Appendix C

Summary of Related SFA Projects

This appendix provides a brief description of the current SFA projects that relate to the FP Channel reengineering efforts and include:

- Financial Management System (FMS) Project
- CAM/CCI Project
- FP Channel Risk Modeling Project
- Ombudsman CRM Project
- FP Channel Enabling Technologies Projects
  - ⇨ Data Warehousing
  - ⇨ Imaging/Document Management
  - ⇨ Common Third Party (Middleware)
- Enterprise-level Contract Management Project

FMS PROJECT

Description

The Higher Education Act as Amended in 1998 created a Performance Based Organization (PBO) for student financial assistance within the Department of Education (ED). One of the three interim objectives of the PBO is to reduce the overall cost of delivering student aid. An indicator of success in accomplishing this objective is to design an integrated, Joint Financial Management Improvement Program (JFMIP) compliant financial management system that supports SFA, is appropriately integrated with the ED-CFO financial management system and is at a level that is consistent with the SFA Modernization Blueprint.

Purpose

A key business requirement of the financial management function within the modernization document is an integrated JFMIP compliant financial management system that manages the flow of financial information across all of SFA's information systems. In the future, in order to perform new PBO specific financial management functions mandated by legislature, SFA will need its own best in business integrated financial management system. The first step in this process is to develop a detailed architecture design for the SFA Financial Management System. The implementation phases will follow.

Scope

Phase I was a task that resulted in the design of the SFA Financial Management System. The design was accomplished in alliance with the current financial management system design and sequencing plan as published in the September 30, 1999 version of the Modernization Blueprint. This task built upon the concept of operations provided by PricewaterhouseCoopers. There were four tasks performed in this Phase I effort:

Task #1 – Validate the Concept of Operations for the SFA Financial Management System. The validation of the Concept of Operations will include an analysis and subsequent recommendations on the following:

- The Target SFA Enterprise-wide Financial Management System and its related functionality
- The Target SFA operations for each major program area:
  - Direct Loan Program operations (DL)
  - Federal Family Education Loan Program operations (FFEL)
  - Pell Grant Program operations (Pell)
  - Campus Based Program operations (CB)
  - Leveraging Educational Assistance Partnership Program operations (LEAPP)

Task #2 – Complete the design of the SFA Financial Management system based upon the validation of the concept of Operations and utilizing Oracle Federal Financials

Task #3 – Analyze and evaluate options for SFA FMS licenses costs (Oracle Financial Financials)

Task #4 - Analyze the financial impact and develop a Business Case for the new Financial Management System. This task will identify up to two segments of the financial management system that can be pilot implementations to indicate rapid implementation successes and define conversion strategy to the SFA global Financial Management System.

Phase II is the implementation of two "Quick Hits" (pilots) identified in the predecessor Phase I task. These two pilots will provide the proof of concept of the design task emanating from Phase I.

Phase III will result in the complete implementation of the enterprise-wide single, centralized, integrated Financial Management System for SFA. The enterprise-wide FMS will encompass all programs and integrate budget and cost data to provide the complete financial information from a single source.

Subsequent Phases beyond the completion of Phase III in September of 2001 will work toward the full integration of all reengineered Program based subsystems within SFA.

Start & End Dates

Phase I.	Start Date:	October 15, 1999
	End Date:	March 31, 2000
Phase II.	Start Date:	March 1, 2000
	End Date:	September 30, 2000
Phase III.	Start Date:	June 1, 2000
	End Date:	September 30, 2001

Impact

People: Will provide all SFA employees and customers a single source for accessing timely, accurate and consistent financial data.

Process: Will be a single, centralized, integrated Financial Management System utilizing a COTS application and incorporate functionality across all program areas.

*Systems:*Will phase-out existing, disparate, stovepipe, program specific financial systems.

CAM/CCI PROJECT

The Common Claim Initiative (CCI) is a joint project between the National Council of Higher Education Loan Programs (NCHELP) and the Student Loan Servicing Alliance (SLSA). The goal of this initiative is to standardize and automate the pre-claim and claim filing processes for guaranty agencies, lenders and servicers. The basis for this automation is the Common Pre-claim and Claim forms which have been approved and published by the Common Manual.

CAM is an event-driven, transaction-based reporting process for lenders, guaranty agencies and their respective servicers that facilitates the exchange of person-, loan- and disbursement-level information in a standardized electronic format. The CAM records are designed to enable a standard electronic exchange of data for all post-guaranty processes. CCI Pre-claim Records add to the functionality of the CAM process; allowing for the common data exchange of pre-claim request information.

As with CAM, each guarantor will establish a date on which it is ready to trade pre-claim records. This date is referred to as the G date. Guarantors must establish their G date at least two, but not more than twelve, months after the final release of the documentation. The implementation schedule for CAM-CCI records is based on a G + 6 schedule, where trading partners are allowed up to six months after each guarantor's G date to begin exchanging records in the CCI format. This schedule will ensure that all guarantors and their trading partners will be fully compliant with CCI requirements within 18 months of final publication of the records.

The CCI Initiative is a part of CAM (Common Account Maintenance). As with the other CAM records, the claim records also support event-driven, transaction-based reporting processes for lenders, servicers and guaranty agencies. This portion of the CAM file facilitates the exchange of claim information in a standardized electronic format and is intended to complement the Common Claim form.

FP CHANNEL RISK MODELING PROJECT

The Risk Modeling project will result in the design and implementation of monitoring tools to improve the oversight of lenders, guarantors and state agencies (e.g., risk modeling, profile development, performance measures and improved fraud detection).

A Risk Modeling and Tracking system will be used as the basis for selection and review criteria for the Guaranty Agency, Lender and Servicer Reviews conducted by SFA FP Channel. This system will allow for the tracking of review results by entity and will provide the ability to perform trend analysis for tracking performance over time and across GAs, Lenders and Servicers.

Goals	Key Success Indicators
Identify best in business practices and technology.	Enhanced monitoring capabilities and improved employee and customer satisfaction rating.
Reengineer processes and technology to be more efficient and cost effective.	Eliminate manual processing and improve customer satisfaction and increase employee satisfaction
Develop and implement new processes and work procedures.	Employees and systems are performing reengineered processes.

Phase I of this project will include a conceptual design for the risk modeling function. This deliverable will include best practices around risk modeling and risk profiling.

OMBUDSMAN CRM PROJECT

Ombudsman cases will initially be generated via a phone call which will be taken primarily by a group of agents in one of two call centers, Direct Loan or PIC. In the call centers there will be an initial screening of the call to see if the caller can be referred or given information, which can resolve the call without additional processing. For those calls that are not referred or closed at the call center, the caller will be told that a person will call back from the Ombudsman office to complete processing of the case.

Assignment of cases will be done by the Ombudsman office, based on Ombudsman Specialist skills and workload. Resolution of cases will be done as a result of the Ombudsman Specialist following up with the caller to better understand the caller's requirements, working with other divisions of SFA, lenders and other parties related to the case. Tracking of all steps taken to resolve the case is done using the Ombudsman Case Tracking System.

The following is the current process flow diagram for the SFA Ombudsman:

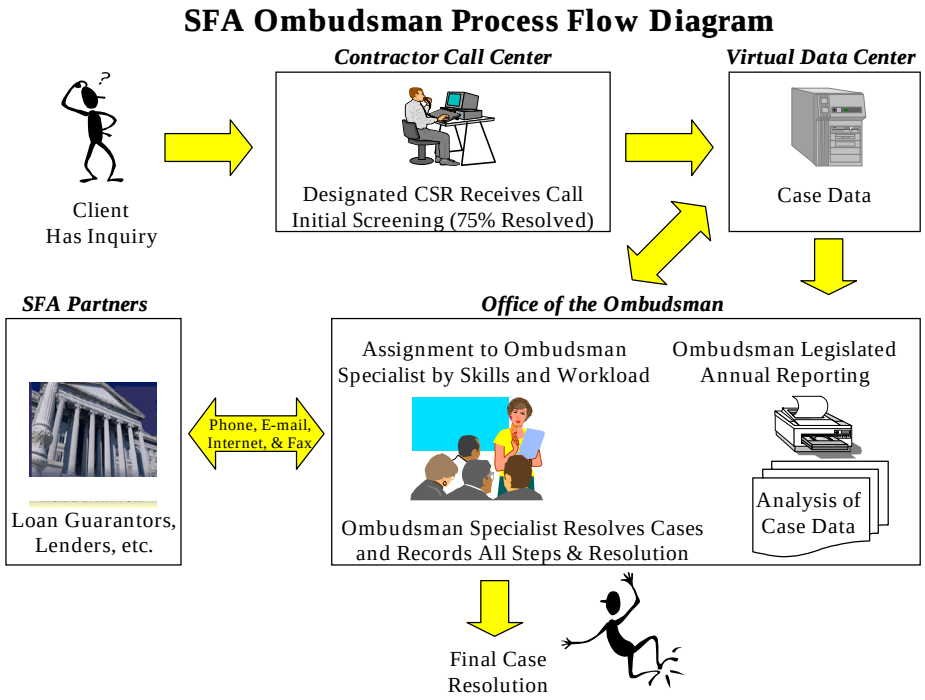


Figure C.3

Reporting Overview

The Ombudsman office is required to produce a report showing the cases handled by the office, the changes recommended by the office and work performed to handle the cases. As there are many groups who will be interested in seeing this report, there is a requirement to present the information in a wide variety of ways. For example, the information may need to be presented by geographic region, lender, loan amount, school/school type, or by case type. The new case tracking system must be able to have reporting information extracted in a way that lets the Ombudsman create reports using standard graphical tools such as Excel or Access.

Requirements of the New Case Tracking System:

- The Case Tracking System must be usable with only minor customization. This would be characterized by being able to install the system, change some field headings and record case histories.
- The Case Tracking System must provide extensive capability to categorize the case in a number of different ways. Examples would be: case type, school type, region, lender, etc.
- The Case Tracking System must track all actions taken to handle the case as specific items in the case history.
- The Case Tracking System must provide key word searches within text fields for information / data analysis.
- The Case Tracking System must provide extensive categorization for each action item taken to handle the case. Examples would be: type of action, parties involved in the action and length of time the action took.
- The Case Tracking System must provide integration to other SFA databases in order to merge information from other application sources.
- The Case Tracking System must provide scripting of questions to be asked of the caller while on the phone based on the type of case being handled and the work process step being handled.
- The Case Tracking System must provide automation of some tasks required to handle a case. Examples would be: form letters, emails and follow-up notifications.
- The Case Tracking System must provide workflow automation including case assignment, task assignments and follow-up tracking.
- The Case Tracking System must provide capabilities to interface to the Internet, IVRUs and other self-service systems to allow case origination as well as case status posting.
- The Case Tracking System must provide extensive management reporting capability. Reporting of case resolution outcomes and processing step outcomes are key management reporting requirements.
- The Case Tracking System must provide a high-level categorization of the items in the system and the ability to report on these items.
- The Case Tracking System must provide customer satisfaction survey mechanisms.
- The Case Tracking System must provide the ability to recognize and alert management of new problem case types as they occur.
- The Case Tracking System must archive data to provide an audit trail of case history information.

ENABLING TECHNOLOGIES

Concurrent with the re-engineering project, the Financial Partners Channel is working on the following technology related projects:

1. Data Warehousing
2. Imaging / Document Management
3. Common Third Party (Middleware)

Although these projects are focused on specific technologies, they were initiated within the Financial Partners Channel to support the business requirements from the re-engineering project. These technology projects are also linked to corresponding technology projects within the CIO organization.

The following sections describe the scope of the three technology projects within the Financial Partners Channel.

Data Warehousing / Data Mart

A data warehouse is a centralized database that collects, organizes and stores data from operational systems to provide a single source of integrated and historical data for the purposes of end-user reporting and analysis. The scope of the current Financial Partners Channel data warehousing project is to conduct the analysis of the business requirements and develop a high level design of the FP Channel data warehouse (the data mart pictured below should be considered the FP Channel data warehouse).

Figure c.1 shows a simplified version of a data warehouse architecture.

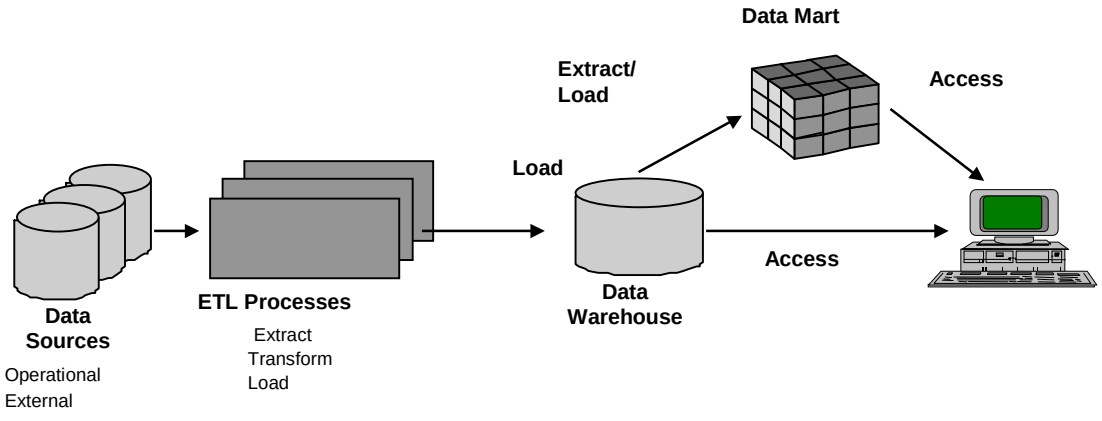


Figure C.1

The following describes the items in Figure C.1.

Data Sources represent the stores of data collected and stored by operational and transaction processing (OLTP) business applications that are the origin of the information required for end-user reporting (e.g., FFEL, FMS, NSLDS, etc).

ETL Process consists of three separate processes: Extract, Transform and Load. "Extract" is the process of extracting data out of the source data store. The Extract process often incorporates parts of the "Transform" process; for example, mappings and conversions – in the same steps as the actual extraction. "Transform" consists of changing the data from the source data store to the target data store format. Transforms encompass a wide variety of processing, including field mappings, conversions, merging (of several source system tables or fields into a single table or field), summarization, cleansing (making fields correct and consistent between different sources) and verifications, to name a few. "Load" consists of loading the data into the target data store.

A data warehouse is an integrated and centralized data store organized specifically for end-user reporting and analytical access. The data warehouse generally consists of enterprise-wide information over multiple subject areas and contains low-level, granular data, kept over long periods of time for historical reporting purposes.

A data mart is a grouping of data specific to a single subject area, department or user class. This data is optimized for fast access and analytical reporting; therefore, the data structures will be highly summarized and indexed.

End-user Access Tools provide the various reporting, analytical and discovery capabilities necessary for users to gain benefit from the data warehouse.

Considering the length of time required to fully implement an enterprise data warehouse, The Financial Partners Channel will initially populate their data mart directly from the data sources using the appropriate ETL process. This will allow the Financial Partners Channel to reap the benefits of the analytical information available from the data mart. After the enterprise-wide data warehouse is available, the process to populate the Financial Partners data mart will be re-evaluated.

Imaging / Document Management

Imaging is the process that occurs in order to create an electronic version of a paper document. Document management deals with the creation, versioning and distribution of all forms of documents. By "documents", we mean traditional office automation files such as Microsoft Office files, as well as emerging document types such as video, voice, image and structured documents such as database tables and news streams. Document management also deals with the management of the data within the documents -- the "meta-data." Wrapped around this is generally some sort of workflow, or (more accurately) routing. By leveraging the power of meta-data searches plus the availability of content searches, document management enables powerful searches with which to find information.

The scope of the current Financial Partners Channel imaging / document management project is to conduct an analysis of the business requirements that the Financial Partners Channel has for this technology. The initial requirements will focus on "documents" that need to be

accessed in a short time frame and those "documents" that need to be accessed by several people. The current scope does not include the workflow component.

The document management system will assist personnel by allowing them to electronically search for information related to the customer's request. If the proper information is captured in the document management system, the customers may receive comprehensive and consistent answers to their questions with only a single contact. In addition, some of the documents may be available to our Partners. If so, they would probably access the documents using the Internet. Providing information on a timely basis to our Partners either through the Internet or through a customer call center supports the mission of improved customer service.

Common Third Party (Middleware)

The CIO organization has a project underway related to an Enterprise-wide Integration Architecture (EAI). The Integration Architecture provides the technology services that enable applications to exchange information via a common, reusable infrastructure. The major objective of the Integration Architecture is to position SFA to become a Service-Oriented Architecture (SOA), thereby eliminating the need to create costly, custom built, point-to-point interfaces. This description incorporates the Financial Partners term of "middleware". The scope of the current Financial Partners Channel middleware project is to conduct the analysis of the business requirements, which will support the Financial Partners Channel.

Figure c.2 shows a simplified version of how EAI relates to other components within SFA.

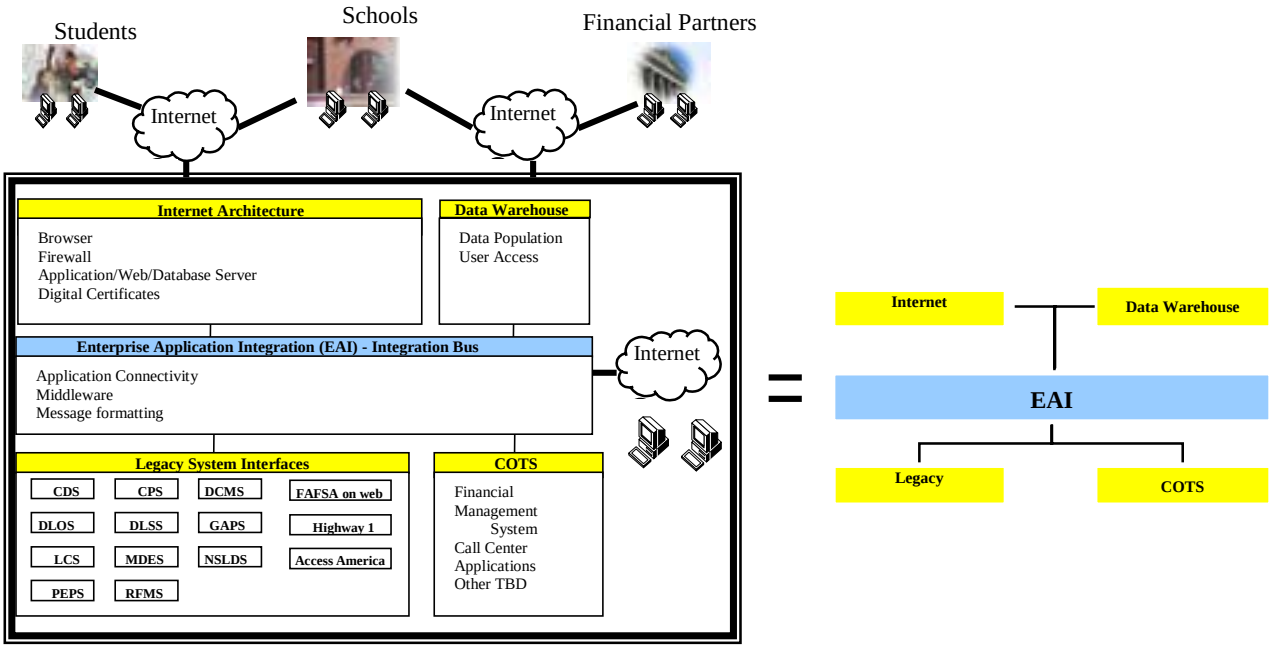


Figure C.2

Access to information contained in each of these technologies will require an appropriate level of security. The Financial Partners Channel will work with the CIO organization as well as its Partners to determine the access requirements.

ENTERPRISE-LEVEL CONTRACT MANAGEMENT PROJECT

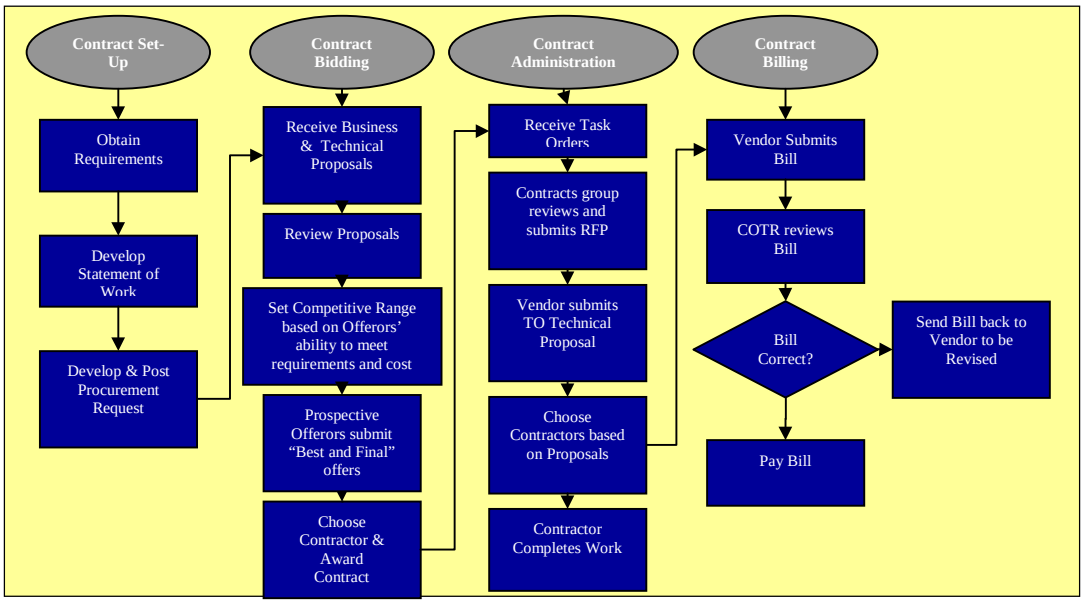
The enterprise-level Contract Management project is a joint effort between the Modernization Partner and SFA to incorporate some flexibility into the current contract acquisition and management processes, as required by 1998 amendments to the Higher Education Act. This reengineering effort is meant to encourage the use of performance-based contracting for all current and future services acquired by SFA. Performance-based contracting will guarantee contract performance that delivers:

- Improved service quality
- Lowered cost for services
- Leverage with contractors to drive increased service quality and / or lower cost
- Agility to adapt contracts to changing program, technology, or service requirements

To this end, the enterprise-level Contract Management project is currently working on developing an Acquisition Process Manual and a Detailed Acquisition Process Flow. These deliverables will provide a step-by-step guide on the acquisition process from strategic planning, through contract management, to performance measurement and monitoring. It will also identify the roles and responsibilities of members of the acquisition team and identify team interfaces with other stakeholders in the SFA arena.

The flow charts below compare the Current Process to the Reengineered Contract Management process. The white boxes represent those process steps that have been "reengineered."

High Level Current Process



High Level Reengineered Process