



*“We Help
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*SFA to the Internet
Share-in-Savings Business Case
IRB Presentation
April 24, 2001*



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Project Overview

Objective

- Focus on a quick replacement to the TIV WAN and move SFA data transmissions to the Internet
- Reduce costs with minimal changes to customers and SFA legacy systems

Business Area Focus

- Network and data transmission services for over 7000 Title IV schools and third party servicers (destination points)

Capabilities to be implemented

- Data transmission via Internet: bTrade

Modernization Partners

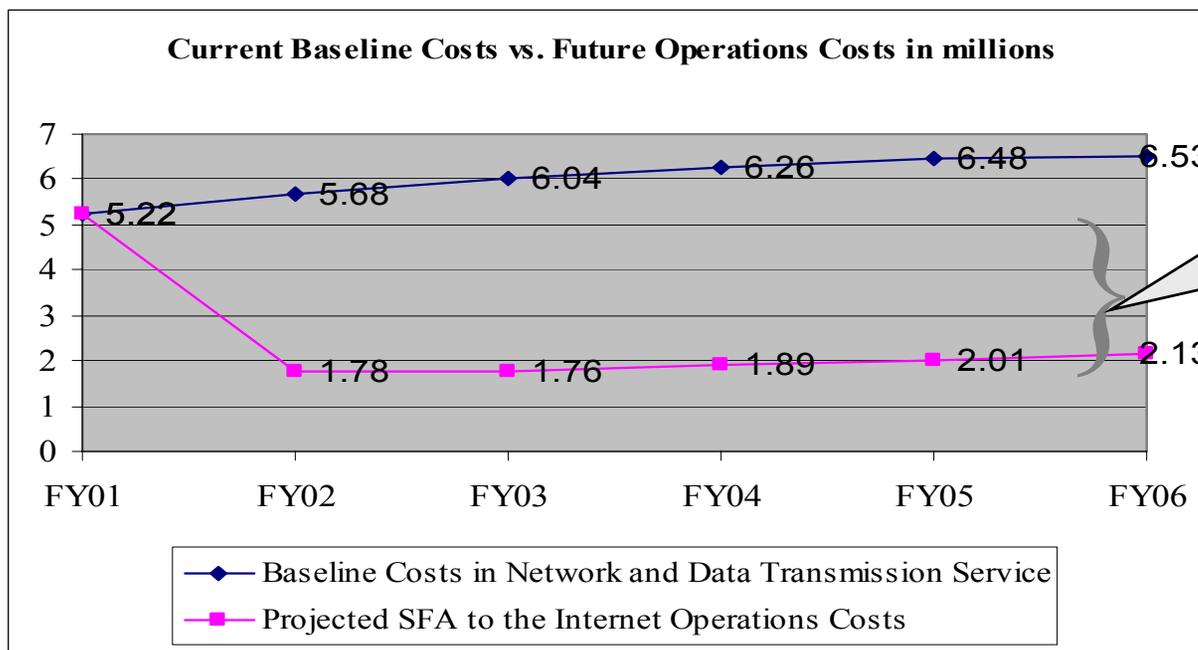
- Accenture: Manages and leads the project
- NCS Pearson: Leads the technical development and CPS modification
- EDS: Direct Loan Origination Application modification
- ACS: Direct Loan Servicing System, RFMS and PGRFMS modification
- UAL: Campus-based Application modification
- Raytheon: NSLDS Application modification



SFA to the Internet Benefit Highlights

- \$ 0 SFA upfront expenditures – Share-in-Savings (SIS) effort
(The VDC development cost of \$396,000 is not part of the SIS, this cost will be funded by SFA)
- Dramatic reduction in unit costs to SFA while ensuring continued customer satisfaction by providing non-disruptive internet solutions
- Minimization of operating costs through consolidation of operations and systems
- SFA has the potential to realize an estimated \$21 million in savings over the next 5 years with the implementation of SFA to the Internet (prior to SIS payout to modernization partners)

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Cost Drivers and Savings

Cost Driver	Solution	Savings
Data Transmission charges at \$0.08 per kilocharacter via TIV WAN - Cost paid to GEIS - Cost to maintain the enterprise system - Cost to maintain the network infrastructure	bTrade	Data Transmission via the Internet will reduce unit cost by \$0.05 per per kilocharacter. The new solution yields a unit cost of \$0.03.

- The savings begin when the first school migrates onto SFA to the Internet.
- The savings are measured by the actual invoice paid by SFA after the migration is complete.
- Planned migration period is between August 16 to December 18, 2001.
- TIV WAN will be turned off on December 18, 2001.

Project Scope

- In order to execute the cutover, the following 4 major activities must be completed.

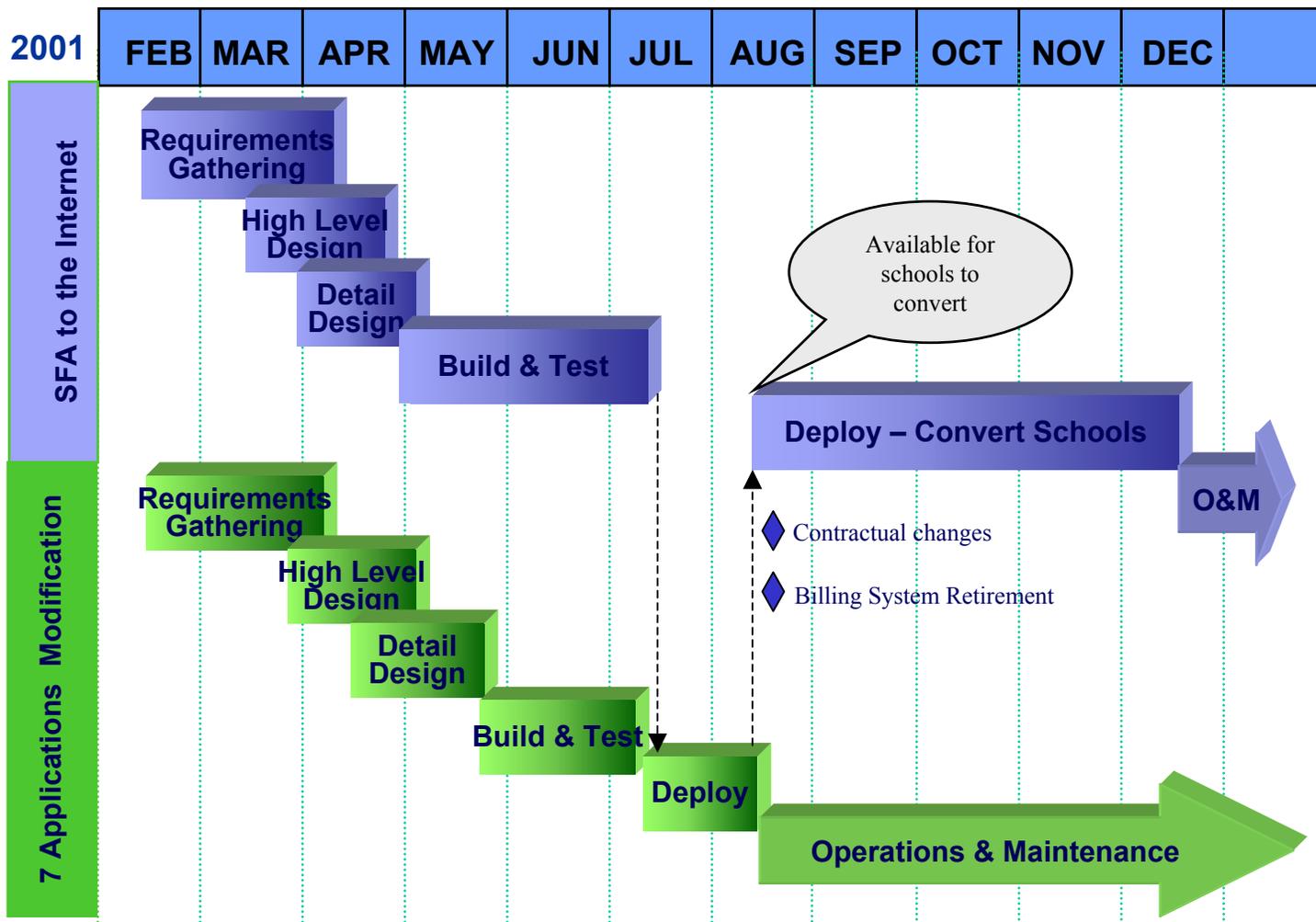
Project Component		Project Activities
1. SFA to the Internet	bTrade development and implementation	<ul style="list-style-type: none"> Acquire bTrade software. Modify EDconnect to utilize bTrade. Roll out new version of EDconnect to schools. Provide migration support during implementation.
2. Applications Modification	Modifications of DLSS, DLOS, NSLDS, PGRFMS, RFMS, CPS, Campus-Based Application	<ul style="list-style-type: none"> Modify 7 legacy applications to ensure smooth data communication.
3. Contractual Changes	Product Distribution	Transition into CPS contract. Transition cost is covered by proposed SIS contract. After transition, no cost increase or savings is expected.
	Participation Management	Transition into CPS contract. Transition cost is covered by proposed SIS contract. After transition, no cost increase or savings is expected.
	799 Lender Reporting	FMS will pay the mailbox charge at \$1200 per year. No systems enhancement will be made. Zero dollar cost in transition. After transition, no cost increase or savings is expected.
4. Billing System Retirement	Retirement of the Billing System	Retirement of the Centralized Billing System. Zero dollar transition cost, and minimal savings will be achieved. The savings achieved are not counted as part of SIS savings.

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Project Timeline



O&M – Operations and Maintenance

◆ - Milestone



Communication Strategy with Schools

Established SFA to the Internet Focus Group comprised of 20 Universities

Held a Focus Group Meeting with 20 Financial Aid Administrators on April 17th to:

- Walk through SFA to the Internet Migration Plan
- Discuss Student Aid Internet Gateway (SAIG) enrollment web site
- Review participants feedback

Provide periodic progress report to schools

Provide migration FAQ updates via website

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Contracting Approach

Development of components of Share-in-Savings Arrangement

- Sign off Baseline Costs by CFO ✓
- Establish SFA to the Internet Share-in-Savings Steering Committee ✓
- Determine shared savings between Mod Partners and SFA
- Issue Share-in-Savings Contract
- Modify existing legacy CPS and CSC contracts to reflect the changes
- Issue Task Order
- Execute Project

Legend: ✓ = completed