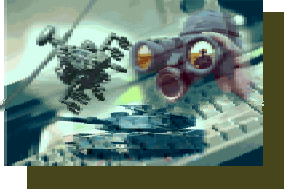


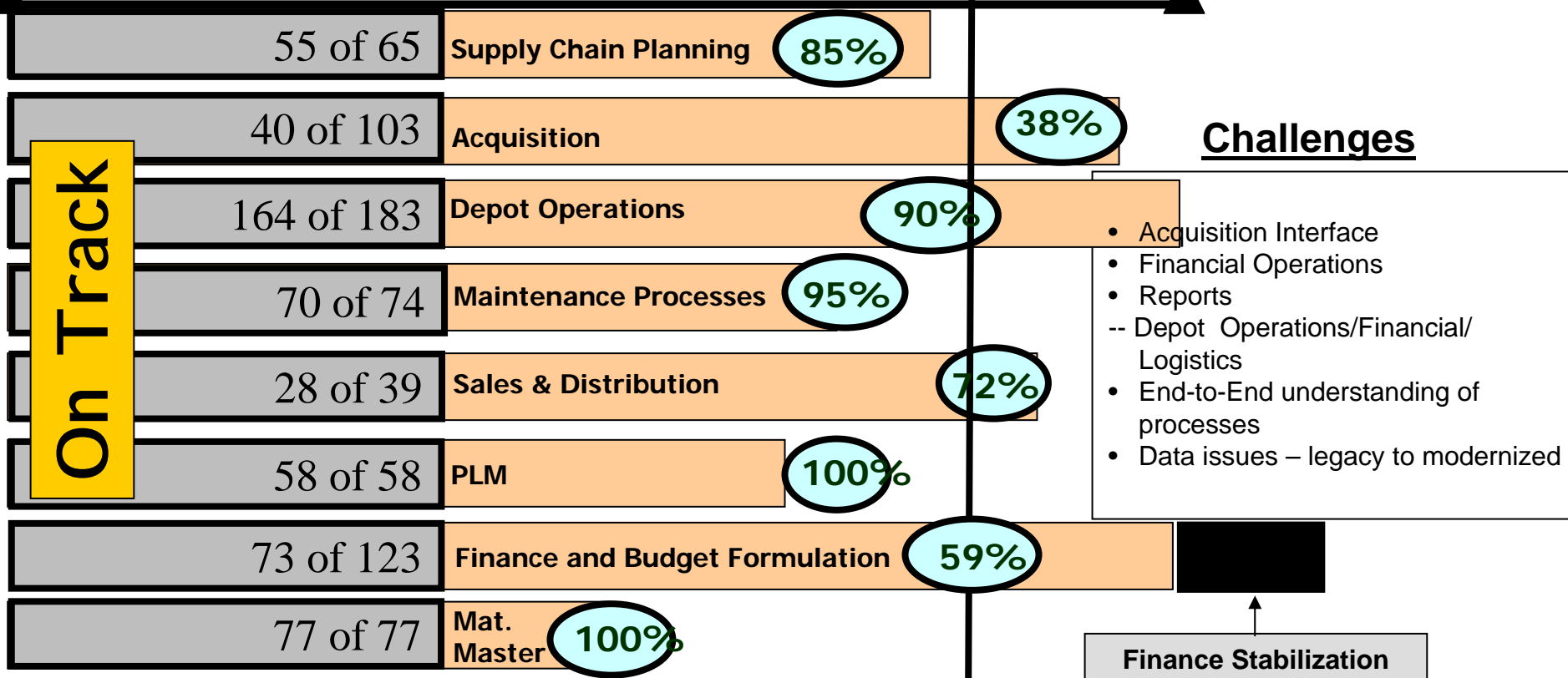
Key Challenges & Stabilization Activities



17 Sept 04

Mar 04 | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec 04

Total Integrated Schedule Timeline



On Track

Challenges

- Acquisition Interface
- Financial Operations
- Reports
- Depot Operations/Financial/Logistics
- End-to-End understanding of processes
- Data issues – legacy to modernized

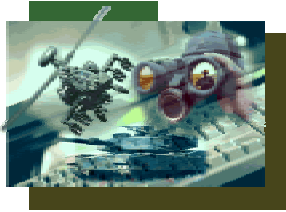
Finance Stabilization Exit Criteria includes 45-day operational review period after solution stabilized

Percent Finished

PLM = Product Lifecycle Management

LMP


Depot Key Stabilization Issues



- ◆ **Be Prepared-Train-Train and Train Some more**
- ◆ **Cultural Change Can't Be Understated**
- ◆ **All Need To Understand The Business Processes**
- ◆ **Problems We Didn't Anticipate:**
 - **Cost Plans**
 - **Materiel Masters**
- ◆ **Legacy System Shut Down At Go-Live**
- ◆ **Dedicated Team-Assign Your Best And Brightest**

Principal Lessons Learned

- ◆ Senior Leadership's Unwavering Management Support and Involvement can't be underestimated
- ◆ Data Migration and Conversion are projects within itself
 - "SAP is unforgiving" is an understatement
 - Establish data "Guru's"
 - Start cleaning your data early and often
- ◆ Test your business processes
 - Test from end to end with new integrated business scenarios and interfaces
 - It takes time. SAP is a complex system used to solve complex problems
- ◆ Strong Dedicated Project Team/Leadership
 - Staff adequately with Government Subject Matter Expert's (SME's) who know our business and are respected in their organization. These people are needed for development, test, training, deployments, sustainment, and will become the projects and command's greatest assets
 - Don't under estimate the impact of "issues" and issue resolution process
- ◆ Minimize interface development
 - Subsume wherever possible
 - Less is better



Process
Ownership
Is key!

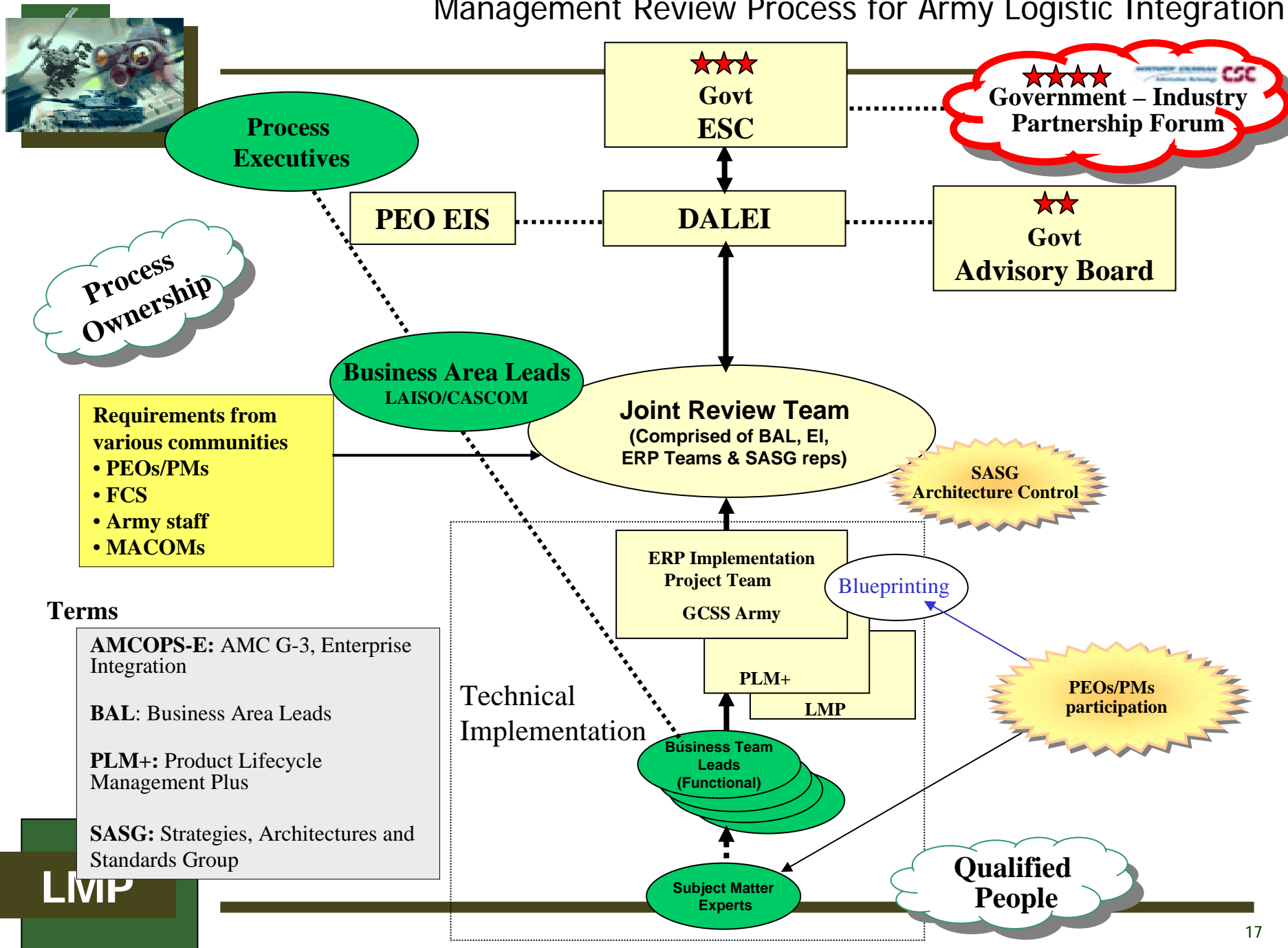


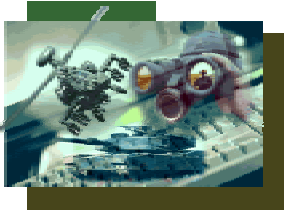
LMP

Principal Lessons Learned

- ◆ Effective Organization Change Management
 - You cannot over-communicate
 - ◆ Middle managers need more direct involvement
 - ◆ A cell of Expert Users at the deployment site need to be dedicated full time and be your true first line of defense for Users problems
 - You cannot over-train
 - ◆ Spend a lot of time documenting the new business processes
 - ◆ Spend a lot of time training the new business processes, people learn to execute transactions quickly, but they must understand what they are doing with the integrated processes and how they affect others
 - ◆ Need Government SME's in class to make conversation from legacy to SAP
 - Expectation Management – Prepare ALL that there will be bumps in the road, unexpected problems and high frustration levels
 - It is critical that the business users start to take on the “ownership” of the success of the implementation at their site. Success is everyone's goal
- ◆ Users need on-going post “go-live” support until system, people and new business processes are stabilized
 - Go-Live is just the beginning, SAP is a new way of life
 - This is a HUGE change for our users everything looks and works differently from the way they did it before

Management Review Process for Army Logistic Integration



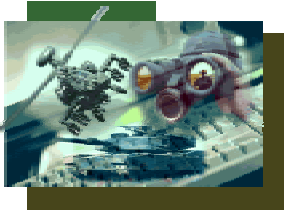


Other DoD SAP Implementations

- ◆ Navy Convergence (4 Pilots completed) – NAVSUP SMART (Supply), NAVSEA NEMAIS (Regional Maint, Project Systems and Human Resources), NAVAIR SIGMA – (Prog Mgmt), SPAWAR CABRILLO (Warfare Center Mgmt)

- ◆ DLA Business Systems Modernization (BSM)
 - Procurement
 - Order Fulfillment
 - Financial Management
 - Inventory Management
 - Item Cataloging
 - Planning (Supply & Demand Planning (Manugistics))

- ◆ Army
 - ARDEC Picatinney eNOVA (Product Management)
 - GCSS-A – (Retail Logistics)
 - Medical Materiel Agency – (Medical Assemblies and Kits)



- ◆ First priority still remains Stabilization Planning and Execution at Pilot Sites
- ◆ Stabilization Critical to Successful Follow-on Deployments
- ◆ It's a Long Hard Road