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## Business Case

**Project Name:** FFEL System Retirement

**Channel:** Financial Partners

**Project Sponsor:** John Reeves

**Project Lead:** Anna Allen, FFEL Systems, Financial Partners

### Project Description

The FFEL System Retirement and archival procedure project will identify monetary and non-monetary savings for SFA with respect to operating the current FFEL systems. The project represents a major step toward replacing some or all components of the FFEL system. Ultimately the goal is for SFA to realize annual savings from the FFEL system contract that currently extends through December 2001. It is expected that a key output of the analysis project, a value proposition for replacing some or all components of the FFEL system, will provide the basis for understanding annual cost savings for SFA over the next three to five years.

#### **What is the purpose of the initiative?**

One purpose of this initiative is to assess the requirements for archiving some or all components of the FFEL system that are now incorporated in new systems. The ultimate purpose of the project is to position the Financial Partners Channel to discontinue the use of the FFEL system when the current FFEL maintenance contract expires in December 2001.

As one of SFA's major legacy systems, the FFEL system contains information that is used by many other areas within SFA, the Department of Education, and external groups. As new systems are implemented or enhanced, data elements or data currently created or captured in the FFEL system may be obsolete, or captured by alternate systems. In addition, information that was transferred between the FFEL system and other systems will be targeted for appropriate alternate source. Once the analysis of the FFEL system structure is completed within the scope of this project, recommended solution(s) will be evaluated and those determined to meet specific SFA objectives will be implemented.

#### **What is the scope of the initiative, including what it is not?**

The scope of the FFEL System Retirement project involves two phases. The first phase will focus on analyzing and planning the retirement of the FFEL system. The second phase will focus on the development and implementation of approved solutions for the retirement of the FFEL system. This approach will leverage work completed by any previously completed Financial Partners Re-engineering efforts. Quality assurance reviews will occur throughout each phase of work and will involve monitoring of these processes to ensure compliance, integrity, and component interface reliability.

#### PHASE I

This phase will involve four major efforts:

- FFEL System Retirement: IPT Set-up – The Financial Partners channel will create an Integrated Product Team (IPT) to provide structure and support in the diverse phases and decisions of



stakeholders in the FFEL System Retirement project. The IPT team shall determine the appropriate participants and stakeholders to ensure inclusiveness and the ability to expand involvement in the event subsystem or process impacts are determined during analysis. This involves engaging, at a minimum, participants from Financial Partners Channel, Schools Channel, Students Channel, eCAD/CIO, CIO IT Services, CIO IT Management, SFA CFO, ED CFO, ED Budget and other affected areas within the user community. The process will require a QC function to ensure integrity to processing, sequence plans and System Retirement structure in addition to the archival and access methodologies for retired data. This segment of work will focus on organizing the team, defining a charter, configuring business and technical project managers, the role of the Modernization Partner for Financial Partners, establishing a communication plan, initiating a work breakdown structure and conducting the FFEL System Retirement IPT kick-off.

- FFEL System Retirement: Analysis -- This segment involves identifying opportunities and defining functional requirements in order to replace, reassign, or eliminate components of the FFEL system. This will include the identification of specific target systems/processes for supporting existing FFEL system functionality. Included as a component of this business analysis would be a thorough business process and mapping matrix identifying redundant, replaced or eliminated structures and support system components.
- FFEL System Retirement: Business Case Development -- This segment of work would involve developing a business case for replacing some or all components of the FFEL system. Included as part of the business case would be a comprehensive cost benefit analysis that would provide unit cost and related SFA PBO benefits to be derived from the FFEL System Retirement and adjunct system retirements that would realize direct and indirect savings.
- FFEL System Retirement: Retirement Planning -- This segment of work would involve determining the approach and schedule for retiring some or all components of the existing FFEL system. This analysis will involve identifying the tasks necessary to archive all data resident in the FFEL system for those operational subsystems being retired in whole or in part. This task will leverage any applicable information developed during the FMS Phase III conversion process

## PHASE II

The specific focus of the second phase will involve the actual retirement of the FFEL system and include migrating data elements from the following FFEL business functions:

- GA Payment Process
- Lender Payment Process
- Debt Management and Collections Process
- Other functionality supported by the FFEL system and not addressed by the above functionality

### **What is the start date and end date of the initiative?**

It is anticipated that the first phase of the project will begin on November 3, 2000, and end on March 30, 2001. Phase two would potentially begin on April 1, 2001 and end on November 30, 2001.

### **What other business areas/external groups are affected by the implementation of this initiative and how are they affected?**



The business areas/external groups impacted by the implementation of this initiative are:

- Financial Partners Channel – Financial Management group
- Financial Partners Channel – Contract Management group
- Financial Partners Channel – Partner Liaison (regions)
- Students Channel – Debt Collections Services
- Schools Channel
- SFA CFO
- ED CFO
- NACHA
- NCHELP Ops
- NCHELP Debt Management
- SFA related professional associations (data access/use)
- SFA Contract Acquisitions area
- SFA CIO
- PEPs Staff
- External entities currently receiving FFEL data
- NSLDS Staff

**What systems are impacted by the implementation of this initiative and how are they impacted?**

The following comprises a brief overview of the FFEL systems and related processes:

- Debt Management and Collections System (DMCS) - The DMCS is the largest component of FFEL Systems. This system consists of 21 subsystems that support assignment, collection activity, record maintenance and reporting of various outstanding debts.
- Lender and School System - The Lender and School System supports the calculation of interest benefits and special allowance requests submitted by participating lenders. This system also supports the processing of Federal Claims and Loan Assignments.
- Guaranty Agency System - The Guaranty Agency System supports collection and processing of guaranty agency portfolio data.
- Support and Maintenance System - The Support and Maintenance System comprises the various Project level support and maintenance programs and activities such as accounting interface for FFEL financial reporting to the Department’s financial ledger system, Quality Control, Management Reports and Invoicing

The overall FFEL processing environment is further supported by two additional components (some adjunct activities may reside in offline data files):

- Student Loan Processing Center (SLPC) - The SLPC is responsible for various manual activities within the FFEL System Support Project.
- FFEL Perkins Support Project Customer Service Center (CSC) - The CSC is accountable for the collection, tracking and response to inquiries relating to hardware, system software, application software, procedures, production processing, user access, etc.

Other systems and interfaces impacted by this project implementation include, but are not limited to:

- SFA – FMS
- DL – Origination
- EDCAPS
- GA Community
- Federal Agencies (IRS, DOJ, Treasury FMS, HHS, OPM, DOD, USPS)
- PEPS
- DL- Servicing
- Lenders Community
- Contract Collection Agencies
- NSLDS
- DL – Consolidation
- School Community
- Employers under AWG
- PIC
- ECMC
- Servicer Community
- Credit Bureaus

Operating environments impacted: VDC



**What business processes are impacted by the implementation of this initiative and how are they impacted?**

The business processes impacted by this initiative are:

- Guaranty Agency Payment and Cash Management (including Forms 2000)
- Lender Payment and Cash Management
- Common Third Party Interfacing

**Technologies Used**

The Financial Partners Channel, Mod Partner and CIO-eCAD will work together to determine what appropriate technology, if any, should be used to implement the project.

Name/type	Proposed use	Where has this technology been used at SFA before?	Does this Technology fit SFA's Architecture Standard? Explain.	Does SFA have the technical expertise to implement this technology? Why?
N/A				

**Benefits**

With the implementation and enhanced functionality of the FMS Oracle based system, portions of the FFEL system, which have been supplanted by this new development, may become redundant or obsolete. Thus, the key benefit of the FFEL System Retirement project will be to increase efficiency by reducing the manual effort of maintaining duplicate data and eliminating a redundant system.

**Reduce Unit Cost**

Quantified Benefit (\$)	How will benefit be measured/realized?	When will benefit be realized?
Identification of areas to reduce duplication of functionality and eliminate outdated functionality	<ul style="list-style-type: none"> <li>• Baseline Measurements</li> <li>• Identify Net Cost Savings</li> <li>• Identify savings from termination of FFEL Contract</li> <li>• Identify cost to modify other systems</li> <li>• Transfer FFEL functionality to more modern systems</li> <li>• Reduce redundant and outdated functionality</li> </ul>	Retirement of the FFEL system/maintenance contract
<i>Assumptions</i>		
<ul style="list-style-type: none"> <li>• Availability of technical information and access to FFEL, FMS, PEPS, NSLDS, VDC and other systems as they are identified</li> <li>• Any changes to the workplan and/or schedule must be agreed to by the General Managers, CIO and the Modernization Partner</li> </ul>		



- The efforts involved with the FFEL System Retirement project will need to be coordinated with other initiatives within the Financial Partners Channel as well as other Channels within SFA

**Increase Customer Satisfaction**

Quantified/Qualitative Benefit	How will benefit be measured/realized?	When will benefit be realized?
Identification of areas to lower unit cost for processing financial transactions	<ul style="list-style-type: none"> <li>Transfer FFEL functionality to more modern and user friendly systems</li> </ul>	Retirement of the FFEL system/maintenance contract
<i>Assumptions</i>		
<ul style="list-style-type: none"> <li>Availability of technical information and access to FFEL, FMS, PEPS, NSLDS, VDC and other systems as they are identified</li> <li>Any changes to the workplan and/or schedule must be agreed to by the General Manager and the Modernization Partner</li> <li>The efforts involved with the FFEL Retirement project will need to be coordinated with other initiatives within the Financial Partners Channel as well as other Channels within SFA</li> </ul>		

**Increase Employee Satisfaction**

Quantified/Qualitative Benefit	How will benefit be measured/realized?	When will benefit be realized?
Identification of areas to lower unit cost for processing financial transactions	<ul style="list-style-type: none"> <li>Transfer FFEL functionality to more modern and user friendly systems</li> </ul>	Retirement of the FFEL system/maintenance contract
<i>Assumptions</i>		
<ul style="list-style-type: none"> <li>Availability of technical information and access to FFEL, FMS, PEPS, NSLDS, VDC and other systems as they are identified</li> <li>Any changes to the workplan and/or schedule must be agreed to by the General Manager and the Modernization Partner</li> <li>The efforts involved with the FFEL Retirement project will need to be coordinated with other initiatives within the Financial Partners Channel as well as other Channels within SFA</li> </ul>		

**Estimated overall dollar amount of all benefits listed above.**

The benefits are tied to annual savings from the retiring of the FFEL system/maintenance and support contract.

Quantified Benefits					
BY	BY+1	BY+2	BY+3	BY+4	Total
0MM	10MM	14MM	14MM	14MM	52MM
<i>Assumptions</i>					



- Benefits are general estimates based on cost avoidance due to retirement of the FFEL system/maintenance support contract
- Benefit year begins November 2000
- Does not include any new functionality, system, or require and operational support

### Costs

Provide costs, including those to implement the initiative and the costs to support it over its useful life.

COSTS						
	BY	BY+1	BY+2	BY+3	BY+4	Total
<b>Development</b>	Phase 1 - \$750,000 Phase 2 - \$1,500,000	0	0	0	0	\$2,250,000
<b>Operations</b>						
<b>Prod. Proc</b>	0	0	0	0	0	0
<b>Key Pers.</b>	0	0	0	0	0	0
<b>Ad Hoc</b>	0	0	0	0	0	0
<b>Sys. Maint.</b>	0	0	0	0	0	0
<b>Telecom.</b>	0	0	0	0	0	0
<b>Data Center</b>	0	0	0	0	0	0
<b>Sub. Ops</b>	0	0	0	0	0	0
						0
<b>Total</b>	\$2,250,000					\$2,250,000
<i>Assumptions</i>						
<ul style="list-style-type: none"> <li>• Benefit year begins November 2000</li> <li>• Does not include any new functionality, system, or require and operational support</li> <li>• Costs include the phase one analysis and design and the Phase II implementation</li> <li>• Phase I analysis will determine the extent of the de-conversion and implementation requirements based on final scope of work and usable data from prior completed initiatives</li> </ul>						

### Total Cost of Ownership

What is the level of required enhancement after implementation?

N/A

What is the life span of this initiative?

The life span of this initiative is 12 to 13 months.

### Alternatives



**Discuss what could be done in place in this initiative and describe the consequences of each alternative.**

Alternative	Consequence
Remain as-is	Efficiency will continue to decrease due to the increase in duplicate data in the new and redundant systems
Non-technology solution	Performance of repetitive paper based tasks could lead to a negative impact on Employee Satisfaction and the quality of the data
Enhance an existing system	Unit cost could increase due to the resources that would be needed to improving and maintain inefficient and outdated systems
Implement on a smaller scale	Unit cost could increase due to operating redundant systems holding duplicate data. Prep systems for transfer of data and ownership. Begin system archive.
Other	

**Risks**

Risk	Description of Risk	Mitigation Strategy
Financial	The FFEL System Retirement Project is tied to a sole source 15-month extension, it will be critical to maintain and manage the project based on a set schedule	Any changes to the workplan and/or schedule must be agreed to by the General Managers, CIO and the Modernization Partner
Technology	Access to the FFEL, NSLDS and other systems are not provided as required	Availability of technical information and access to FMS, PEPS, NSLDS, FFEL, FP Data Mart, VDC and other systems as they are identified
Scope	The FFEL System Retirement Project will be based on a set Milestones and a workplan	Regularly scheduled touchpoint meetings will be held to review progress of work as indicated in the workplan and to address and resolve issues impacting scope and Milestones in a timely manner
Management	Project is dependent upon executive sponsorship, timely review and signoff of material, and the ability to acquire staff and resources within an IPT structure to complete the work effort	Senior leadership and IPT participants will plan to be involved consistently throughout this phase of the work
Exposure	It will be critical for the team to determine the effects of the re-architecture on FFEL	The efforts involved with the FFEL System Retirement project will need to be



	functionality, insuring that all functionality under the FFEL contract (Guaranty Agency Payment - FMS Phase II, Lender Payments - FMS Phase III, Debt Management Collections Systems and other functions) is incorporated somewhere in the new architecture	coordinated with other initiatives within the Financial Partners Channel as well as other Channels within SFA. Some areas in which coordination will be required include: FMS Phase III, the re-design of Lender Payment Processing, and the Financial Partners Data Mart
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**Acquisition Strategy**

**Sources** (Indicate the prospective sources of supplies or services that can meet the need of this project. List the most likely offerors for the requirement, and/or the manufacturer and model of the equipment that will most likely be offered).

Mod Partner with the assistance of Raytheon and Financial Partners personnel will provide the services to perform the analysis. SFA CIO will identify the applications and software that will be utilized.

**Competition** (Describe how competition will be sought, promoted, and sustained throughout the course of the acquisition, including any performance requirements that will be required).

N/A

**Contract Considerations** (For each contract contemplated, discuss contract type selection; use of multiyear contracting, options, or other special contracting methods, ex: performance-based).

The work in the first phase will be performed on a Firm Fixed Price basis with performance incentives. Payment is deliverable-based and will be invoiced upon completion and according to the Price Summary page in the corresponding Cost Proposal. It is expected that the work for the second phase could be arranged as part of a “shared savings” value-based agreement. This payment arrangement potentially would allow FP to use operational savings to cover the cost of de-converting the FFEL system.

**Schedule/Milestones (including acquisition cycle)**

#	Milestone	Start Date	End Date
<b>Phase I</b>			
1	FFEL System Retirement IPT Project Charter - deliverable package will include an IPT charter, organization chart, project team roster/contact list, meeting schedule, and workplan for the analysis effort	11/3/00	12/15/00
2	FFEL System Analysis - deliverable will contain functional cross walks and a system mapping listing all FFEL functions, processes, reports, and technology prioritized by importance	12/15/00	1/31/01
3	FFEL System Retirement Business Case - deliverable will contain a list of FFEL components that are recommended for Retirement as well as potential changes or improvements to the existing FFEL system, including a value proposition summarizing costs, benefits, and risks	1/8/01	2/28/01
4	FFEL System Retirement Plan - deliverable will include a recommended approach and schedule for de-converting some or all components of the	3/1/01	3/14/01



	existing FFEL system		
<b>Phase II</b>			
5	FFEL System Retirement Technical Design	4/1/01	6/15/01
6	FFEL System Functionality Replacement requiring (Coding)	6/1/01	9/1/01
7	FFEL System Functionality Replacement Integration Test	7/15/01	9/15/01
8	FFEL System Retirement Planning	9/1/01	11/15/01
9	FFEL System Shutdown	11/15/01	11/30/01