



United States Department of Agriculture

**Financial Management Modernization
Initiative (FMMI)**

USDA Financial Management
Federal Shared Services Provider Application
Part 2

January 17, 2014



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1 Background Information

Information Requested:

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

Response: The Executive Department is the United States Department of Agriculture (USDA), Office of Chief Financial Officer (OCFO), National Finance Center (NFC).

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

Response: The USDA Finance Shared Services Provider (FSSP) will be located within the USDA Office of the Chief Financial Officer (OCFO), National Finance Center (NFC). The organization that currently provides finance and accounting support to 29 component agencies/staff offices will transform into the FSSP. The high-level organization chart below is the proposed project team structure for the Shared Services Provider.

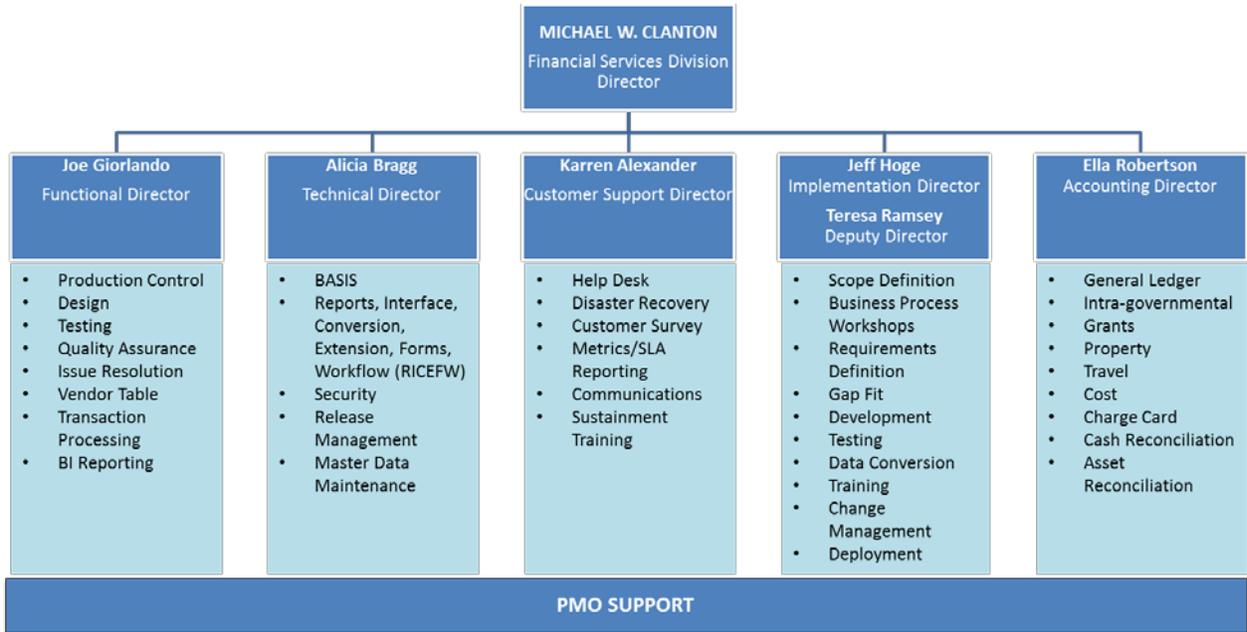


Figure 1: USDA’s Organizational Chart for Proposed Shared Services Support



3. **Supplemental Forms A-E.**

Response: The following supplemental forms are included in USDA's application:

- Supplemental Form A – Transaction Volume
- Supplemental Form B – FTE Employment
- Supplemental Form C – Current Customers
- Supplemental Form D – Cost Summary
- Supplemental Form E – Financial Management Systems

The Supplemental forms are located after the Section 2 - Evaluation section (refer to the Table of Contents).

4. **As applicable, a summary of the Applicant's Exhibit 300 submissions related to upcoming Development, Modernization and Enhancement (DME)¹ expenditures to its financial management system(s), including its financial system.**

Response: USDA's expected financial management costs will be applied to improve functionality and future Operations and Maintenance (O&M) costs. USDA currently has several technology upgrades underway associated with the financial management system (SAP). Not only will USDA continue to stabilize its financial system environment to comply with the Federal and Treasury mandates, it will also implement process improvements to fully leverage consolidated financials. Technology upgrades planned include:

- SAP Enterprise Resource Planning (ERP) Support Pack upgrade (up to ERP 6.0 Enhancement Pack 4 SP13)
- SAP Enterprise Portal (EP) Upgrade to NetWeaver 7.3
- SAP Process Integration (PI) upgrade to NetWeaver 7.3 Enhancement Pack 1
- Red Hat Enterprise Linux (RHEL) upgrade to 6.0
- SAP Governance, Risk, and Compliance (GRC) upgrade to version 10
- SAP HANA in-memory platform Support Pack upgrade (for enhanced Reporting)
- SAP BusinessObjects (BOBJ) Support Pack upgrade (for enhanced Reporting)
- SAP Profitability and Cost Management (PCM) Windows OS upgrade to Windows Server 2008
- HSPD-12 compliant Web Access Management (WAM) upgrade of USDA e-Authentication (supports secure USDA single-sign on access)
- Cloud Computing
 - USDA will begin moving infrastructure, software, and services to a secure cloud architecture during FY14. The transformation will improve our ability to support new customers in a faster, more efficient manner, and mitigate risks with large increase of capacity

USDA will have new customer costs associated with capacity upgrades (i.e. direct hiring authority for technical specialists and technology infrastructure, etc.) based on the size of shared services

¹ Defined in OMB's ""Guidance on Exhibit 53 and 300".



implementation. The cost will be dependent upon the size of the customer and funding authority associated with implementing two cabinet level agencies simultaneously. Below is a cost summary of the USDA Exhibit 300 submissions related to financial management services for FY13, FY14, and FY15:

	Summary of Financial Management Services Costs (in millions)		
	FY13	FY 14	FY 15
Planning costs:	\$0.000	\$0.000	\$0.000
DME Costs:	\$7.488	\$0.000	\$0.000
O&M Costs:	\$56.018	\$54.152	\$55.951
Operational Costs:	\$0.000	\$0.000	\$0.000
Total Costs:	\$63.506	\$54.152	\$55.951

Table 1: USDA Summary of Financial Management Service Costs

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

Response: USDA’s Financial Management Modernization Initiative (FMMI) has a system categorization (per FIPS 199) of medium. USDA has created an enterprise-wide focus on security, the importance of which is most critically applied to application security and application development. The solution follows FISMA security requirements, Office of Management and Budget (OMB) policy, and National Institute of Standards and Technology (NIST) guidelines. The following security measures are included in this solution:

- Establishing a system security plan that meets Cyber-security guidelines and NIST 800-18 guidance;
- Conducting a privacy impact assessment (PIA) for the system;
- Assisting in Certification and Accreditation (C&A) according to Department and NIST guidelines;
- Testing management, operational, and technical security controls;
- Assisting in security training for end-users, via the USDA learning capability called AgLearn, including rules of behavior;
- Incorporating incident handling, including intrusion detection monitoring and audit log reviews;
- Implementing a comprehensive role-based access control model; and
- Analyzing segregation of duties (SoD) compliance using SAP GRC.

USDA provides operating system level security in the form of user identification/password verification and enforces strict security policies regarding system access, allowing entry based on role-level security and “least-access” principle. Roles are designed to provide solely the needed access to the FMMI solution to perform necessary job functions without compromising segregation of duty. The data is restricted at the agency level and one level below the agency level for create, change and display access. The Personally Identifiable Information (PII) data in the financial system are identified and documented in the Privacy Impact Assessment Plan. The PII data access is highly restricted and access is driven by task-based roles.



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.**

Response: In FY12, USDA had two department-wide findings related to the security program's oversight of access control and security configuration management. However, the audit findings were not directly identified for the financial systems and corrective actions are being addressed at the Department level.

In the draft Financial Statement FY13 audit, the material weaknesses are referenced as repeats of last year's FISMA findings. However, OIG specifically stated that they reviewed OCFO/National Finance Center's (NFC) controls (current hosting provider) and that they sustained their unqualified opinion.

The only relationship to OIG's finding of weaknesses is in interfaces providing agency specific data and the flaws in patch management creating the possibility of a user's workstation being compromised allowing an intruder access to the system with that user's limited privileges. Use of USDA's departmental authentication system creates an inherited weakness for end user access posed by not requiring two-factor authentication.

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).**

USDA and teaming partners hold the following professional certifications:

- Certified Information Systems Auditors (CISA)
- Certified Government Financial Manager (CGFM)
- Certified Public Accountant (CPA)
- Information Technology Infrastructure Library (ITIL) Foundation
- Certified Information Systems Security Professional (CISSP)
- Project Management Professionals (PMP)
- Lean Six Sigma (L/SS) Green and Black Belts
- Certified Information Security Manager
- Global Information Assurance Certification
- CompTIA Security+
- CompTIA A+
- Certified Risk and Information System Control (CRISC)
- CompTIA Network+
- SAP Certified Application Associate - SAP HANA 1.0
- SAP ABAP Certified
- SAP Certified XI/PI Developer
- SAP Certified Solution Manager Consultant
- SAP Certified Application Associate SBO Business Intelligence Platform 4.0,
- SAP Solution Consultant NW Solution Manager Implementation Tools



Further, employees hold memberships in various professional organizations such as Information Systems Audit and Control Association (ISACA), American Institute of CPAs (AICPA), and Project Management Institute (PMI).

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

USDA SAP System currently captures a Grant Award ID in both the Grantor Management arm of the system (SAP Customer Relationship Management (CRM)) as well as the Financial Core Module (SAP ERP Central Component (ECC)). Specifically, for each Grant Award in SAP CRM there is a corresponding Financial Obligation in SAP ECC; for each of these system objects contains an Award ID data attribute. The Award IDs structure is currently proprietary to USDA, but its schema could be modified largely through configuration and light customization (e.g., days not weeks). Incidentally, this Award ID is utilized as part of a Grantor Management data extract that the SAP System supports for Federal Funding Accountability and Transparency Act (FFATA) purposes.

2 Evaluation

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).

Response: USDA is pleased to offer the FSSP mandatory systems and transaction processing services, in context of the USDA’s model for offering services to customers as described below. We outline USDA’s approach to bundling in the first portion of the response and provide further insight on potential mixed systems that can be offered to customers in addition to the USDA financial system (SAP technology) in the second portion of the response.

Our offering to customers includes financial management (FM) services that include: end-to-end financial process support; accounting support; and reporting. Our Information Technology services are grouped across three areas: Technology Hosting and Application Services, Application Management Services, and System Implementation Services. Finally, our additional mixed systems are complementary FM optional services to FMMI which USDA is pleased to offer. These are systems and applications for procurement, grants management, etc. and are integrated with the USDA FMMI application and currently offered to USDA organizations. Figure 2 depicts USDA services, including mandatory services as described in Appendix B: Financial Management Products and Services Catalog and other USDA systems and capabilities.

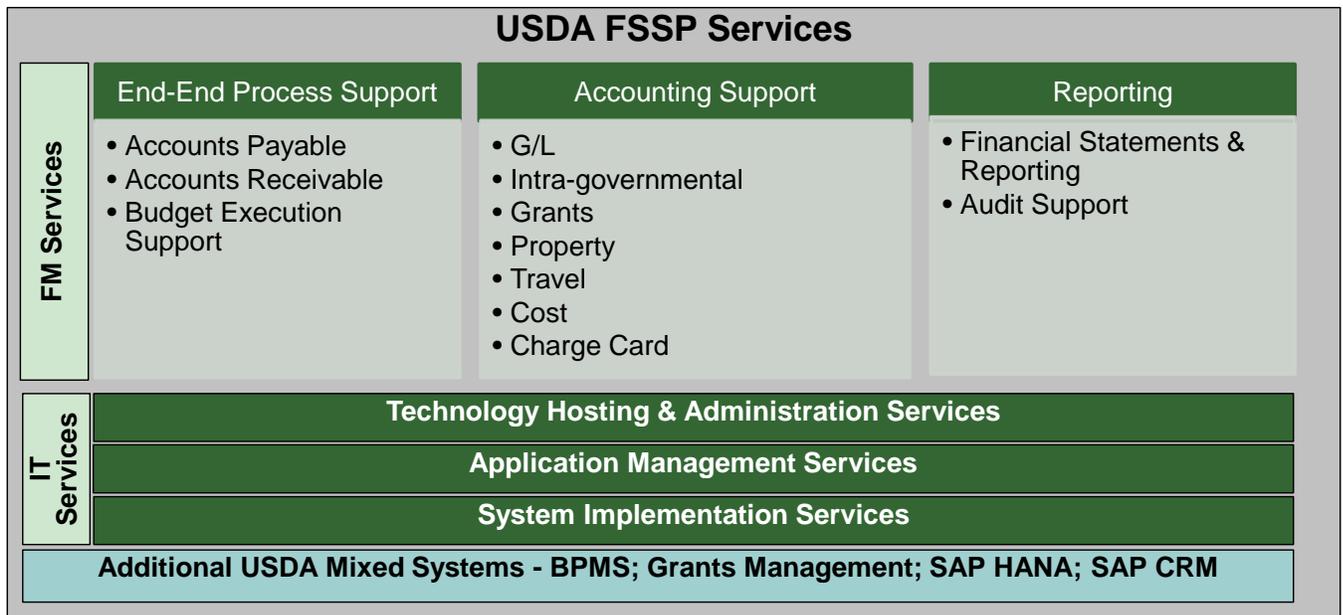


Figure 2: USDA FSSP Transaction Processing and Systems Services

USDA’s Approach to Bundling Transaction Processing with Systems Support:

Though USDA has the ability to offer all mandated and optional services, we understand that not all customers will require the full complement. We will work with the customers to understand their individual business needs. Therefore, USDA has developed options of services that may be bundled based on our customer profiles. Table 2 provides a summary of the three options that we offer based on the customer needs.



Option	Intended Audience	Customer Business Need
Option 1 – Full Service	Agencies that require full bundling of FM systems and transaction processing services, IT support services, and USDA mixed systems.	<ul style="list-style-type: none"> ● - End to End Process ● - Accounting Support ● - Reporting Support ● - IT Services ● - Mixed Systems
Option 2 – Partial Service	Agencies that may want to keep in-house some of the specific FM functions but want to use mandatory FM functions and systems within the USDA shared service center.	<ul style="list-style-type: none"> ● - End to End Process ◐ - Accounting Support ◐ - Reporting Support ● - IT Services ◐ - Mixed Systems
Option 3 – A la carte	Agencies that do not necessarily require the core FM services and want to leverage an ‘a la carte’ menu of offerings.	<ul style="list-style-type: none"> ◐ - End to End Process ◐ - Accounting Support ◐ - Reporting Support ● - IT Services ◐ - Mixed Systems
Legend: <ul style="list-style-type: none"> ● - Customer requests the full bundling of services. ◐ - Customer requests flexibility in bundling of services 		

Table 2: Our offerings are flexible to meet each customer’s business needs.

Additional USDA Mixed Systems to Complement Current SAP Capabilities:

USDA provides a multitude of support services in addition to the SAP system (See Figure 3). Application management includes validating the latest releases from the software provider, maintaining currency with annual U.S. Standard General Ledger (USSGL) changes through SAP configuration and supporting users utilizing a dedicated Help Desk. USDA also provides onsite visits with agencies to support operational activities and discuss future capabilities. USDA has enhanced the SAP financial management system through the development of additional offerings and Figure 3 provides the capabilities that potential customers will have access to through the SAP solution.

SAP HANA Database – USDA is in the process of providing the latest real time platform using in-memory computing. HANA allows customers to analyze large quantities of data from virtually any source in real time.

Budget & Performance Management System (BPMS)

- USDA has expanded capabilities through the implementation of BPMS for select agencies. This system leverages tools from a commercial-off-the-shelf (COTS) enterprise resource planning (ERP) package to develop models and reports that improve efficiency and accuracy within budget formulation, budget execution, and managerial cost modeling.

Electronic Inter-Agency Agreements (eIAA) – USDA

is implementing the Treasury standard Inter-agency agreement and integrating our SAP application Adobe Form. This new application allows agreement documentation to be stored through the use of Adobe Form. Thus, allowing both agencies (Requestor and Servicing) to enter requisite data for establishing the agreement and creating the corresponding Purchase Order or Sales Order in SAP. The overall inter-agency transaction produces a balanced result, reducing cash reconciliation issues and guaranteeing the consistent formatting and execution of the transactions. This single IAA Adobe Form provides both agencies with access to their partners' information (order quantity, funding source, etc.) prior to validating the agreement.

General Ledger (GL) Transaction Model – SAP

supports the creation of manual proprietary postings by users without requiring them to manually enter the appropriate General Ledger accounts. Many of the accounting transactions in SAP are automatically generated via the GL Masking Transaction Model process.

Shorthand Code (SHC) - The USDA Shorthand Code

is a 27 character alpha-numeric string which will be used to determine necessary accounting elements required to complete financial postings in FMFI. These Shorthand Codes are unique within each agency and indicate which interfacing systems (corporate systems and mainframe systems) the code is valid for use. The agencies can design their SHC to accommodate to meet their business process requirements for easier transition for new customers.

Grants Management - USDA offers a grants management solution

to standardize and streamline grant-related work processes. Our grants management solution is an SAP Customer Relationship Management (CRM) solution that is seamlessly integrated with SAP Enterprise Central Component (ECC) for enhanced reporting. SAP CRM is a broad set of methodologies and tools that helps to manage customer relationship in an organized way.

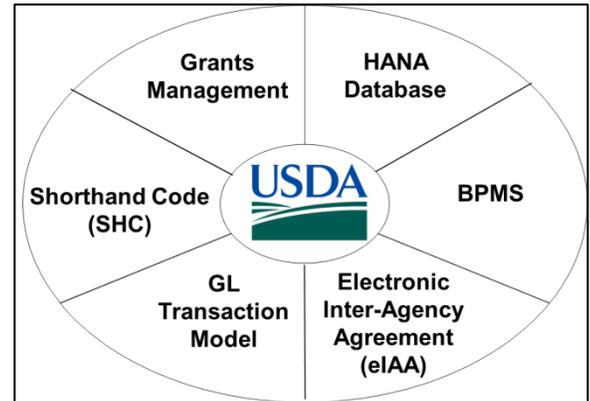


Figure 3: USDA's additional offerings for customers

- 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.

Response: USDA uses one instance of the commercial off-the-shelf (COTS) enterprise resource planning (ERP) product called SAP with minimal customization so that it would be applicable to all Agencies/Staff Offices across the Department. Also known as FMMI, the USDA's financial management system has consolidated multiple General Ledgers supporting 29 diverse internal agencies and organizations into a single instance of the SAP's Financial Management ERP solution. The USDA's financial management system supports a customer base comprised of 17 Agency CFOs and their accounting staff and 12 Departmental offices account staff for approximately 6,000 users. Further, we have standard financial processes across the 29 internal agencies.

Technology Architecture: The FMMI Technology Architecture design outlined in Figure 4 provides a detailed overview of the core infrastructure based on cloud technology, asynchronous mirroring and functionality required to support end users and connections to external systems. It is a unified collection of run time technology services, control structures, and supporting infrastructures upon which application software will execute. The FMMI Production architecture is supported by multiple non-Production environments to facilitate robust design, build and execution activities of the EFS business solution. The FMMI landscape consists of Sandbox, Development, System Test, Training, DR, Production and Quality Assurance environments. The SAP application architecture was implemented keeping customization to a minimum.

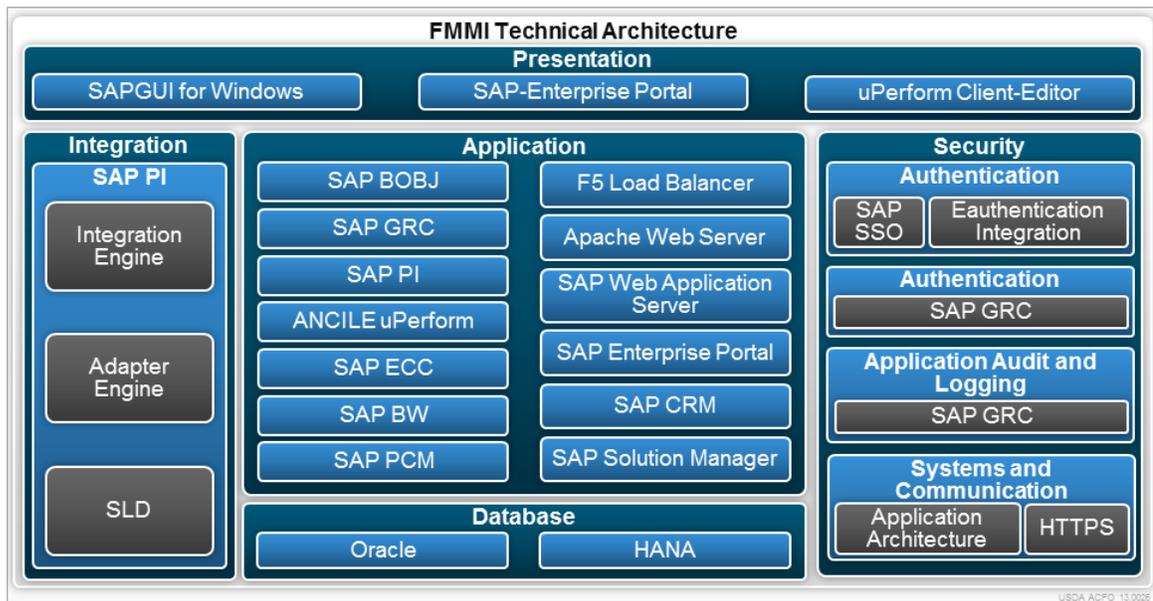


Figure 4: Technology Architecture Overview

The core technology applications are SAP Enterprise Portal (EP); SAP ERP ECC; SAP Business Warehouse; SAP GRC Access Control; ANCILE uPerform; SAP BOBJ; SAP Solution Manager; SAP CRM and SAP Process PI. These applications are supported by a web architecture built on RedHat



Apache web server. The FMMI Portal integrates SAP ECC and RWD uPerform business applications. The FMMI BI Portal integrates SAP BI and is federated into the FMMI Portal.

SAP Presentation Layer: The presentation layer of the FMMI Portal utilizes the SAP Web Application Server architecture of SAP Enterprise Portal. Certain exceptions are expected by design when users access uPerform Editor, FMMI Online Help, SAP GRC, and SAP Graphical User Interface (GUI) directly via Hyper Text Protocol (HTTP) or locally installed desktop applications. Access to uPerform Editor, SAP GRC, BOBJ Client Tools and SAPGUI for Windows is restricted to Developers, Administrators and Functional Configuration resources. The FMMI Portal is the primary vehicle of presenting business applications to the end users. The SAP Portal comprises the following components:

- Portal application;
- Portal database; and
- Active Directory user repository.

Our approach to enable single sign-on capabilities in the application starts with integrating the SAP Portal with an Identity and Web Access Identity Management (IWAM) tool for secure authentication. The portal integrates with certificate authority, firewalls, secure-socket layer (SSL) accelerators, and access repositories to provide controlled, certified, and encrypted personalized access to the USDA FMMI application. The security layers provide a secure USDA FMMI architecture that enables the enterprise to adapt to changes to security needs while containing costs.

Encryption, Digital Certificates, and SSL: Internal and external user access to the SAP Portal uses Hypertext Transfer Protocol Secure (HTTPS) Web sessions, which encrypt data as they pass over the network using the SSL protocol. The SSL certificates are 128-bit SSL certificates.

Database: These applications are installed on an Oracle database layer. Each technology application utilizes its own Oracle database. FMMI operates clustered database architecture in an application level switchover design such that database failover permits high availability. Additionally, FMMI provides high speed analytics and reporting capabilities to Power Users of SAP ECC via SAP HANA database technology (in-memory appliance).

Computing Platform: USDA currently uses VMware to virtualize the SAP environment. This allows for quick deployment of additional servers and the ability to dynamically add CPU, memory, and storage resources.

Storage: USDA uses EMC Symmetric with fiber channel disks at the Primary Computing Facility (PCF) and IBM DS5300 arrays at the BCF.

Network: SAP delivers encryption and integrity protection for communications among users, portal components, and the USDA FMMI applications. It encrypts messages between the client and server to prevent eavesdropping. SAP natively supports HTTP, HTTPS, as well as Internet standards such as Hypertext Mark-up Language (HTML), Extensible Mark-up Language (XML), and Electronic Data Interchange (EDI). SAP is based on open standards and is both operating system and database independent. Additionally, SAP's technology stack provides an HTML-based client for secure, editable, and real-time access to applications and administrative functions. The HTTPS interface provides remote sites with secure Internet connectivity and full application access. The multi-channel capabilities enable end-users to interact with business processes and remain in contact with their knowledge base and SAP Business Suite.



Interfaces: USDA has interfaced FMMI with or subsumed 45 corporate interfaces and 38 agency-specific interfaces. USDA utilizes SAP PI as the hub for integrating with other systems. PI supports a variety of flexible, standards-based interfaces and includes adapters for many common interface methods. The majority of interfaces currently interface through FTP in batch mode. Further, USDA has developed additional capabilities that significantly increase the integrity of the interface process, including:

- **Interface Summary Report:** A single summary interface report that provides a snap-shot of daily summary run information across FMMI Inbound and Outbound Interfaces
- **Interface Dynamic Report:** For a given inbound interface, data records that fail to post can be captured and presented in an ALV Grid (excel-type) report along with the cause of error for each rejected record. Once an error is corrected and a record is posted, that record will no longer appear in this report as a rejected record, thus, making it a dynamic report
- **Interface Re-processor:** An add-on feature to Interface Dynamic Run report; provides users with the ability to efficiently modify rejected records and resubmit them for processing in FMMI

Virtually partition its data and configuration for each customer (multi-tenancy): The FMMI application security solution is designed with adherence to functional and Federal compliance requirements, and establishing the ability to scale. The security model follows “least-access” principle and is a task-based approach for role assignment. FMMI follows a Role-Based Access Control (RBAC) model for granting a user access based on his or her job description. Roles have been established based on function and business process. FMMI follows hybrid role design strategy depending on the system and security requirements; it includes the Master-Derived role strategy and role enabler strategy to implement organization level restrictions.

Disaster Recovery: Disaster recovery (DR) focuses on the return of service after an unplanned disruption from which operations cannot be resumed as normal. USDA maintains a replicated site configuration for all databases, and applications within the FMMI landscape. The replication approach for DR is based on EMC’s Recover Point technology that allows duplication of replicate data from the PCF to the Backup Computing Facility (BCF) in near-real time. In the event a DR is triggered, engineers would work to activate the BCF network and associated stand-by servers. Once systems are activated, the replicated disk storage would be attached and allow system administrators to start up the application and databases per normal procedures. Once key business users have confirmed that the DR systems are accessible and validation is complete, global access to the end-user population would be made available.

Recovery Time Objective (RTO) for Production systems is 24 hours. Recovery Point Objective (RPO) for Production systems is 4 hours. USDA coordinates an annual “live” DR drill at the BCF. Planning for this drill begin no later than 60 days before the drill start date and includes participation from our potential customers to rehearse business operations.

Continuity of Operations Planning (COOP): USDA has a proven team which is annually drilled and successfully implemented during Hurricanes (Katrina) and migration of the data center to Denver. USDA maintains a current Continuity of Operations Plan to ensure uninterrupted business operations in the event of a COOP declaration. Alternate Work Sites (AWS) provide workspaces, equipment, and network connectivity for FSC employees, including data center personnel. USDA operates and maintains a telecommunications node at the AWS in order to provide connectivity from the AWS network for personnel. If operations in New Orleans are temporarily discontinued, the PCF in Denver will continue normal operations. Data center personnel will be relocated to the PCF and an AWS to



support ongoing data center operations and maintenance. Data center personnel will be positioned using a phased deployment strategy to maintain the operational status of the systems before, during, and after the deployment. FSC deploys staff to the AWS to test its COOP plan annually.

Peak throughput is at the application, database, server, network, and storage layers:

USDA FMMI has provided the following application peak throughput metrics in Table 3 below:

We use the SolarWinds suite to monitor usage trends, growth, etc. and works with our customers to forecast growth based on anticipated new users, new capabilities, and new functionality. We also work with potential customers to identify expected impacts to the infrastructure from any new systems that might be hosted. VMware vCenter Operations Manager is used to provide intelligence and visibility to proactively ensure service levels and operational efficiencies are met. We work with vendors, contract staff, and service providers to ensure that sufficient capacity is available to satisfy customer requirements. Figures 5 and 6 provide additional system performance and hardware capacity during FY 2013:

Application Metrics		
Area	Indicators	Value
System Performance	Avg. Active Users	602
	Avg. Response Time in Dialog Task	582 ms
	Max. Dialog Steps per Hour	5898
	Avg. Response Time at Peak Dialog Hour	942 ms
	Avg. Availability per Week	96+ %
Hardware Capacity	Max. CPU Utilization on DB Server	52 %
	Max. CPU Utilization on Appl. Server	19 %
Database Space	DB Size	4518.38 GB
	DB Growth Last Month	351.74 GB

Table 3: FMMI Application Metrics

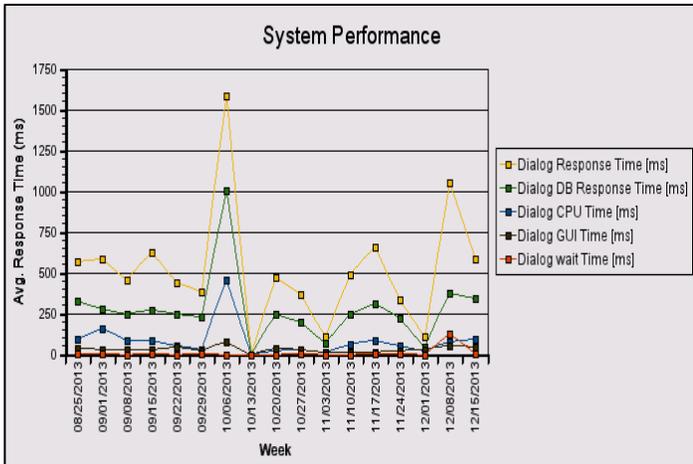


Figure 5: FMMI Activity Response Time

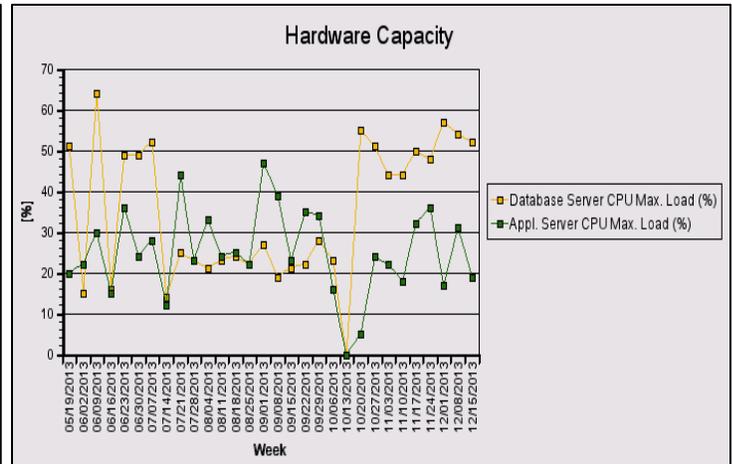


Figure 6: USDA FMMI's Hardware Capacity

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).

Response: USDA has developed a standard, common approach that can be repeated across the life cycle of on-boarding new customers. In on-boarding target customers, USDA will utilize an integrated process team (IPT) structure comprised of USDA and customer’s functional and technical staff, working collaboratively across all phases.

Process for On-boarding New Customers:

The USDA on-boarding approach is consistent with the SAP ASAP methodology and includes the following phases:

1. Plan and Analyze
2. Design
3. Build
4. Test
5. Deploy
6. Operations and Maintenance

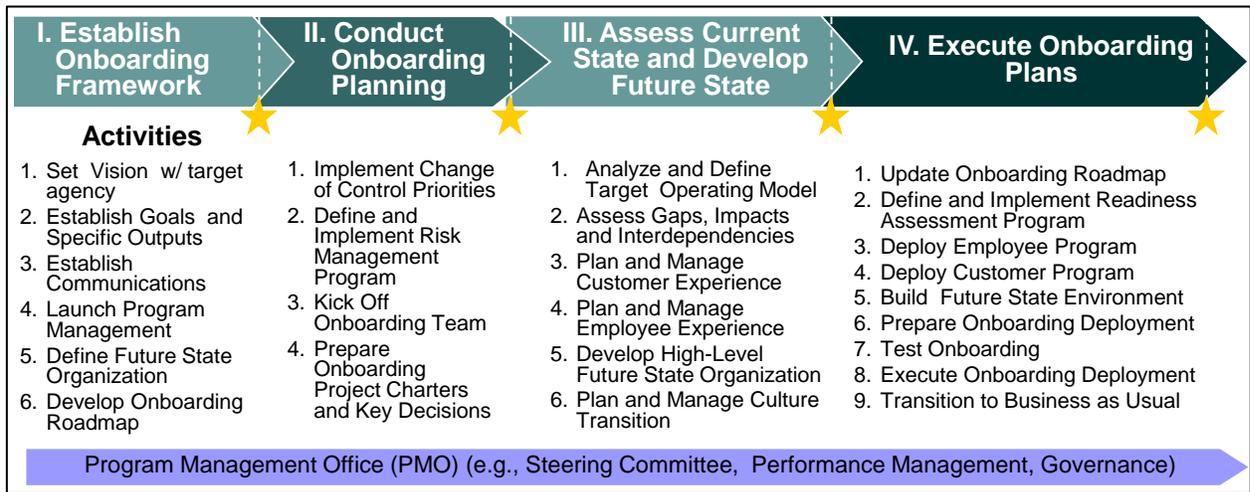


Figure 7: USDA’s On-boarding Project Plan

Phase I: Establish On-boarding Framework (SAP ASAP Phase: Plan)

The entire on-boarding process begins with this critical phase where the expected outcomes include setting of expectations, goals, and objectives for the transformation of an agency’s FM functions to USDA. As part of this phase, it is critical to establish communication guidelines and key performance indicators for the entire transition. USDA will work collaboratively to understand which particular FMMI processes are applicable to the customer, how and where the customer will utilize particular processes, and who within the customer will be affected.



Phase II: Conduct On-boarding Planning (SAP ASAP Phase: Plan)

This phase is an extension of the previous phase, at a more tactical level. The expected outcomes of this phase include establishment of governance in context of program management, risk management, and expectations definition in context of roles and responsibilities. USDA will provide customer Process Owners/SMEs an understanding of the detailed implementation considerations related to specific FMMI business processes.

A key consideration during the implementation will be an assessment of the complexity and scope of the transition and development of a phased release plan.

Phase III: Assess Current State and Develop Future State (SAP ASAP Phases: Plan/Analyze and Design)

This discovery phase is associated with a current state analysis of the target agency's processes, technologies, and operating models for the FM functions across the below four areas. USDA will document areas of significant business process change or areas requiring customer leadership decisions regarding process implementation and identify any customer-specific information / data required to set up the FMMI system for use by the customer (e.g., workflow information, material routing codes, etc.)

Gap Analysis: We will work with our customers to perform the Fit/Gap Analysis (what is provided in FMMI compared to the business processes and functionality required by the customer) and confirm the application and technical requirements. Deliverables will include Requirements Traceability Matrix (RTM) and a Fit/Gap Analysis.

- **Process analysis** – USDA will collaborate with the agency through workshops to document the key FM functions and cross-map to the standard USDA FMMI processes to highlight gaps. USDA will work with each agency, on a case by case basis, to determine whether the agency's processes can be redefined or if there is a need for some customization on the USDA FMMI processes to address any material unique agency requirements. As part of this analysis, USDA will work with the agency to define the "retained functions" – activities and processes that the agency will continue to perform after transitioning to the USDA FSSP.
- **Data Model analysis** – in concert with the process analysis, USDA will work closely with agency personnel to develop/review the agency's data models and reconcile with the USDA FMMI data models. The legacy system owners provide the data formats, data flow diagrams, data dictionaries, valid field values, and information about the usage of the data in the current system. With this information, USDA will assess the number of fields, tables, and columns to verify the total conversion effort, including data cleansing and data transformation. As with the process analysis, USDA will review each agency data model on a case-by-case basis to ascertain where the process and technologies changes are required in order to address data model gaps.
- **Organizational model analysis** – in parallel with the data and process analysis, USDA with the agency's help, will identify roles and responsibilities that will stay with the agency versus those that will transition to the USDA FSSP. USDA will work with the target agency to develop the future state "organization" model.
- **Technology analysis** – USDA will review the current agency technology infrastructure, applications, and other tools and assess whether these tools need to be transitioned to USDA or remain with the agency. Part of this effort will include an analysis of the IT support at the agency and discussion with agency stakeholders how they might leverage USDA FMMI for some of the IT services.



USDA will engage with the agency customers throughout this phase, helping make the decisions for the transition. The output of this phase will be a future state operating model that defines the transition in context of what is retained versus what is transitioned to the USDA FSSP, across the four areas: Process, Data, Organization, and Technology.

Phase IV: Execute On-boarding Plans (Phases: Build, Test, Deploy, Operations/Maintenance)

The objective of this phase is to implement or execute the recommendations and future state operating model. USDA will develop detailed playbooks, Standard Operating Procedures (SOPs), performance metrics, and roles and responsibilities in context of the overall governance framework in order to enable the transition. In addition, USDA will engage with the agency stakeholders through training, communication, and support throughout this phase in order to enable a smooth transition.

Addressing Unique Agency Requirements:

USDA has a process for determining legitimately unique agency requirements per OMB Memorandum 13-08. Minimal customizations will be made to the USDA FMFI systems. Configuration in SAP will be the first preference for any gaps in application functionality to meet customer’s unique software requirements. SAP has great flexibility in configuration. OCFO has issued policy for USDA that limits some of the configuration options to make sure that Department requirements are met, and will do the same for Department-wide implementations for other agencies. Configurations will be handled through an analysis of the associated business impacts. In the event the customer ‘bona fide’ requirements exceed those offered by FMFI and complementary solutions, USDA will follow the below process:

1. Review agency requirements and do a thorough gap analysis
2. Develop alternatives to address gaps
3. Where possible, make configuration updates to FMFI to address customer requirements
4. Where possible, provide recommendations to make process changes to address gaps in performance
5. If process changes are not sufficient, coordinate through the governance board and the User Committee for identifying and championing potential customizations. The customization requests will be decided by majority by the Functional Board. If majority vote cannot decide the issue, or if the minority would like to escalate the issue, the issue will be elevated to the Joint Steering Committee for resolution. If approved, shared services process will be designed to account for individual transactional complexity of each agency and will be staffed to support the agency needs.

Key Onboarding Considerations
<ul style="list-style-type: none"> ✓ Focus on customer value & retention ✓ Establish clear baselines and set internal stretch targets and manage expectations ✓ Deliver frequent, comprehensive & consistent communications that starts immediately ✓ Identify future state and actively manage the transition with transparent and quick process – avoid slow decision making ✓ Build an effective Program Management Office to manage risk, issues, project plan, interdependencies, common processes and releases to manage the implementation ✓ Focus on a comprehensive risk management approach due to the sheer magnitude of change

Summary:

While we have proposed a standard, repeatable process, USDA understands the unique needs of each target customer. As such, USDA will work with each agency to address the unique needs, while balancing with the USDA’s vision for a standard solution with limited customization. Where necessary, USDA will help develop processes that address the unique needs while minimizing customization of the FMFI solution itself.

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:

- the role of the customer
- differences between the role of internal customers versus external customers
- scope of the Applicant’s governance decision-making authority versus the scope of the parent organization’s decision-making authority
- how changes to customer pricing are made
- approach to handling customization and change requests
- approach to making new investments

If the Applicant has existing governance practices, include any proposed changes to it and their anticipated effective date in the response.

Response: USDA’s governance process is aligned to the Shared Services strategy to secure resources, make investment decisions, create transparent pricing, and refine the long-term shared service business model. We propose to leverage the successful governance practices of NFC in developing the USDA FSSP governance principle. As depicted in Figure 8, USDA has a multi-tiered governance process that is comprised of three governing bodies:

- Joint Steering Committee
- Configuration Control Board(s)
- User Committee(s)

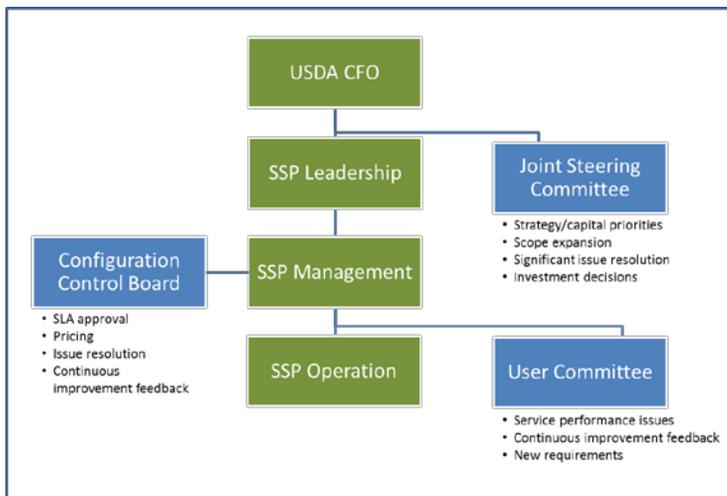


Figure 8: USDA’s Governance Structure

Role of the Customer: Our customers will play a direct role in measuring services and outcomes of SSP. The customer will be able to provide specific feedback to improve the outcomes by engaging USDA through the customer account representative and user committee(s). The customer account representative serves as the liaison to customers through regular face-to-face meetings. The user committees are an extension of the Shared Services organization in the sense that they are subject matter experts (SMEs) within their areas to focus service performance issues, continuous improvements, and discussing new requirements. During the on-boarding phase, the customer will understand how to engage the process and jointly develop expectations, requirements, and capabilities. Further, this

provides an opportunity to build trust and generate a sense of buy-in that conveys the message that this is a “service organization” rather than a “control organization.” During operation, the customer will be responsible for the following:

- Providing accurate and reliable information to USDA FMFI
- Allowing appropriate lead time when making requests
- Performing service activities as described in the Service Level Agreement which are integral to USDA FMFI performing services successfully



Differences between the Roles of Internal Versus External Customers:

Our focus will be to deliver the best customer service regardless of the parent agency. USDA will develop service level agreements for both internal and external customers to promote transparency and fairness. Our internal and external customers will use the same help desk, issue escalation procedures, and governance representation. The governance structure is aligned to be inclusive of all customers through representation by internal and external customers. We will provide fairness to all customers by having a defined process for issue escalation. Further, our internal and external customers will use a transparent voting process for major customization requests so USDA will not unduly favor USDA's internal customers.

Scope of the Applicant's governance decision-making authority versus the scope of the parent organization's decision-making authority: The scope of governance decision-making authority will be based on the type of governing boards. Objectives, roles, and responsibilities will be defined for each governing body. The Joint Steering Committee has ultimate authority for overseeing service delivery execution, performance, and issue resolution. However, operation decisions and issue resolution should be arbitrated at the lowest level possible. The Configuration Control Board provides functional decision making authority for processes, policies, and procedures. The Joint Steering Committee and Configuration Control Board will be comprised of one representative from large customers and smaller customers grouped together for representation. There will be different configuration control boards based on selected services. Therefore, representation will be proportional to the customer size and selected services. The User Committee(s) collects first-hand feedback and new requirements to the Shared Services Center for arbitration.

How Changes to Customer Pricing are Made:

USDA will have agreed-upon advance mechanisms to ensure that pricing changes for existing and new services are fair for all customers. The following mechanisms will be used to determine how changes to customer pricing is made:

- **Governance** – The Joint Steering Committee will have the ultimate authority on new pricing levels. The Joint Steering Committee will have representatives from the shared service center and customers to allow for negotiations of fee changes. The goal of these negotiations will be to have sustainable pricing models that allow for funding of future development requirements. The User Committee will review performance metrics and report performance issues to the Configuration Control Board. The Configuration Control Board will review the service delivery budgets and pricing issues to determine if pricing changes need to be made. This bottom-up approach creates an inclusive environment that is fair to customers and the shared service provider.
- **Service Level Agreements** – USDA's service level agreements (SLA) will allow for transparent pricing by linking pricing, scope of services, and the service levels provided. The SLA's will have clear performance targets that create drivers for performance objectives. Therefore, our pricing mechanisms will be run "like a business" with a focus on efficiency and incentives.

Approach to Handling Customization & Change Requests/Making New Investments:

Minimal customizations will be made to the USDA SAP system. Our system and USDA policy permits latitude in configuration without customization. If this is not sufficient, customizations can be made to our FMMI system. Any deviations from this policy will be handled through an analysis of the associated business impacts. A change request is initiated if and when an issue is not resolved during the normal course of the Help Desk process. Business Process SMEs will perform a business case analysis and



open a Change Request (CR). The Help Desk agent will communicate this ticket status to the end user while working with the Business Process SME and other pertinent staff to document the business case and submit it to the Change Control Board (CCB) for review. CCB will be responsible for issuing decisions and/or resolutions.

Change Control:

The USDA Change Control process is currently used to monitor and assess the changes to the system, as well as the project. Throughout the FMFI deployment, change requests were captured and monitored by the Operations and Maintenance (O&M) team. As change requests were submitted, the O&M team prioritized and executed approved change requests, including break-fix, enhancements, user training, and any additional issues resulting from the FMFI deployment. In order to manage these change requests appropriately, a Program Change Control Board (PCCB) was established. This board assessed the potential impact of a change request, and determined whether or not applying the change was outside of the scope of project.

Below is a Responsible, Accountable, Consulted, Informed (RACI) matrix for the responsibilities of each governing body:

	Final decision-maker	Transparency of pricing to customers	Customer fees are spent	Approve customization	Making new investments
Joint Steering Committee	A	I	C	I	A
Configuration Control Board	R	A	A	A	R
User Committees	C	R	R	R	C

Table 4: USDA’s Decision Making Authority

Currently, USDA FMFI is not a financial shared service provider so there are no existing governance policies. However, USDA has experience with successful governance policies based on our support providing payroll shared services at our National Finance Center. Leading practices from NFC will be utilized to develop new governance policies for financial shared services.



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:

- **scope of the implementation**
- **original planned cost**
- **final cost**
- **original planned schedule**
- **final schedule**
- **number of re-baselines (planned and unplanned)**
- **justification for any cost and schedule variances**

Response: In Fall of 2007, USDA embarked on a financial modernization program that introduced COTS software with commercial leading practices resulting in a deployed and proven financial application called FMFI. SAP is the key component in USDA's overall vision of a financial management decision support system. This solution has improved operations and reduced overall IT costs by replacing 17 separate legacy financial systems and program ledgers. FMFI is one integrated financial system; greater efficiencies are realized through integration of system components. Table 5 provides the key metrics for the USDA FMFI implementation.

USDA has realized significant operating efficiency improvements via the FMFI solution. FMFI has transformed the way USDA conducts business, key results include:

- Created a fully integrated, web-based system that streamlined and standardized financial management and accounting functions
- Deployed the first release in a reduced timeframe (18 months instead of the original 25 month deployment schedule) due to the U.S. Federal Government continuing resolution of FY2009
- Provided access to more timely, reliable and accurate information, enabling real-time cost management and the ability to share centralized data across systems
- Provided access to up-to-date, transparent data, and analysis for enhanced planning and decision-making, improving USDA's short and long-term financial performance
- Achieved time and cost savings by consolidating core legacy systems as well as standardizing data entry, ending redundancy
- Streamlined and standardized financial management and accounting functions and processes, including account receivable, account payable and purchasing, cost management, general ledger, funds management, and reporting
- Incorporated leading practices to support financial management functions
- Improved decision making and planning through a state-of-the-art modern general ledger system incorporated in the system
- Maintained a clean audit opinion during and after the implementation
- Gained access to more timely, reliable, and accurate information, enabling real-time cost management and the ability to share centralized data across systems

Key Cost and Schedule Metrics	
Original Planned Cost	\$121,831,826
Final Cost (as of 4/1/2013)	\$114,784,981
Original Planned Schedule	3/29/2013
Final Schedule	5/8/2013²

Table 5: Key Cost and Schedule Metrics

² Key cost and schedule metrics is the information provided for the OMB E 300 reporting.



- Achieved compliance with federal mandates, including the President's goal for expanded e-government initiatives and the Federal Financial Management Improvement Act (FFMIA), applicable federal accounting standards, and USSGL at the transaction level

Scope of the Implementation:

FMMI has transformed the way USDA conducts business, providing a financial solution that supports USDA's critical missions and stakeholders. The scope of the implementation includes the following:

- Rolled out to 15 agencies/14 staff offices impacting over 6,000 users across the United States
- Technology included COTS ERP solution known as SAP that included value-added capabilities such as a core financials (SAP ECC), Web-based Portal, SAP Business Intelligence Reporting platform (SAP BW and HANA), and robust GRC security frameworks
- Trained workforce and delivered 1,700 instructor-led training sessions across more than 17 locations across the United States with a 90% approval score throughout the deployments
- Interfaced with or subsumed 45 corporate interfaces and 38 agency-specific interfaces

Scope of Services:

FMMI provides systems support and transactional processing, including:

- COTS ERP financials solution including Financials, Business Intelligence, and GRC
- Web-based access; portal technology
- Single sign-on integrated with department-wide eAuthentication
- Single integrated application with access to financial transactions and reporting
- Role-based access control
- Real-time business transactions with on-demand query capabilities
- Adoption of high-speed analytics (in-memory computing) for Operational Reporting
- Highly virtualized infrastructure using leading practices in technology consolidation and open source platforms: VMware and Linux

Timeline of Implementation:

USDA FMMI implementation consisted of a series of phases based on SAP's ASAP methodology. These phases include the following: Plan/Analyze, Design, Build, Test, and Operations & Maintenance. FMMI reached full deployment of the core integrated system to all USDA organizations in 2012. Figure 9 provides the FMMI deployment schedule to 29 component organizations (over 6,000 users).

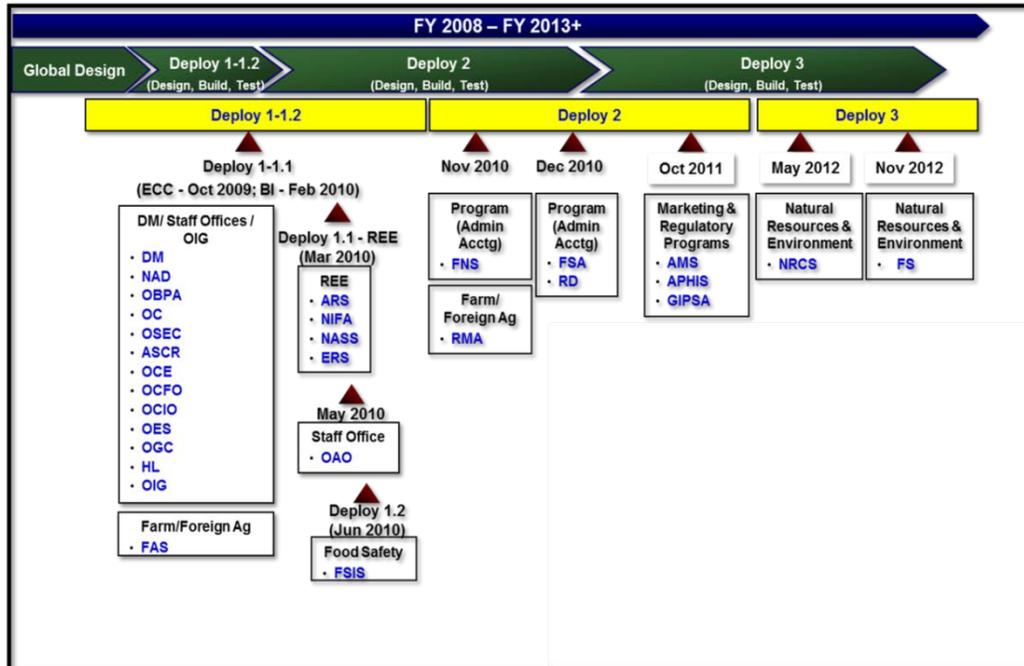


Figure 9: USDA's Financial Management Deployment Schedule

The first release in October 2009 was deployed in a reduced timeframe (18 months instead of the original 25 month deployment schedule) to 16 organizations despite delays caused by a continuing resolution in the project start date. Following the first release, FMMI was rolled out to other agencies using a phased approach including 9 major releases. The original timeline was to have full deployment by March 29, 2013. However, full deployment of the core integrated system to all agencies was achieved in November 2012. In summary, based on the four year phased implementation approach, USDA provides financial shared services to the entire Department of Agriculture which comprises 29 agencies and over 6,000 end users.

Number of Re-baselines:

There were three baselines throughout the project lifecycle. The following rationale for the three baselines is as follows:

- Baseline 1 (7/2009) – The baseline occurred in order to change the order of the agencies being implemented. For Deployment 1, USDA customers (e.g., REE and FSIS) needed additional time to prepare for the implementation.
- Baseline 2 (3/2010) – The baseline changed to revise the schedule to allow for a mid-year implementation vice year end. This change supported additional time needed by USDA agencies (FNS, RMA, FSA, and RD) to prepare for the implementation.
- Baseline 3 (9/2011) – The baseline occurred because additional time was required by a USDA mission area to prepare for the implementation (MRP).

Justification for schedule variances:

The original timeline was to have full deployment by March 29, 2013. The final timeline was May 8, 2013, which is five weeks behind schedule from an earned value management perspective. This schedule variance was due to final deployment tasks (one week behind schedule), technical architecture (one week behind schedule), agency implementation readiness (one week behind schedule) and change management (one week behind schedule).



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 FM Lob provider, examples from implementing financial management offerings should be included in the response. As part of the description, provide information on the following:
- scope of services including if it is systems support, transaction processing or both
 - size of the customer(s) (e.g., volume s, number of users)
 - length of implementation(s)
 - complexity (e.g., geographically-dispersed operation versus centrally-located operation) of the migration effort)
 - total cost to the customer

Response:

National Finance Center (NFC):

USDA has experience in migrating multiple federal agencies to our NFC payroll shared service offering. NFC, the largest Federal Payroll provider, operates as one of five Federal Human Resources Line of Business (HR LOB) providers. NFC, located in New Orleans, Louisiana, provides reliable, cost-effective, employee-centric, systems and services to Federal organizations.

Scope of Services: NFC provides transaction processing, systems support, and implementation services for the following services: human resources; compensation and payroll; time and attendance; reporting and analytics; insurance and collections; and data center housing. The payroll service covers 35% of civilian Federal staff and benefits recordkeeping for 90% Federal and beyond.

Key facts about the scope of NFC include:

- Government-wide human resource services
 - 200,000 employees serviced
- Government-wide health benefits programs
 - 2,000,000 enrollees
- Insurance processing
 - Affordable Care Act's Pre-existing Health Care Plan
 - Tribal Insurance Health Plan
- Data center hosting services
 - NFC integrated service delivery
 - USDA financial, administrative, procurement

Size of the Customer:

Established in 1973 servicing only one agency, NFC now services more than 655,000 employees for 172 federal agencies (\$2.4 billion in payroll every 2 weeks). We have implemented various sizes of agencies ranging from 130,000 employees to as few as 20 employees. With nearly 1,000 employees, NFC provides HR and payroll for the majority of Executive Branch outside of Defense, several components within the Legislative Branch, and several components within the Judicial Branch.

Complexity:

Our NFC HR LoB supports geographically-dispersed stakeholders across the United States.



USDA provides compensation and payroll, time and attendance, reporting and analytics, and HR back office services. Table 6 provides a summary of the service offering to our customers:

Service Offerings	Summary
Human Resources	NFC offers its customers EmpowHR, an integrated suite of commercial and Government applications with PeopleSoft HRMS 9.0 at its core. Customers can leverage EmpowHR to automate common administrative tasks associated with HR management and reduce internal operational costs using industry best practices.
Compensation and Payroll	Compensation management, payroll services, and reporting are offered through NFC's Payroll/Personnel System (PPS). PPS supports compensation management functions.
Time and Attendance	NFC currently offers two web-based time and attendance tools that are interfaced with PPS; Kronos webTA and GDC Integration Paycheck8. Both tools allow employees to input their own time and attendance data, saving HR organizations time and administrative cost. They both can be securely accessed with an internet browser, allowing users the flexibility to enter time from anywhere. Additionally, they eliminate the need for many time and attendance redundancies and reduce the need for timekeepers.
Reporting and Analytics	NFC offers Insight, a comprehensive, enterprise-wide data warehouse with advanced reporting and business intelligence capabilities as its enterprise reporting solution. Insight provides customers with integrated data and flexible analytics to drive strategic business decisions. Insight will enable customers to make data-driven decisions based on strategic business insights. Insight provides a reporting and analytics solution that supports a wide range of business needs.
Insurance and Collections	<p>On behalf of OPM, NFC provides services for billing and collection of insurance premiums from Federal employees and eligible non-Federal persons enrolled in Federal insurance options.</p> <ul style="list-style-type: none"> • Direct Premium Remittance System (DPRS) • Centralization Enrollment Clearing House System (CLER) • Tribal Insurance Processing System (TIPS)
Data Center Hosting	NFC operates a modern, secure enterprise data center PCF in Denver, Colorado, and a back data center BCF in St. Louis, Missouri, for disaster recovery. All applications that support NFC's lines of business service offerings are hosted in the PCF enabling NFC to provide integrated service delivery.

Table 6: NFC's Service Offering Summary

NFC has developed governance structures that are inclusive of customers. The leadership provides strategic guidance and investment decisions. Further, NFC has delivered superior customer service through the Help Desk, customer outreach, and employee training programs. NFC continually looks for ways to expand services to our customers and improve efficiencies in existing processes. Over the last few years, NFC's Lean Six Sigma (LSS)-trained staff members have provided the focus to improve efficiency throughout NFC's organizations, which ultimately benefits our customer. USDA will incorporate leading practices and lessons learned from NFC to develop a superior shared service center.

OCFO NFC SAP Financials Implementation:

In addition to our experience with implementing multiple external agencies to OCFO, NFC payroll services, OCFO, NFC has successfully implemented 29 component agencies to our financial management solution, known as the FMMI system.



We recently completed a successful ERP financial system implementation project based on the U.S. federal version of SAP's ERP ECC 6.0. FMFI replaced the main legacy system and enables USDA to be financially accountable, transparent and efficient as it manages over \$100 billion in spending to support America's farmers and ranchers. With minimal customization, USDA implemented the COTS solution to meet federal financial and system requirements, provide real-time transaction capabilities, and integrate the Department's 15 Agencies and 14 Staff Offices. USDA's unique size, scale, user distribution, and mission requirements demanded a robust and interoperable financial management solution. Due to the complexity of USDA, FMFI was deployed in 3 waves over the course of four years.

The first release in October 2009 was deployed in just 18 months to 16 Agencies and Staff Offices despite delays in the project start date caused by a continuing resolution. Following the first release, FMFI was rolled out to other agencies using a phased approach. It included 8 major releases, with 45 corporate interfaces and 38 agency specific interfaces, impacting over 6,000 users across the United States. Throughout the implementations, USDA was able to maintain a clean audit opinion. Since FMFI's first release in 2009, FMFI has managed nearly \$90 billion in funding and processed over \$9.5 billion in disbursements and 350,000+ government vouchers/advances since going live. In another measure of scale, USDA processed over 17.5 million transactions between April 2012 to March 2013. USDA provides systems support and transactions to all 29 component organizations.

As part of USDA's transition of 29 agencies to one core accounting system, a key aspect to support the successful implementation was the multi-faceted Change Management plan that was employed; the key components of this plan included communications and sponsorship, role and organizational alignment, training and performance support including training development and training delivery.

USDA's Change Management approach at USDA enforces communicating the critical aspects of the transition to the new financial system to the critical stakeholders within the organization. Key members of leadership within USDA, in addition to members of the end-user community, received timely, informative communications about how the transition to FMFI would impact their day-to-day operations. These communications were pivotal in mitigating the potential disruption that comes from transforming the way an organization does business, and eased the transition for the FMFI user community.

Another critical component of USDA's Change Management approach was conducting role and organizational alignment activities as part of the organization's transition. The Change Management team conducted meetings with the Department and 29 USDA agencies leadership to assess the organization's readiness for change, and worked passionately with these team members to foster sponsorship within the organization, and help create a viable environment for change. The organizational impact assessments of the new system's implementation helped to shape the new business roles that were developed as part of the transition to FMFI. Detailed documents that captured changes to end-user business roles, as well as end-user system access from a technical perspective were developed in conjunction with the Technical Architecture - Security team as part of the role alignment activities. The content from these documents was used as part of FMFI Change Discussion Guides that were distributed to 29 Agencies/Staff Offices end-users, to help them understand the changes that they would encounter on the FMFI journey.

A keen focus on training development and training delivery was instrumental in enabling a successful transition for FMFI end-users. The Change Management solution for USDA was comprised of a



blended learning approach that combined instructor-led classroom and self-study web-based training around specific system user roles. The Change Management team delivered training to over 6,000 USDA personnel across multiple projects and releases including 38 FMMI training courses (230+ hours of content) ranging in length from 2 hours to 2 days. The Change Management team instructors traveled to multiple USDA agency locations across the country to deliver training to FMMI end-users on the various business processes and FMMI solution. In addition, the Change Management team created over 750 documents that provided step-by-step instructions on business procedures and system transactions, in addition to developing simple job aids that provided quick points of reference for end-users to leverage after training delivery. Additionally, all documented training content was made available on the FMMI Online Help, a web-based repository that is easily accessible by FMMI end-users.

USDA worked to incorporate various migration activities to support the detailed transition into the new financial system. These include:

- Conduct Milestone Reviews to confirm ready for Deployment throughout lifecycle
- Support Data Cleansing activities with the customer
- Conduct Data Conversion activities to migrate existing data into the new system
- Manage the migration activities to move the functionality into the Production environment
- Provide Post Production Support after go-live to support the transition period

Scope of Services: Systems support and transaction processing is offered and provided to USDA agencies/staff offices. Core scope as outlined in the pre-application includes:

- Financial Management Services
- Technology Hosting and Administration
- Application Management Services
- System Implementation Services

The detailed listing of each scope offering is listed in the pre-application (Supplemental Form A: Mandatory Service Offerings).

Size of the Customer / Length of Implementation:

Table 7 provides our implementation experience for FMMI:

Deployment	Timeline/Audience	Size of Customer (e.g., Volume, #Users)	Length of Implementation
Deployment 1 (D1)	<p>1.0 – October 2009</p> <ul style="list-style-type: none"> • Departmental Management (DM) • Office of the Inspector General (OIG) • 12 Staff Offices – refer to Supplemental Form C • Foreign Agricultural Service (FAS) <p>1.1 – March; May 2010</p> <ul style="list-style-type: none"> • Agricultural Research Service (ARS) • Economic Research Service (ERS) • National Institute of Food and Agriculture (NIFA) • National Agricultural Statistics Service (NASS) <p>1.2 – June 2010</p> <ul style="list-style-type: none"> • Food Safety and Inspection Service (FSIS) 	<p>Volume: ~2 M unique GL documents ~350 K unique Payment documents</p> <p>Number of Users: ~200-550 users per deployment</p>	Varied between 18-26 months



Deployment	Timeline/Audience	Size of Customer (e.g., Volume, #Users)	Length of Implementation
Deployment 2 (D2)	2.1 – November 2010 <ul style="list-style-type: none"> Food and Nutrition Services (FNS) Risk Management Agency (RMA) 2.2 – December 2010 <ul style="list-style-type: none"> Farm Service Agency (FSA) Rural Development (RD) 2.3 – April 2011 <ul style="list-style-type: none"> Agriculture Marketing Service (AMS) Animal and Plant Health Inspection Service (APHIS) Grain Inspection, Parkers and Stockyards (GIPSA) 	Volume: ~17 M unique GL documents ~2 M unique Payment documents Number of Users: ~200-850 users per deployment	Varied between 11-16 months
Deployment 3 (D3)	3.1 – May 2012 <ul style="list-style-type: none"> Natural Resources Conservation Service (NRCS) 3.2 – November 2012 <ul style="list-style-type: none"> Forest Service (FS) 	Volume: ~11 M unique GL Documents ~1.3 M unique Payment documents Number of Users: ~500-1800 users	Varied between 17-23 months

Table 7: USDA’s FMMI Migration Experience

Cost to Customer:

The USDA FMMI implementation was undertaken as a department-wide effort, scoped across USDA component agencies to take advantage of economies of scale and in order to leverage key learnings from each deployment to minimize downstream risks. The overall \$120M was part of a single implementation across multiple deployments and the component USDA agencies shared the cost of the implementation based on a percentage basis, related to agency transaction volumes and size. As such, the Department did not develop specific costs for each agency.

In summary, our experience at NFC and FMMI provides our customers with an experienced team to migrate multiple external federal agencies. FMMI provides financial processing and systems support to the entire Department of Agriculture which comprises 29 agencies/staff offices and over 6,000 end users. We have experience in implementing both a big bang^[1] approach and a phased approach. Further, USDA has experience in both a start-of-the-fiscal-year (1 October) implementation as well as mid-year implementations. We managed both situations during our NFC and FMMI go-lives. We will work with each receiving organization to determine what implementation strategy works best for their mission, budget and culture. We look forward to conversations with potential customers to discuss what implementation strategy will work best to manage their objectives and risks.

Complexity:

Our FMMI implementation was geographically-dispersed across the United States. Transaction processing occurs at 29 agencies/staff offices throughout the United States.



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.

Business sensitive portions of this response were redacted.

Response: Our implementation approach will require a low capital investment due to our shared services strategy and significant capacity to assume additional customers. For example, we are moving to cloud computing in FY14 and have a current service center that is fit for purpose of delivering the requirements of our SSP strategy. We have operating leases and a licensing strategy that further reduces the capital investment required and is financially sustainable for the long-term.

Use of Revolving Fund:

The revolving fund will be used to support program-related costs in response to agency demand for financial management, administrative support, information technology, communications, and executive secretariat services. USDA has a revolving fund in place that is authorized by 7-USC-2235. FSC will use the authority of the Economy Act (31 U.S.C. 1535). USDA will not subsidize costs associated with fulfilling the work of one Agency through charges to other Agencies. The Working Capital Fund detail for the last three years is available upon request.

Pricing and Investments:

Operating rates are established based upon the full costs principles required by the Economy Act and are assessed to customers on a usage basis approved by the applicable governance mechanism. For instance, USDA recovers the cost of providing payroll on a W2 basis for core payroll services. For non-core services, there are specific rates negotiated with the customer agency. This approach is moderately complex but provides flexibility, visibility, and transparency into how charges are being allocated. It is also perceived as fair and the costs are relatively predictable. For example, to provide paper copy Earnings and Leave Statements (ELS), the cost negotiated would include the postage, the cost of printing, and folding the ELS and a supervision charge based upon the number of labor hours consumed. For the core financial management systems, the allocated cost will be based upon transactions processed and storage consumed since storage and computational computer are the key cost drivers. For document processing services, the Financial Management Line of Business cost will be charged at a per piece/transaction rate.

USDA has historically used one of four alternatives for funding technology refresh when the business case allowed for capital investments and ongoing operations:

- **Working Capital Fund (WCF)** –The WCF is used to finance services provided to USDA and non-USDA agencies on a centralized, fee-for-service basis. The WCF allocates a portion of the available capital to financial systems modernization. In addition, commensurate with the USDA's authorities to charge a 4% fee for continuing capital investment, the 4% is added to the direct and other indirect cost to reach total cost.
- **Customer Agency Funding** – Agency supplied funding will be used for investment and operations. Thus, the shared service center and customers benefit through reduced costs due to economies and scale in both investment and operations.
- **Purchase Card Rebates** – For investments deemed beneficial to USDA, we have access to purchase card rebates for spending.



- **Agency-Specific Investments** – Agency-specific enhancements are funded directly by the agency that benefits. The agency will be responsible for providing funding for their specific business need.

Customers’ involvement in fee changes and reserve expenditure decisions:

In addition to the capital investments from the WCF fund, the 4% fees are spent each year based upon the priorities established by the human resources and/or financial management governance mechanisms. Starting in 2013, USDA’s CFO submitted its rate structure and methodology (for established shared services) to an external accounting firm for review and validation. Starting in 2014, the external accounting firm will report its findings and recommendations directly to the customer boards. The Joint Steering Committee will make determinations regarding the recommendations in light of the Anti-Deficiency Act and the Economy Act provisions governing full cost and augmentation. For the past several years, USDA has been decreasing its fees for shared services annually through process improvements and economies of scale. Ranges and charge are re-evaluated periodically by the applicable customer board. The 4% authority also authorizes USDA’s OCFO to use these funds in the event of an evacuation to avoid unplanned cost to customer agencies. USDA holds a small percentage of these funds in a reserve for this contingency.

USDA will use the available resources to be able to deliver the necessary services and meet the requirements of OMB Memorandum 13-08 “Improving Financial Systems through Shared Services.



3 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		
<i>Accounts Payable</i>	12,821	# of obligations
<i>Accounts Payable</i>	17,652	# of invoice payments (at the invoice level)
Accounts Receivables	2,008	# of receivables
Intra-Governmental		
<i>Intra-Governmental</i>	76	# of billings
<i>Intra-Governmental</i>	1,239	# of collections
Travel Accounting	6,136	# of travel reimbursements
Charge Card Accounting	8,468	# of credit card charges

COMMENTS:



4 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	<ul style="list-style-type: none"> • Administrative Payments Branch (APB) – 60 • Asset Reconciliation Branch (ARB) – 39 • Financial Reporting Branch (FRB) – 30 • Intra-governmental Payment and Collection Systems (IPAC) Control Branch (ICB) – 54 <u>Total - 183</u>	Teaming Partner – 4 <u>Total - 4</u>
Technology Hosting and Administration	<ul style="list-style-type: none"> • Information Technology Services Division (ITSD) - 7 • Financial Systems Support Branch (FSSB) – 21 • Systems Security Program Office (SSPO) - 10 • Customer Contact Center (CCC) - 10 <u>Total – 48</u>	Teaming Partner – 3 <u>Total - 3</u>
Application Management Services	<ul style="list-style-type: none"> • Systems Security Program Office (SSPO) – 10 • Data Warehouse Branch (DWB) – 15 • Applications Systems Upgrade Branch (ASUB) – 16 • Financial Systems Support Branch (FSSB) – 21 • Accounting Processing Branch (ACPRB) – 28 <u>Total – 90</u>	Teaming Partners (3) – 43 <u>Total - 43</u>
Systems Implementation Services	<ul style="list-style-type: none"> • Project Teams - 13 • Customer Support Operations Branch (CSOB) – 21 • Quality Assurance Branch (QAB) – 13 • Budget Acquisition Team (BAT) – 2 <u>Total – 49</u>	Teaming Partners (2) – 95 <u>Total - 95</u>
Management & Administrative (overhead)	Management & Administrative – 35 <u>Total – 35</u>	Teaming Partners (2) – 6 <u>Total - 6</u>
TOTAL	Total: 405	Total: 151

COMMENTS:

The information in **Supplemental Form B: FTE Employment** table represents USDA’s current staffing for mandatory and optional services as outlined in the **Supplemental Form A: Service Offerings** on Part 1 of the application submitted in December 2013.

Note: USDA’s Systems Security Program Office (SSPO) team supports work across service offerings. The FTE count has been represented for individual service offerings. Therefore, the Security team is counted twice in the estimates above.



5 Supplemental Form C: Current Customers

INSTRUCTIONS: Using the table below (and additional pages if necessary), provide a list of all of your current customers. 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.
U.S. Department of Agriculture (USDA)	Departmental Management (DM) Staff Offices including: 1. Homeland Security (HL) 2. Office of the Chief Economist (OCE) 3. Office of the Chief Financial Officer (OCFO) 4. Office of the Chief Information Officer (OCIO) 5. Office of Communications (OC) 6. Office of Congressional Relations (OCR) 7. Office of the Executive Secretariat (OES) 8. Office of the Inspector General (OIG) 9. National Appeals Division (NAD) 10. Office of the Assistant Secretary for Civil Rights (OASCR) 11. Office of Budget and Program Analysis (OBPA) 12. Office of Advocacy and Outreach (OAO)	2009 (Oct)	All
U.S. Department of Agriculture (USDA)	Staff Office: Office of the General Counsel (OGC)	2009 (Oct)	All
U.S. Department of Agriculture (USDA)	Foreign Agricultural Service (FAS)	2009 (Oct)	All



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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.
U.S. Department of Agriculture (USDA)	<u>Research, Education, and Economics</u> <ul style="list-style-type: none"> • Agricultural Research Service (ARS) • National Institute of Food and Agriculture (NIFA) • National Agricultural Statistics Service (NASS) • Economic Research Service (ERS) 	2010 (March)	All
U.S. Department of Agriculture (USDA)	Food Safety and Inspection Service (FSIS)	2010 (Jun)	All
U.S. Department of Agriculture (USDA)	Food and Nutrition Service (FNS)	2010 (Nov)	All
U.S. Department of Agriculture (USDA)	Risk Management Agency (RMA)	2010 (Nov)	All
U.S. Department of Agriculture (USDA)	Farm Service Agency (FSA)	2010 (Dec)	All
U.S. Department of Agriculture (USDA)	Rural Development (RD)	2010 (Dec)	All
U.S. Department of Agriculture (USDA)	<u>Marketing & Regulatory Programs (MRP)</u> <ul style="list-style-type: none"> • Agricultural Marketing Service (AMS) • Animal and Plant Health Inspection Service (APHIS) • Grain Inspection, Packers and Stockyards Administration (GIPSA) 	2011 (Oct)	All
U.S. Department of Agriculture (USDA)	Natural Resources Conservation Service (NRCS)	2012 (May)	All
U.S. Department of Agriculture (USDA)	Forest Service (FS)	2012 (Nov)	All



6 Supplemental Form D: Cost Summary

INSTRUCTIONS: Provide a cost summary of your financial management services 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	\$0.000	\$0.00
DME Costs:	\$19.006	\$35.047	\$7.488
O&M Costs:	\$24.603	\$37.507	\$56.018
Operational Costs:	\$0.000	\$0.000	\$0.000
Total Costs:	\$43.609	\$72.554	\$63.506

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. This is 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*.



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7 Supplemental Form E: Financial Management Systems

Please refer to the external file named **USDA Financial Management Shared Services Provider Application - Supplemental Form E 01.17.14.xls**

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 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?
Financial Management Modernization Initiative (FMMI)	Operations and Maintenance (O&M)	Oct-09	2021	Yes	Denver, CO	At various locations - 29 Agencies/Staff Offices	St. Louis, MO	1	COTS	SAP ERP	SAP ERP 6.04 Support Pack 10. In FY 14, we will implement Support Pack 13.	No, there is no expiration on the licenses.	Named Users	The number of licenses for the FMMI Core SAP Software: SAP Application Professional User - 1,400 SAP Application Limited Professional User - 8,320 Application Developer User - 280 SAP Interactive Forms by Adobe (Named Users - 14,000) SAP NetWeaver PI Base Engine - 10,000 SAP CRC Access Control Package (Pub Sec) - 100,000 SAP Productivity Pak by RWD - 14,000 SAP Productivity Pak HelpLaunchpad by RWD - 14,000 Oracle Database - 1 SAP BusinessObjects BI package - 8,160 SAP NetWeaver BW Accelerator - 30 SAP Test Data Migration Server - 5 SAP HANA, Enterprise Edition (64 GB) - 40 SAP Quality Center by HP - 5	~6150	Financials (FI), Controlling (CO), Project Systems (PS), Sales & Distribution (SD), Materials Management (MM), Funds Management (FM), Business Intelligence (BI), Customer Relationship Management (CRM)	All mandatory services required	General Ledger is integrated within SAP (FI Module) since FMMI is the statement of record for USDA.	N/A	N/A