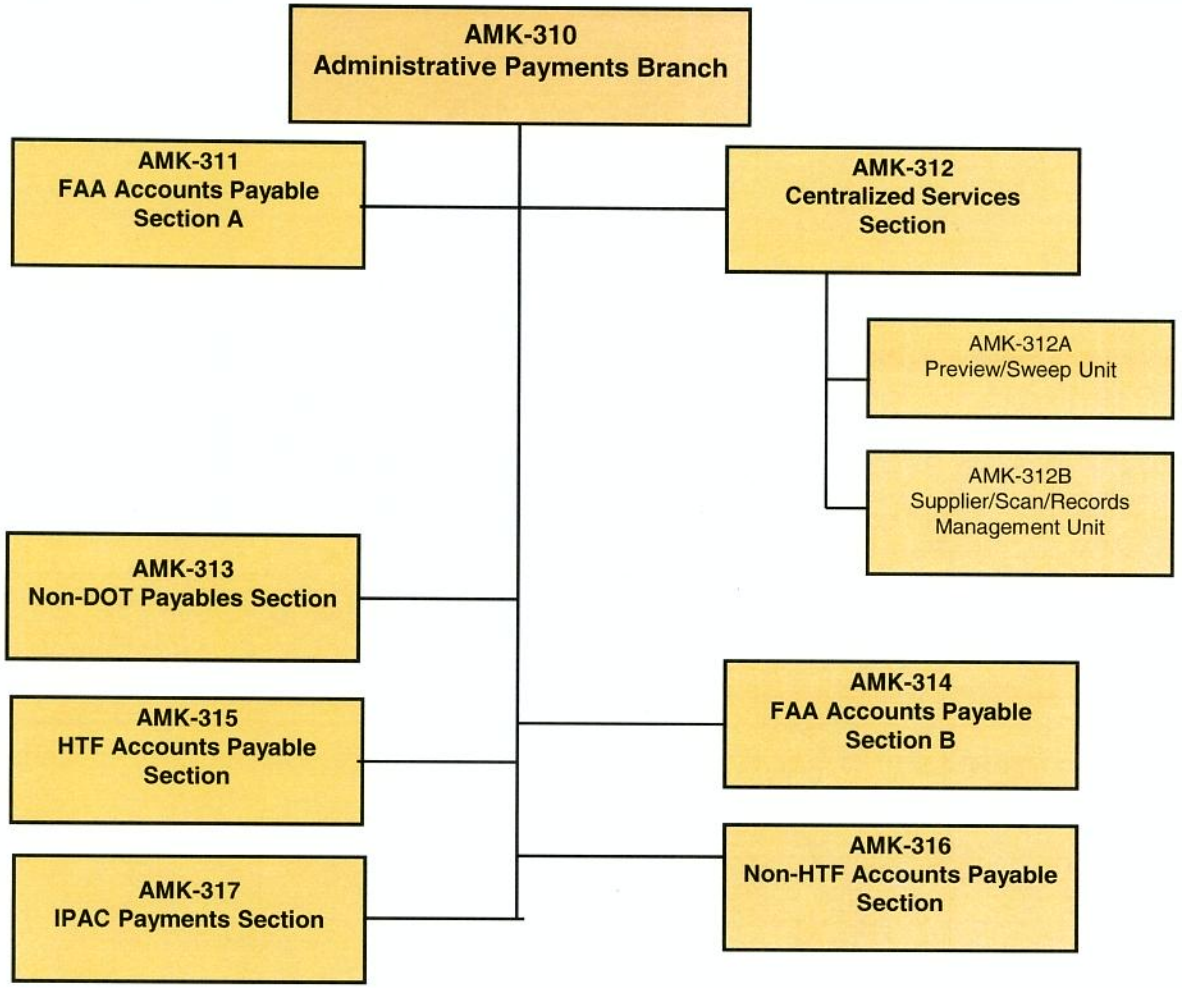
ESC Information Security Branch



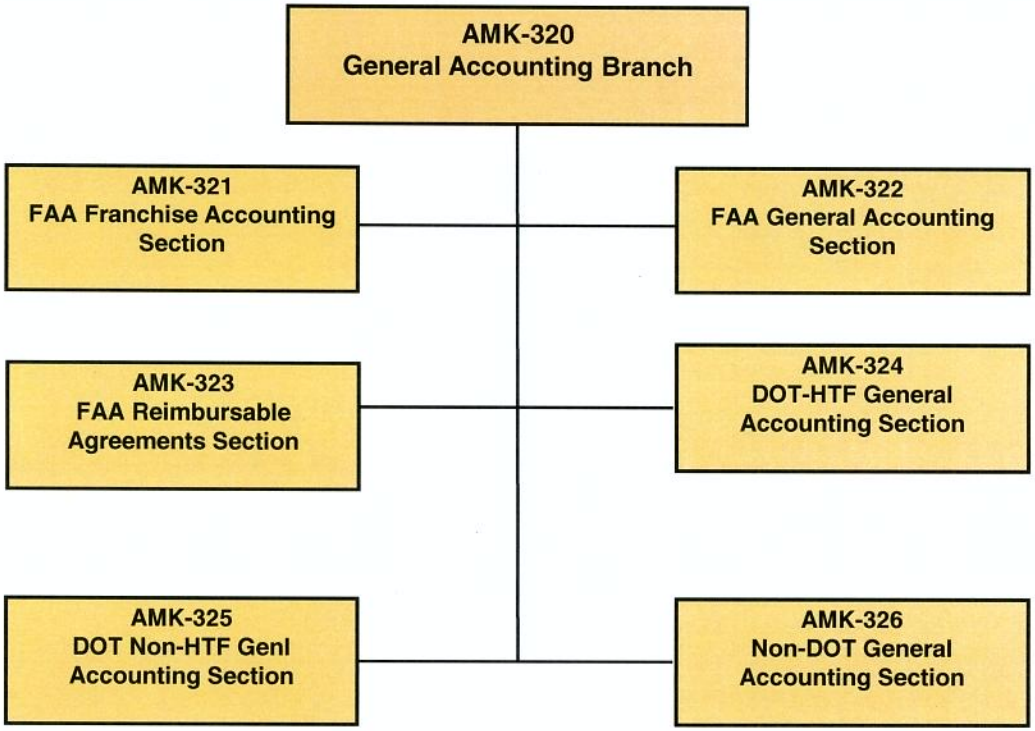
ESC Financial Services Division



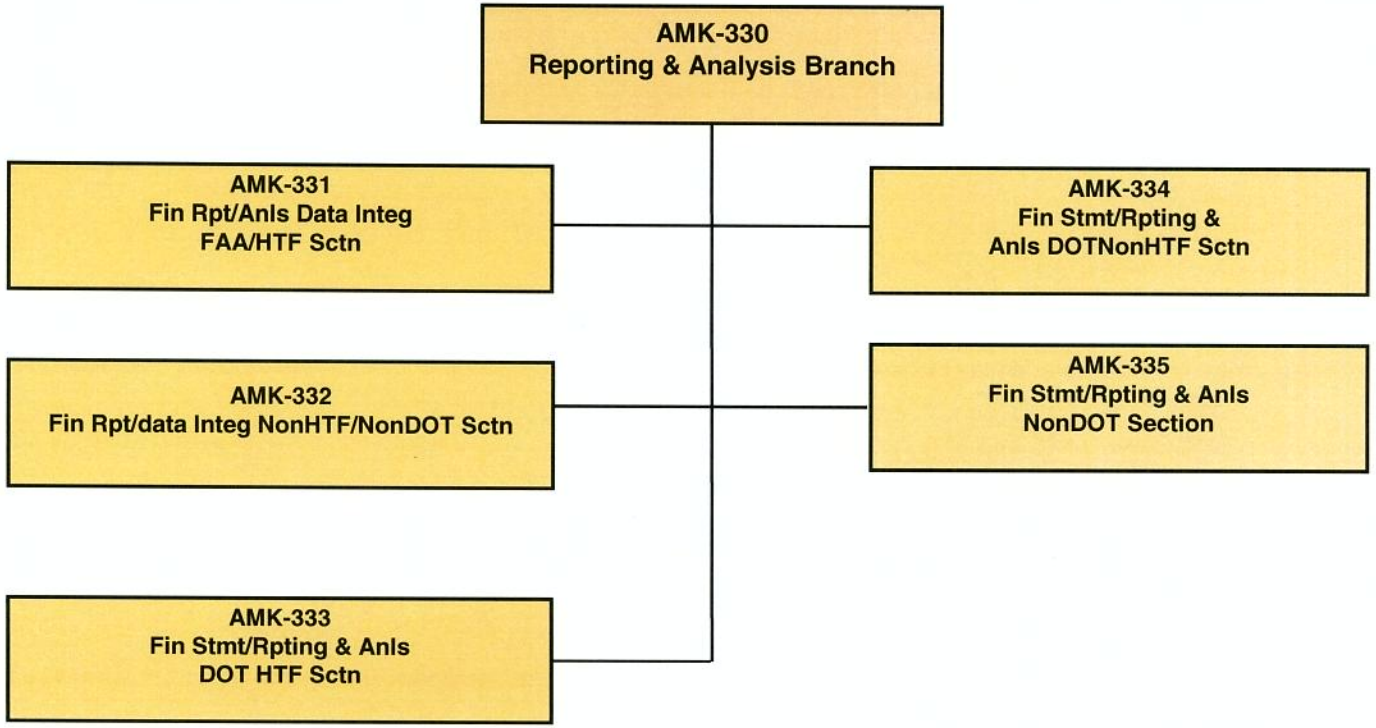
ESC Administrative Payments Branch



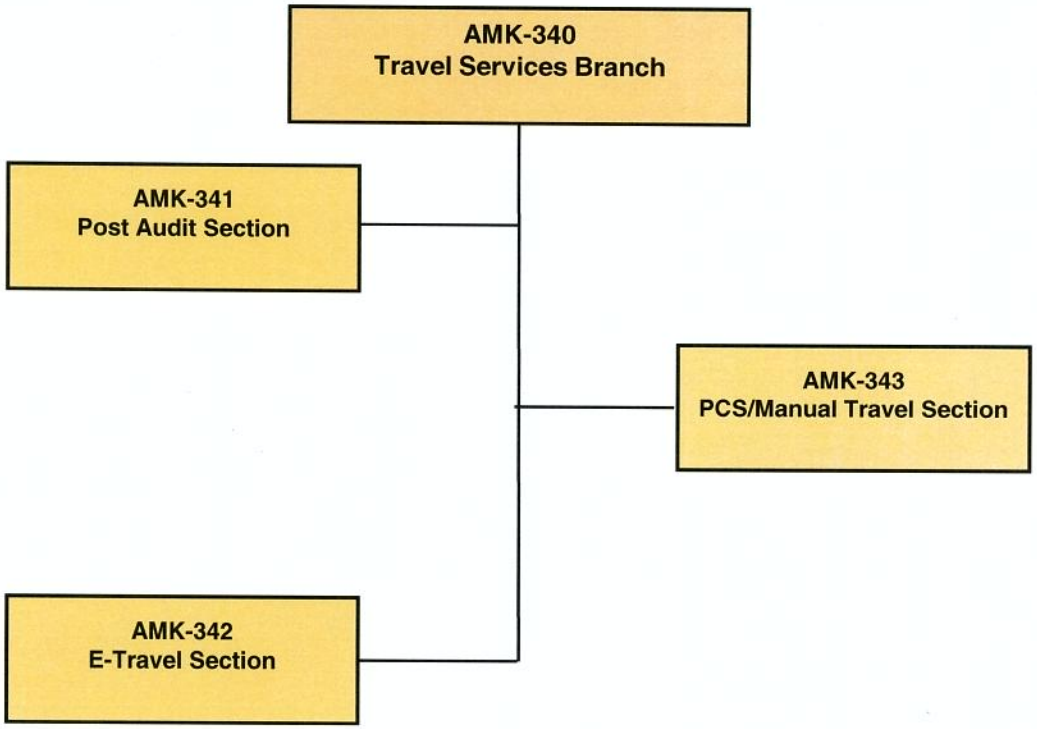
ESC General Accounting Branch



ESC Reporting & Analysis Branch



ESC Travel Services Branch



Supplemental Form A: Transaction Volume

For each of the service offerings listed in the table below, provide the accounting transaction volumes based upon actual transaction volume for FY13. For definitions of the categories of transactions, reference Appendix B, Financial Management Products & Services Catalog. Use the space for comments to provide any necessary notes or explanations of the data.

	Number of Transactions (in thousands)	
	FY13	Units
Accounts Payable		
Accounts Payable	341	# of obligations
Accounts Payable	573	# of invoice payments (at the invoice level)
Accounts Receivables	90	# of receivables
Intra-Governmental		
Intra-Governmental	8	# of billings
Intra-Governmental	20	# of collections
Travel Accounting	231	# of travel reimbursements
Charge Card Accounting	10	# of credit card charges

COMMENTS:

# of Obligations includes the total number of obligations that are created for Travel Authorizations since that was not listed separately.

There are over 300K total lines of accounting distribution for credit card charges but with only 10K in unique invoice numbers.

Intra-Governmental # of collections has over 130K of accounting distribution lines due to large IPAC's that are broken down by program office charges but unique IPAC # for collections is 20K

Supplemental Form B: FTE Employment

INSTRUCTIONS: Provide FTE data by the groupings and definitions listed in Appendix B, Financial Management Products & Services Catalog, for FY13. Applicants should include the FTEs necessary to run the overall service offering in the Management & Administrative (overhead) category. In the comments, provide any necessary notes or explanations of the data.

	FY13	
	Government FTEs	**No. of Contractors**
Financial Management Services	376	217
Technology Hosting and Administration	82	28
Application Management Services	90	40
Systems Implementation Services	43	24
Management & Administrative (overhead)	23	0
TOTAL	**614**	**309**

COMMENTS:

Counts listed here for Financial Management Services, Technology Hosting and Admin, Application Management Services, and Management & Administrative (overhead) reflect O&M services provided to DOT & NON-DOT customers. Counts for Systems Implementation Services represent work related to the effort to upgrade Delphi 11.5.10 to Delphi R12.

Supplemental Form C: Current Customers

INSTRUCTIONS: Using the table below (and additional pages if necessary), provide a list of all of your current customers[4]. Include those whom you are currently delivering services to, as well as those whom you are in the process of "SSP Discovery" or implementing. The Evaluation Committee will identify three (3) customers to contact as references.

Agency	Bureau / Component / Commission / Board	What calendar year did this organization become a customer?	What services from are you currently delivering to this customer? If you are providing all of the services in a grouping just list the grouping here.	List the customer point of contact, including name, organization, title, email and phone number
Commodity Futures Trading Commission (CFTC)		2006	• Budget Execution, General Ledger Accounting, Financial Reporting • Technology Hosting and Administration • Application Management Services • Systems Implementation Services	
Consumer Product Safety Commission (CPSC)		2010	• Financial Management Services (no cost accounting) • Technology Hosting and Administration • Application Management Services • Systems Implementation Services	
Government Accountability Office (GAO)		2008	• Financial Management Services (no cost accounting) • Technology Hosting and Administration • Application Management Services • Systems Implementation Services	
Institute of Museum and Library Services (IMLS)		2005	• Financial Management Services (no cost accounting) • Technology Hosting and Administration	

[4] Previously designated FMLoB providers should limit this list to their financial management customers. Federal agencies interested in becoming a financial management shared service provider should include the bureaus and/or components within their agency to whom the Applicant currently provides financial management services.

			• Application Management Services • Systems Implementation Services	
National Credit Union Administration (NCUA)		2011	• Financial Management Services • Technology Hosting and Administration • Application Management Services • Systems Implementation Services	
National Endowment for the Arts (NEA)		2004	• Financial Management Services • Technology Hosting and Administration • Application Management Services • Systems Implementation Services	
Office of Personnel Management (OPM)		2013	• General Ledger Accounting, Accounts Payable, Charge Card Services, Audit Support • Network Services • Project Management Support, Requirements Analysis, Business Process Management, Testing, Training Services	
Securities and Exchange Commission (SEC)		2012	• Financial Management Services (no cost accounting and grants accounting) • Technology Hosting and Administration • Application Management Services • Systems Implementation Services	
Department of Transportation (DOT)	Federal Aviation Administration (FAA)	2003	• Financial Management Services • Technology Hosting and Administration • Application Management Services • Systems Implementation	

			Services	
Department of Transportation (DOT)	Federal Highway Administration (FHWA)	2003	• Financial Management Services • Technology Hosting and Administration • Application Management Services • Systems Implementation Services	
Department of Transportation (DOT)	Federal Motor Carrier Safety Administration (FMCSA)	2003	• Financial Management Services • Technology Hosting and Administration • Application Management Services • Systems Implementation Services	
Department of Transportation (DOT)	Federal Railroad Administration (FRA)	2000	• Financial Management Services • Technology Hosting and Administration • Application Management Services • Systems Implementation Services	
Department of Transportation (DOT)	Federal Transit Administration (FTA)	2002	• Financial Management Services • Technology Hosting and Administration • Application Management Services • Systems Implementation Services	
Department of Transportation (DOT)	Maritime Administration (MARAD)	2003	• Financial Management Services • Technology Hosting and Administration • Application Management Services • Systems Implementation Services	
Department of Transportation (DOT)	National Highway Traffic Safety Administration (NHTSA)	2002	• Financial Management Services • Technology Hosting and Administration • Application Management Services • Systems Implementation Services	

Department of Transportation (DOT)	Office of Inspector General (OIG)	2000	• Financial Management Services • Technology Hosting and Administration • Application Management Services • Systems Implementation Services	
Department of Transportation (DOT)	Office of the Secretary of Transportation (OST)	2001	• Financial Management Services • Technology Hosting and Administration • Application Management Services • Systems Implementation Services	
Department of Transportation (DOT)	Pipeline and Hazardous Materials Safety Administration (PHMSA)	2005	• Financial Management Services • Technology Hosting and Administration • Application Management Services • Systems Implementation Services	202-366-7185
Department of Transportation (DOT)	Research and Innovative Technology Administration (RITA)	2005	• Financial Management Services • Technology Hosting and Administration • Application Management Services • Systems Implementation Services	
Department of Transportation (DOT)	Surface Transportation Board (STB)	2001	• Financial Management Services • Technology Hosting and Administration • Application Management Services • Systems Implementation Services	
Department of Transportation (DOT)	VOLPE National Transportation Systems Center (VOLPE)	2003	• Financial Management Services • Technology Hosting and Administration • Application Management Services • Systems Implementation Services	
Department of	Working Capital	2001	• Financial	

Transportation (DOT)	Fund (WCF)		Management Services • Technology Hosting and Administration • Application Management Services • Systems Implementation Services	

Supplemental Form D: Cost Summary

INSTRUCTIONS: Provide a cost summary of your financial management services[5] for FY11, FY12 and FY13 by completing the following table. All costs should reflect government and contractor actuals (Object Class 25 – Other Contractual Services) and are to be provided in millions of dollars; rounding to two decimal places (precision to thousands of dollars) is recommended. The definitions of Planning, DME and O&M costs, reference the OMB's "Guidance on Exhibit 53 and 300." You may use space for comments or an additional page (one-sided, 12 point font) to provide any necessary notes or explanations of the data.

	Summary of Financial Management Services Costs (in millions)		
	FY11	**FY12**	**FY13**
Planning costs:	$0.000	$0.845	$2.051
DME Costs:	$0.000	$4.300	$15.253
O&M Costs:	$23.456	$26.093	$28.320
Operational Costs:	$46.566	$48.140	$49.610
Total Costs:	**$70.022**	**$79.378**	**$95.234**

Planning refers to preparing, developing, or acquiring the information used to design the asset; assess the benefits, risks, and risk-adjusted costs of alternative solutions; and establish realistic cost, schedule, and performance goals for the selected alternative, before either proceeding to full acquisition of the capital project or useful component or terminating the project. Planning must progress to the point where the agency is ready to commit to achieving specific goals for the completion of the acquisition before proceeding to the acquisition phase. Information gathering activities to support planning may include market research of available solutions, architectural drawings, geological studies, engineering and design studies, and prototypes. Planning may be general to the overall investment or may be specific to a useful component.

DME refers to costs for projects and activities leading to new IT assets/systems and projects and activities that change or modify existing IT assets to: substantively improve capability or performance, implement legislative or regulatory requirements, or meet an agency leadership request. As part of DME, capital costs can include hardware, software development and acquisition costs, commercial off-the-shelf acquisition costs, government labor costs, and contracted labor costs for planning, development, acquisition, system integration, and direct project management and overhead support.

Operations and Maintenance (O&M) refers to the phase of the life cycle in which the financial management systems are in operations and produces the same product or provides a repetitive service. Also commonly referred to as steady state.

Operational Costs refers to the cost of performing the mandatory service offerings listed in *Appendix B: Financial Management Products & Services Catalog.*

[5] Previously designated FMLoB providers should provide a cost summary inclusive of their customers. Federal agencies interested in becoming a financial management shared service provider should provide a cost summary inclusive of the services they currently provide to their agency (e.g., other bureaus) and any external customers.

COMMENTS:
These costs in Planning, DME, & O&M reflect OMB 53 & 300 submissions and do not include amounts for accounting. These are only system related costs due to the fact that OMB reporting is for the IT investment only. Accounting costs are located the operational cost section.

Supplemental Form E: Financial Management Systems

INSTRUCTIONS: Using the embedded Excel document, provide details on each financial management system that the prospective SSP is using to meet its mandatory financial management requirements.

Financial Management Systems

1	2	3	4	5	6	7	8	9	10	10a	10b	10c	10d	10e	11	12	13	14	14a	14b
What is the name of the system?	What is the current lifecycle status of the system? (e.g., planning, full acquisition, integrating system, O&M, no future investment, decommissioning)	When did the system become operational?	When is the expected end of asset life (year)?	Do you offer single sign-on capability?	What location(s) is the system physically hosted?	What location(s) does financial management transaction processing take place?	Where is your disaster recovery location(s)?	How many production instances of this system are running?	Is the system COTS or GOTS/custom?	If COTS, what is the vendor name and product name?	If COTS, what is the current version number? (e.g., Oracle 12.2.1)	If COTS, in what year does the system's contract/license end? (e.g., 2015)	If COTS, how are software licenses purchased? (e.g., per seat, per organization, processor-based, or some other way (named, concurrent, or other))	If COTS, how many licenses do you own?	How many total active users does the system have?	What modules are included in the system?	What service offerings does the system support?	Does the system interface with the General Ledger (GL)?	If the system interfaces with the GL, what standards are being used to exchange data? (e.g., common identifier, award ID)	If the system interfaces with the GL, does the interface process in real time or in batch?
Delphi	O&M	2001	Delphi is an Oracle COTS system that is continuley upgraded with no end of asset life scheduled.	Yes, beginning after the R12 upgrade scheduled in May 2014.	Oklahoma City	Oklahoma City	Kansas City	One	COTS/custom	Oracle Enterprise Business Suite Federal Financials	Oracle 11.5.10	Contract License for existing production modules are renewed with Oracle support on a yearly basis.	Processor Based	The DoT owns an enterprise license for all DoT users. Each additional non DoT agency in the Delphi Production system maintains their own set of user licenses.	4616	Accounts Payable, Accounts Receivable, Fixed Assets, General Ledger, Purchasing, Projects, Federal Financials, iSupplier	Core functionality of the Oracle E-Business Suite Applications listed in column 12, plus, consolidated Financial Statements, Overnight Month End Closing, Enhanced Financial reporting, Customized Interfaces, Data Masking, ehnanced user security, seperation of duties	Yes, General Ledger is integrated in the Oracle E-Business Suite that is used for Delphi	General Ledger is integrated in the Oracle E-Business Suite that is used for Delphi. Oracle maintains the referential integrity of the system.	General Ledger is integrated in the Oracle E-Business Suite that is used for Delphi. Batch and Real Time are used in the Oracle E-Business Suite
ESC PRISM	O&M	2007	PRISM is a COTS system that is continuley upgraded with no end of asset life scheduled.	Yes, beginning after the PIV module is implemented scheduled in October 2014.	Oklahoma City	Oklahoma City	Kansas City	One	COTS/custom	Compusearch PRISM	PRISM Version 7.1, Service Pack 7, Hot Fix 4	Contract License for existing production modules are renewed with Compusearch support on a yearly basis.	Per Seat. Licenses are purchased by the type of user Buyer or Non-Buyer	ESC owns 90 licenses to support ESC's customers. Each customer has the option for ESC to purchase licenses on their behalf or purchase their own set of user licenses. Customers own 580 licenses.	748	Base, APP, FPDS-NG, IAA and Requisition, PIV	Full procurement cycle, Advance Procurement Plan, Requisition, Solicitation, Award, Closeout	No	N/A	N/A

Part 2, Section 1, Question 4 – Modernization of Current ESC Delphi System

The Department of Transportation is currently performing modernization efforts to its financial management system known as Delphi.

Initially a Technical Upgrade Assessment and analysis was performed to determine the feasibility and cost/benefit of upgrading from Oracle's E-Business Suite application software package version 11.5.10 moving to Oracle's Release 12 (R12) and how the capabilities of R12 can enable the modernization efforts that will ensure that DOT maintains their Federal Shared Services Provider status.

At the completion of the assessment a favorable outcome was determined and a plan put in place to perform a technical upgrade on the Delphi system. ESC started into the Build phase to develop key configurations, build, and unit test the CEMLI objects and Custom Solutions and build the Oracle configurations to execute testing.

Also during the Build phase, the training work stream develops the delta training materials and performance support materials were developed. ESC will use several sequential unit testing cycles to validate system functionality against current business processes. Then over the course of the next year four system integration tests have been performed with increasing levels of functional business areas and user participation increasing with each test. System Integration testing (SIT) focuses on business functionality and the integration between system components. This test validates that the components meet general design and configuration specifications and is performed in a dedicated SIT environment.

We are coming up on the next stage of the process which is User Acceptance Testing (UAT) which allows the Delphi stakeholders the opportunity to validate that the R12 solution meets business requirements and end-user expectations through business appropriate test scenarios in a production-ready environment. We are expecting to be on schedule for the final phase which will be the Deploy Phase.

The Deploy Phase or the actual upgrade which focuses on upgrading Delphi to the Release 12 solution in the production environment and enabling the user community, will include training users on how to execute business processes in the system, validating their proficiency at using the system to execute new business processes, converting legacy system data and supporting the application during the move to production. During this phase, the project team transitions long-term user and operations support to the appropriate OAs and external clients

Regression testing is built into each stage of testing to confirm that fixes for defects, re-testing or failed test cases/requirements have been adequately addressed. Defects for all stages of the testing process are logged into, the defect tracking tool used by ESC. During test execution, defect meetings occur to communicate new defects, discuss status of old defects, and prioritize the defects in order to allocate resources to their resolution.

Negative Testing has been performed on the R12 system during each SIT cycle by providing invalid data as input. The project team validates whether the application behaves as expected with the negative input. This form of testing confirms the application will not perform tasks it is not designed or intended to perform.

Part 2, Sec 1, Question 8 Common Tracking between Procurement and Finance Systems

The key to any successful implementation is the standardization of business processes and the adaptability to change. At ESC we encourage that all agencies planning to move to a new financial system look at how they can streamline their current processes into a standard business process for a smooth transition. The financial information you get out of a system is only as good as what you put in. Numbering schemes play a key role in all areas; purchase orders, grants, loans, project numbering, Accounts Receivable invoicing and Receipts, Fixed Assets, Journal Entries etc. are all key components to successful reporting. Determination of a standard business process approach, using a documented numbering schema at implementation, along with a strong Change Management Program help drive success in this area. At times, this means a program office may also need to change their feeder systems. Starting this process before implementation is a good approach to a successful transition. This process also helps to keep feeder systems in sync with the financial system and makes reconciliation easier. The adaptability to change is the number one issue most entities have, and bad data in reports is the number one complaint. Making these changes up front will improve both of these problems. While ESC has built in the ability to track numbering schemes from feeder systems into descriptive flex fields, we highly recommend Business Process Review or Reengineering and Standardization.

The ESC financial system has the ability to track an award id, purchase order number, requisition number, a grant id, a loan id, or any other external system id through the financial system in various ways. The process is set in the planning phase prior to implementation, but is primarily a standard business process with unique identified fields for these id numbers by type.

For Procurement systems that interface to Delphi, the Federal Award Identification Number or Purchase Order number in the Procurement system is the Purchase Order number in the financial system. If the Procurement system does not interface to the financial system, we manually obligate, but still use the same Purchase Order number that is on the award document. This keeps the systems in sync with one another and makes reconciliation between the two systems easier to complete.

Grants Management systems that interface to the financial system are tracked in the financial system with a unique number, typically the Federal Award Identification Number or FAIN. ESC's largest grant customer has a custom setup where the grant project number is the grant id. When the interface process runs from the Grant management system, it adds components to identify the State and the Program Code of the Grant award. This makes it easier for the customer to reconcile the two systems. Other grants that are obligated through an interface or manually, typically use the FAIN or award id as the Purchase Order number and can be tracked and reconciled between the two systems. Some older feeder systems have unique numbers that are added on in the interface process, but for standardization purposes we recommend the numbering schema be the same and set up that way during implementation. This could involve a business process change for some customers.

Interfaces for Credit Cards are identified with a transaction id from the Credit Card Company, generally the invoice number from the credit card charge. This is stored in a descriptive flex field that can be used in queries to reconcile credit card statements. All other types of modules or systems that interface to the financial system have the ability to use a descriptive flex field to track and maintain the numbering schema from one system to the other. For instance, loans would interface a loan id to the Accounts Receivable or Loans Module with a unique numbering schema. This should be addressed in the planning phase so that the setup is addressed in the initial implementation.

The ESC has tried to standardize this process for the implementation of the Procurement system across the customer base for ease of reconciliation. Below is the process used for the Department of Transportation customers utilizing PRISM for the Procurement system.

Below is the new naming convention structure to be used when manually obligating **NEW FY-14** PRISM documents beginning Oct 01, 2013. This is a result of a new project that ESC has begun with DOT to migrate all DOT agencies to the ESC PRISM system except for FAA. The benefit of aligning the documents PRE-conversion gives us the potential to fully integrate these records POST-Conversion. The column Delphi PO number represents how the record would appear if it had been created via the SOA interface.

A. Naming Conventions

The new document number format only applies to orders or BPA calls against a new FY14 parent contract when the parent contract has an "14" in positions 7-8 and the call or order is being made by the OA who's code is in the parent contract positions 3-4 (ex. "NH" is NHTSA, the full list is below).

Document type	Prism Contract Number	Prism Order Number	Delphi PO Number
BPA Call (against an internal BPA)	DTNH2214A00016	0001	DTNH2214A00016 /0001
DO/TO (against an internal IDV	DTNH2214D00001	0001	DTNH2214D00001 /0001

Only the order number should be entered in Delphi for orders or BPA calls against another OA or Federal Agency's parent contract (such as GSA).

Document type	Prism Contract Number	Prism Order Number	Delphi PO Number
BPA Call (against an external BPA)	DTOS5914A00001	DTFT6014F00 001	DTFT6014F00001
DO/TO (against an external IDV)	GS-35F-0134W	DTNH2214F0 0001	DTNH2214F00001

*External DO/TO is to be handled as an exception

unless otherwise notified. Do not reject based on numbering mask not being followed.

All other types of awards should be a 14 digit PIID number and should be entered into Delphi without dashes

Document type	Prism Contract Number	Prism Order Number	Delphi PO Number
Purchase Order	DTNH2214P00001	NA	DTNH2214P00001
Definitive Contract	DTNH2214C00001	NA	DTNH2214C00001
Contract (Lease)	DTNH2214L00001	NA	DTNH2214L00001
Contract (Utilities)	DTNH2214U00001	NA	DTNH2214U00001
IAA	DTNH2214X00001	NA	DTNH2214X00001
Grant (created in PRISM)	DTNH2214G00001	NA	DTNH2214G00001
Cooperative Agreement (created in PRISM)	DTNH2214H00001	NA	DTNH2214H00001
Contract Modification	0001	NA	Update original document

Documents that identify companies as a Small Business Administration may or may not appear differently in the Prism Contract Number field. If an SBA number was assigned then it may or may not appear on the printout. The SBA number would not be integrated at time of creation to Delphi.

Document type	Prism Contract Number	Prism Order Number	Delphi PO Number
Varies (Small Business Administration)	DTNH22-10-C-00163/0353/10/005046	NA	DTNH2210C00163

A. 2 digit Agency Identifiers

Positions three and four. A two-digit alphabetic code which identifies the DOT Operating Administration. The following codes shall be used:

FA - Federal Aviation Administration
FH- Federal Highway Administration
FR - Federal Railroad Administration
FT - Federal Transit Administration
MA - Maritime Administration
MC - Federal Motor Carrier Safety Administration
NH - National Highway Traffic Safety Administration
PH - Pipeline and Hazardous Materials Safety Administration
RT - Research and Innovative Technology Administration

SL - Saint Lawrence Seaway Development Corporation
OS - Office of the Secretary of Transportation

Section II. Evaluation

Respond to each of the below questions. Provide the applicable supporting documentation or reference materials in the form of an attachment (web links will not be reviewed). Written responses are limited to five one-sided pages with 12-point Times New Roman font per question.

Responses will be scored based upon the evaluation factors listed below each question. Responses to Section I of the application will be used to further support the scoring.

1. Describe the Applicant's model for offering services to customers (e.g., bundling transaction processing with system support, requiring that particular mixed systems be adopted in addition to the financial system).

    a. *(See attached file: Sec 2 Q1 - ESC Service Offerings.docx)*

2. Describe the Applicant's current financial system environment. In particular, describe: the architecture of the Applicant's financial management system and its components, including the application, database, computing platform, storage, network, and interfaces; how it is designed to virtually partition its data and configuration for each customer (multi-tenancy); how it is set up to ensure continuity of service and recovery from disasters; and what the peak throughput is at the application, database, server, network, and storage layers.

    a. *(See attached file: Sec 2 Q2 - ESC Current Financial System Environment.docx)*

3. Describe the Applicant's (prospective) process for on-boarding new customers (e.g., Discovery) and how a common solution limiting agency preferences over legitimately unique agency requirements is achieved. As part of the description, address the Applicant's approach to situations in which the prospective customer's software needs are more extensive than what is currently offered by the Applicant (e.g., prospective customer has more bona fide requirements than the Applicant's offering).

    a. *(See attached file: Sec 2 Q3 - ESC On-Boarding Process.docx)*

4. Describe the existing or proposed governance practices/framework between the Applicant, the Applicant's Executive Department, and the (prospective) financial management customers. The response should address the following elements in relation to the governance practices/framework:

    a. *(See attached file: Sec 2 Q4 - ESC Governance Framework.docx)*

5. Describe the Applicant's results from implementing its most recent financial management system offering. As part of the description, provide information on the following:

    a. *(See attached file: Sec2 Q5 - ESC Recent FM Implementation.docx)*

6. Describe the Applicant's experience and performance in migrating federal agencies, bureaus, commissions, and/or boards external to its own Executive Department to its shared offering(s) (e.g., financial management, payroll, travel). If the applicant is a previously designated FMLoB provider, examples from implementing financial management offerings should be included in the response. As part of the description, provide information on the following:

    a. *(See attached file: Sec 2 Q6 – ESC Experience in On-Boarding External DOT Customers.docx)*

7. Describe the Applicant's financial management business plan, including key goals to be reached by the five and ten year points. The response should address what customers the Applicant envisions taking on, what additional support, if any, the Applicant will need to take on those customers, and what kinds of investments the Applicant will make to remain technologically current and competitive.

8. Describe how the Applicant's revolving fund is or will be used to support the Applicant's ongoing operations and capital investments. Include the fund's operating reserve balance for the last three fiscal years in the response.

    a. *(See attached file: Sec 2 Q8 - ESC Franchise Fund Explanation.docx)*

Part 2, Section II, Question 1 – ESC Service Offerings

ESC offers a full array of financial management services using our Oracle Federal Financials eBusiness Suite application that we refer to as Delphi. This solution can be further enhanced with the use of our integrated procurement solution ESC PRISM. Twenty-one of ESC's current customers operate on a single production instance of Delphi which allows customers to leverage ESC's existing investment in the application as well as costs for system enhancements, patching and the underlying infrastructure to include security costs. A recent example of ESC customers benefiting from the sharing of costs is the major system upgrade for Delphi to Release 12 of the Oracle eBusiness Suite that is scheduled to be completed in May 2014. The same concept would be applicable to our ESC PRISM solution. ESC currently maintains a single production instance of ESC PRISM for customers using the ESC procurement solution. However, in cases where the prospective customer is a large cabinet level agency with multiple bureaus and more than 500 users, ESC would perform an evaluation to determine if placing that customer on the existing single production instance of Delphi and/or ESC PRISM would be feasible and not jeopardize performance for either the new or existing ESC customers.

ESC prefers to implement new customers on our existing production instance of Delphi and compliment that with providing full accounting transactional processing services. This provides economies of scale to our customers not only from the systems side as mentioned above, but centralization of transaction processing at ESC also delivers the following benefits to customers:

- Training Savings
- Enforcement of Standardized Processing
- Separation of Duties
- Interest Savings (ESC has an excellent track record for timely payment of invoices)
- ESC can adjust staffing levels quickly if needed for increased transaction volumes during peak or seasonal times

When customers utilize ESC for transaction processing services they benefit from proven standardized business processes and can focus on financial analysis rather than transaction processing. ESC's documented standard processes achieve greater efficiencies and promote accuracy and consistency. However, we realize customers have varying needs and due to staffing/contract issues or other circumstances, it is not always feasible for customers to migrate to a financial system plus full accounting services model at the outset of implementation. Some current ESC customers chose to gradually move specific areas of transaction processing (i.e. accounts payable) to ESC and others chose to move all transaction processing to ESC simultaneously. Therefore, ESC offers new customers options with respect to the elements of the financial solution they desire to implement to meet the customer's need.

- **Financial Management System (Delphi) Only** – Customer continues to perform transaction processing (except for certain functions that we require ESC to perform because of the shared environment and potential impact to all ESC customers)
    - Functions that ESC must perform include:
        - Month-end and Year-End Processing
        - Payment Batch Processing
        - Treasury Confirmations
        - Setups for Customer and Supplier tables
        - Global system setup for Delphi and ESC PRISM
        - IRS Form 1099 reporting
        - Submission of FMS-224 to Treasury
- **Financial Management System (Delphi) and Procurement System (ESC PRISM) only**
- **Financial Management and Procurement Systems (Delphi and ESC PRISM) with full or partial Accounting Transaction Processing**
- **Financial Management System (Delphi) with full or partial Accounting Transaction Processing**
- **In certain cases ESC could provide Accounting transaction processing on the customer's existing financial management system** (we currently do this for one customer)

For any financial management implementation, ESC's business model is to implement all core financials in one implementation. The ESC Delphi system provides a robust Financial Statements Solution (FSS) process that is unique to Delphi. The FSS is an integrated solution in that it requires information from both the accounts payable and accounts receivable modules in order to report on trading partner information. ESC prefers to put forth the effort upfront to implement the core financials instead of developing a work around to accommodate phased in applications. Therefore, ESC would not entertain an implementation plan to bring new customers on Oracle eBusiness suite modules individually such as General Ledger (GL) or Accounts Payable (AP) only.

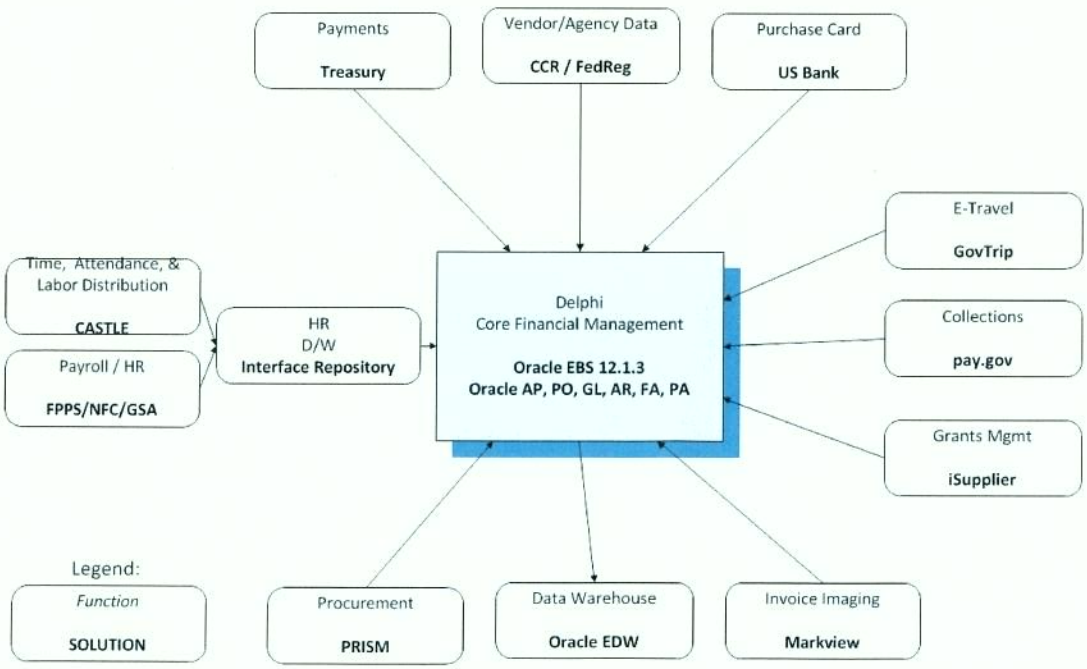
Part 2, Section II, Question 2 – ESC Current Financial System Environment

Application Architecture

ESC's financial services system is based upon Oracle E-Business Suite (EBS) and Oracle Federal Financials software. The Oracle E-Business Suite is a set of integrated applications sharing a unified data model. All the application modules work together and share the same information based on one definition of chart of accounts, customers, suppliers, partners, employees, business rules, business events, and much more. The unified data model provides timely and relevant information with a high level of data integrity as information is not duplicated within the system. This means that all Finance and Human Resources information not only share the same database, but share the same data tables as well. For example, employee information is stored inside Oracle Human Resources. When one of the financial modules, Oracle Purchasing for example, needs HR information it simply accesses the table within the HR schema that has the appropriate information as opposed to keeping its own table of HR-related data.

Since each functional module shares common services and a unified data model, adding new functionality is possible anytime by simply configuring another application module building upon what has already been implemented and without re-implementing existing modules. This will allow the solution to be implemented in a phased approach. All modules leverage common services like a single unified data model, workflow, and security. Additionally, the supplied functionality can be expanded quickly by adding application extensions via documented framework and common services.

Current ESC Enterprise Architecture for Financial Systems



Oracle's business application offering is based entirely on the Oracle technology stack. This explicit design allows Oracle to certify and support the proper functionality of business applications. This includes everything from the end-user interface, though the application server that delivers specific business functions, to the underlying database that stores and protects ERP data. The complete technology stack design promotes high

reliability and scalability for large business user populations, detailed data analysis, and high throughput environments like those found in large government agencies. This strategy also promotes long-term compatibility not just among applications modules, but also for the supporting technology responsible for delivering business value to end-users.

Client/User Tier - Web applications are accessed through secure, flexible portal pages via standard web browsers. Online users do not require any client software, dramatically reducing client tier maintenance and support costs while increasing flexibility.

Application Tier - E-Business Suite software and tools are centrally deployed on application tier servers via the Oracle Application Server software. This tier eliminates expensive desktop client software installation and maintenance. Application Server delivers content to a client browser using Internet standards (e.g., HTTP(s) and Java) and interacts with the database tier via TCP/IP.

Database Tier – The database tier holds all data, database programs, and shared libraries, and processes all SQL requests for application data and information. E-Business Suite takes full advantage of the Oracle Database's advanced features. For example, database stored procedures and triggers are used to enforce application business rules. They are extremely efficient and allow applications to support large numbers of users and transactions simultaneously.

Integrated - E-Business Suite is a set of integrated applications sharing a unified data model. All the application modules work together and share the same information based on one definition of customers, suppliers, partners, employees, business rules, business events, and much more. The unified data model provides timely and relevant information with a high level of data integrity.

Support for Multi-Tenancy – Different Organizations in a Distributed Environment

The Oracle Applications organization model defines organizations and the relationships among them in complex enterprises. This organization model serves as the cornerstone for the Oracle E Business Suite. It dictates how transactions flow through different organizations and how those organizations interact with each other. Generally, a complex enterprise has several organization structures, such as Internal, Accounting, and Human Resources. Organizations are able to define different structures to customize Oracle Applications according to individual business needs.

Oracle Applications provide the features needed to satisfy the following basic business needs:

- Use a single installation of any Oracle Applications product to support any number of organizations, even if those organizations use different ledgers
- Support flexible organizational models
- Secure access to data so that users can only access relevant information
- Access one or more operating units using a single responsibility

Multiple Organizations in a Single Installation

The Government can define multiple organizations and the relationships among them in a single installation of the Oracle E-Business Suite. ESC accomplishes this requirement with the use of separate ledgers and operating units.

Secure Access

The Government can assign operating units to a security profile and then assign the security profile to responsibilities or users. If multiple operating units are assigned to the security profile, then a user can access data for multiple operating units from a single responsibility. This ensures that users can only access, process, and report on data for the operating units they have access to.

Data Security

The Government can limit users to information relevant to their organization. For example, you can limit access for payroll administration clerks to the payroll associated exclusively with their department.

Responsibility Determines Operating Unit

The responsibility determines which operating units can be accessed when using the Oracle E-Business Suite. If it is desired that a responsibility have access only one operating unit, the profile can be set accordingly. If it is desired that a responsibility have access multiple operating units, then the security profile can be defined with multiple operating units assigned to it. This is an implementation decision.

Automatic Accounting for Internal Requisitions

The Government can create an internal requisition (sales order) in one organization, then ship from another organization, with correct Intercompany invoicing.

Multiple Organizations Reporting

Reports can be executed at the ledger level or operating unit level. If reports are run at the ledger level, then the report will submit data for all operating units assigned to that ledger that you have access to as defined by your profile.

Types of Organizations

You can define organizations and the relationships among them. Security can be defined for either an organization hierarchy or list of organizations.

Business Group

The business group represents the highest level in the organization structure, such as the consolidated enterprise, a major division, or an operation company. The business group secures human resources information. For example, when a list of employees is requested, all employees assigned to the business group of which your organization is a part are included.

Legal Entity

A legal entity is an entity for which you prepare fiscal or tax reports. You assign tax identifiers and other legal entity information to this type of organization.

Operating Unit

An organization uses Oracle sub-ledgers, such as Oracle Cash Management, Order Management and Shipping Execution, Oracle Payables, Oracle Purchasing, Oracle Receivables, and related products. It may be an office, a division, or a department. Operating units are not associated with legal entities. Operating units are assigned to ledgers and a default legal context. Information is secured by operating unit for these applications using responsibilities. Each user can access, process, and report on data only for the operating units assigned to a user's operating unit or based on their profile options.

Organizations in Oracle Projects

Oracle Projects allows the definition of organization hierarchies to reflect the entity's organizations structure. Oracle Projects-specific organization types can be added to the organization hierarchy (for example, projects organizations or Expenditure organizations) to help manage project control requirements. Project and expenditure hierarchies are assigned to operating units.

Asset Organizations

An asset organization is an organization that allows you to perform asset-related activities for a specific Oracle Assets corporate book. Oracle Assets uses only organizations designated as asset organizations.

Role Based Security

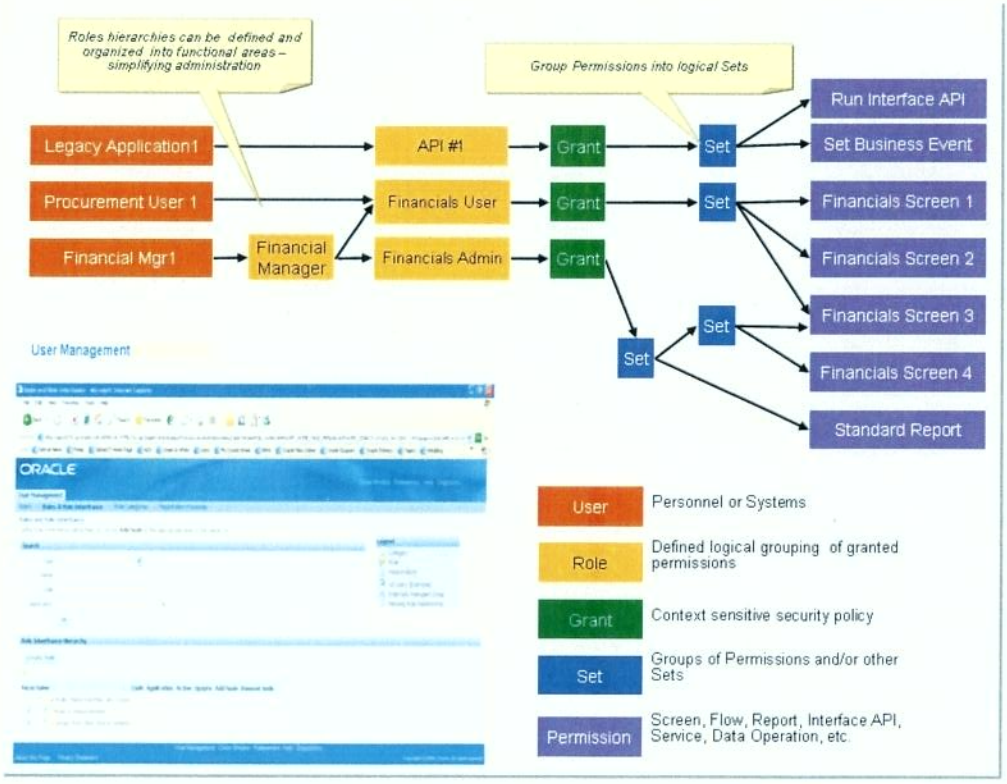
The E-Business Suite supports a role-based application security model as shown in the figure below. User access to business functionality and data is dependent on a user's role (or roles). Additionally, Oracle's application modules, reporting applications, and reporting tools share the same role-based application security controls, eliminating redundant security administration. Oracle's role-based security allows data to be separated between different organizations such as 'Headquarters' and 'Field Office' all within a single system.

Roles assign system capabilities and data access to users via managed sets of grants and permissions. They determine what a user can see on the portal, where they can navigate in the applications, what data they can see and/or impact, what they can view or update, what reports the can run, and what processes and workflows they

can execute. You can use pre-seeded roles, modify them, or define new ones to match The Government's organizational and operational requirements. Roles are maintained through system upgrades and are preserved through product releases.

Oracle's role based security model supports de-centralized administration. Administrators use simple application screens to define, manage, and monitor users, roles, logging/auditing, background processing, and other system capabilities. The solution comes with pre-seeded roles based on industry best practices. System administration can be centralized or decentralized. For example, you can delegate user administration separately from role administration. This enables you to assign remote user administrators while still keeping centralized control over role definition. Assign the right staff to manage each user population without losing control of the application interaction possible with each role. This flexibility helps to minimize administrator mistakes and improves overall staff efficiency.

The *Oracle Applications Multiple Organizations Architecture* provides support for multiple organizations (multiple tenants) in a single installation of Oracle E-Business Suite, with customer defined relationships. Multiple Organizations specifies how the different organizations interact, and how transactions flow between them. These organizations can be ledgers, business groups, legal entities, operating units, or inventory organizations. System set-up, reporting and data are all kept within the same system but separated based on security rules defined by The Government. This architecture enables The Government to run different divisions within a single system, reducing maintenance and hardware costs.



Our solution includes standard role-based application security - define users faster, with roles you understand, and with no costly mistakes

Data Center Infrastructure Architecture

ESC's financial services are hosted in the System Management Facility (SMF) of the Federal Aviation Administration's (FAA) Mike Monroney Aeronautical Center in Oklahoma City, OK. The SMF is an ISO 20005 certified, Tier 3, data center facility. The SMF currently hosts over 800 compute server systems and over 1500 terabytes (TB) of storage. It is supported by enterprise class 10 Gb and 1 Gb Local Area Networks (LANs), an 8 Gb Storage Area Network (SAN), and provides wide area network connectivity via high speed Internet and customer specific Extranet circuits.

Most SMF deployments are based upon industry standard servers (x86 architecture) arranged in a "scale-out" configuration. High availability and incremental scalability are afforded by clustering multiple servers to provide the required aggregate capacity. Specifically, the Delphi financial system employs a cluster of 4 HP BL460 blade servers for the database tier and multiple virtualized web, application, and associated ancillary support servers in the middle or access tier.

The Delphi financial management system currently supports about 4,700 subscribers sharing a single instance of the financial management system. Compute and I/O performance monitoring indicates that the system is currently about 40% utilized at peak times. At 80% utilization, the current configuration will support about 9,400 subscribers. Via the scale-out architecture, system capacity can be increased through addition of more and/or more powerful processing nodes. Although not limited by the architecture, current hardware model options available for the database combined with node addition in the application tier is adequate to expand the capacity to 30,000 subscribers.

Disaster recovery (DR) infrastructure is installed at the U.S. Department of Agriculture's National Information Technology Center (NITC) in Kansas City, MO. A mirror of the primary ESC production system is maintained in a state of readiness at NITC. Continuous data replication through a dedicated data circuit is performed to keep the DR data copy within 30 minutes of the on-line production system.

Further expansion could be addressed through the use of multiple financial system instances. See the attached file "Delphi Physical Infrastructure View.jpg" for a detailed view of the current ESC financial services IT infrastructure.

Part 2, Section II, Question 3 – ESC On-Boarding Process

ESC utilizes a two-phased approach for on-boarding new customers consisting of a planning (some may also refer to this as discovery) phase followed by a subsequent implementation phase.

Planning Phase

This phase is designed to validate ESC's understanding of the customer's requirements and introduces the customer to a more detailed view of the ESC solutions and standardized processes to determine any major gaps or differences between the customer's current systems and processes compared to the ESC solution. ESC and the customer will review key requirements and identify implementation strategies and deliverables. The planning phase also further defines the scope of the implementation and allows for planning the acquisition of resources such as staff, software and/or equipment for the subsequent implementation phase. The planning phase results in the following major deliverables for customer review and assessment:

- Project Management Plan
- Project Schedule
- Work Breakdown Structure (WBS)
- Requirements Traceability Matrix, including fit gap assessment addressing
    - Financial Reporting
    - Receivable Management
    - Payables
    - Fund Balance with Treasury (FBwT)
    - Fixed Asset Management (Accountable and Non-Accountable Property)
    - Budget Formulation, Planning, Execution and Activity Based Costing
    - Travel Management
    - Payroll
    - Information Technology Infrastructure
    - Hosting and Associated O&M Services
    - Procurement Management
    - Transaction Processing Services
    - Conversion & Reconciliation
    - Rollout Planning and Deployment
    - Training
    - Change Management
    - Any unique customer requirements
- Updated estimate of pricing
- Interagency Agreement Package for Implementation Phase

Once the customer has assessed the deliverables, they make a Go/No go decision to proceed with the Implementation Phase. With a Go decision, the Interagency Agreement (IAA) is completed for the implementation phase. Once basic terms are agreed to and funding identified, the signature of principals from the customer and ESC is required. Implementation work begins once all the necessary signatures are obtained and funds are available. Any delay in obtaining signatures on the IAA will can affect the implementation dates.

During the planning phase ESC will utilize Business Process walk-through sessions as well as Delphi demonstrations to provide the customer with details of our financial management solution as well as our procurement solution if requested. ESC provides a global setup of the financials that are based on best practices. Within this setup are several agency specific items that allow for optimization of unique business processes. The system demonstrations and business process walk through sessions explain the global setup and functionality as well as the standard interfaces and reports that are available to all customers.

If the potential customer already has compiled a list of requirements, these can be incorporated in the discussions during demos or business process walkthroughs as well as during requirements sessions held with the customer for each specific area such as accounts payable, accounts receivable, general ledger, fixed assets and property, financial reporting, etc. During those sessions and any subsequent analysis, ESC and the customer will make a determination on whether the gap can be mitigated with a business process change, or if a customization for new functionality will be required. ESC encourages all customers to adopt the global builds and setups to the maximum extent possible. This promotes efficiencies in system maintenance and helps minimize additional maintenance costs. ESC has been successful in providing our global design upfront and migrating all data into the core financial system. However, ESC also realizes that customers may have a bona fide business need for additional functionality to meet their mission. The requirements discussions are geared to determine any gaps. Those gaps are further discussed to determine if the requirement can be addressed by a business process change or if a system change is required. Options for consideration are:

- Feasibility to utilize a manual process
- Customer retains a legacy system that is not part of the core financials to handle the requirement
- Implement a new business process to meet the requirement without customizing system

If ESC has a customer with a similar requirement, we will explain how we met that requirement for our existing customer(s) and reiterate the success of using that method and gaining a clean audit opinion. If there is a requirement with no feasible solution in our current configuration or environment, ESC and the customer discuss and determine if new modules or tools need to be purchased and implemented or if customizations should be made to Delphi or ESC PRISM.

Additionally, ESC would look at any customization to see if it is something that should be included in the global build of Delphi or ESC PRISM so that all customers could benefit and share the cost. If customer-specific customizations are required, the cost of the customizations is paid for by the customer for both implementation and the ongoing maintenance into future years.

Examples of customizations ESC has accommodated for customers are:

- Investment interface to Bureau of Public Debt for US Securities Exchange Commission
- Share Insurance Fund and Central Liquidity Fund reporting for National Credit Union Administration
- Custom reports – this has been done to some degree for almost every implementation.

The length of the planning phase is determined by the complexity and size of the customer agency. For small or midsize agencies without multiple bureaus, the timeframe is usually 90 – 120 days. For a large cabinet level agency with multiple bureaus, the planning phase could be six to nine months.

Implementation phase

The Implementation Phase begins with the ESC Standard offering and any other items that were determined to be in the implementation scope during the planning phase. In some situations a customer may have a required timeframe they need to migrate from their legacy system, and certain system enhancements or customizations which were determined to be needed during the planning phase cannot be implemented by the time they need to migrate. To resolve this issue, ESC has done a Phase 1 implementation for the base functionality of all Delphi modules with a second phase to implement enhancements for remaining items like special interfaces and reports. Once the base implementation for core financials and other applicable items (i.e., interfaces and reports that are in scope for a phase 1 of the implementation) is completed, the customer moves into the Operation and Maintenance (O&M) phase for the deployed items and a Phase 2 Implementation is begun for the remaining items. This was done for both the US Securities Exchange Commission implementation as well as National Credit Union Administration.

The implementation phase(s) activities include:

- Detailed requirements analysis
- Data migration plan
- Data clean-up activities (this is a customer's task that is running parallel with planning and implementation phases)
- Development or modification of data conversion programs
- Configuration and setups

- Coding changes for any customizations or modifications (especially in the areas of interfaces and reports)
- Solution Demonstration Labs to illustrate system functionality
- Mock data conversions (at least two cycles)
- Testing (Unit, System Integration and User Acceptance)
- Training – to include training strategies, plans and execution
- Planning for transition of any applicable accounting transaction services
- Cutover plan for operations
- Deployment
- Post Go-live desk side support

Our Standard implementations for legacy conversions are 16 to 18 months with global Oracle API interfaces for customers with less than 500 users. The timeline for a large Departmental agency with multiple bureaus and more than 500 users would need to be evaluated on a case by case basis. One exception to the implementation timeframe was our success in standing up a new agency on the financial system within 90 days. In that particular case there was no data to convert and the ESC global build was adopted.

ESC brings the experience and expertise needed to ensure successful and timely implementation of ESC solutions using established proven processes for project management and financial management. Our project management methodology follows Project Management Institute (PMI) principles. We have approximately 1,200 highly skilled professionals in project management, accounting and procurement systems, federal business processes, and information technology. These professionals have created the auditable, reliable, and accurate financial systems used by our 21 Delphi financial management customers and successful financial management results for our customer that we perform accounting transaction processing for on their financial system. ESC has focused on a cost-effective common configuration of Oracle E-business suite common to all customers, thus generally meeting more than 90% of federal agencies' financial requirements without customization. ESC also brings our considerable repository of reports, interfaces, conversions, and extensions tailored to the financial needs of the federal community.

When implementing Delphi for our customers we recognize that strong and consistent project governance is required. During the implementation key executives from both organizations will meet no less than monthly. These high-level meetings allow the implementation team to guarantee a successful project without having to become immersed in daily operations, and ensure all pertinent stakeholders have a voice.

ESC further supplements the implementation team with a contract teaming partner to assist with requirements gathering, data conversion mapping and conversion programs, business process analysis and documentation, organizational change management, training, etc. Part of this team

will work on-site at the customer's location to facilitate specified tasks during the implementation phases. ESC has an existing contract with a pool of five well-qualified vendors that can be utilized to bring these additional resources on board quickly.

Part 2, Section II, Question 4 – ESC Governance Framework

The Department of Transportation (DOT) and Enterprise Services Center (ESC) Hierarchy of Governance

The following narrative has recently been developed in contemplation of ESC participating in the government wide Federal Shared Service Provider Initiative. We are now at the stage of socializing this new framework with our current ESC customers. This document provides a high level description of the proposed DOT/ESC governance framework and establishes the context for addressing the specific requirements for the FMLOB FSSP application. The questions to be addressed by the applicant relating to governance are answered at the end of this document. Please note this is the proposed governance structure at the time of application. This process is subject to change as we work with DOT, our customers, FIT and the CFO Council.

Governance Components

Figure 1 below depicts the components of the DOT/ESC governance structure. The DOT as system owner and the ESC as service provider provide the policy guidance and processes that meet OMB's intent for shared services. Change triggers are those stakeholder requirements that can initiate a request for change. Major change agents include projects, treasury mandates, policy guidance, repair and maintenance to the system, and business improvement initiatives.

Major Components of Financial SSP Governance

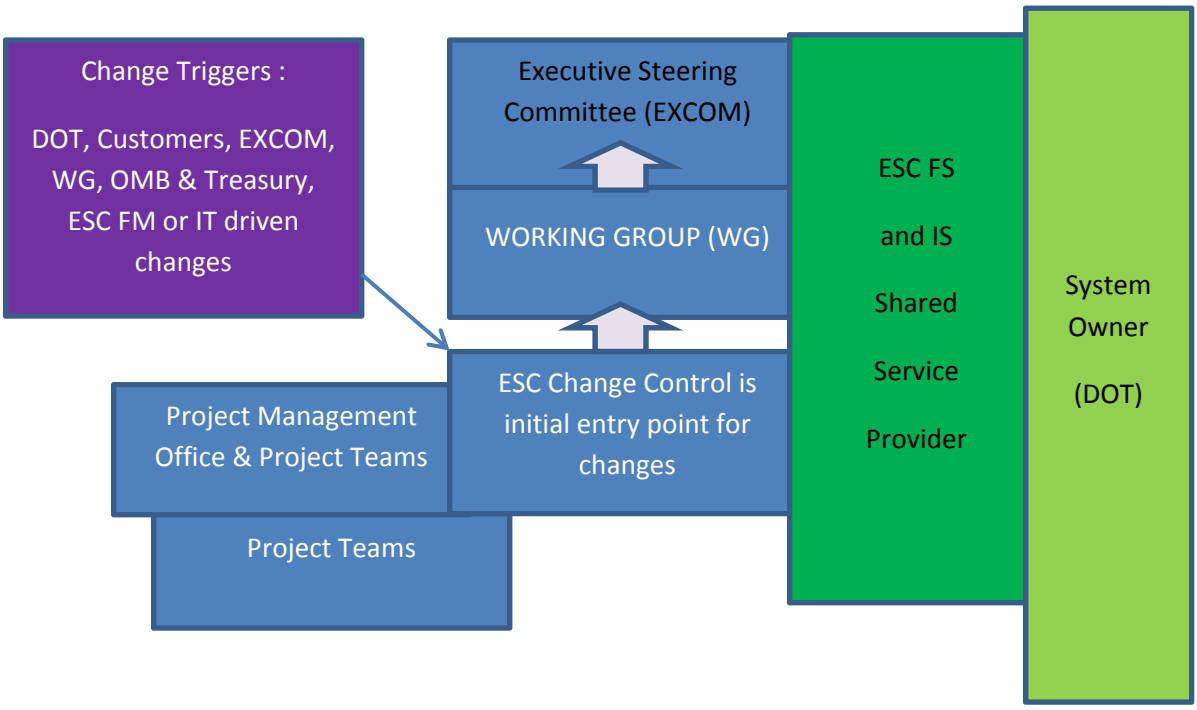


Figure 1 – SSP Governance Components

(1) EXECUTIVE STEERING COMMITTEE (EXCOM)

Purpose -The Financial SSP Executive Steering Committee (EXCOM) provides senior guidance and concurrence on major capital investment and business/mission process changes that have potential impacts upon long term budgets and regulatory mandates. In addition, the EXCOM provides a forum for customers utilizing ESC financial services, such as transaction processing, to discuss issues of common interest with other major customers and ESC management.

Objectives of the EXCOM areas are listed below:
Represent strategic issues for the financial management customers in support of the ESC SSP

- Articulate a unified executive level vision, scope, and objectives for federal financial management
- Review and prioritize the yearly budget allocated to the SSP on behalf of the customers

The EXCOM is comprised of:

- The Deputy Chief Financial Officer (CFO) of the Department of Transportation (DOT) acting as the System Owner and Chair of the EXCOM
- The Director of the Enterprise Services Center (ESC) acting as co-Chair of the EXCOM
- A designated senior executive from one of the DOT Operating Administrations (OAs) as Representative for the DOT (intent is for System Owner role to not come into conflict with customer role)
- Senior executive of any Cabinet Level Departments
- An elected representative from the other (non-cabinet) level customers of the shared service
- A representative from the Department of the Treasury as advisory member
- A representative from the Office of Management and Budget (OMB) as advisory member

(2) The Working Group (WG) (customer, system owner, and ESC management)

Purpose - The Working Group (WG) level ensures all changes to business processes are vetted for global applicability and mission-essentiality. Those processes that do not bring full global benefit but are mission required will be provided at a fully burdened cost that is allocated separately to the requesting customer(s).

The purpose of the group is to perform the following key functions:

- Identify and prioritize any major enhancements to Delphi
- Pursue standardization of the service in all areas where feasible

- NOTE: In those cases where mission or business requirements for individual agencies cannot be met with standard services, the fully burdened cost of implementing and sustaining the non-standard process and/or technology will be allocated fully to the requestor(s).
- Attempt to resolve all conflicts among peers before escalating to the EXCOM
- Facilitate communication among all customers/stakeholders
- Review, approve, and maintain a 24 month 'road map' of the enhancement schedule, with a priority assessment of all enhancements as a basis for scheduling each enhancement into a future Delphi release.

The inclusion of customers/stakeholders on the WG is appropriate because at this threshold, requested changes may require business process changes or are changes that are being proposed by a customer, who can explain the rationale for the requested change

The working group provides an avenue for customers and service provider to share experiences and processes in pursuit of standardized processes and to prevent 'reinventing the wheel'.

WG is comprised of one designated member, and one designated alternate, from the following organizations:

- Office of Financial Management (B-30) Chair
- Enterprise Service Center (ESC) Business Analysis Manager Advisory
- Enterprise Service Center (ESC) Information Technology Manager Advisory
- ESC Operational Accounting (AMK-300) (largest system user/customer as representative for ESC accounting customers), voting
- Cabinet Level Departmental Representative for DOT to represent Operating Administration (OA) interests, voting
- Cabinet Level Departmental Representative for any Executive Branch Departments that are brought onto the SSP
- Elected Representative for non-Cabinet Level Departmental entities, votes equaling the number of Cabinet Level Representatives, voting

WG Member Responsibilities

- Represent his/her organization's requirements and perspective
- Make decisions on his/her organization's behalf
- Regularly attend WG sessions informed of the issues and prepared to participate
- Communicate discussions and decisions made at the WG with stakeholders within his/her organization
- Prepare their organization for each release
- Secure resources for appropriate representation on working groups
- Work respectfully with other members of the WG

(3) ESC Change Control Committee (ESC)

At the local change management level, ESC protects the integrity of the service offering, including the availability, performance, security warranty, supportability, and long term sustainment capability of Delphi. The delegated change at this level is for operations and maintenance actions, 'break fix' actions, and service request fulfillment for internal and external users of the system

The ESC is authorized to approve changes in following categories:

- Product sustainment (patching, releases, break-fix changes, tuning activities, support product upgrades)
- Modifications to the service offering that have no major functional or technical impact to the existing system, such as:
- Operations and maintenance (O&M) actions that are part of the service provider's normal support such as tuning actions within the application, infrastructure or communications components, disaster recovery (DR) support actions, addition of capacity where no service disruption occurs, etc.
- 'Break-fix' issues that arise from the application itself (Oracle E-Business Suite)
- Security/application patching
- Internal process improvements at the technology level that do not impact the customer cost.

Changes that exceed the authority for the ESC will be transferred to the appropriate higher level authority.

1. **Role of the Customer** – As shown above, the ESC and DOT shared service governance model that has been approved by the System Owner is based upon the concept of customer, system owner, service provider, and stakeholder participation. The model acknowledges that every customer's mission is equally important, but also recognizes that, because of their size, some customers make a greater contribution to the cost of the shared service. Participants within the governance structure therefore have influence that reflects in their contribution to the cost of the shared service but does not sacrifice the benefits of standardization and economy of scale. This approach is a balancing act between the OMB Shared Services intent to pursue standardization using rigorous change management processes while recognizing the unique mission needs of individual customers. The Shared Services Provider and the customer community have a common goal of providing governance that ensures standardization without forcing suboptimal solutions for those unique mission needs.

2**. Internal Customer vs External Customer** – The ESC provides two primary financial services to the federal sector: the Oracle Federal Financial management system and full government accounting services. For purposes of this discussion, the ESC accounting operations group is an INTERNAL customer of the service, and the external customer group is comprised of the operating administrations (OAs) within DOT and the other agencies and entities that have contracted with DOT/ESC for financial support. The processes used by all customers (internal and external) are consistent, with the distinction that ESC accounting operations is the de facto proxy for those customers for whom they provide end to end services --- in other words ESC accounting is the advocate for customer

requirements as well as being a part of the ESC business offering. The governance model provides all customers (internal and external) opportunities to influence decisions that are made concerning the service offering.

3. **Scope of the Applicant's governance decision-making authority versus the scope of the parent organization's decision-making authority** – As depicted in the preceding description of the DOT/ESC governance framework (pages 1-4 of this section), the authorities are hierarchical and appropriately delegated to each governance level. The applicant (ESC) has the responsibility to sustain the service using I.T. and business best practices within political and financial thresholds that are the purview of the parent organization's budgetary or regulatory discretion.

4. **How changes to customer pricing are made** – There are two primary components of customer pricing for O&M. Those components are system support and financial operations (accounting services). Changes to customer pricing for financial operations are based on historical actual costs collected through ESC's cost accounting processes. There are two primary drivers of changes to customer pricing for system support. They are changes to the cost of maintaining the global system configuration and customer unique changes/new requirements. When the costs of maintaining the global configuration change, that change is spread across all customers on a percentage basis using a formula that assigns costs proportionally based on relative size of customers. Unique customer requirements are charged to the requiring customer. See responses to questions 5 and 6, immediately below, for additional information on changes to customer pricing.

5. **Approach to handling customization and change requests** – as depicted in the governance framework, ESC uses best practice change management and configuration management processes in the sustainment, modernization, and enhancement of the commercial Oracle Enterprise Business Suite. Local service provider (ESC) change requests that are within the thresholds described in the governance framework are typically handled within the O&M agreements with customers, and therefore are accomplished without customer costs beyond the pre-negotiated support. Customization that could affect the costs of implementation beyond standard O&M are paid as fee reimbursable actions and are the purview of the customer and service provider working group decision authority. Mission or business-essential customizations that do not contribute to standardization are fully burdened and passed to the requesting customer(s) and are not charged to the global, standard service.

6. **Approach to making new investments** – Investment decisions are the purview of all 3 levels of governance, and are escalated within the thresholds described in the framework. ESC can make local investments to improve performance, modernize infrastructure, and create better business processes, etc. if there are positive or neutral effects on customer costs or service. If investments require rate adjustments or pricing changes, then the governance model escalates the discussion and approval to customer and executive level for consideration and concurrence.

Part 2, Section II, Question 5 – ESC Recent Financial Management Implementation

ESC's most recent financial management implementation was for the US Securities and Exchange Commission (SEC).

Scope of Implementation: Original scope was for Delphi and ESC PRISM only. SEC was not certain what, if any, accounting transaction processing services they would want ESC to perform. Well into the implementation phase SEC decided to have ESC perform full accounting services which included General Ledger, Accounts Payable, Accounts Receivable, Reconciliation and Analysis, Fund Balance with Treasury, Fixed Assets and Travel.

SEC did have some unique business requirements that necessitated customization. Those business needs were not part of ESC's standard service offering or the Delphi global build. This included a new interface to Bureau of Public Debt for investments, an automated interface with Department of Interior's FPPS system for employee changes (hire, retire, resign), a new travel interface since SEC had a contract with another eTravel system provider, additional Discoverer reports, and business process changes for filing fees and discouragements.

SEC also had a need to convert from their legacy financial system to the Delphi solution by April 2012. However, a portion of the unique requirements and additional reports could not be accommodated within the short timeframe they needed to migrate from their legacy system. Therefore, the implementation phase was split into two phases.

Original Planned Schedule: Go live for phase 1 of the implementation was scheduled for April 2012, but conversion did not occur until May 2012. Official project schedule close date for implementation was 6/1/2012 (to include stabilization and project closeout). Planned closeout for phase 2 implementation was October 2012.

Final Schedule: The final close date for phase 1 implementation date was 7/31/2012. Final close out for phase 2 of implementation phase was 12/31/2012.

Number of re-baselines: There was no true re-base of the schedule.

Justification for cost or schedule variance:

The schedule variance for phase 1 of the implementation was due to adding an extra mock data conversion and additional testing time. Schedule variance for Phase 2 of the implementation was due to changes in the customer's requirements for the enhancements and additional reports requested.

Implementation Timeline for Current ESC Customers

2000	2001	2002	2003	2004	2005	2006	2008	2010	2011	2012	2013	2014
Federal Railroad Administration (FRA)	Office of the Secretary of Transportation (OST)	National Highway Traffic Safety Adminstration (NHTSA)	Federal Aviation Administration (FAA)	National Endowment for the Arts (NEA)	Pipeline and Hazardous Materials Safety Administration (PHMSA)	Commodity Futures Trading Commission (CFTC)	Government Accountability Office (GAO)	Consumer Product Safety Commission (CPSC)	National Credit Union Administration (NCUA)	Securities and Exchange Commission (SEC)	Office of Personnel Management (OPM)	**Department of Commerce (DoC)
Office of Inspector General (OIG)	Surface Transportation Board (STB)	Federal Transit Administration (FTA)	Federal Highway Administration (FHWA)		Research and Innovative Technology Administration (RITA)							
*Research and Special Programs Administration (RSPA) 2000-2005	Working Capital Fund (WCF)	*Transportation Safety Administration (TSA) 2002-2004	Federal Motor Carrier Safety Administration (FMCSA)		Institute of Museum and Library Services (IMLS)							
	*Bureau of Transportation Statistics (BTS) 2001-2008		Maritime Administration (MARAD)									
			VOLPE National Transportation Systems Center (VOLPE)									

* Denotes Customers that are no longer using our services

** Denotes that Customer is currently in the Planning Phase of conversion. Implementation is expecting to start during the 2014 calendar year.

Part 2, Section II Question 6 – ESC Experience in On-Boarding Customers

ESC is the first organization to have successfully implemented a cabinet level department on a single production instance of Oracle federal financials. ESC continued that success with the subsequent implementation of seven additional federal agencies onto Delphi since 2004 as can be seen in the above chart. All implementations through 2003 represent Department of Transportation agencies that are set up as separate sets of books within our single production instance of Delphi. At the time of implementation onto Delphi, each of the DOT agencies had their own accounting offices, which were primarily in the Washington D.C. area with the exception of FAA which had nine accounting operations offices disbursed across the country and the Volpe National Transportation Center located in Boston, MA. All DOT agencies now utilize ESC accounting transaction processing services. DOT accounting offices consolidated first and the FAA accounting consolidation followed. The implementations of RITA and PHMSA in the chart above were the result of a restructuring of RSPA and BTS that were initially implemented in 2000 - 2001. The total number of Delphi users for DOT is 3,927.

None of the DOT agencies are currently in production on ESC PRISM. FAA has its own PRISM system that is integrated with Delphi. The remaining DOT agencies are on stand-alone PRISM systems that are not integrated with Delphi. However, there is a project in progress for all DOT agencies (except FAA) to migrate onto the single production instance of ESC PRISM.

Information regarding the implementations of other federal agency customers outside of DOT is reflected on the next page.

Customer	Year of Go-Live on Delphi or Date Services Began	Scope of Service	Number of Users	Length of Implementation (including planning phase)	Implementation Costs	Complexity
National Endowment for the Arts (NEA)	2004	Delphi system only	11	12 months		Low complexity
Institute of Museum and Library Services (IMLS)	2005	Delphi system and full accounting transaction services	7	12 months		Significant reorganization and reconstruction of records
Commodity Futures Trading Commission (CFTC)	2006	Delphi system and full accounting transaction services	90	15 months		Uniqueness for receivables and special fees
Government Accountability Office (GAO)	2008	Delphi and ESC PRISM systems + full accounting services	123	2 years		Migrating financial and procurement systems simultaneously. New travel interface.
Consumer Product Safety Commission (CPSC)	2010	Delphi system only at first. Moved to ESC performing full accounting transaction processing within a year of implementation	27	15 months		Low complexity
National Credit Union Administration (NCUA)	2011	Delphi system and partial accounting transaction processing	85	15 months for phase 1 implementation and additional 18 months for enhancements		Calendar year end closing + significant enhancement need for Shared Insurance Fund and Central Liquidity Fund processing and reporting
Securities Exchange Commission (SEC)	2012	Delphi and ESC PRISM systems + full accounting services	346	18 months for phase 1 implementation and additional 5 months for enhancements		Custom interface for investments, employee payroll interface, new travel interface, migration of financial and procurement systems simultaneously and short time frame to implement.
Office of Personnel Management	2013	ESC performed consulting and accounting transaction services for accounts payable and receivables on OPM's Oracle financial system	N/A	Less than 1 year		Connectivity and personnel learning OPM's systems and processes

Part 2, Section II, Question 8 – ESC Franchise Fund Explanation

Business sensitive portions of this response were redacted.

ESC operates under FAA's Administrative Services Franchise Fund. The Franchise Fund also encompasses other FAA organizations outside of the Enterprise Services Center. A Franchise Fund Council is responsible for oversight of the Franchise Fund and ESC reports plans and expenditures for retained earnings and operating reserve to the Franchise Fund Council on a quarterly basis.

The Franchise Fund allows for a retained earnings carryover of an amount not to exceed 4% of the total annual income of the fund for the acquisition of capital equipment and for the improvement and implementation of financial management, Automated Data Processing (ADP) software and support systems.

It also allows for Operating Reserve to help franchise activities establish a funding base to sustain or expand operating capacity during times of fluctuating workloads, unanticipated expenditures, temporary suspension or reduction of revenue streams from other customers or expanded operations. Operating reserve cannot exceed 4% of the highest year of offsetting collections.

ESC regularly utilizes retained earnings for capital improvements to the financial management system and the infrastructure supporting it as well as other mixed systems. Examples of this include a major upgrade to the data center operated by ESC as well as purchase of services and/or software modules to improve financial management or the ESC infrastructure.