

**SFA Modernization Partner
Financial Partners Functional and Technical Support**

FP Modernization Services Initial Summary

July 14, 2000

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This Modernization Services Summary is being produced as a deliverable report of the Financial Partners Functional and Technical Support Task Order (#23). The report provides a status update for work covering the period from June 1, 2000 through July 14, 2000. Specifically, the report provides an overview of the work effort, summary status and plans for the next period.

OVERVIEW OF WORK EFFORT

The purpose of this deliverable (as outlined in Task Order 23) is to summarize the Modernization Partners' level of effort and functional/technical support provided to the FP channel. This deliverable specifically documents the key activities/tasks planned, tasks completed, and outstanding issues related to this work. The level of support is intended to assist the FP channel in completing key deliverables (outlined in this document) related to the FP Transformation effort. Modernization Partner resources have provided functional and technical support for several projects within the Financial Partners channel, including:

- Default Reduction Incentives (functional)
- Enhanced Monitoring of Financial Partners (functional)
- Common Third Party Interfacing – Middleware (technical)
- Document/Workflow Management (technical)
- Data Warehouse for Financial Partners (technical)

Our focus has been on the activities aligned with the Analysis and Design phase and did not include implementation of business or technology solutions, which would be addressed in subsequent phases. Much of the work to date has involved data gathering and best practices research. For example, the functional support work effort has involved teaming with FP teams to identify best practices and deliver functional expertise for two existing projects. This work has also included assessing and recommending opportunities to improve SFA's FFEL Default Management process and beginning the design of a solution(s) that will improve the FP risk modeling function.

The technical support work effort has involved gathering data toward the completion of business and technical requirements for three new FP technologies listed above. Our approach has been to work with Financial Partners team leads as well as with the CIO organization, including the eCommerce Application Development (eCAD) group and Data Warehouse IPT (Integrated Product Team) in completing the work.

Now that most of the data gathering and research is near completion, we expect to begin the development of the key work product.

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SUMMARY STATUS

The functional and technical support through July 14, 2000 has largely focused around three areas: 1) Risk Modeling, 2) Default Management, and 3) Technical Requirements for FP data mart, document management, and common third-party interfacing (Middleware) platforms. Key activities included preparing for and conducting workshops, researching besting practices, drafting conceptual design deliverable templates, and conducting meetings to identify requirements.

Below is a summary status by focus area for the work through July 14. Although key documents supporting these activities are not complete, they are available upon request (e.g., workshop summaries, best practices summaries, etc.).

FPT Risk Modeling

Tasks Completed During The Period:

Key Meetings/Workshops

- Conducted workshop for discussion with the Client regarding risk factors, criteria and ratios on Tuesday, June 27, 2000.
- Scheduled follow-up meeting on Wednesday, July 5, 2000, with regional specialist(s) to obtain current SFA data regarding G.A. and Lender performance factors, and data requirements for capturing risk modeling criteria.
- Conducted Risk Modeling Workshop with joint Oversight teams, including Regional Specialists, on Wednesday, July 12, 2000, and discussed risk modeling requirements including performance indicators, risk factors and benchmarks in relation to Oversight requirements and review processes.
- Conducted follow-up meeting on July 13, 2000, with one of the regional specialists to obtain current SFA data regarding G.A. and Lender review data and performance factors, and data requirements for capturing Risk Modeling criteria.
- Met with the FP Risk Modeling lead, Katrina Turner to discuss workshop results and follow-up items.
- Scheduled follow-up workshop to review and refine Risk Model options and conceptual design for Tuesday, July 25, 2000, which will include the joint Oversight teams, including Regional Specialists and Technical Resources.

Data Gathering/Best Practices Research

- Gathered and summarized data for best practices for performance management, benchmarking and risk modeling.
- Gather current SFA data from FFEL system, NSLDS and PEPS to map to data requirements and benchmarking.

Project Planning/Administration

- Developed draft project work plan, time frames and deliverable requirements for presentation to the Client.
- Conducted project initiation meeting with the Client to discuss scope, work effort and deliverables for the project.
- Coordinated the development of risk modeling requirements corresponding with the GA. and Lender reengineering review process effort.

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FPT Risk Modeling (continued)

Tasks Remaining:

- Schedule a meeting with key FP risk model contacts (Greg Senseney and Nettie Harding) to obtain current SFA data regarding GA and Lender performance factors, and data requirements for capturing risk modeling criteria.
- Develop risk modeling options based on input during the 7/12 workshop.
- Continue to research industry and SFA benchmarks for risk management performance indicators.
- Research software options for Risk Modeling and Tracking system.
- Conduct follow-up meetings with key regional and data requirements specialists to discuss risk criteria and measurements.
- Evaluate costs and benefits of the Risk Modeling options, including software options.
- Draft and finalize Risk Modeling Conceptual Design and review with risk modeling team.

Key Issues:

- No Issues remain outstanding at the time of this report.

FPT Default Reduction

Tasks Completed During The Period:

Key Meetings/Workshops

- Developed presentation for default reduction workshop.
- Attended the 2001 Federal Debt Collection Contract Workshop on June 21, 2000.
- Attended NASFAA Conference on July 10 and July 11, 2000 to better understand default reduction strategies in the Student Lending industry.
- Conducted meeting with SFA's DCS group (David Hammond) to obtain current SFA data regarding defaults and debt collection.
- Scheduled two Default Reduction application demos with CACI International and HNC Corporation for Tuesday, July 18, 2000.

Data Gathering/Best Practices Research

- Gathered and summarized best practices within banking industry and student loan sector.
- Conducted meetings with Gary Fisher to obtain current SFA data regarding defaults and debt collection.

Project Planning/Administration

- Developed draft project work plan, time frames and deliverable requirements and reviewed with client FP team lead (Jack Reynolds).
- Conducted team project planning meeting on June 12, 2000 to develop approach, methods and deliverables for the project.
- Conducted project kick-off meeting with the client to discuss project scope, work effort and deliverables.

Tasks Remaining:

- Continue to gather and summarize data for best practices within the banking industry and student loan sector.
- Meet with debt collections vendors (including CACI International and HNC Corporation) to walk through vendor presentations/demos.
- Continue to meet with Gary Fisher to obtain current SFA data regarding defaults and debt collection.
- Analyze delinquency and default data as compared with industry benchmarks.
- Develop default reduction and default prevention recommendations.
- Review current and proposed legislation regarding default prevention and reduction incentives.
- Conduct workshop(s) to compare industry best practices with SFA requirements.
- Draft and finalize Default Management Report and review deliverable with Jack Reynolds.

Key Issues:

- No Issues remain outstanding at the time of this report.

FPT Technical Support

Tasks Completed During The Period:

Data Gathering/Best Practices Research

- Assisted with coordinating efforts within FP channel to collect and summarize requirements to support Data Warehouse and Imaging/Document Management solutions.
- Researched best practices for Data Warehousing, Imaging/Document Management, and Middleware.

Project Planning/Administration

- Developed draft project work plan, time frames and deliverable requirements and reviewed with client FP team lead (Courtland Smith).
- Developed draft of template for requirements matrix deliverable.
- Conducted project kick-off meeting with the client to discuss project scope, work effort and deliverables (Courtland Smith).
- Conducted team meetings with Data Warehouse and Document Management teams to discuss the projects deliverables.
- Established communication channel with eCAD members and worked with Johan Bos-Beijer to identify resources to support each technical area.

Task Remaining:

- Continue researching best practices and leading technologies for Data Warehousing and Imaging/Document Management, and Middleware.
- Meet with CIO representative regarding Middleware as well as with FP team lead Jack Reynolds to confirm scope, objectives, and begin defining requirements.
- Draft and finalize the Requirements Matrix deliverable and review with Courtland Smith, Jack Reynolds, and members of eCAD.

Key Issues:

- Lack of resources - working to secure additional resources to complete work effort.

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PLANS FOR NEXT PERIOD

During the remainder of the project (the next seven weeks) the functional and technical support teams will focus on drafting, reviewing, and submitting 4 key deliverables. The deliverables will include a Default Reduction Management Report, Risk Modeling Conceptual Design, Requirements Matrix and a Final FP Modernization Services Summary. Descriptions and timeframes for these deliverables are summarized in the table below.

Deliverable Number	Deliverable	Description/Acceptance Criteria	Due
23.1.2	Default Reduction Management Report	This deliverable presents recommendations and incentives for reducing debt among lenders and guarantors, including best practices around debt collections.	8/31/2000
23.1.3	Risk Modeling Conceptual Design	This deliverable outlines a conceptual design for the risk modeling function, drawing from best practices on risk modeling and risk profiling in the financial services community.	8/31/2000
23.1.4	Requirements Matrix	This deliverable contains a technical design for the three platforms within Financial Partners and associated technical requirements.	8/31/2000
23.1.5	Financial Partners Modernization Services Final Summary	This document will be delivered as a final report, providing clear executive level status of the FP Modernization effort associated with this task order. Specifically, we will document the key activities, tasks planned and completed, and the results/outcome.	8/31/2000

As issues and risks are identified associated with completing these deliverables, as well as the functional and technical support work effort, the teams will work through the appropriate areas (FP, CIO, Modernization Partner, etc.) to gain resolution. In addition, any impacts to deliverable completion dates will be escalated to the FP General Manager and COTR as necessary.