

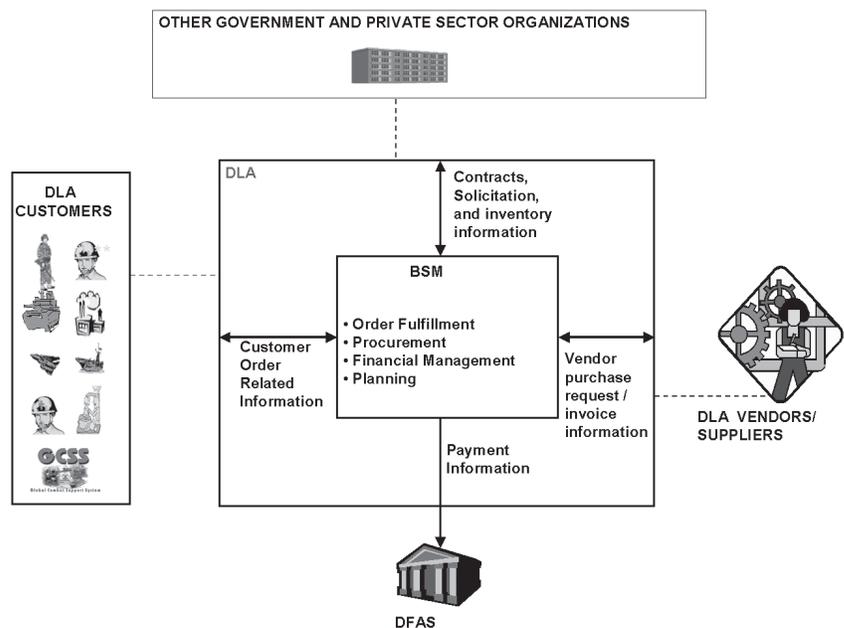
Business System Modernization (BSM)

The primary objective of Business Systems Modernization (BSM) is to align Defense Logistics Agency (DLA) business practices with the best practices by re-engineering logistics processes at all echelons and to provide robust information technology to support this re-engineering. Specifically, the BSM program, first conceived in 1998, is to establish a framework for continuous business practice improvements by:

- Shifting to the best business practices and capitalizing on industry-based integrated supply chain management solutions.
- Moving from organic to commercial sector support when business and readiness factors dictate.
- Exploiting DLA's leveraged buying capabilities and harnessing that power through value-added electronic shopping opportunities to enable customers to get the best prices and fastest delivery of products and services.

The Joint Requirements Oversight Council-approved Operational Requirements Document identified the need for DLA to manage to specific outcomes, allow optimization within given levels of resources, and focus support on product and operating-cost reduction. These objectives represent DLA's approach to meeting the requirements of the DoD Future Logistics Enterprise and the DLA Strategic Plan. The BSM strategy's first focus is to replace DLA's primary legacy supply chain management/materiel management systems — The Standard Automated Materiel Management System and the Defense Integrated Subsistence Management System — with an expanded enterprise computing environment and commercial off-the-shelf software packages that include Enterprise Resource Planning and Advanced Planning Systems. The BSM strategy, over the course of several years, will result in a new agency-wide information technology architecture that will enable the DLA to reengineer its logistics processes to reflect the best business practices.

In July 2002, DLA initiated the concept demonstration of BSM Release 1.0, which represented approximately 80 percent of the planned functionality, with a limited number of commodities (5 percent) and a small number of end-users at the Defense Supply Centers. Release 1.0 essentially replaces the functionality of the legacy Standard Automated Materiel Management System. Based on the experience obtained in the development and implementation of this first release, DLA revised the BSM implementation strategy and schedule for the remaining functionality. The next phase is to demonstrate Release 1.1, which incorporates the functionality related to the management of battle dress uniform (BDU) and subsistence. The development and implementation of Release 1.1 is based on a conversion and rollout approach to minimize technical and mission risks. BDU management functionality and subsistence management functionality will be introduced as part of a phased rollout beginning in December 2003 thru May 2004. After successful demonstration of Release 1.1, Release 2.0 (July implementation) will integrate additional functionality prior to the IOT&E of BSM. A full deployment decision review is scheduled for November 2004.



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DOD PROGRAMS

TEST & EVALUATION ACTIVITY

- DOT&E approved the revised BSM Test and Evaluation Master Plan in May 2002.
- The Joint Interoperability Test Command conducted an operational assessment (OA) on selected functionality of Release 1.0 in the Fall of 2002, to assess system maturity. The OA was conducted in production environments at the following locations: DLA Headquarters, Ft. Belvoir, Virginia; Defense Supply Center in Richmond, Virginia; Defense Supply Centers in Richmond, Virginia; Philadelphia, Pennsylvania; and Columbus, Ohio; and the BSM Production Center in Denver, Colorado; and with the Defense Finance and Accounting Service in Columbus, Ohio.
- The IOT&E of BSM, which will support full deployment, is planned for October 2004.

TEST & EVALUATION ASSESSMENT

The OA results revealed that BSM was able to successfully perform 90 percent of its functional requirements. Of the four primary BSM functional areas, Order Fulfillment achieved the most favorable results. Users in this area experienced little or no operational difficulties. The Planning and Financial Management functionality performed well in general. However, some Demand Planning users experienced difficulties completing demand analysis and forecasting actions. The Procurement functionality was the least favorable overall. Users could not consistently complete contract evaluations and process awards $\frac{3}{4}$ mostly due to excessive manual workarounds required by the Procurement Desktop 2 subsystem. The 21 external system interfaces assessed all performed well with no interoperability failures observed. The OA results also revealed that shortcomings in the areas of information assurance and usability exist. The Program Manager is currently working to correct these identified deficiencies prior to an OA for Release 1.1, which is scheduled for March 2004.