Financial Management
FSSP Application
Part 2

January 15, 2014

Interior Business Center
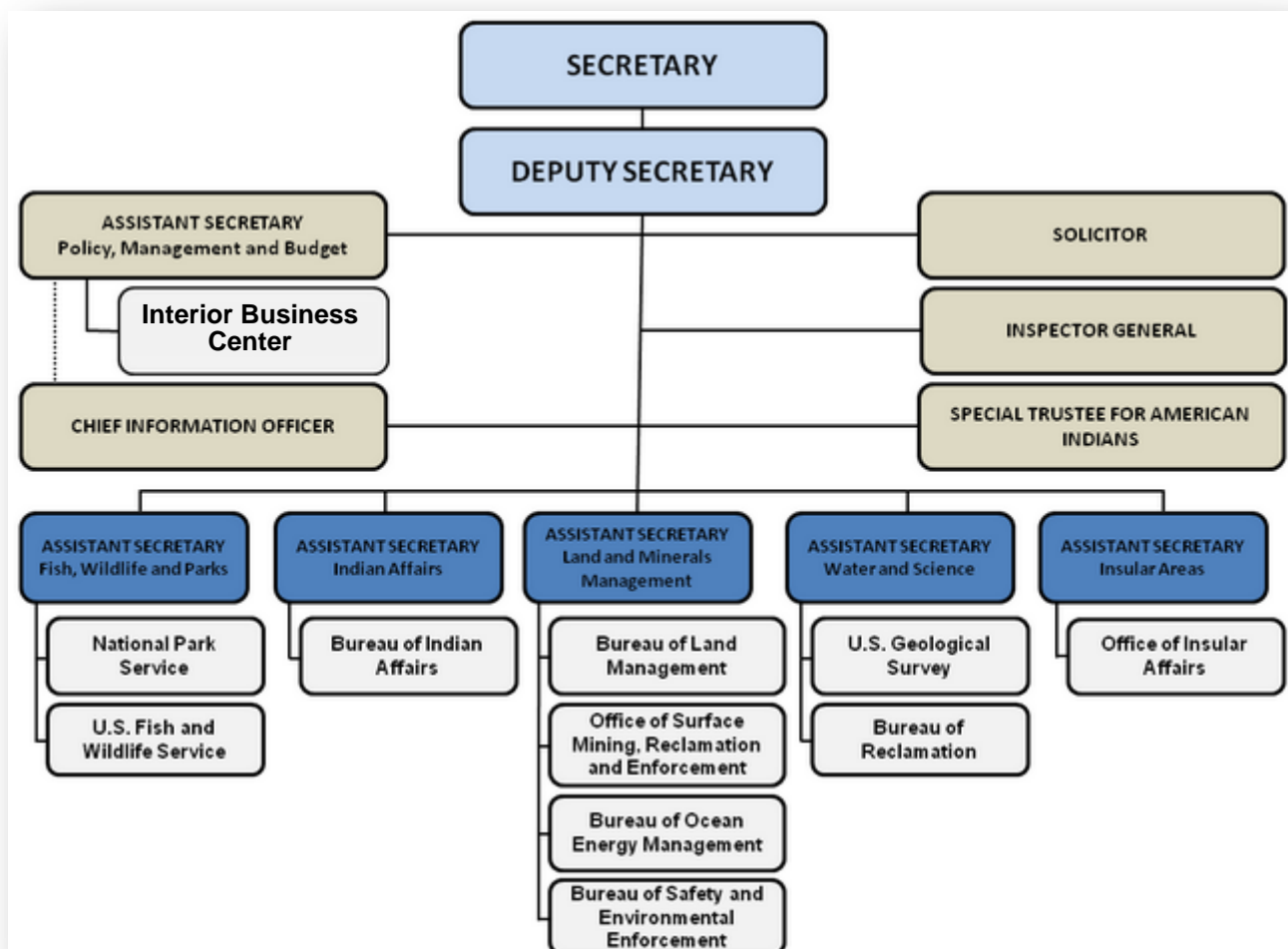
⬀ SECTION I - BACKGROUND INFORMATION

1. EXECUTIVE DEPARTMENT

DEPARTMENT OF THE INTERIOR
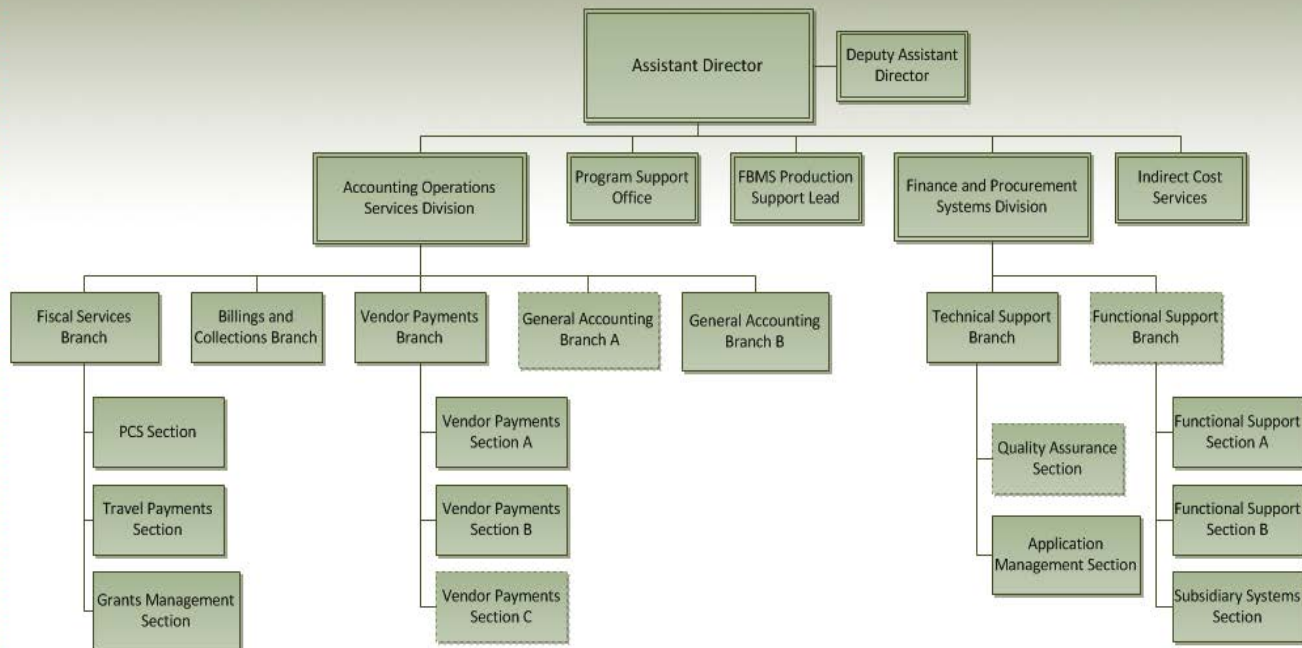
OFFICE OF POLICY, MANAGEMENT AND BUDGET

INTERIOR BUSINESS CENTER (IBC)

2. ORGANIZATION CHARTS

Interior Business Center
Financial Management Directorate

Assistant Director — Deputy Assistant Director

- **Accounting Operations Services Division**
  - Fiscal Services Branch
    - PCS Section
    - Travel Payments Section
    - Grants Management Section
  - Billings and Collections Branch
  - Vendor Payments Branch
    - Vendor Payments Section A
    - Vendor Payments Section B
    - Vendor Payments Section C
  - General Accounting Branch A
  - General Accounting Branch B
- **Program Support Office**
- **FBMS Production Support Lead**
- **Finance and Procurement Systems Division**
  - Technical Support Branch
    - Quality Assurance Section
    - Application Management Section
  - Functional Support Branch
    - Functional Support Section A
    - Functional Support Section B
    - Subsidiary Systems Section
- **Indirect Cost Services**

October 1, 2013

Interior Business Center

3 | P a g e
I B C   F S S P   A p p l i c a t i o n -   P a r t   2
J a n u a r y   1 5 ,   2 0 1 4

3. TRANSACTION VOLUME – SUPPLEMENTAL FORM A

The table below lists actual transaction volume for FY13.

	Number of Transactions (in thousands)	
	FY13	Units
Accounts Payable		
Accounts Payable	16.85	# of obligations
Accounts Payable	41.05	# of invoice payments (at the invoice level)
Accounts Receivables	.37	# of receivables
Intra-Governmental		
Intra-Governmental	19.84	# of billings
Intra-Governmental	.033	# of collections
Travel Accounting	13.31	# of travel reimbursements
Charge Card Accounting	N/A – IBC pays a master bill; we do not track individual credit card charges	# of credit card charges

COMMENTS:

The transaction totals provided in this table include only those transactions processed at the IBC by the Accounting Operations Services Division for customers whom we support on Oracle Federal Financials (OFF). This does not include system generated transactions, transactions generated from interfaces or transactions that are processed by customers utilizing OFF who enter their own transactions.

3. FTE EMPLOYMENT – SUPPLEMENTAL FORM B

Provided below is FTE data by the groupings and definitions listed in Appendix B, Financial Management Products & Services Catalog, for FY13.

	FY13	
	Government FTEs	**No. of Contractors**
Financial Management Services	43.5	27.0
Technology Hosting and Administration	8.2	0
Application Management Services	1.0	3.0
Systems Implementation Services	1.0	6.8
Management & Administrative (overhead)	5.5	0
TOTAL	**59.2**	**36.8**

COMMENTS:

The IBC, in partnership with DOI's Office of the Chief Information Officer (OCIO), provides the hosting facilities, network infrastructure, enterprise system management capabilities, disaster recovery/COOP capacity and security services necessary to deliver a comprehensive financial management managed service to its clients. The FTEs included in the table are for IBC Financial Management Directorate employees and contractors only and do not include the OCIO employees and contractors.

3. CURRENT CUSTOMERS – SUPPLEMENTAL FORM C

The table below provides a list of all current IBC customers. This includes those to whom we are currently delivering services as well as those with whom we are in the process of SSP Discovery and implementation.

Agency	Bureau / Component / Commission / Board	What calendar year did this organization become a customer?	What services from are you currently delivering to this customer? If you are providing all of the services in a grouping just list the grouping here.	List the customer point of contact, including name, organization, title, email and phone number
American Battle Monuments Commission	N/A	2010	OFF Hosting/O&M TDY Payment Processing	Christine Philpot Chief Financial Officer fantc@abmc.gov (703) 696-6323
Court Services and Offender Supervision Agency	N/A	2006	OFF Hosting/O&M Regulatory Reporting General Accounting	Paul Girardo, Director, Office of Financial Management paul.girardo@csosa.gov (202) 220-5718
Federal Retirement Thrift Investment Board/Thrift Savings Plan	N/A	2006	OFF Hosting/O&M Regulatory Reporting General Accounting Financial Statements Vendor Payments TDY Payments	Susan Crowder Chief Financial Officer Susan.crowder@tsp.gov (202) 942-1615
Federal Labor Relations Authority	N/A	2006	OFF Hosting/O&M eTravel Regulatory Reporting General Accounting Financial Statements Vendor Payments TDY Payments PCS Payments Debt Management Billings and Collections	Kevin Smith Budget Director Kasmith@flra.gov (202) 218-7945
Federal Trade Commission	N/A	2007	OFF Hosting/O&M General Accounting Vendor Payments TDY Payments	Valerie Green Deputy Chief Financial Officer vgreen@ftc.gov (202) 326-2901
Millennium Challenge Corporation	N/A	2004	OFF Hosting/O&M eTravel Regulatory Reporting General Accounting Financial Statements Vendor Payments TDY Payments PCS Payments Debt Management Billings and Collections	Chantale Wong VP, Admin & Finance wongcy@mcc.gov (202) 521-7878 **or** Eric Redmond Assistant Deputy Chief Financial Officer Administration & Finance redmondeg@mcc.gov (202) 521-3676

6 | P a g e
I B C   F S S P   A p p l i c a t i o n -   P a r t   2
J a n u a r y   1 5 ,   2 0 1 4

Agency	Bureau / Component / Commission / Board	What calendar year did this organization become a customer?	What services from are you currently delivering to this customer? If you are providing all of the services in a grouping just list the grouping here.	List the customer point of contact, including name, organization, title, email and phone number
National Labor Relations Board	N/A	2003	OFF Hosting/O&M eTravel Vendor Payments TDY Payments	Ronald Crupi Chief Financial Officer Ronald.crupi@nlrb.gov (202) 273-3884
National Transportation Safety Board	N/A	2003	OFF Hosting/O&M eTravel Vendor Payments TDY Payments PCS Payments Billings and Collections	Steven Goldberg Chief Financial Officer goldbes@ntsb.gov (202) 314-6212
Public Defenders Service for the District of Columbia	N/A	2004	OFF Hosting/O&M Regulatory Reporting Financial Statements General Accounting	Leslie Gerald Chief Financial Officer lgerald@pdsdc.org (202) 824-2572
Pretrial Services Agency for the District of Columbia	N/A	2006	OFF Hosting/O&M Reporting	Wendy Miller Chief Financial Officer Wendy.miller@psa.gov (202) 220-5680
Selective Service System	N/A	2005	OFF Hosting/O&M eTravel Regulatory Reporting Financial Statements General Accounting	Roderick Hubbard Chief Financial Officer Roderick.hubbard@sss.gov (703) 605-4022
U.S. Department of Treasury	Debt Management Services	2008	OFF Hosting/O&M	Cynthia Winter Director of Accounting Services Cynthia.winter@fms.treas.gov (202) 874-7084
U.S. International Trade Commission	N/A	2006	OFF Hosting/O&M eTravel	John Ascienzo Director, Office of Finance John.ascienzo@usitc.gov (202) 205-3175
U.S. Office of Special Counsel	N/A	2006	OFF Hosting/O&M eTravel Regulatory Reporting Financial Statements General Accounting Vendor Payments	Karl Kammann Director, Management and Budget Division kkammann@osc.gov (202) 254-3627
U.S. Trade and Development Agency	N/A	2004	OFF Hosting/O&M eTravel Regulatory Reporting General Accounting Financial Statements Vendor Payments TDY Payments	Peggy Philbin Deputy Director pphilbin@ustda.gov (703) 875-4296

7 | P a g e
I B C   F S S P   A p p l i c a t i o n -   P a r t   2
J a n u a r y   1 5 ,   2 0 1 4

Agency	Bureau / Component / Commission / Board	What calendar year did this organization become a customer?	What services from are you currently delivering to this customer? If you are providing all of the services in a grouping just list the grouping here.	List the customer point of contact, including name, organization, title, email and phone number
			Billings and Collections	
Non-disclosed Agency	N/A	2011	OFF Hosting/O&M	Confidential
District of Columbia Courts	N/A	2013	Implementation of OFF with Contract Lifecycle Management in process.	Dana Friend Fiscal and Chief Financial Officer dana.friend@dcsc.gov 202.879.2811
Department of Homeland Security	Domestic Nuclear Detection Office; Transportation Security Administration; U.S. Coast Guard	2013	Discovery; to include requirements gathering and fit gap analysis.	Christine Rodriguez Assistant Director, Office of Financial Management Financial Management Systems Branch, OCFO christine.rodriguez@hq.dhs.gov 202-447-0976

8 | P a g e
I B C   F S S P   A p p l i c a t i o n -   P a r t   2
J a n u a r y   1 5 ,   2 0 1 4

3. COST SUMMARY – SUPPLEMENTAL FORM D

The table below provides a cost summary of our financial management services for FY11, FY12 and FY13.

	Summary of Financial Management Services Costs (in millions)		
	FY11	FY12	FY13
O & M	$18.41	$15.51	$ 8.21
Implementations	$ 3.30	$ 5.53	$ 0.63
Upgrade	$ 0.71	$ 0.81	$ 0.34
Operational Costs	$ 5.61	$ 6.15	$ 5.02
Total Costs:	$28.03	$28.00	$14.20

COMMENTS:
Planning and Development, Modernization and Enhancement (DME) costs are not provided in this table. Upgrade costs are borne by the customer. New customer implementations at the Interior Business Center are funded by the customer and are not considered DME; they are considered to be O&M and are broken out as projects.

9 | P a g e
I B C   F S S P   A p p l i c a t i o n -   P a r t   2
J a n u a r y   1 5 ,   2 0 1 4

3. FINANCIAL MANAGEMENT SYSTEM – SUPPLEMENTAL FORM E

The embedded Excel document below provides details on each financial management system that the Interior Business Center is using to meet its mandatory financial management requirements.

Financial
Management Systems

10 | P a g e
I B C   F S S P   A p p l i c a t i o n -   P a r t   2
J a n u a r y   1 5 ,   2 0 1 4

4. EXHIBIT 300 SUMMARY

New customer implementations at the Interior Business Center are not considered Development, Modernization and Enhancement (DME); they are considered to be O&M and have been reported as O&M in our Exhibit 300 submission. Furthermore, these costs are designated as project costs within our O&M reporting. Our Oracle Federal Financials solution is a commercial off-the-shelf (COTS) product and we refrain from customized development. Consequently, the IBC does not submit any DME information with our Exhibit 300. When a customer has a requirement outside of IBC's standard offering, the IBC works with the customer to meet their need through use of an interface or module in the offering not previously used or by adding extensions.

5. FIPS 199

In accordance with FIPS 199, IBC's OFF system is classified to be a moderate risk system.

6. FINDINGS/MATERIAL WEAKNESS

Within the past year there have been no material weaknesses, significant deficiencies or reportable conditions on A123 reviews, financial statement audits, or SSAE 16 reviews. One Notice of Findings and Recommendations (NFR) on a single customer's financial statement audit was directly related to IBC accounting operations, not the Oracle Federal Financials System. The situation was resolved before the NFR was issued.

7. QUALITY ASSURANCE

The IBC complies with the Federal Information Security Management Act of 2002 (FISMA) and follows the same process as the Department of the Interior and the U.S. Department of Justice. The IBC has implemented Continuous Monitoring, as defined by the National Institute of Standards and Technology's (NIST) Risk Management Framework, for the past 18 months.

Certified Information Systems Security Professional (CISSP) is an independent information security certification for individuals, not organizations. There are currently at least two federal employees within the IBC Financial Management Directorate (FMD), directly involved in managing Quality Assurance (QA) related projects that hold the CISSP certification. Additionally, IBC has its own Financial Management Certification Program. Approximately 25 GS-501 series IBC FMD employees have been through this program. The majority of Fiscal Services personnel have received this certification, as has the lead member of the Quality Assurance (QA) Section Internal Control Audit Liaison (ICAL) team.

11 | P a g e
I B C   F S S P   A p p l i c a t i o n -   P a r t   2
J a n u a r y   1 5 ,   2 0 1 4

8. TRACKING COMMON AWARD ID

Non-CLM Oracle Federal Financials Clients: The IBC Oracle E-Business Suite (EBS) provides an integrated solution with the inherent functionality to allow tracking of an Award ID input into the system through all related transactions and between sub modules. Users have the ability to track the Award ID through the grant and procurement processes as well as the different stages of accounting. Oracle EBS allows users to query related transactions by Award ID through online workbenches and using reporting and query tools. For example, users can track an Award ID from a related commitment through obligations, invoices and payments by accessing the application or run various queries to tie activity/transactions by Award ID.

Some IBC clients use external contracting systems. Award IDs generated in external systems must be manually input or imported into the Oracle E-Business Suite to allow tracking for processes completed in Oracle. If the same Award ID generated in the external system is not input into Oracle EBS, a cross walk would be required to track activity for the Award.

Oracle enhancements to provide reporting in the new Payment Automation Manager (PAM) format will allow Treasury reporting to include Award ID.

CLM Oracle Federal Financial Clients: The IBC's solution leverages Oracle E-Business Suite. With Oracle Contract Lifecycle Management for Public Sector (CLM), EBS includes a federal contract management system in the same application as the core financial system – Oracle Federal Financials. Therefore, the Common Award ID is obtained because one transaction serves as both the Contract (in the contract management system) and the Purchase Order (obligating document in the financial system). A single transaction record is stored in a solitary table, PO_HEADERS_ALL, with a single identifying number, to represent both the conformed contract and the obligating instrument. Multiple contract modifications exist that contribute to this conformed contract; however, the modifications have their own number, which uses the same contract number (both the contract number visible to vendors and the internal PO_HEADER_ID that is referenced in the database). In summary, the IBC provides the ability to track a common Award ID among the procurement and financial management systems by using a single application to meet both procurement and financial management requirements, using one transaction to meet both requirements.

12 | P a g e
I B C   F S S P   A p p l i c a t i o n - P a r t   2
J a n u a r y   1 5 ,   2 0 1 4

↗ SECTION II – EVALUATION

Question 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).

The IBC offers all customers our core foundation of Oracle Federal Financials (OFF). This fully integrated enterprise resource and planning (ERP) application provides flexibility of functional modules, yet allows our potential customers to pick and choose which modules meet their individual financial service needs. We work with potential customers on their business requirements and offer integrated system module solutions based on their information. If a customer has a requirement for a procure-to-pay solution, we offer the combination of modules to meet that requirement. If, for example, the customer does not have a requirement to perform budget execution, the IBC would not offer the budget module to them as an initial solution, but it could always be added to their specific configuration in the future if they determined the need.

The preconfigured core OFF solution comprises the following Oracle E-Business Suite modules: Federal Administrator, iProcurement, Purchasing, Payables, Fixed Assets, Accounts Receivable, General Ledger and a fully Federalized Discoverer reporting tool. In addition, the Oracle Contract Lifecycle Management procurement option is available, which we promote for a fully integrated procure-to-pay solution. This is offered as part of our core solution, but also as a single service. The IBC can enable other Oracle modules, such as Project Costing and Billing, if the client solution requires them.

Our mandatory services included with our core solution are the hosting and operations and maintenance support of the application; initial training and base reports; functional and technical support at the 1, 2, and 3 support levels; call center or helpdesk; management of the Oracle R12 Core financial licenses; and maintenance of all operations and batch processing and associated required interfaces (payroll, integrated charge cards, and Treasury disbursements).

The IBC offers options to our customers to support and interface with third parties and manage those connections to our facility. We share previously designed interfaces and reports with our new customer base. In addition, if a new customer requires functionality not currently in place to meet their needs, all existing customers benefit from our development and implementation of the new process. For example, if the IBC is required to create a new interface to a third party vendor, the interface becomes available to any customer (current or future) who uses that same service and service provider. This is true for custom report development as well: the designed report is made available to others to run against their own set of books.

13 | P a g e
I B C   F S S P   A p p l i c a t i o n -   P a r t   2
J a n u a r y   1 5 ,   2 0 1 4

IBC Oracle Federal Financials Offering

Optional Modules (CLM, Projects, Billings, IPP)	Agency-Specific Reports	Accounting Services	eTravel Support	HR Services	Acquisition Support

Optional Functionality and Services

Federal Administrator, iProcurement, Purchasing, Payables, Fixed Assets, Inventory, Receivables, and General Ledger

Typical Functionality

Hosting, O&M, initial training, base reports, help desk, licenses maintenance, operations and batch processing, interfaces (payroll, charge cards, Treasury disbursements)

Mandatory

The IBC offers a full array of accounting operations services for transaction-based processing. The offering allows our customers to pick and choose which services they require from a cadre of services. The IBC staff are fully trained in our core solutions in the accounts payable and funds control, receivables/reimbursable accounting and collections processing, cost management, regulatory reporting, financial statement preparation, audit liaison reporting, property and inventory management reporting, general accounting services, and PCS Travel. The IBC provides these services in concert with our offering to allow our customers to use their resources on mission specific tasks.

Aside from the IBC's Financial Management line of business service offerings, we also offer our Human Resources and Acquisition services. We have many customers who use portions of these other services and further benefit from IBC being a one-stop shop. Our offerings complement each other. Those who use our payroll operations and core finance system maintain one data connection to the IBC, which reduces the number of interconnections and security concerns. Another way our customers take full advantage of the benefits IBC offers is through additional services from our IBC/OCIO. For example, our hosting services allow our customers to reduce datacenter requirements and move to a state-of-the-art operation. This provides options to our customers by allowing them to have even greater savings on avoidance of maintaining internally hosted solutions.

14 | P a g e
I B C   F S S P   A p p l i c a t i o n - P a r t   2
J a n u a r y   1 5 ,   2 0 1 4

The current configuration of our offering is contained within a single instance of the application. Customers are co-located in a single database but separated by a "set of books," allowing secure separation of data based on access roles. Within our Core foundation software we offer the different Oracle modules and some configurable tables, such as acquisitions, asset management, reporting and payables. These modules are part of the Core foundation software but are licensed and managed separately. As an example, one customer chose to use the fully integrated acquisition module in our solution, CLM, instead of using an externally hosted acquisition system and managing an interface into the financial system. The IBC has another customer who is authorized to print checks, so functionality was enabled to ensure they could do this while using the same core foundation software. The different modules are only turned on for those customers who have a requirement to use the functionality offered in the module. The IBC only incorporates the use of extensions where the Core foundation software does not meet the needs of the customer. The IBC will not allow any customization in our Core software. This assures IBC customers that our offering is fully supported by Oracle and with upgrades and patching, thus keeping costs to a minimum.

Some additional services include eTravel System interfacing, payroll interfacing and procurement card support. The IBC has preconfigured interfaces to both ETS and ETS2 eTravel providers. Our Subsidiary Systems Section provides level two support for users of these services. IBC has preconfigured payroll interfaces with all three civilian payroll providers. We have many of the current bank card providers configured to batch interface with our Core solution. The IBC also supports custom report development and file extractions. In addition, IBC is looking to implement Treasury's Invoice Payment Platform (IPP) for any customers who choose to use this option.

We allow our customers to take advantage of the many options necessary to meet their current and future business needs. While IBC's solution is tailored to meet a customer's needs, we are doing so in a preconfigured standard commercial off-the-shelf product.

The IBC encourages agencies to take advantage of the solutions already built and discourages customers from continuing to support outdated or legacy systems in lieu of taking advantage of a fully integrated solution. The cost and resources devoted to the maintenance, management, security, oversight and reconciliation of an externally hosted system is the sole burden of the customer. IBC fully supports using interfaces into the Core solution, but does prohibit direct connection or interfaces into our systems that alter the security boundaries of our solution.

The IBC supports many prebuilt interfaces with many third party vendors and supports web services as part of those interface solutions. However, we want our customers to avoid external antiquated systems where the functionality could be met within the Core OFF offering as part of their overall solution. We fully understand that a customer's fees and collections system hosted internally may support other areas of their agency, but an analysis should be done to see if the

15 | P a g e
I B C   F S S P   A p p l i c a t i o n -   P a r t   2
J a n u a r y   1 5 ,   2 0 1 4

Core solution offered by IBC allows for that same collection and reporting ability and helps our customers avoid any additional costs for hosting and maintaining those home-grown systems. Another reason for our discouragement of feeder systems is the ever-changing environment of our Oracle software. As we continue to apply application patches and software release upgrades, our customers are responsible for any corresponding changes required in the interface for new fields or functionalities. Bottom line: We discourage the use of feeder systems because it saves customer resources.

The IBC does not prohibit our customers from using Prism for their acquisition solution, but in those cases we provide batch interfacing to the financial system. Our CLM offering is a fully integrated procure-to-pay system that provides for a robust acquisitions system integrated with the finance system. This solution offers real-time funds control for our CLM users. The IBC has several customers who use externally hosted acquisitions systems and use batch interfacing, or even manual input, to maintain obligations in the core solution. The IBC CLM team has demonstrated the tool to our current customers and their procurement offices to engage in conversation about using the ERP solution and the cost avoidance it provides versus externally hosted applications. CLM is relatively new in the Oracle ERP solution and most agencies have not seen or heard enough about this product to make a decision to migrate to CLM. The IBC continues to respond to customer inquiries about CLM and will support our customers in whatever they decide about CLM.

The IBC will continue to take the shared common instance approach. In a recent discovery effort with a cabinet level agency, we mutually determined that their critical requirements required an upgrade to R12.2, along with prerequisite patching. In order to reduce risk and meet the requirement, IBC plans to implement the cabinet level agency on a R12.2 environment and then migrate the smaller agencies to the upgraded environment. The management of associated risks will be handled similar to when the IBC migrated from R11 to R12. We will use risk mitigation plans, communication plans, budget planning, change control and executive oversight to manage this migration. When completed, this upgrade will provide additional functionality for our offering.

Both instances will benefit from the features of the IBC hosted solutions with the same support model, reducing the risk to current customers and the potential new customer. Our proposed solution, though appears to be reverse of our common-instance logic, allows for the increased customer base, shared costs and reduced risk to all parties concerned. It is not IBC's intent to create separate instances for each cabinet level agency, but it is our intent to provide assurances to both our current customers and our potential new cabinet level agency that we do not introduce risk to already financially strapped federal customers. The IBC will follow its proven methodology when moving the potential new customer onto our landscape. This migration path is what we can accomplish over time, with reduced risk and costs to our customers.

16 | P a g e
I B C   F S S P   A p p l i c a t i o n -   P a r t   2
J a n u a r y   1 5 ,   2 0 1 4

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

The IBC, in partnership with DOI's Office of the Chief Information Officer, provides the hosting facilities, network infrastructure, enterprise system management capabilities, disaster recovery/COOP capacity, and security services necessary to deliver a comprehensive financial management managed service to its clients. The IBC, from the beginning of our engagement with DHS, has been collaborating with a team of more than a dozen experts in the IBC/OCIO who have demonstrated experience providing a modern, agile, secure and reliable hosting infrastructure.

The IBC/OCIO supports a wide variety of application architectures across multiple environments, including single-host systems, multi-node client/server systems, and multi-tiered Web based systems. IBC/OCIO currently manages a mainframe computer, 932 UNIX, hosts (61%virtualized), and 200+ INTEL/AMD processors and 735 Windows Servers (26% virtualized). The IBC/OCIO architecture includes a Storage Area Network (SAN) with a capacity of over a petabyte of storage, which equates over a million gigabytes of data. The current IBC/OCIO offering at both datacenters host the current IBC offerings of OFF, our payroll systems, the DOI bureau-wide Finance system, OPM, eOPF and many other systems. This storage pool allows the sharing of peripheral storage devices (for example, disk arrays and tape silos) across all server platforms ensuring the availability of high performance, readily available storage to all server environments at the lowest available unit cost.

The IBC provides sophisticated hardware, high-end infrastructure, and expert personnel to ensure all open systems supported by IBC are delivered with simplicity, speed, and maximum availability. We offer a comprehensive end-to-end service model, providing a full-service datacenter, in compliance with Statement on Standards for Attestation Engagements (SSAE) No. 16 Reviews and OMB A-130 Guidance. In addition we provide comprehensive hardware, software and network support and provide complete application management support including performance monitoring, performance tuning and a comprehensive patch management program. The IBC administers applications 24 hours a day, seven days a week.

The IBC currently offers a shared single production instance that currently contains 16 federal agencies, each separated by a "set of books." This logical partition allows the data to coexist in a single database and remain separate at the agency level.

17 | P a g e
I B C F S S P A p p l i c a t i o n - P a r t 2
J a n u a r y 1 5 , 2 0 1 4

Our shared model is the standard for all of our existing and new clients. Onboarding customers are encouraged to make changes to their existing processes to work with our shared model, as we do not do software customizations.

The IBC works with our Oracle and IBC/OCIO on a routine basis for evaluations of our offerings, configuration and use of the various tools in the industry. With the collaboration of our teams, the IBC implemented software tools for compression and portioning which improved our offerings ability in both on-line response time and reporting time. We worked with Oracle and others in our approach to cabinet level agencies. It is with collaboration with our IBC/OCIO and Oracle and other technical and software providers that the IBC can continue to improve our offering in a cost conscious approach.

During the discovery process with our first cabinet level agency, IBC determined that, in order to meet a number of the agency's critical requirements, an upgrade to Oracle R12.2, along with prerequisite patching, is necessary. Therefore we plan to implement the cabinet level agency on Oracle R12.2 and upgrade our existing customers in phases. Based on scheduling and funding considerations, we anticipate that within the next few years we will have all customers operating in a single environment on R12.2.

To avoid risk and additional support cost with the Oracle COTS package, the IBC does not allow software customization. Where gaps exist, we work with our private sector partner and our federal staff to provide solutions through business process reengineering or extensions. This process allows the IBC and our customers to take full advantage of our standard solution offering and fill business process gaps. As these extensions are created, all customers benefit from their use to fill business needs. A prime example of this is the work IBC completed with GTAS and the lack of full financial statement reporting. The IBC and our partner created a process to produce a critical report for our customers on behalf of one initial customer request. We continue to work with Oracle to utilize this same approach for their other federal customers. Build once; use many. We have built our current application on the use of business process reengineering and extensions, avoiding costly upgrades in our solution while providing bridges for other customers to travel.

Another example is the work IBC accomplished in the implementation of the Do Not Pay initiative. The IBC was able to provide a single implementation strategy for both the DOI and IBC Oracle customers. The approach met the Do Not Pay mandate in advance of the deadline and served as a single guidance document for all entities.

In the IBC financial system offering we have anticipated routine peak levels, which include month-end, year-end and quarterly reporting, payroll cycles, and large data extracts. We manage resource consumption and capacity levels with automated tools that allow us to, manage resource allocations to maintain our service level agreements with our customers. These tools include a

18 | P a g e
I B C F S S P A p p l i c a t i o n - P a r t 2
J a n u a r y 1 5 , 2 0 1 4

suite of products (BMC software) for monitoring, reporting, batch processing and utilizing synthetic transactions.

The IBC uses automated monitoring and alerting tools for both our production and non-production environments. We utilize standard alert settings for all of our Oracle environments and provide monthly reports and real-time alerts. In the production environment, we set the threshold to 85% of storage, database and memory capacity levels. Alert messages are sent to our technical teams. Our reports show the IBC growth rates and consumption patterns based on daily, monthly and annual activities. We make predictions based on growth and resource consumption patterns and determine when additional resources are required.

The IBC will be engaging industry experts to re-engineer our business processes and refine our business model to ensure smart growth as we embrace the mandates of OMB M-13-08. This effort involves a strategic examination of the financial management line of business to poise our enterprise for the migration, implementation and O&M of cabinet level agencies on our Oracle Federal Financials platform.

Planning, monitoring and tracking our applications will allow us to continue to grow. We are working with our IBC/OCIO hosting partner to monitor overall growth, in anticipation of hardware refresh, which is what we are doing today by migrating into the virtual environment. Using our monthly storage, CPU, and memory reports in both production and non-production, allows us to track changes and growth patterns allowing for us to anticipate future resource requirements, complete the procurement process and perform necessary upgrades before any performance or space issues arise.

The IBC uses the Solarwinds tool for monitoring and reporting on our networks. Not only do we have alerts when bandwidth thresholds are exceeded, we use the reports to monitor extract processes that consume large levels of network bandwidth. Customers who use both our Human Resources and Financial Management lines of business benefit because we maintain one connection with sufficient bandwidth for both processing periods.

We incorporate automated synthetic transactions, a practice that provides reliability for our IBC customers. Synthetic transactions access various data points in our systems similar to a user accessing the system, such as running a report or executing a process. Real-time alerts help IBC know when processing falls below identified levels. These alerts may indicate large running transactions or processes or potential hardware issues.

A depiction of our architecture structure is included on the next page.

19 | P a g e
I B C F S S P A p p l i c a t i o n - P a r t 2
J a n u a r y 1 5 , 2 0 1 4

IBC Oracle Federal Financials Architecture
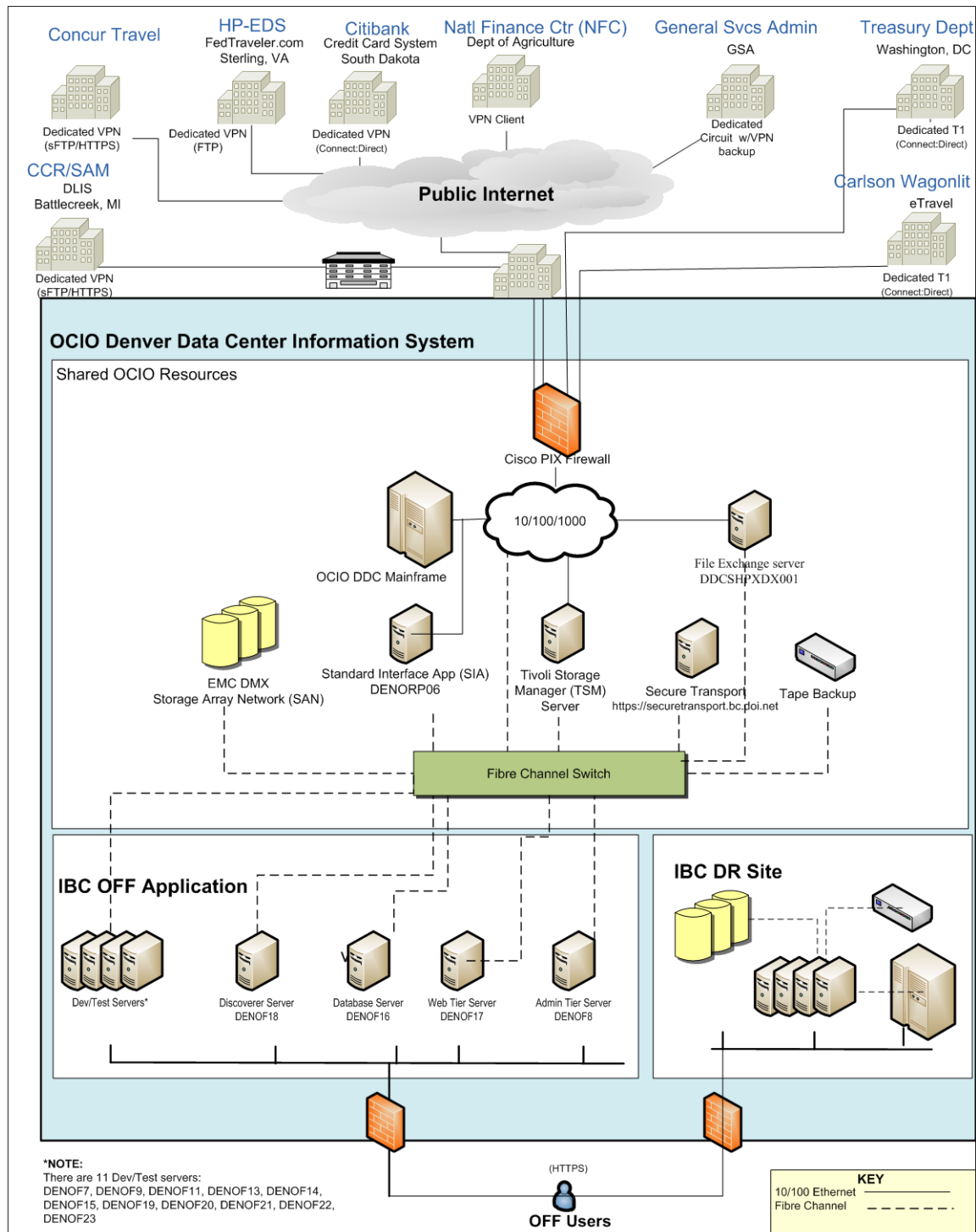
Question 3. Describe the Applicant's (prospective) process for onboarding new customers (e.g., Discovery) and how a common solution limiting agency preferences over legitimately unique agency requirements is achieved. As part of the description, address the Applicant's approach to situations in which 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).

As part of the initial planning stages of the Discovery process, IBC utilizes their baseline listing of functional and technical requirements to assist the customer in the requirements gathering portion of Discovery. This baseline set of requirements keys on IBC's standard Oracle Federal Financials shared services production environment. It is organized based on application modules or standard business process areas, such as Budget to Report. The baseline document serves as the foundation for the development of the Functional Requirements Document (FRD). The baseline requirements are used as a tool to facilitate discussions surrounding the customer's specific business processes and to determine which requirements are standard practice and which are customer-specific.

We conduct requirements gathering sessions with the customer's subject matter experts (SMEs) for newly introduced functionality or additional enhancements. The requirement gathering sessions are segregated by business process and roles to ensure the customer has the correct key personnel in the sessions to discuss their specific business processes and unique requirements.

During the requirement gathering sessions, the baseline requirements are modified as necessary to ensure the requirements are applicable and measurable. We add the customer's unique requirements to the FRD. Any requirements for further clarification or action are captured under an Action Items log. As we address these action items, updates are incorporated into the FRD. The FRD is maintained using a version control record. As we update the FRD, we may solicit additional customer feedback prior to submitting the final version for review and acceptance. Upon acceptance of the FRD, IBC begins to populate the Requirements Traceability Matrix (RTM). During this step, IBC's team performs a Fit/Gap analysis of the agreed upon requirements. During this analysis, IBC compares each applicable requirement with the capabilities of the IBC's standard OFF solution and determines if requirements are a fit, partial fit or gap.

Requirements that are not a fit under the IBC's OFF baseline solution are reviewed as part of the Gap Analysis and incorporated into the Gap Analysis document. The Gap Analysis document presents each gap, associated gap basis, and suggested gap closure. If more than one alternative is proposed to address a particular gap, a decision is required. Gaps can be addressed as they are identified, or after all are identified. It is usually more efficient to address gaps all at once after all have been identified, at the end of the discovery process.

21 | P a g e
I B C   F S S P   A p p l i c a t i o n -   P a r t   2
J a n u a r y   1 5 ,   2 0 1 4

The IBC maintains a commercial off-the-shelf solution without the need for software customization. During the mapping and gapping stage of an implementation, our first approach is to identify business process modifications that fit well within the Core product functionality. We propose the modification and demonstrate how they can manage their business as needed with a change in process. Since this is our first approach to meet the gaps, we reduce the number gaps that need to be solved by system build out. Our goal is to have at least 90-95% of the gaps solved by system build out. Building a solution is the last resort, as it adds cost to the customer for development and maintenance of the solution. By leveraging an existing solution or remodeling a business process, the IBC can direct cost and efforts towards those gaps that can only be resolved by the development of a new solution.

An example of a legitimate gap is the purchase card process and the matching of purchase card charges to an established obligation. Standard Oracle purchase card functionality does not match purchase card transactions to purchase orders. This limitation is considered a gap since it is federal policy that purchase card transactions exceeding the micro-purchase threshold be matched to obligations. To remedy this gap, the IBC has built an enhancement on top of Oracle's existing credit card tables and programs. This approach ensures that customer support is not voided and protects the base tables when there are upgrades and patches.

The IBC has extensive reach back to lessons learned from current customers. We leverage that information when we develop resolutions for gaps. We tailor past solutions as necessary to provide acceptable gap resolutions to new customers. The IBC actively participates in the Oracle Applications User Group Federal Special Interest Group, which facilitates the exchange of information on functional and technical issues related to OFF. In addition, the IBC actively shares information with other federal agencies and SSPs.

The IBC is working collaboratively with the FIT and CFO communities, as well as the other FSSPs, on developing guiding principles. One of these guiding principles is leveraging best practices. Work has already begun in this area with presentations and information sharing about our current systems architectures. Joint solutions regarding how to optimize our current offerings to benefit cabinet level agency engagements are being explored.

As described above in the steps of the Discovery phase, IBC leverages standard documentation and processes to support a customer with poor documentation of business processes. The IBC provides flowcharts of standard business processes (for example, Procure to Pay) and works with the customer to tailor those business flows to the customer's specific processes. The IBC has years of proven success with implementing customers and can use best practices and lessons learned to guide a new customer successfully through the implementation process.

22 | P a g e
I B C   F S S P   A p p l i c a t i o n -   P a r t   2
J a n u a r y   1 5 ,   2 0 1 4

On completion of the Discovery phase, the customer has a solid understanding of the documented requirements, how those requirements fit within the proposed solution, and how any gaps are to be addressed. The implementation team uses these Discovery results to proceed in the configuration of the proposed solution.

Once the application is configured for the customer, there is a formal testing period.   Customers participate in multiple testing's throughout the implementation phase. During this process, we uncover any defects and submit them to the appropriate personnel for analysis and correction.

Our formal testing period includes the following sequence of tests:

1. **Application Unit** – The Application Unit Testing validates the configuration in the core application module. We test each configured module within the core application for internal consistency and acceptable levels of system performance.

2. **Integration** – Integration Testing validates that the overall process functions correctly when all separate units are integrated together to perform the task. This is especially important for interfaces and conversions.

3. **System** – System Testing is an end-to-end systems test for the entire integrated solution, consisting of the core application and all system development units.

4. **Conference Room Pilot** – We conduct Conference Room Pilots (CRPs) with the customer's Project Team for customized and configured components. Typically there are three rounds of CRPs. CRPs supplement the formal testing cycles by providing users and SMEs a regular, iterative opportunity to view and operate the prototype software configuration. All results, including both script success and failure and user observations, are recorded and evaluated and then referred to the implementation team.

5. **User Acceptance** – User Acceptance Testing, conducted by the customer's users, validates that all business requirements, operations and organizational designs are supported by the new business processes on the system as expected. Emphasis is placed on inputs, outputs and usability of the system.

In addition to testing, a critical component of the onboarding process after Discovery is the data conversion strategy. IBC has a library of conversion scripts from converting data from current customers into Oracle applications. We developed the scripts according to the Oracle Application Standards. We may need to alter these scripts to take into account a new customer's legacy data or translations, but they provide the starting point for the conversion activities. If the IBC library does not include all of the required conversion programs, our team develops and tests programs as necessary to ensure a successful conversion. Conversion designs go through multiple iterations as more and more information is obtained about the legacy systems, the extracted data and the new solution.

23 | P a g e
I B C F S S P A p p l i c a t i o n - P a r t 2
J a n u a r y 1 5 , 2 0 1 4

Training is critical to prepare system users and operators understand and accept the new system. We plan, develop and deliver requisite training prior to deployment.

As part of the overall onboarding process, IBC provides program management services. IBC's capabilities consists of program management, scope change control management, time and schedule management, cost management, quality management, resource management, communications management, risk management and procurement management. These capabilities represent horizontal work streams that span the following five phases of the Project Management Body of Knowledge program management lifecycle:

1. **Initiate** – Comprised of those activities necessary to define the scope (including goals/objectives, critical success factors and project boundaries/constraints), estimate and identify the resources necessary to perform (including key internal and external stakeholders, financial resources, facilities, tools and equipment), develop the transformation/release strategy (may result in program decomposition into multiple smaller interdependent projects to adhere to schedule/financial constraints) and produce the project charter.

2. **Plan** – The Program Management Office (PMO) will analyze the requirements, refine the scope and objectives, create the project work breakdown structure, produce a time phased and sequenced project schedule, estimate the cost to deliver (refined estimate based on detailed Work Breakdown Structure (WBS)), and develop/finalize the program management plan. The program management plan will address scope, resource management, communications management, risk management, procurement management, and configuration/records management.

3. **Execute** – Execute activities include mobilization (PMO infrastructure installation/configuration, facilities preparation, staff mobilization, staff training/development, integrated program kick-off and work package distribution); program execution (in accordance with the program plan developed during the planning sub phase), program communications (including managing stakeholder expectations), program procurement actions, and program quality assurance/control.

4. **Monitoring and Control** – The program manager will continually track, monitor, review, report and manage the progress and performance of the implementation team against plan.

5. **Project Closeout** – The closeout process requires that all deliverables are complete, that all acceptance documents have been approved and returned by the customer, the final report has been submitted, lessons learned have been documented, critical documentation and software has been properly archived, all customer provided equipment/software has been disposed of as per instructions, all procurement actions have been satisfied and closed and all invoices have been paid.

24 | P a g e
I B C   F S S P   A p p l i c a t i o n - P a r t   2
J a n u a r y   1 5 ,   2 0 1 4

The IBC's existing governance model provides the framework by which we and our customers are jointly responsible for sustaining the success of the selected solution. The IBC and customers collaborate and make decisions that promote the achievement of the defined objectives. Together we practice shared decision-making, clear communication, transparency, process consistency, goal alignment, and broad stakeholder engagement.

The IBC is partnering with the FIT office, and the other FSSPs, through the government-wide CFO council subgroup on shared services to establish a revised governance model and guiding principles. This subgroup is collaborating with cabinet level agencies, the FSSPs, and FIT to ensure all parties are involved in establishing the revised governance model and guiding principles. Among other things, the updated model will ensure mandatory requirements (for example OMB and Treasury requirements) are implemented in a timely manner. The IBC will adopt the new FSSP guiding principles on governance once the guidelines are finalized.

25 | P a g e
I B C   F S S P   A p p l i c a t i o n -   P a r t   2
J a n u a r y   1 5 ,   2 0 1 4

Question 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

The IBC uses multiple governance strategies to establish decision-making mechanisms, authority levels, and accountability. The Financial Management Line of Business (FM LoB) reports to the IBC Senior Leadership Team and provides a status on initiatives, investment expenses, revenue, performance measures and risk. We have a well-defined communication protocol to ensure expectations are aligned at all levels with a clearly communicated strategy.

The IBC obtains customer input from a variety of sources: executive forums held with agency CFOs, monthly user group meeting, and informal one-on-one meetings with customer subject matter experts. We provide customers with status and risk mitigation for issues and improvements. Our customers are involved in decisions with each customer currently having one vote, resulting in majority rule. Our governance model includes an annual OFF customer forum attended by agency CFOs and other stakeholders.

Across our current Oracle customer base, the "one customer, one vote" model has worked well in our O&M environment. We've used this model to make decisions like upgrading to Oracle R12 because it seems the fairest way to make sure all our customers have a say about system upgrades that they have to participate in paying for. In a shared instance, all customers have to fund their respective percentages of changes and therefore we feel they should each have a single vote.

We are actively reviewing our model and will modify as appropriate for cabinet level agencies. We plan to review what works and what doesn't and why. We are participating in discussions with FIT about a global governance model that all FSSPs may be adopting in the future. We are open to modifying our business model to support cabinet level agencies and plan to adopt the new guiding principles from FIT/OMB, as discussed in our response to question 3 above.

The following represents the make-up of our existing governance model:

26 | P a g e
I B C   F S S P   A p p l i c a t i o n -   P a r t   2
J a n u a r y   1 5 ,   2 0 1 4

Executive Sponsor: Acts as a single point of accountability and serves as the link between the IBC Senior Leadership Team and the project management team; chairs the project steering committee; provides project leadership; supports the project manager's role; and identifies and appoints the project manager.

Project Steering Committee: Proactively monitors, mentors, challenges and supports the project manager and team on the project's progress; makes timely decisions; offers alternatives; approves major project documentation and strategies; resolves escalated project risks, issues and conflicts outside the control of the project manager; authorizes any major deviations from the agreed scope, budget and schedule within tolerances; and oversees the risk management process.

Program Manager: Validates the goals and objectives of the project; supports project manager with day-to-day guidance on project needs and resources; facilitates commitment of the necessary resources and organization-wide cooperation; resolves and mitigates issues and risks; and provides concurrence on project deliverables.

Project Manager: Responsible for day-to-day aspects of the project; manages day-to-day stakeholder relationships and issues; accountable to the project steering committee for delivery of the project; approves minor variations to schedule or scope, within agreed tolerances; manages and monitors the project activity through detailed plans and schedules and prepares status reports; and brings project issues to the project steering committee for resolution.

Project Team: Composed of expertise from various functions such as technical, operational, financial and contractual areas. The composition of the team may vary as the project moves through its lifecycle. The project team is led by the project manager. The project team is responsible for completing tasks and activities required for delivering project outputs.

Stakeholders: All Stakeholders will be identified as part of the formal project documentation. This is usually included in the project charter. Ongoing communication with stakeholders throughout the project is a key to success.

When a customer or stakeholder wants a change to the OFF application, the customer will first approach their project manager with their request. The project manager will discuss the requirements, potential solutions, the cost involved, and the possible benefits and drawbacks that could impact the requesting customer. If the project manager and the requesting stakeholder believe this is a value-added change that will benefit the majority of the stakeholders, the project manager will raise the request to the IBC Steering Committee for a "go" or "no-go" decision.

27 | P a g e
I B C   F S S P   A p p l i c a t i o n -   P a r t   2
J a n u a r y   1 5 ,   2 0 1 4

Voting is required when an application wide change is recommended: something that would affect all clients and stakeholders. For example, a version upgrade or an application product enhancement such as a new reporting tool would require a vote. If the IBC Steering Committee agrees that a recommended change would benefit all or most of the stakeholders, it is then briefed to all the stakeholders at the monthly OFF User Group Meeting. The stakeholders then take a vote for approval. If the majority of the stakeholders want the change, then the change is implemented, with each stakeholder contributing their prorated cost for the implementation. If a request is for a specific customer and does not affect the shared instance as a whole or impact other customers, then the IBC Steering Committee will address this request with the customer specifically and render a unilateral decision.

The process defined above is how decisions on new investments and changes are determined. The IBC Steering Committee determines prioritization by the urgency of the stakeholder's request, the value added to the stakeholders, (for example, more efficient client operations and cost savings), and the time to implement, along with other competing priorities.

There is a common pricing methodology used for all IBC customers in O&M. Our pricing methodology starts with an annual review of all service delivery costs associated with our Oracle Federal Financials instance. From there we determine which costs are customer specific versus shared. Shared costs are allocated to each Oracle customer based upon an approved allocation methodology. Our customers are briefed annually on the allocation methodology and any changes to the methodology are voted on by our customers (using our current "one customer one vote" framework). The methodology is reviewed each year but not necessarily changed annually. The current methodology is based on the number of general ledger lines, manual documents, interfaces, and system users each customer has. All these factors weigh into how our shared costs are divided so that clients pay a fair share of the overall shared costs.

We add each customer shared costs to any customer specific costs - for example accounting operations support if the IBC provides it - to determine the annual agreement amount for each customer. We work closely with our customers when costs are going to increase in order to address new mandatory changes, for example Treasury reporting changes. We make sure our customers have as much notice as possible if we expect costs to increase in order to address mandatory changes, and we let them know when we expect the increased costs to take effect. This communication is done through our Oracle User group monthly forums.

28 | P a g e
I B C   F S S P   A p p l i c a t i o n -   P a r t   2
J a n u a r y   1 5 ,   2 0 1 4

Question 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

The IBC's most recent implementation provided hosting services, application management, system integration, and business and transaction support services for a customer utilizing the Momentum 6.1.5 instance. The customer decided to move to the IBC's Oracle platform when the IBC decided to no longer offer a Momentum product line.

The IBC Oracle offering at the time the engagement began was the fully integrated, preconfigured Oracle Federal Financials (OFF) production baseline (R12.1.3) comprised of these Oracle E-Business Suite modules: General Ledger, Federal Administrator (budget execution & agency reporting), Purchasing, Payables, iProcurement, Fixed Assets, Accounts Receivable, Contract Lifecycle Management, and a fully Federalized Discoverer reporting tool.

Additional benefits included:

- Each subscriber sharing a common instance of Oracle Federal Financials is able to share administrative, enhancement, and upgrade costs with reduced maintenance complexity across the baseline

- The IBC proactively monitors changes in Federal Financial Management and systems policy in order to ensure that our model remains fully compliant - not only at implementation, but continually throughout the baseline's life cycle

- The IBC baseline provides support for the Common Government-wide Accounting Classification (CGAC) Structure for enhanced agency and treasury reporting

- Business Functions can be consolidated within the ERP to the Maximum Extent Possible

- Target Reduced Cost of Continuing Operations

- Simplify the customer's Access to Proprietary and Managerial Accounting Information

- Migration from Momentum to Oracle reduced hosting costs to the customer by approximately 50%

29 | P a g e
I B C F S S P A p p l i c a t i o n - P a r t 2
J a n u a r y 1 5 , 2 0 1 4

The IBC provided application hosting services within its own managed environments. This service included the hosting of all IBC-sponsored applications. Application hosting services at the IBC includes the provision of a secure processing facility; establishment and maintenance of the hardware and operating system environment; and provision of operations and management services over the environment.

Most recent financial management system

- **Original Planned Cost:** $2,422,186

    o **Modification A:** Additional Discoverer Reports to support their financial and managerial reporting needs and has identified 20 essential reports which require Discoverer development.
    Total Modification A = $135,542.

    o **Modification B:** Additional Discover Reports to support their financial and managerial reporting needs. 13 (level of effort: 3 low & 10: medium) Discoverer Reports.
    Total Modification B = $139,691.

- **Adjusted Planned Cost:** $2,697,419

- **Actual Cost:** $2,688,575

- **Variance:** - $8,844

- **Original Planned Schedule:** Functional and technical design from June 2011 through June 2012. Configuration and test (CRP 1, CRP 2 and UAT) would occur during the period July through August. Deployment (including training) activities would commence in September 2012 with cutover schedule for 9 October 2012.

  The implementation of the Oracle® Federal Financials® was scheduled to be completed October 9, 2012. On site desk top support was provided from October 9 – October 19, 2012.

- **Final Schedule:** Implemented as planned

- **Number of re-baselines:** One. Conversion of CLM historical data was delayed due to external circumstances.

- **Justification for any cost and schedule variances:** Raw CLM conversion data was not provided in the correct format. The IBC implementation team had to rework the data into the correct IBC conversion format to upload into OFF.

30 | P a g e
I B C   F S S P   A p p l i c a t i o n - P a r t   2
J a n u a r y   1 5 ,   2 0 1 4

The implementation project described above, including the procurement module (CLM), was scheduled to be completed October 9, 2012. The Federal Financial portion of the implementation was completed on time. The advanced procurement portion (CLM) of the implementation was completed Nov 20, 2012. The scope remained the same. The delay in the CLM portion was due to the complexity and issues associated with the conversion of the contract data and all of the open contracting documents. The conversion scripts provided by Oracle for this implementation had never been used before and required significant testing and modifications by Oracle. The conversion data was not properly formatted or cleansed, which required a substantial amount of work by the IBC. As a result, the IBC and the customer mutually agreed to postpone the CLM portion of the implementation.

The IBC is aware of the client's cost savings as it relates to the cost of services provided from the IBC. IBC implemented and supported this customer under their previous financial system, Momentum. The annual O&M cost of services for Oracle for this customer is approximately $2 million less than it was under Momentum.

The core financial functionality of the project was delivered on time, on budget and within scope. The CLM portion of the project was delivered on a re-base lined schedule but was within budget and scope. The decision to re-baseline the CLM implementation schedule was made using our governance structure. The decision and options were presented and the path going forward was determined by the Executive Steering Committee which included both the IBC and all customers.

Our success was achieved using our governance process which incorporates both customer and IBC interaction and leadership ensuring issues and delays are addressed and mitigated quickly. The IBC uses firm fixed price/performance based contracts including disincentives for poor performance to hold our contractor partner accountable and promote timely performance and deliverables. This methodology and business model transfers risk to our contractor partners.

31 | P a g e
I B C F S S P A p p l i c a t i o n - P a r t 2
J a n u a r y 1 5 , 2 0 1 4

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

- scope of services includes 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

The IBC has been a provider of FM LoB services for over 25 years, implementing a variety of finance and procurement systems. These services have been as small as hosting and O&M for the previous FPDS NG system, to supporting the implementation for the Department of the Interior on their first bureau-wide system. We offer our external agency customers base services which include the functional and technical support, hosting, batch processing, base interfaces with travel, payroll, and purchase card agencies and security as part of our core service. Customers may choose to use any portion of our range of accounting operations services which includes transaction processing. Additional programming and reporting support is also available.

The IBC has implemented a variety of customers with differing complexity and transaction volume. For instance, one of our customers utilizes unique processes and feeder systems. Their implementation required development of new interfaces and specialized processes to meet their reporting requirements. Another customer required implementation of foreign currency functionality from multiple foreign countries.   Most recently the IBC implemented three customers during the same period, all of differing complexity and size. All were accomplished on schedule and within budget. IBC has one customer that recently implemented the integrated procurement solution Contract Lifecycle Management (CLM) and we have more customers planning to migrate to CLM including our first cabinet level agency. In addition, the IBC successfully upgraded all Oracle customers at the same time to the most current software version in February 2012.

32 | P a g e
I B C   F S S P   A p p l i c a t i o n - P a r t   2
J a n u a r y   1 5 ,   2 0 1 4

Following is a table showing a variation of customers.

	Service Scope	Active Users / Volume	Implementation Length	Complexity	Implementation Cost
Customer A	System support; Transaction Processing	123 800,424	16 months POP 6/1/10 to 9/30/11	Multiple foreign currencies; Training of foreign users	$4M
Customer B	System support	14 969,333	11.5 months POP 12/15/07 to 11/30/08	Extremely high IPAC activity in lieu of normal billings and invoice payments; unique processes and feeder systems	$968K
Customer C	System support; Transaction Processing	63 1,189,601	13 months POP 2/25/04 to 3/31/05	Newly created agency with no previous financial system or business processes. Customer has high transaction volume; first customer with significant foreign country activity	$909K
Customer D	System support; Transaction Processing	106 583,825	13 months POP 12/1/11 to 12/31/12	Business operation relies heavily on travel; migrated customer from unsupported system	$1.7M
Customer E	System support; Transaction Processing	76 671,829	16 months POP 6/11 to 10/9/12	IBC's first implementation of CLM which is integrated with financials; migrated from a fully integrated finance and procurement system; the second agency within the federal government to implement CLM	$2.7M

33 | P a g e
I B C F S S P A p p l i c a t i o n - P a r t 2
J a n u a r y 1 5 , 2 0 1 4

A recent customer implementation required substantial conversion of open contract awards and active indefinite delivery vehicles (IDVs) to support their conversion of data to the new Contract Lifecycle Management application. This conversion consisted of approximately 700 open contract actions (Awards and Modifications) which spanned fiscal years 2006-2012. Prior to this implementation, IBC's approach was to convert only purchase orders required to balance the sub ledger to the general ledger (account 4801). However, the Federal Acquisition Requirements require a complete history of open awards to be converted. Standard conversion routines are in place and have been fully tested and vetted to load open awards and active IDVs, along with their associated modifications. Awards can now be converted at their original amounts and then drawn down to reflect the open unliquidated balance. To accomplish this conversion, multiple iterations of awards and modifications were processed along with receipts and invoices to reflect only the open unliquidated amount. This effort was successful and the client is satisfied with the outcome of the overall conversion. Although these standard conversion routines were built and fully tested for this particular conversion, they can easily be converted for use with future clients, regardless of volume.

The IBC has implemented a variety of customers with differing missions, complexity and transaction volume. This ranges from basic financial processing and reporting to complex financial accounting with foreign currency processes. IBC, through business process reengineering and the addition of new/enhanced functionality, has been able to successfully on-board and maintain clients for over the past 10 years.

As mentioned above, the IBC has one customer that utilizes unique processes and feeder systems which required development of new interfaces and business process reengineering to meet their reporting requirements. Another customer required implementation of foreign currency from multiple foreign countries, overseas travel and training of both foreign and domestic staff. We have one customer up and operating the integrated procurement solution Contract Lifecycle Management (CLM) and more in line to migrate to CLM. We have another customer who maintains their own check printing in lieu of Treasury's service.

The IBC has had multiple complex implementations. One customer was the first IBC implementation to accommodate foreign currency transaction processing. To accommodate this customer, standard application configuration was extended to include foreign currency processes as Oracle's standard functionality did not properly account for gains/losses. In addition, the IBC credit card interface was modified to account for gains and losses on credit card purchases and a new payment file layout was created to interface with the International Treasury System (ITS). Also, complex hierarchies for requisitions with multiple thresholds of approvals based on requisition types was configured to allow streamlining of commitment to obligations once approved. All of these improvements to IBC's standard baseline functionality, along with

34 | P a g e
I B C F S S P A p p l i c a t i o n - P a r t 2
J a n u a r y 1 5 , 2 0 1 4

reengineering of the customer's business processes, allowed IBC to successfully on-board this customer without adversely affecting the other clients hosted in the shared environment.

As previously referenced, the IBC recently had our first customer implement the integrated procurement solution, CLM, which was also quite complex. Enhanced configuration for document numbering and documents types were incorporated into the shared service environment, as well as the government-wide FPDS-NG requirements and the automated interface between the two systems. Conversion of open awards was an added complexity to the implementation since the entire history of the award was required in the conversion, including any modification. When the award was entered, the liquidated amount was also accounted to ensure the final state of the award only reflected the open balance.

35 | P a g e
I B C F S S P A p p l i c a t i o n - P a r t 2
J a n u a r y 1 5 , 2 0 1 4

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

The primary focus of the IBC is to target all of the Department of Homeland Security (DHS) components. We believe this will benefit DHS by streamlining their financial reporting and allow them to implement department-wide initiatives across all of their components because they will all be operating within the same financial system. Once implemented, DHS will be able to maximize the use of their standard accounting structure and standardized processes. The Agency Modernization Timetable shows DHS modernization needs in years 2014, 2015, 2016, 2017, 2018. The DHS modernization needs line up with the IBC goal to bring on at least 1 new component per year which will allow us to scale and build infrastructure in a logical and thoughtful way. This allows us to utilize our standard conversion scripts and processes and save reprogramming costs. The IBC plans to build a team of experts that thoroughly understand DHS business and processes and will be positioned to support other large scale implementations. The IBC targets DHS implementations as the 5 year target goal. Based on size and complexity of the DHS components, it is expected that the actual implementation may go beyond the 5 year period.

As we on board the DHS components in a single Oracle instance, we also intend to work on migrating all of our existing clients to this single shared instance in order to share standard processes and costs and fully support OMB's goals to limit the number of federal financial systems in use across the federal government. This process of ultimately hosting a single Oracle instance for all of IBC's clients will be accomplished in a phased approach over the next few years.

The IBC would then target SSA in 2021 and the DOD agencies with modernization needs in 2023. By then, the DHS components will be stabilized and fully in O&M and it will free up implementation and development resources to focus on the new implementations. The IBC is targeting these agencies because they would be Oracle to Oracle implementations which overall is a smoother transition. We will continue to utilize our standard protocols which were refined in the DHS implementations. The IBC targets SSA and DOD agencies for the 2nd half of the total 10 year growth plan.

Our current business model utilizes the private sector to support implementation activities. We currently have a small business set-aside IDIQ with i360technologies (who has three sub-contract partners), with a contract ceiling of approximately $96M. The contract is performance based, and includes metrics that guide the expected levels of service with a significant financial impact to the contractor if the metrics are not met. This contract allows staff scalability, and has

36 | P a g e
I B C F S S P A p p l i c a t i o n - P a r t 2
J a n u a r y 1 5 , 2 0 1 4

a deep reach-back capability to acquire on demand skill sets quickly. The IDIQ has a period of performance of Jan 01, 2014 through December 31, 2018.

The IBC currently utilizes GSA SmartBuy and Army Computer Hardware Enterprise Software and Solutions (CHESS) to procure Oracle Application and database licenses. As new clients come on board, contracts for software and database licensing will be modified as applicable and within the parameters of the contract. Should it be determined to be in the best interest of the Government to execute a new contract for the client growth, the IBC will perform the market research and execute accordingly.

Other products and services required in support of the OFF FMLoB are procured based on market research which assists in the manner the item will be procured, and whether, based on the market research and dollar value, the procurement will be set-aside for a socio-economic group. Future, new contracts will be dependent on the IBC's technical direction.

The IBC uses standard COTS software including ancillary software tools, which are procured off the open market to assist in our support of the application and customers. These software tools are licensed and include maintenance costs. This assists the IBC in compliance with rules, regulations, and security patching. These tools are made known to our OCIO office through the use of software installation requests, so the OCIO is aware of the products on our networks.

During the discovery process with a new customer we capture the various areas of support needed. For example, if a customer has a large amount of invoices or receivables, we ensure we have adequate bandwidth in our support staff in those service delivery modules. We have different methods to measure resource needs depending on the modules. We look at existing ticket volume and history for current workloads. Based on our assessment and current document counts, we determine the amount of federal and contractor staff that is required to provide the appropriate level of support. This continues into O&M as we manage shared resources.

The IBC funding level and resource level (federal employees and contractor support) are based on annual agreements with our customers. We work with our customer base on technology changes to ensure adequate time for budget planning to support big ticket items.

We are in the process of bringing on board DC Courts which will implement our Oracle solution in October 2014. The IBC is currently dedicating a lot of resources to support the ongoing DHS Discovery process. We are working on acquiring additional staffing through both our integration private sector partner and working with our IBC partners in the Human Resources Directorate to streamline the hiring process to support growth in our Oracle product line. We have been working with our IBC/OCIO hosting office to ensure the hosting capabilities are ready when DHS commits to coming to the IBC as their hosting partner.

37 | P a g e
I B C   F S S P   A p p l i c a t i o n -   P a r t   2
J a n u a r y   1 5 ,   2 0 1 4

We are also reaching out to DHS and their operating components on leveraging any licenses they currently have that could transfer with them and may have lower maintenance fees to take full advantage of what they have now to fit their needs here. An example is with their BI and Sunflower products and potential end user licenses. We continue to engage our hosting office for DHS requests outside the financial system offering. An example of this is IBC/OCIO is working with TSA on hosting a separate business intelligence data warehouse, unrelated to the financial system. We are in position with our acquisitions services and IBC/OCIO for contracts that may be necessary to on board the initial DHS operating component, followed by other DHS components. This would be in the areas of increased licenses and operational contract support.

The IBC business model is to rely on the private sector to provide support in areas that require specialized knowledge and to meet surge staffing requirements. Our current contracting vehicle is an 8a Small Business Set-Aside. This contract was awarded to i360 in January 2014. We utilize this contracting support for implementation expertise and support when we experience the need for short-term/surge staffing to meet new requirements. We also use this contract to acquire specific skills for long term or short periods of time based on specific situations (and based on how well the federal workforce can meet the need).

We partner with the private sector and take advantage of their expertise to gather information on new products and ways to improve our environment and offering. The IBC takes advantage of the lessons learned by our commercial partners to improve our processes and provide IBC with insight in many different areas. The private sector partners have access to a variety of tool sets, other customers and their issues, and deep research and development pockets that the IBC does not. The IBC uses this information to the advantage of our current customer base with lessons learned, industry patterns, technology advancements, and actual performance. In the case of our Governance, Risk, and Compliance (GRC) software implementation our private sector partners provided keen insight on a lesson learned with another customer which is allowing the IBC to implement GRC more efficiently. In the case of the IBC's migration to the Oracle release 12 our private sector partners brought other federal agencies to IBC to discuss our lessons learned, providing valuable cost saving tips on with other federal agencies. Information sharing is a two-way street between the IBC and the private sector.

The IBC is piloting a virtual cloud hosted solution for our current Oracle application. In an effort to stay current, refresh hardware, and take advantage of newer technology, the IBC is currently testing a DOI hosted virtual environment and we hope to begin migration very soon. We fully understand the advantages of cloud hosted applications. We also need to balance risk associated with considering commercial providers for cloud hosting of financial systems containing sensitive and PII data. Using the DOI hosted solution will provide our customers with many advantages, such as the ability to scale up and down easily. In the case of needing an environment to test a specific issue or process, we can create another instance, perform the

38 | P a g e
I B C   F S S P   A p p l i c a t i o n -   P a r t   2
J a n u a r y   1 5 ,   2 0 1 4

necessary testing, and then remove the instance without costly and timely increases in provisioning resources.

The DOI virtual environment will reduce cost by moving away for the physical server environment. It will also allow the IBC and DOI to share and use a virtual hosted solution with our collective customers while providing security and technical support as we do today.

Another benefit of migrating to the DOI hosted virtual environment will be the ability to use the DOI hosted datacenters in alternate locations for disaster recovery and continuity of operations testing and planning. This will be more cost effective than our current model and save our customers money. We plan to implement these changes by the end of this fiscal year (FY14). The use of the DOI cloud and our increased customer base will benefit other hosted agencies as well. As technology improves and hardware refreshes are necessary the cost is spread across a larger base.

39 | P a g e
I B C   F S S P   A p p l i c a t i o n -   P a r t   2
J a n u a r y   1 5 ,   2 0 1 4

Question 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 funds operating reserve balance for the last three fiscal years in the response.

The IBC currently accounts for all financial management products and services in the DOI's Working Capital Fund (WCF). The WCF is reimbursable and has no operating reserves. While operating IBC services in the WCF allows us to recover full service costs incurred, including allowances for depreciation, it does not permit retention of an operating reserve.

The IBC currently operates its shared services in two revolving fund models, the Interior Franchise Fund (IFF) and the Working Capital Fund. While Oracle Federal Financials currently operates in the WCF on a full cost recovery basis, the IBC is reassigning management of Oracle Federal Financials and other appropriate shared services to the IFF. The IBC is working with executive leadership at DOI and anticipates final authorization to move additional services, including OFF implementation, into the IFF. Our overall plan is to migrate all of our OFF product line to the IFF as soon as practical with a current target date for implementation of October 2015.

IFF operations, currently supporting assisted acquisition services, permit creation and maintenance of both an Operating Reserve and a Capital Improvements Reserve in addition to full cost recovery. The IFF Operating Reserve balance is maintained at a level that both considers historically normal activity, and that is sufficient to reasonably ensure services can meet routine and non-routine contingencies, including business cycle fluctuations and emergencies necessary to support ongoing operations. Due to the requirement to self-insure and the unknown nature of contingencies, the amount set aside for Operating Reserves is evaluated on an annual basis to ensure that funding levels are reasonable and sufficient and are maintained at a level equal to at least two months of operations.

The Interior Franchise Fund's Capital Improvements Reserve also allows the Department, including the IBC, to build, maintain and use amounts generated and retained for services operating in the IFF to support the acquisition of capital equipment, and for the improvement and implementation of financial management, information technology and other support systems. This allows services operating in the IFF to plan for future capital outlays and reduce or eliminate the need for potentially significant periodic cost and fee increases that would otherwise be needed to support capital investments on a pay as you go basis. Total amounts contributed to the Capital Improvements Reserve within a fiscal year may not exceed four percent of total annual income to the IFF in that fiscal year. Amounts contributed within the four percent limitation remain available until expended.

The IBC's demonstrated experience and success in operating and effectively managing services in the IFF to fully recover its costs, and to build and maintain appropriate Operating and Capital

40 | P a g e
I B C F S S P A p p l i c a t i o n - P a r t 2
J a n u a r y 1 5 , 2 0 1 4

Improvements Reserves necessary to support ongoing operations will be leveraged and scaled by reassigning Oracle Federal Financials and other appropriate IBC shared services to operate in the IFF in FY 2015 and continuing in future years. This change enables IBC to build Operating Reserves to support routine and non-routine contingencies for Oracle Federal Financials and other IFF shared services operations, it supports the ability to provide consistent service level pricing for those customers, and it reduces the inherent risk of operating in a shared services environment. It allows for the opportunity to establish and maintain capital improvement reserves over time, mitigating the need for potentially significant budget increases otherwise required to replace and enhance information systems and capital assets. By reassigning Oracle Federal Financials services and other appropriate shared services to operate in the IFF in FY 2015 and future years, the IBC will have the critical infrastructure and support systems necessary for Oracle Federal Financials and other IBC shared services to operate effectively and competitively as a Federal Shared Services Provider.

As stated above, the IBC currently operates its shared services in two revolving funds, the Interior Franchise Fund (IFF) and the Working Capital Fund (WCF). The IBC does maintain Operating Reserves to support ongoing operations for services managed through its IFF equal to at least two months of operations. For services managed through the WCF, currently supporting Oracle Federal Financials and other IBC services, fees for services are limited to full cost recovery only, including allowances for depreciation.

Operating reserves are not permitted under WCF authorizing provisions. Under the WCF parameters, operating needs including anticipated or unforeseen business cycle fluctuations, emergencies and contingencies must be recovered when incurred, with appropriate customer pricing changes necessary as soon as reasonable and practicable to recover actual costs. While it is feasible to operate without an operating reserve, risk is lowered and customer pricing stability and consistency is strengthened when shared services operate in a Franchise Fund environment. For these reasons, Oracle Federal Financials and other appropriate IBC shared services will be transitioned to operate in the Interior Franchise Fund as soon as necessary approvals secured, and implementation is coordinated with existing customers. The IBC plans to brief FIT on the details of our plan for IFF migration of financial management services. We are targeting this briefing for June 2014.

The IBC pricing for our Oracle Federal Financial customers is transparent to customers. As discussed in response to question #4, there is a consistent pricing methodology used for all customers in O&M. Our pricing methodology starts with an annual review of all service delivery costs associated with our Oracle Federal Financials shared instance. From there we determine which costs are customer specific versus shared. Shared costs are allocated to each Oracle customer based upon an approved allocation methodology. Our customers are briefed annually on the allocation methodology and any changes to the methodology are voted on by our customers (using our current "one customer one vote" framework). We add each customer's

41 | P a g e
I B C   F S S P   A p p l i c a t i o n -   P a r t   2
J a n u a r y   1 5 ,   2 0 1 4

shared costs to any customer specific costs - for example accounting operations support if the IBC provides it - to determine the annual agreement amount for each customer.

Annually, usually early in the third quarter of the fiscal year, we provide our customers with their revised estimates for the next fiscal year adjusted for any change in shared costs , new services, new costs, etc., and their preliminary estimate the following fiscal year. This process supports our customers' budget planning needs, as well as the IBC's budget projections and planning. Also, as discussed in response to question #4, we do involve customers in fee changes. We work closely with our customers when costs are going to increase in order to address new mandatory changes, for example Treasury reporting changes. We make sure our customers have as much notice as possible if we expect costs to increase in order to address mandatory changes, and we let them know when we expect the increased costs to take effect. This communication is done through our Oracle User group monthly forums.

In addition, if an existing customer wants to add services from the IBC, we provide them an estimate of the additional cost for new services (for example, adding accounting operations services) before any commitment is made. After we completely scope and price the new work, and if they agree to pay for new services, we enter into a new agreement with that customer to add these new services. This process can happen any time and the new services are in effect based on the period of performance decided upon on the new agreement.

42 | P a g e
I B C   F S S P   A p p l i c a t i o n -   P a r t   2
J a n u a r y   1 5 ,   2 0 1 4