

Dear Colleague:

I am excited to report our progress in this third edition of SFA's *Modernization Blueprint*. This report outlines the steps we've taken in the last six months to transform SFA into a performance-based organization. The blueprint also talks about the steps we will take on our path to fulfilling our goal to improve service to students while cutting the overall cost of financial assistance.

Our mission is "We Help Put America Through School," and we're collaborating with our partners in the schools and the financial arena to get the job done. We've made great strides. We have continued to roll out new and enhanced products, and to enable more and more business to be handled electronically. Our new School Portal is now online so users will have lots of information at their fingertips.

We're working hard to move toward an e-business model, and I'm delighted to report that our Free Application for Federal Student Aid (FAFSA) Web site received an E-Gov Pioneer Award. This is recognition we're on the right course.

We want you to be able to pick up this blueprint and know pretty quickly what we've been up to. So we've made it more brief, but still packed lots of information in it about where we are today and where we want to go.

In this blueprint, we've pretty much stayed the course that we set forth a few months ago. That means we think we're on the right track—there's still a lot to do, but we're committed to transforming SFA into a best-in-business organization for ourselves, schools, partners, and most importantly, students.

We're glad to have your support.

Warm regards,

Greg Woods  
Chief Operating Officer  
Student Financial Assistance

## Table of Contents

Chapter I - Executive Summary: An Update on Our Progress .....	3
▪ How To Use This Blueprint.....	5
▪ Where We Are Today .....	6
Chapter II - Enabling SFA’s Success Through Best-in-Business Practices .....	10
▪ Building a Solid Business Framework.....	12
– PBO Success Factors .....	13
▪ An Update From SFA’s Organizational Units.....	16
– Students Channel .....	16
– Schools Channel.....	16
– Financial Partners Channel .....	18
– Chief Information Officer .....	19
– Ombudsman .....	21
– Enterprise Service Areas.....	22
Chapter III - Enabling SFA’s Success Through Technology .....	26
▪ Enabling SFA’s Success Through Technology .....	28
– e-Enabling SFA with Web Technologies .....	30
– Connecting with Customer Relationship Management and Computer Telephony Integration.....	31
– Connecting the Dots – Data Integration.....	32
– Securing Customer Information.....	33
– Designing Quality Into Our Products .....	34
Chapter IV - How We’re Going to Get There: The Modernization Sequencing Plan .....	35
▪ The Detailed Integrated Sequencing Plan.....	36
▪ Students Channel .....	38
▪ Schools Channel.....	45
▪ Financial Partners Channel .....	50
▪ CFO Area .....	56
▪ CIO Area.....	58
▪ COO Area .....	60
Appendix A - Information Technology Glossary .....	62
Appendix B - Acronyms Used in the Modernization Blueprint .....	67
Appendix C - Sources of More Information .....	68

**Chapter I -  
Executive Summary:  
An Update on Our Progress**

*“I can’t stress enough how much easier and intuitive this is than your paper form. I was dreading doing this, remembering the horrors when I was applying for undergraduate school. But this is fantastic. It was even fun. If at all possible, I would really market this as the way to fill out the FAFSA. It’s been the most pleasurable experience I’ve ever had dealing with a government agency.”*

*—Stacy (Student Applicant)*

## **How To Use This Blueprint**

**T**his version of the Modernization Blueprint is designed to update you on SFA’s major accomplishments during the last six months, and to give you some information about what to expect from SFA as we move forward.

As discussed in the previous blueprints, we’ve developed a vision of how SFA can best deliver on our mission of helping put America through school. Under that vision, the student is at the center of the organization—and everything else we do is guided by how best we can help get the right funds to the right student at the right time.

To forward our vision, we have identified and put in place initiatives throughout the organization, which we discuss in the ensuing chapters. Chapter II starts with a look at how our business delivery framework has evolved. We then provide more information about what we’ve done since we last updated you, and look ahead to the specific projects SFA’s teams plan to undertake in the next six to twelve months. Chapter III discusses the technical architecture that SFA’s putting in place to support our business goals and initiatives. Finally, Chapter IV contains a sequencing plan that explains some of the key initiatives we’ve taken or will undertake to improve customer satisfaction, lower unit cost and enhance employee satisfaction.

We want our customers and partners to be able to pick up this blueprint and find out quickly what business practices and technologies we’re putting in place to enable SFA’s success. To achieve this, we’ve tried to be concise—and this document is hundreds of pages shorter than the last version. This blueprint is not intended to be a detailed accounting of our modernization plan, but rather a high-level summary.

## Where We Are Today

Since our last Modernization Blueprint update, we've moved forward with our goal to transform SFA into a performance-based organization that combines best-in-business practices with the management tools and systems architecture needed to make it happen.

Our blueprint explains what we've done, what's up next, and when we will do it. It's targeted to our mission of helping put America through school, and measures our success by how well we meet three overarching performance goals:

- Increasing Customer Satisfaction
- Decreasing Unit Cost
- Increasing Employee Satisfaction

So how have we done in the last six months? We want you to judge our progress for yourself.

Here's a highlight of some of our accomplishments.

- **In the Students Channel**, we're working to make information and educational materials about the variety of financial aid programs available both through the schools and over the Internet. In the last six months:

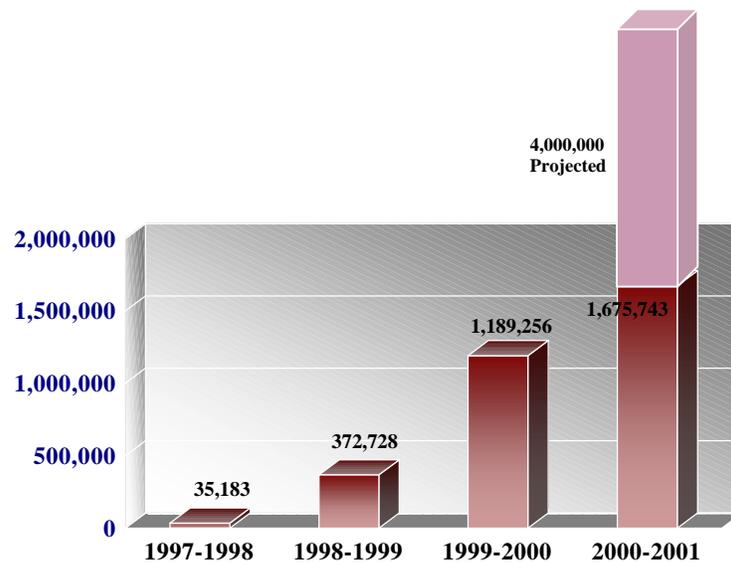


Figure 1 - Increase in Web Site Usage

- SFA's Free Application for Federal Student Aid Web site ([fafsa.ed.gov](http://fafsa.ed.gov)) won the E-Gov 2000 Pioneer Award. This popular site allows for instantaneous online submissions, and cuts the processing time for aid applications from three weeks down to one week. It also provides online, content-specific help, and cuts down to one percent the number of applications rejected as a result of incomplete or inconsistent data. Plus students can electronically sign their applications.
- We've sent out more than twelve million Personal ID numbers (PINs) to date to enable students to file FAFSAs electronically. Over 4 million FAFSAs have been filed electronically this year, a 24 percent increase over last year.

- We've signed a new "Share-in-Savings" contract with our modernization partner, Andersen Consulting, for systems integration and simplification of our Central Data System (CDS), a computer system that services the Federal Direct Loan program. This simplification will reduce costs. It will also eliminate redundant business processes being performed in other systems, thereby improving processing time and reducing the number of errors. Under the plan, our partner's payment is based on a percentage of the savings it helps create, up to a maximum payment of \$14.4 million during the four-year contract. Thus, our partner can only succeed when SFA succeeds. The initiative is expected to reduce SFA's loan servicing costs between \$40-\$50 million by fiscal year 2004.
- On the collections side, we have taken steps to improve our systems and maximize our returns. We've collected over \$1.29 billion in outstanding debts, and we are now offering new payment options to those customers with outstanding payments due.
- **In the Schools Channel**, we're working to improve schools' satisfaction and conformity among school administrators and advisors. In the last six months:
  - We've made a number of changes to the Recipient Financial Management System (RFMS), including elimination of special disbursement records and improved document handling, to facilitate quicker and easier reconciliation. We've also made changes to the Loan Origination system to reduce the time that's spent in reconciliation.
  - We've added real-time access to a number of SFA's systems, including RFMS, Loan Origination, the Direct Loan Servicing System, and FAFSA processing. Additionally, real-time information will help better serve students and permit financial aid professionals to respond more quickly, more accurately, and with increased productivity.
- **In the Financial Partners Channel**, we're putting in place new systems and processes to improve customer satisfaction and compliance among lenders and guaranty agencies, to reduce unit costs related to financial partner operations, and to improve satisfaction among the employees who work to support financial partner services. In the last six months:
  - We've put in place new Web-based software—Forms 2000—for submitting applications for reimbursement. Working with the financial community, we've reduced financial reporting requirements from three reports to one. In addition, we've put the report online, which we expect will reduce error rates and speed up payment rates.
  - We've been working on a risk management model to help us structure SFA's monitoring and review efforts. With almost 8,000 partners in the federal financial aid arena, it's not cost-effective to monitor them all. With this new risk framework, our regional reviewers will be able to manage risk more consistently and fairly.
- **In the Office of the Chief Information Officer**, we've been building the foundation that is going to support SFA's efforts to evolve into an e-commerce government service organization. In the last six months:
  - We've established four critical technical architectures—Internet, Portal, Enterprise Application Integration, and Data Warehouse—and we've implemented them in the Virtual Data Center in both the development and production environments.

- We've rolled out a new Intranet so employees can stay updated on the latest news and announcements, learn more about our modernization efforts, look at open job descriptions, view SFA University offerings and much more.
- **In the Office of the Chief Financial Officer**, we're working to reduce unit costs and to develop a financial management system that will allow unit cost tracking for every segment of SFA's operation. In the last six months:
  - We've implemented Phase II of our Financial Management System (FMS) to improve service to our guaranty agency partners. As part of this process, we presented Forms 2000 at the National Council for Higher Education Loan Programs (NCHELP) conference. FMS was the first Commercial-Off-The-Shelf (COTS) application to be implemented within SFA on time and on budget.
  - We've also been working with our partners to automate how we handle the Leveraging Educational Assistance Partnership Program (LEAPP), the Special Leveraging Educational Assistance Partnership Program (SLEAPP), and SFA's Asset Management.
- **In the Office of the Ombudsman**, we've focused our attention on handling cases and setting up the administrative processes and procedures to make that happen effectively. In the last six months:
  - We've developed the second release of our case tracking system (OCTS 2.0) in order to enhance reporting capabilities and make it possible to automatically assign cases based on business rules. OCTS 2.0 will give us the ability to create a "knowledge library" for our ombudsman specialists, and will enable us to provide case origination status checking information over the Internet.
- **Our Enterprise Service Areas** provide the foundation for the services SFA provides both internally and externally. In the last six months, we've undertaken some key initiatives:
  - **The Contracting and Acquisitions Team** has added performance measures to a number of SFA's key contracts in order to improve accountability. They've also negotiated what David Keegan of *Federal Computer Week*<sup>1</sup> called "the Education Department's groundbreaking share-in-savings contract."
  - **The Human Resources Team** has developed a skills model that factors in three variables—knowledge, skills, and abilities—to enhance SFA's professional environment. The skills model will feed an updated professional development system that's due out next year.
  - **The Analysis Team** has developed baselines for all core business processes to measure SFA's performance in improving customer and employee satisfaction, and in reducing unit costs.

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<sup>1</sup> "Education to 'share.' Agency is first out of the gate with share-in-savings," by Daniel Keegan. *Federal Computer Week*, 7/31/2000.

- **The SFA University** led the entire SFA staff through *PBO at the Front Lines*, a training course designed to help employees recognize the changes occurring at SFA, and to understand why they're being implemented and what impact they will have. This training was an important step in making all of our employees understand how a performance-based organization empowers employees to be accountable for customer satisfaction. During the course, employees were put into teams, each with its own coach, to develop action plans to facilitate the changes identified as important by our customers.

Of course, we've undertaken many more projects and done a lot more behind the scenes to further our goal of transforming SFA into a premier performance-based organization. And we're going to share details of our work with you in Chapters II through IV.

**Chapter II -  
Enabling SFA's Success  
Through Best-in-Business Practices**

*“The partnership...developed over the last couple of years has been remarkable. The trust, confidence, and respect we have for each other is evident in our accomplishments.”*

*—Kelly Wolfe  
Accounting Manager  
United Student Assistance Group*

## Building a Solid Business Framework

Since our last blueprint, we’ve learned even more about what we need to do to build a solid business framework. That’s allowed us to make some important improvements to help us get better at what we do.

At SFA, the student is the center of our organization—and everything we do is guided by how we can best help get the right funds to the right student at the right time. To further our efforts to achieve our mission of helping put America through school, we designed a business model early on which describes our business processes and how we are structured to work with students, schools, and our financial partners.

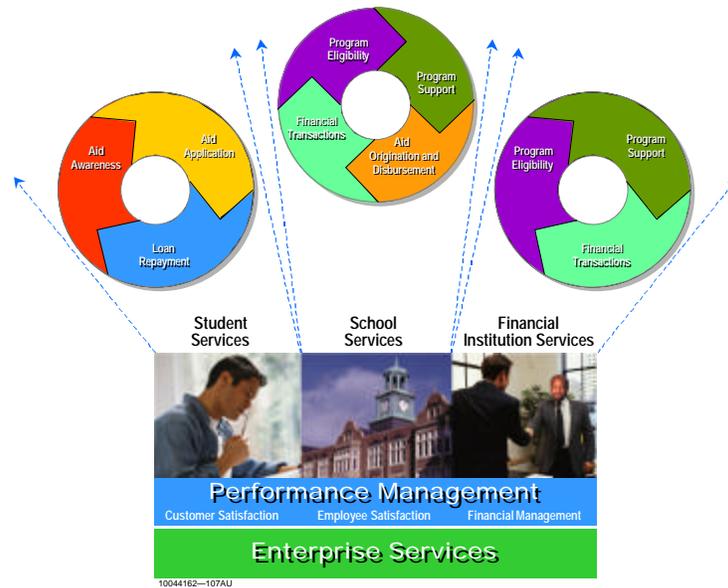


Figure 2 – SFA Business Model

While this business model continues to define how SFA operates, in the last six months we’ve evolved the way we think about how our core business processes work together. Building on the current business model, we’ve developed a service delivery framework to help us get the job done.

Our service delivery framework is designed to improve collaboration between SFA and schools, lenders and guaranty agencies, product and service vendors, and our other operating partners. This will enable us to tailor and deliver financial aid packages that meet each student’s unique needs. It’s also designed to facilitate seamless, end-to-end customer service by creating an open and collaborative operating environment fueled by accurate, real-time information for all users.

SFA’s framework will help promote cooperation and collaboration through streamlined processes and shared information. We’re developing a “one-stop shop” for loan information that will enable students to more easily determine what financial aid is available to them and how and when to apply. Under this framework, SFA will provide support to our partners, and provide easy access to student loan information for both students and schools. We’re also using new Web-based tools to capture integrated application information and to provide SFA’s employees and partners with more accurate, timely, and reliable data.

As we move forward to implement these new programs and initiatives, we're always mindful of our core mission—helping students. As a result, we're working hard to implement best-in-business practices to enhance customer satisfaction.

For example, in the framework, the entire loan delivery process will be placed under a Customer Relationship Management (CRM) umbrella. By applying CRM to the aid process, we intend to enable processing to occur at e-speed. In addition, by using Web-based Customer Relationship Management tools, students and partners will have access to the right information, when they need it, with appropriate support and assistance.

We're also developing new standards for customer service, such as making sure students only need to make a single call to obtain information. To facilitate this and other best-in-business practices, we're integrating the Internet and other tools with our existing technology systems to improve response times and access to information, and to give SFA's employees and partners the tools and skills they need to make sure our customers walk away feeling good about SFA.

A key component of the framework is to create closer relationships with our schools and financial partners as we move toward a facilitative role in meeting every student's needs. To help us do this, the framework illustrates the specific organizational and technical capabilities needed to deliver best-in-business financial aid service—from promoting awareness of financial aid opportunities, to designing the right products and services for our customers, to effectively managing and servicing student loans and grants.

Our objective: a simplified system for students and an enhanced working relationships with our partners. We want to enable current and past students to have easy access to information and answers to their questions about financial aid packages, loan balances, repayment options, and other data, whether they're calling on the telephone or surfing on the Internet. We also want to enhance our working relationships with the financial aid community, and work in collaboration with schools and our financial partners to share ideas and best practices, streamline procedures for students, and respond to our customers needs and service expectations.

### **PBO Success Factors**

SFA's success in transforming into a performance-based organization and achieving our three overarching performance objectives will be guided by the following success factors, which we put in place to help focus us and prioritize our modernization efforts:

- A high performance workforce.
- Satisfied customers and partners.
- Integrated and efficient operations.
- Great products and services.
- Fiscal responsibility.
- Reduced unit costs.

To support success in these areas, we have introduced four SFA Performance Excellence Standards – worthy of trust, courtesy, great products and services, and efficiency. These standards are designed to guide us in dealing with our customers, partners, and each other.

To help us achieve our goals, we have identified and put in place priority initiatives throughout the organization, which we discuss below. In the upcoming months, we will do even more. We intend to establish performance metrics for each of these critical PBO success factors so we can track and monitor our progress and make adjustments where needed. We'll also use these metrics to create an SFA "Modernization Scorecard" to measure the benefits from our modernization investments.

- **Creating a High Performance Workforce**

An organization's capacity for success rests with its employees. SFA's commitment to providing top-notch service is built, first and foremost, on initiatives that support our employees. These include major investments to enable our employees to work collaboratively, efficiently, and effectively. Our commitments to give SFA employees what they need to do their best include relocating to a new building with better-designed work environments, facilities, and support infrastructure, and offering ongoing career and professional development through SFA University. We're also introducing performance management tools to encourage individual and team performance. In addition, we're fostering collaborative working relationships with our operating partners through performance-based contracts that align them to our shared benefits and goals.

- **Improving Customer Satisfaction**

SFA's participation in the American Customer Satisfaction Index (ACSI) demonstrates our commitment to improving customer satisfaction. The feedback from the ASCI's initial surveys of customer satisfaction suggests that we're generally doing a better job than last year. We are committed to even better service.

We will continue to ask our customers and partners what you need and want, and involve you in developing new products and services to meet these needs. SFA's also going to focus on making it easier for you to interact with us through the Internet, and streamline our processes to simplify how we do business. Our objective is to provide students, schools, and financial partners with the information and assistance you need—when you need it.

- **Developing Integrated and Efficient Operations**

New technologies make it possible to serve our customers and work with our partners more effectively than ever before. SFA is committed to using these technologies to reengineer our business processes, transform our business delivery model, and replace our outdated and inefficient legacy systems with user-centric, Internet-enabled applications.

SFA is working on a number of initiatives to achieve this objective. We're developing the capability to deliver common loan origination and disbursement across all SFA programs, and Web-based portals to deliver customized information to students, schools, financial partners, and SFA employees. We're developing this Financial Management System to enable better controls and management of our financial responsibilities. SFA is also establishing the necessary technical tools, standards, and procedures to allow our systems to work together more effectively, and we're integrating—and ultimately replacing—our disparate legacy systems with electronic, Web-based tools and practices.

- **Delivering Great Products and Services**

SFA is committed to understanding and responding to what our customers need and value in the products and services we provide. This starts with communication. We've been doing it, and we plan to continue to ask you—our customers and partners—what's important, and solicit your feedback on how we're doing. We also plan to continue involving you in developing and delivering new products and services.

Some of the great products and services we're delivering include enhancing the Free Application for Federal Student Aid (FAFSA) on the Web and expanding our Financial Partners processes and tools (including e-forms for the exchange of data). SFA's also replacing the Central Data System and enhancing current systems involved in Direct Loan Servicing.

- **Ensuring Fiscal Accountability**

As a performance-based organization, SFA is required to demonstrate fiscal responsibility and accountability. We plan to take this requirement one step further by transforming SFA into a best-in-business financial management organization.

The new Financial Management System we're building will enable efficient management controls for the flow of financial transactions throughout SFA, thus enabling us to achieve clean annual audits. In addition, we're planning to develop new default management tools and practices to assist students and reduce the default rate on loans.

- **Reducing Unit Costs**

At SFA, we are looking to reduce how much it costs to administer aid to each recipient. SFA's investment in new technologies and best-in-business processes will enable us to do more with less. We're putting in place systems that will allow us to track how we operate. By increasing our efficiency, we will improve our capacity to serve more students, handle more transactions, and deliver better results at a lower unit cost. Taken together, our modernization initiatives and improvements are expected to reduce our overall unit cost from 1999 levels by 20 percent by 2004.

Our ability to transform SFA into a performance-based organization starts by putting the right people and the right structures in place to enable change. Under our plan for where we're going and how we're going to get there, we've worked hard internally—and with our operating partners—to define and implement the steps we need to move toward our vision of a transformed SFA.

## **An Update From SFA’s Organizational Units**

**A**t SFA, each of our organizational units (our “departments”) is committed to meeting SFA’s three overarching performance objectives—to improve customer service, reduce unit costs, and increase employee satisfaction. We’re doing this by focusing on projects and service improvements that will directly contribute to these goals.

The following section provides more details on what each of our Channels and Enterprise Units has been up to since we last updated you, and what specific projects we have on the horizon to forward our goals.

### **Students Channel**

SFA is working to ensure that students, from an early age, recognize that post-secondary education is readily accessible and affordable. Our objective is to make information and educational materials about the variety of financial aid programs available through both the schools and over the Internet. This will enable students and their families to choose the method that works best for them as they begin the financial aid planning and application process.

We are delighted to report that our Free Application for Federal Student Aid (FAFSA) Web site ([fafsa.ed.gov](http://fafsa.ed.gov)) won the E-Gov 2000 Pioneer Award for e-government best practices. The award is given for tools that increase productivity, reduce cost, and improve the quality, timeliness, and accuracy of services provided to the public.

In the last six months, we’ve sent out over five million additional personal ID numbers (PINs) to enable students to file FAFSAs over the Internet. Over 10.5 million loan applications have also been processed in a timely manner. We have also developed the *Reference Guide for Student Financial Assistance Resources* and provided it to all of our Customer Relationship Management representatives so that they have the answers they need. In addition, we created a call center Integrated Product Team to work on providing active call transfers, and we want to make our voice-response units more Spanish-language friendly.

On the collections side, we’ve taken steps within the Students Channel to improve our systems and maximize our returns. We have streamlined the Treasury offset process and set up new collection contracts that can be executed electronically. Over \$1.29 billion in outstanding debts has been collected to date and new repayment options are being offered to those customers with outstanding payments due. In the coming months, we’re hoping to reduce the collection lifecycle from 18 months to six months.

As we move forward, we intend to build on our progress. We’re continuing to move Direct Loan Servicing into the e-commerce arena. We are also going to further enhance our FAFSA on the Web software. And, within the next twelve months, we intend to have our deferment and forbearance forms available in Spanish.

The bottom line is that we’re working to make the financial aid process as simple and convenient as possible for students. From our Internet Web portal to our 24-hour call centers, we’re enabling students —our customers—to find out about their options, ask for help, apply for aid, keep track of their loan balances and keep us up-to-date with personal data, like a change of address, that enable us to help them.

### **Schools Channel**

SFA is working to improve schools’ satisfaction and compliance among school administrators. During the past six months, new initiatives have been put into place to reduce unit costs related to our school partners’ operational costs. The benefits of these improvements will be noticeable as of the 2001-2002 award year. Within the Schools

Channel, we're trying to simplify the processes and systems that support our interactions within schools to reduce the amount of time they have to spend managing our systems and chasing data —so they can spend more time servicing students. This will improve customer satisfaction and the satisfaction of those employees who support school services.

At the Software Developers' Conference in August, SFA announced a number of changes to the Recipient Financial Management System (RFMS) and the Loan Origination system that will reduce the time that's spent on reconciliation. At the National Association of School Financial Aid Administrators (NASFAA) conference, we announced even more changes to RFMS, including elimination of the special disbursements records, a complete reconciliation file, and improved document management. To reduce the workload on campuses, SFA is now including an e-mail address with the loan origination information to assist with more direct communication with students and to facilitate the automatic reconciliation of participant information in the Postsecondary Education Participant System (PEPS) and the Loan Origination Center (LOC).

In the last six months, we've changed or eliminated a number of edits that had produced unnecessary manual reviews by schools. Since reconciliation now consumes a great deal of the overall school financial aid effort, this simplification effort will immediately benefit schools nationwide.

Real-time access has been added to a number of SFA systems, including RFMS, Loan Origination, the Direct Loan Servicing System, and FAFSA processing. Immediate access to the most current data also facilitates financial aid counseling and increases the response time for both the reconciliation process and answering of questions from students and parents. This additional real-time information will better serve students and permit financial aid professionals to respond more quickly, more accurately, and with increased productivity.

Our School Portal, designed specifically for financial aid professionals, was rolled out to the school community in October of this year. The portal combines a number of information sources including calendar tools and access to all of SFA's data systems with Web sites.

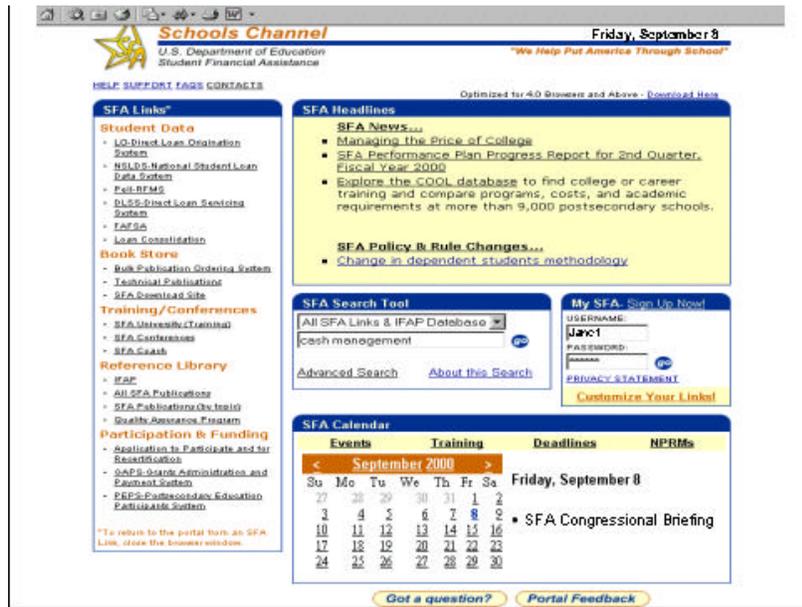


Figure 3 – Example School Portal

Over the past six months, we have evaluated all schools still on the reimbursement payment method in order to remove those ready to return to advance payment and, for those not yet ready, develop action plans for removal from reimbursement.

We have also redesigned the Quality Assurance (QA) Program. First, changing the sampling requirement to allow QA schools more flexibility in defining their student populations. At the annual Quality Assurance Program Conference in May, we announced the migration of the QA Program from a program for a small, select group of schools to a program that provides standards for all schools.

As we look ahead to the next six months within the Schools Channel, we will continue our drive for simplification with the Common Origination and Disbursement (COD) initiative. This is designed to put in place common processes across all financial aid programs. Implementing common processes will reduce a school's investment in information systems and the coding of multiple records and processes, training on multiple SFA systems and operations, and will reduce the number of errors and time spent on reconciliation. The COD initiative will begin with common processes for the Pell Grant, Campus-Based and Direct Loan Programs. In addition, we are designing a process flexible enough to be utilized by the Federal Family Education Loan (FFEL) Program, alternative loans and state grants if desired.

The Common Record effort, a part of COD, will develop standards for the transfer of data among financial aid delivery partners. As we begin to release these standards, we at SFA, along with our partners, will begin the implementation of common processes. This will include identifying common edits across programs and the elimination of inter-system edits no longer necessary as we improve our underlying systems, thus reducing the number of errors and students caught up in the process.

We are hosting three Electronic Access Conferences (EAC) in November and December, at which we will be updating the community on improvements and current initiatives. The EACs will include not only informational sessions on where we are going but will also include working sessions where schools will be invited to touch and feel some of our new products. They will also be asked to give input into the direction of many of our initiatives.

We are in the process of working with the community to identify improvements in the system that supports the Campus-Based Programs. In the next six months we will undertake an initiative to migrate the functionality of this system, such as processing FISAP information, to a relational database. This will allow schools to track, on-line, the status of their FISAP, waivers, and other key items. In addition, it will allow us to Web-enable the application process for ease of filing.

Beginning in January 2001, students, schools, lenders, guaranty agencies, and others will have even more timely data. And, in early spring 2001, Version 2 of the School Portal will bring the convenience of a single sign-on, a calendar that is coordinated with the National Association of Student Financial Aid Administrators, and a variety of new information tools.

As we look ahead, SFA will continue to work with our partners on the COD initiative. We're also hoping to pilot the common origination and disbursement system in January 2002, and we'll be extending it as rapidly as our financial aid delivery partners can accommodate us.

### **Financial Partners Channel**

At SFA, we're striving to improve the overall delivery and administration of financial aid. To help achieve this objective, we're actively putting in place new systems and processes to improve customer satisfaction and compliance among lenders and guaranty agencies. This will help reduce costs related to financial partner operations and improve satisfaction among the employees who work to support financial partner services.

In the last six months, we've made significant progress in reengineering a number of the processes that our financial partners depend on. We have put in place new Web-based software—Forms 2000—for submitting applications for reimbursement. Working with our partners on our Forms 2000 initiative, we have reduced the financial reporting requirements down from three reports to one—and that report became available online in October of this year. Our financial partners who have tested our pilot electronic reporting system are providing positive feedback. Payments are received much more quickly when the request is provided electronically to SFA's systems. In addition, online forms are reducing error rates and decreasing our need for reconciliation and correction efforts.

To better serve our partners, the first Voluntary Flexible Agreement (VFA) was sent out for public comment, and is currently awaiting congressional review. In addition, on October 2, we held the first Student Loan Repayment Symposium to solicit ideas and best practices for us to use in developing the next steps to reduce default rates.

On the risk management side, we're seeking to ensure that risk reviews are quantifiable, objective, consistent, fair, and equitable. A conceptual design of our risk management model has been tested and we plan to complete the model within the next six months. Subsequently, we intend to gather data in the data warehouse to test the final risk assessment model as accurately as possible to see how well it predicts potential risk.

Using the combination of a data warehouse and a risk management model, our objective is to structure our reviews and apply them to where help is most needed. We're also striving to ensure our regional reviewers have access to all the information they need to conduct their reviews.

In the technology arena, we have taken steps within the Financial Partners Channel to put in place systems that will help us operate more efficiently. We've created an inventory of third-party interfaces, as well as an inventory for key documents.

In other news, we've developed a vision, a mission statement, and a strategy rooted in customer intimacy, to further achieve customer satisfaction. We are rededicating our commitment to strengthening working partnerships between SFA's Financial Partners Channel and our financial partners. In addition, we're giving our employees the tools they need to achieve our goals.

As we look ahead, we're planning to transfer lender payments to FMS, and we'll analyze the Federal Family Education Loan (FFEL) Program system to see where improvements can be made.

The bottom line is that by making financial transactions faster, cheaper, and more electronic—and reviews smoother, more efficient, and more predictable—we will improve the delivery and administration of financial aid while improving customer satisfaction, empowering our employees, and reducing unit costs.

### **Chief Information Officer**

The Office of the Chief Information Officer has been instrumental in SFA's efforts to evolve to an e-commerce government service organization. We are continuing to make strides in this direction. Four critical architectures—Internet, Portal, Enterprise Application Integration (EAI), and Data Warehouse—have been established and implemented in the Virtual Data Center. The CIO Team has also run a successful pilot on the EAI middleware, and used the Highway 1 project to demonstrate that a student can sign on once and access our multiple systems.

In the past six months, we've rolled out some new products, including the Information for Financial Aid Professionals (IFAP) replatform and—most recently—the School Portal. To enhance our data security, we've implemented A130 security policies and procedures in response to issues addressed in the Inspector General's report. In other news, we have also rolled out a new SFA Intranet, SFANet, so employees can stay updated on the

latest news and announcements in SFA, learn about the modernization effort, look at open job descriptions, view SFAU courses, and much more.

In other developments, the CIO Team made more internal practices and plans available to our partners and customers. We've moved working documents and material from the *Software Engineering Handbook* to the Extranet so that more of you can be involved in our Modernization process. In addition, we've developed a Technology Handbook which contains SFA's information technology policies and procedures on security, privacy, software engineering standards, configuration management, and enterprise architecture.

To ensure that SFA employees are up-to-speed on our new systems, we're currently evaluating opportunities to offer Web-based training to our employees. The CIO Team is also slated to provide Customer Relationship Management (CRM) technology for SFA's call centers. Our call center representatives will use CRM to expedite solving customer's problems and accessing their readily available information. CIO will also support the enterprise Human Resources Information System (HRIS) and phase III of the Financial Management System implementation.

In the next six months, the CIO Team plans to define the technical architecture standards for e-document management and brand a new look and feel for our software products. By standardizing these Web applications, SFA can reduce the cost of maintaining separate technical environments while making navigation easier for our users. Other projects we are working on include a seat management pilot, transforming our communications network to an Internet based system, and moving the Title IV wide area network (TIVwan) to the Internet.

In evaluating the progress the CIO Team has made—and what we plan to do as we move forward—we have made two key changes in direction since the last blueprint was released. First, we've expanded the architectures to include Extensible Markup Language (XML), portals, and other Customer Relationship Management technology. Secondly, we've shifted away from owning software to a consumption of services model, in which we pay for transactions or cycles.

The bottom line is we're continuing our efforts to provide quality service to our partners and customers in a cost-effective manner. As we move forward with these efforts, the CIO Team is committed to ensuring that all these changes we're putting in place to improve efficiency and service happen behind the scenes so that we enhance service to our customers in the long run without disrupting it in the interim.

### **Chief Financial Officer**

The Office of the Chief Financial Officer is primarily concerned with reducing unit cost within SFA operations. We've been making progress toward these goals.

During the last six months, we've implemented Phase II of our Financial Management System (FMS) to improve service to our guaranty agency partners. We have presented and tested Forms 2000 at the NCHELP conference, and we've also worked with our partners to automate LEAPP, SLEAPP, and SFA's Asset Management. In addition, we've configured our financial management system with the flexibility needed for invoicing capability to support the Voluntary Flexible Agreements.

On the accounting side, the CFO Team has been building the infrastructure to enable SFA to capture far more detailed financial information than the current Department-based system has allowed. Our objective is to enable our employees to have the data they need to analyze SFA's financial picture and make recommendations. To date, we've modeled the 1998, 1999 and year-to-date 2000 costs using the Activity Based Costing model, and we're working with the Department of Education on allocating costs to SFA to populate the model. In addition, we've developed a system to determine unit cost, and we're working to put in place the necessary infrastructure to connect to the data needed to populate the system.

In other recent developments, we completed the 1999 audit principally through a manual reconciliation process, and we've reconciled SFA's numbers to the Department of Education's trial balance. We've also been producing the five required financial statements on a quarterly basis.

As we look forward, the CFO Team intends to work with guaranty agencies and lenders to clean up the data in the National Student Loan Data System (NSLDS). We also plan to roll out Phase III of FMS to improve service to our lenders, including Direct Loan Grants, Campus-Based Administration, and the General Ledger. A Web-based tool to collect data on lender payments and interest reimbursements is also in development.

We are basically seeking to further assure our partners and customers that we can manage money and exercise fiduciary responsibility—and, at the same time, provide accurate information and deliver funds in a timely manner. We're also trying to enable our employees to move beyond processing to financial analysis, thus becoming the experts of choice in the financial arena.

As the CFO Team moves to achieve our objectives, we're going to continue to put in place systems to provide our financial partners with more detailed information including exact funding status reports and just-in-time funds payment. We're also redesigning the budget formulation and execution process, and seeking to produce financial statements which are auditable. We plan to reduce the number of outstanding audits, and to provide the capability to analyze the Direct Loan portfolio.

## **Ombudsman**

The Office of the Ombudsman was created in September 1999 to mediate disputes and improve communication between SFA and our customers. The Ombudsman informally resolves complaints from student borrowers, handles disputes, and collects information to improve services and prevent future problems.

During the past six months, we've been primarily focused on resolving existing cases and setting up the administrative processes and procedures to make that happen more effectively. We've also created operating standards that reflect both the goals and objectives of the Office of the Ombudsman and support the concept of a performance-based organization. In addition, we've successfully reached out to collaborate with our internal and external partners to improve the problem-solving process.

Since we last updated you, the Office of the Ombudsman has also developed the second release of our Ombudsman Case Tracking System (OCTS 2.0). This will enhance our reporting capabilities and make it possible to automatically assign cases based on business rules. The new system also gives us the ability to create a knowledge library so that our ombudsman specialists will have better information on the problems they're encountering. This system also makes available the techniques and strategies that allow us to successfully resolve disputes. The system provides an early warning mechanism so case specialists can understand the root causes of the problems they are encountering and offer suggestions to our partners and our organization on ways to prevent them. OCTS 2.0 will also enable us to provide case origination and status checking information through the Internet. The Office of the Ombudsman will be making OCTS 2.0 operational in the next six months.

The office is also looking to set up an online kiosk so that other SFA offices can learn about the new case tracking system and the capabilities that are provided by the software package.

Looking farther ahead, we plan to continue to expand our outreach to internal and external partners. We're looking at Web-enabled "chat room" capabilities to improve real-time communications with our partners, and an expanded presence of ombudsman specialists at SFA regional offices. In addition, we're looking at new forums, such as conferences, site visits, and regular conference calls, to expand SFA's collaboration with our guaranty agencies and loan holders and to share best practices and improve our collective case resolution capability. We're

also seeking to identify and select mediation/complaint resolution courses that can be used to train ombudsman specialists, partners, contractors, and other SFA employees.

In the Office of the Ombudsman, we're focused on "doing it right the first time." We want to remove obstacles that prevent customer service and satisfaction. That means we must be responsive, solve problems on a timely basis, act collaboratively, and be diligent about compiling and analyzing the information that we receive. Success means satisfied customers—and, at SFA, we believe that's essential.

### **Enterprise Service Areas**

SFA is working to improve the way we manage our critical assets: people, technology, facilities, and our vendor relationships. Our "Enterprise Services" create and deliver value for SFA by supporting our business processes. These service areas provide the foundation for the services SFA provides both internally and externally.

In a modernized SFA, the internal needs and business processes drive the level and type of services performed by Enterprise Services. Enterprise Services performs best-in-business Human Resources Management, IT Management, Facilities Management, and Contract and Acquisition Management across SFA's operation to provide a consolidated, channel-driven approach to support services. Enabled by technology, Enterprise Services can partner with each channel to reduce costs and streamline operations for all parties.

### **Contracting and Acquisitions**

Through streamlined and innovative planning, the Contracting and Acquisitions Team has improved the way we do business. In the past six months, we've reviewed all our legacy contracts against our Modernization Sequencing Plan to see which ones to keep and which ones to tombstone. Some contracts were extended or rebid for now, including National Student Loan Data System (NSLDS), Campus-Based System (CBS), Postsecondary Education Participants System (PEPS), and Federal Family Educational Loan (FFEL) System. New performance measures have been added to improve accountability.

The Contracting and Acquisitions Team has also negotiated new contractual structures. These include a "share-in-savings" plan that includes performance incentives. For example, for integrating and simplifying SFA's Central Data System (CDS) a percentage of the savings SFA achieves will serve as payment for the work provided, rather than a traditional fixed fee.

We've also taken advantage of our new regulatory flexibility in the contracting arena to partner with the General Services Administration (GSA) to develop other collection contracts. For example, we've negotiated a new "share-in-savings" collections contract that has reduced the number of contractors from 27 to 13. We renegotiated the compensation for the collection agencies to a lower percentage of money collected, and a significant savings for SFA.

Since we last updated you, we've made great strides in engaging our vendors as operating partners. Indeed, the operating partner concept is an evolution in our acquisition process. These improved partner agreements have enabled us to help focus those involved to concentrate primarily on our common customers—the students.

As we look ahead to the next six months, the Contracting and Acquisitions Team is scheduled to assume control over SFA contracts from the Department of Education in October of this year. This will make SFA completely accountable for both performance and the quality of our contracts. Under the new system, the contracting officers will be accountable to SFA.

We're also hoping to strengthen and refine the operating partners program. Planned activities include a launch week to bring vendors and SFA staff together to learn how to work more efficiently toward our common goals.

The Contracting and Acquisitions Team is also looking to create a tool kit with access to a common Web site to facilitate communication, and to expand our coaches program to further help vendors keep their focus on the needs of students.

Looking even further ahead, the Contracting and Acquisitions Team is planning to capture our procurement process in a simple, easy-to-read document, and to look for ways to automate the Statement of Work and the Statement of Objectives. We're also hoping to post these documents on an interactive Web site.

The Contracting and Acquisitions Team is planning to put in place processes that allow us to operate more like a business adviser to the General Managers, and to help prepare market research to support acquisition management. We're hoping to have the Contracting Officers participate in Integrated Product Teams to train General Managers and Contracting Officers Technical Representatives in new contracting strategies, and to help ensure that needed goods and services are available in a timely manner.

By encouraging innovative strategies in our service delivery, we are enabling our employees to provide better service. Innovation also encourages the acceleration of future products and services that are reliable, efficient, and constantly improving. We're also hoping to bring about reductions in unit costs and, of course, increased public confidence in our abilities.

## **Human Resources**

SFA is committed to building a strategic, best-in-business human resources capability that focuses on one of our most important assets—our employees. The Human Resources Team has been hard at work addressing SFA's critical people challenges. These challenges include aligning the organization and workforce with defined performance objectives and providing our workforce with the tools and abilities needed to adapt to the changing SFA environment.

Since we last updated you, the Human Resources Team has developed a skills model that factors in three variables—knowledge, skills, and abilities (the KSA)—to enhance SFA's professional environment. In addition, we're working on developing managerial KSAs, as well as identifying KSAs for each of the functional areas of our organization. This will ensure that we're matching the best employee to each job.

The Human Resources Team has also been hard at work developing a “performance excellence” incentive for employees who achieve specific SFA goals. A peer nomination process to recognize exceptional work has been put in place and a Time and Attendance exception-base process implemented. The Time and Attendance process (under which employees only have to file time sheets when they've been off) will substantially reduce the paperwork requirements.

In the upcoming six months, the Human Resources Team will continue to support ongoing efforts within SFA to both measure and enhance our three performance goals. We will implement a performance development system that rewards performance rather than seniority. The skills model will serve as the foundation for this new system.

As we move ahead, the Human Resources Team also intends to speed up the hiring process, moving closer to full staffing levels (SFA is currently 85-90 percent staffed). HR “point-of-contact” partners will also be identified within each of SFA's three channels. We also intend to explore options for implementing a Human Resources Information System. In addition, the Human Resources Team intends to improve communication with our partners in the regions and to work closely with SFA University to identify training programs for our employees. Rather than using third parties, we're also planning to conduct in-house sessions with employees to determine their needs.

While implementing the Human Resources Information System remains a long-term priority, within the next twelve months the Human Resources Team will also explore the option of monetary incentives for employee referral rewards, and consider a relocation program to enable SFA's staff to pursue career opportunities within all the regions.

The Human Resources Team is seeking to improve the welfare and morale of our employees. Fostering a culture that promotes success and delivers results means that we've got a head start on improving employee satisfaction—a performance goal. Putting the right tools in place to ensure that the right people are in the right jobs, and then encouraging and empowering them to succeed, helps us meet SFA's other two performance goals as well—improving customer satisfaction and lowering unit cost.

## **Analysis**

Through the implementation of existing and new products, the Analysis Team has developed baselines to measure our performance in improving employee and customer satisfaction, and in reducing unit cost.

In the past six months, we have contracted with the Gallop Climate Survey to measure employee satisfaction. We chose them for their reputation for protecting employee confidentiality, and for their ability to compare our performance to both the private sector and other government agencies. Meanwhile, we're still using the American Customer Satisfaction Index (ACSI) to measure customer satisfaction.

On the employee side, the Analysis Team is currently measuring performance within all of SFA. Now we're in the process of creating over 100 teams—work groups of 5-10 people—so that we can start to measure performance at a very localized level.

The Analysis Team is also preparing to train SFA staff on how to use the Gallop and ACSI models to improve employee satisfaction and enhance customer service. We want our staff to understand what the results are telling them. For example, we've learned from our ACSI surveys that most customers like us and find us courteous—but nonetheless they are having difficulty getting the information they need.

Within the next six months, we plan to use this and other information we gather to empower our employees to problem-solve at the work-group level. For example, the data may suggest that additional training is needed in some work groups to improve information delivery, or that reporting requirements need to be revised or workloads restructured. In addition, each work group will have a scorecard as a guide to balancing our three overarching performance goals: increase customer satisfaction, reduce unit cost, and increase employee satisfaction.

The bottom line is that by surveying ourselves and our partners—guaranty agencies and lenders, students, and schools—we will have better feedback on the job we're doing in our transition to a Performance-Based Organization, and more flexibility to respond quickly to improve our processes if we learn our method isn't producing the desired results.

## **SFA University**

SFA University (SFAU) allows us to provide training for both our employees and our strategic partners to improve our relationship with our primary customer—the student.

Since we last updated you, SFA University (SFAU) has become an approved organization by the Department of Education. In conjunction with the launch of SFA's corporate university, SFAU has implemented a best-in-business organizational structure designed to house the necessary capabilities within the university. In addition to defining SFAU's structure, we also identified its core functions.

To help create this new organization, the university's director and staff called upon Jeanne Meister, the leading guru in the field of corporate universities. Ms. Meister conducted working sessions and recommended best practice solutions.

SFAU is a corporate university in its truest sense; the goal of the university is to serve the learning needs of SFA's staff and customers, while helping the staff achieve SFA's performance objectives. SFAU trains between 7,000 and 10,000 people per year, many of them financial aid administrators who gain new insight on changes in regulations and operating procedures for schools and other partners.

Within the last six months, SFAU delivered *PBO at the Front Lines* to all SFA employees. In the training course, participants were taught to recognize the changes occurring at SFA, and to understand why they are being implemented and what impact they will have.

Successfully leading the entire SFA staff through *PBO at the Front Lines* required the joint efforts of a number of people, including a core group of coaches who guided the work teams through the requirements of the course. The SFA coaches worked with team members to become familiar with their customers, to consult with customers on making changes, and to test these changes with their customers. In the spirit of the course, each team—working with a coach—developed an action plan to bring about a specific change that their customers had identified as important.

In the spirit of continuous learning, SFAU is also developing a job resource called *Student Aid Front-to-Back*. This training material will familiarize users with the key steps in the core financial aid process. The ultimate goal of this training is for our staff to understand where they fit into the big picture and to feel connected to SFA's mission.

In the next six months, we intend to develop other courses that can improve service to our existing customers, from one-stop shopping capabilities to better tools to enable our employees to respond to customer inquiries.

SFAU will also continue to work with Human Resources to meet the professional development needs of employees through the development and coordination of learning solutions that can be tied back to SFA's performance system. In support of employees' managing their own careers, SFAU will continue to offer a learning coupon which can be used to complete professional development-related training.

In order to focus on connecting better with our customers, SFAU is currently developing *Traditions*, a course designed to encourage a deep bond with students. Through the course, we expect participants will also gain a deeper familiarity of the history of financial aid.

SFAU will also continue to provide training for our external partners. To improve this service, SFAU is working to develop top-notch trainers who can provide a consistent training experience throughout SFA. To achieve this goal, participants in our training courses will be asked to use scannable bubble forms to rate the quality of their training and their overall satisfaction. Their feedback will be collected, analyzed, and used to make decisions about improvements to our training programs.

**Chapter III -  
Enabling SFA's Success Through Technology**

*“Everything we have, we’d like to do electronically. That is the way to go.”*

*—Customer Feedback from the ACSI Survey*

### **Enabling SFA’s Success Through Technology**

A year ago, SFA completed the development of a technical architecture and we identified the technology services we’ll need to enable migration to our new, modernized environment. These technologies were recognized as the technical foundation that supports all of the Modernization Program’s re-engineered business process and systems improvements—and helps us move toward our vision of a transformed SFA.

We have now implemented the first release of many of these technologies, and they serve as the building blocks for future phases of our technical architecture. Many of the modernization initiatives that have been previously described in the blueprint are based on our new architectures (See *Figure 4*).

Because the student is the ultimate customer, we have worked hard to ensure that they will encounter great service supported by our new systems. To achieve this objective, our technology environment is geared toward supporting our partners through electronic collaboration and communication with schools, lenders and guaranty agencies, product and service vendors, and other operating partners to provide the right financial aid information to fit each student’s unique needs.

To meet our goal of improving customer satisfaction, we know we have to create a high performance workplace in which our employees have the electronic tools to allow them to do their best. In our first release of the architecture, for example, we implemented a Web-based Intranet to improve employee communications. We plan to continue to evolve this system to facilitate a collaborative work environment in which employees have the information they need, when they need it, where they need it.

To provide information at students’ fingertips, SFA has focused on improving access to student loan information for students and schools by using leading-edge systems, in addition to our paper methods, that allow students to fill out forms and collect accurate information on their loans at any point in time through the Internet. As we define higher standards for customer service, we know we must also use our technologies to make doing business with SFA easier through one-call support, reliable and available electronic access and streamlined data repositories. These improvements are intended to increase efficiency and capabilities within our organization and with our partners.

We are focused on providing a technical environment with improved integration—better integration internally between our systems and externally with our partners’ systems. To meet our success factors, we need to be able to not only integrate our business processes, but also to provide the technical environment that will support data collection, and reporting across the enterprise. We must ensure that student loans are processed as seamlessly as possible for efficient and lower-cost operations.

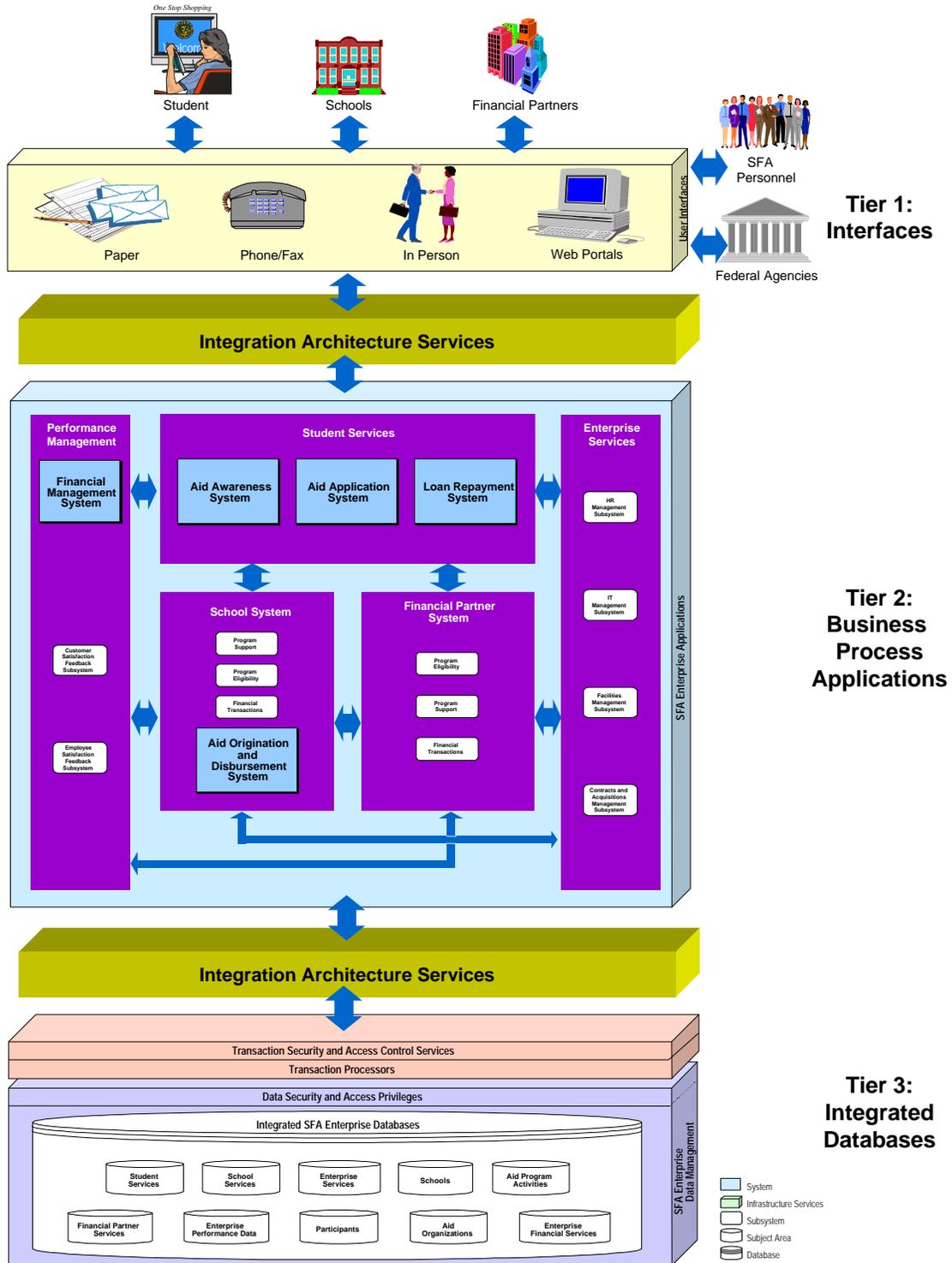


Figure 4 – Enterprise Integration Architecture

Our first release of the architecture included the infrastructure for an Internet architecture comprising market-leading, best-in-business products consisting of Web portals and servers, content management tools, and an

intelligent search engine. Our release also included architectures ready to be used for new data warehousing applications and solutions that will make use of integrated middleware. In addition, we reviewed our approach to security to put in place industry best practices to protect our customers' and partners' information from being compromised. We are also looking at how other federal agencies are using Web-based digital signatures for securing electronic authorizations.

As we look forward, we are embarking on initiatives to enable SFA to share imaged documents across SFA and we're looking for ways to shift from manual paper processes to an increasingly electronic environment to better manage documents and workflow.

Future architecture releases will build upon this initial, reusable infrastructure and new technology capabilities will be added as needed. Our long-term objective is to provide an integrated, enterprise-wide technical architecture that will enable SFA to reduce the number of custom-built, "siloed" applications that are difficult to update and maintain.

We want to ensure that we deliver great products and services that customers can use. We plan to use standard software development lifecycle methodologies to enable us to focus on quality and achieving business benefits—while at the same time delivering at increased speed and lowering our development costs. To this end, we are also leveraging commercial-off-the-shelf products that can be customized to our needs while at the same time reducing development maintenance costs. In addition, our architectures are structured to revolve around the technology standards and frameworks that we have defined to ensure integration flexibility, scalability, and consistency. Finally, to ensure that we are deploying an architecture that is aligned with business needs, we have developed an IT Architecture Framework that ties our strategic business needs to individual components in our architecture.

What follows is a review of the new technologies we are using to transform SFA into a performance-based organization.

### **e-Enabling SFA with Web Technologies**

To succeed in the new e-based economy, SFA is developing new systems on a Web-based architecture to enable students, schools, and our financial partners to easily access information with a Web browser—making information available without the need for high powered PCs or additional PC-based software. We have also created Web sites with the needs of the disabled in mind, complying with the Americans with Disabilities Act, the government standard for accessibility, to ensure that all customers are able to do business with us. We are also working to comply with the yet emerging Section 508 standards for the accessibility of government IT solutions.

Our Web portal applications will enable us to personalize information on our Web site so that customers will more easily be able to find the information they need. We are also using Web-based solutions to integrate application data so that it will now require fewer "clicks" to reach information from different Web sites. We have launched our School Portal initiative, which will start to consolidate SFA's information resources used by schools. By providing the right information in the right place at the right time, SFA can serve the needs of our customers more effectively, accurately, and reliably—making the customer experience a positive one. *Figure 5* shows the high level components of our target, Web-based architecture.

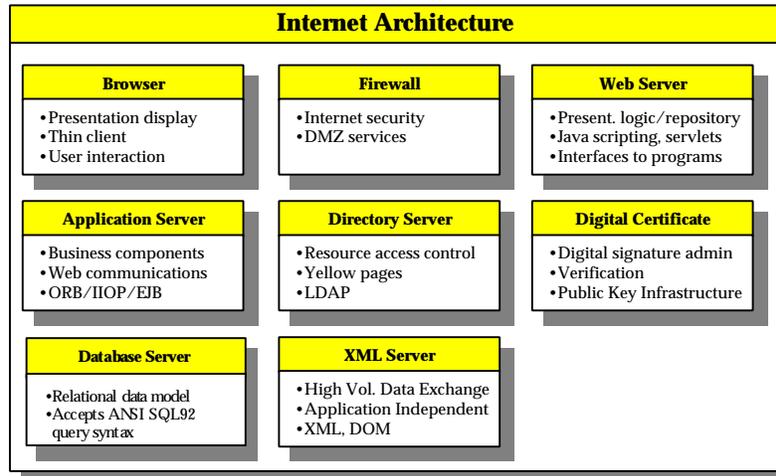


Figure 5 – Internet Architecture

In addition, we have implemented a state of the art content management application to ensure that the news and information our customers receive on our Web pages is up-to-date and accurate. We are also building an “intelligent” search engine to make it easier for customers to locate information allowing them to search multiple Websites. We have also built our Web-based systems to be able to handle more customers and higher “hits” volumes. We are constantly working to make these systems more reliable and to improve system performance to achieve quicker response times.

By standardizing these Web applications, SFA can reduce the cost of maintaining separate, disparate systems and technical environments. The Internet architecture provides the foundation to standardize the Web infrastructure and provide scalability for future enhancements and increasing electronic users.

As we move forward, we plan to complement the data that our customers receive on our Web sites with knowledge management expertise. Once this system is in place, our customers will be able to contact one of our experts over the Internet to help them get the answers they are looking for. We will also be looking to our customers and partners to contribute and collaborate with us over the Internet as we continue to strive to become the best we can be.

### Connecting with Customer Relationship Management and Computer Telephony Integration

We are working to achieve new and improved levels of customer service. As a result, we are planning to implement a customer relationship management solution with increased capabilities identifying who is calling and automatically linking the customer’s information with the call. Our customer service representatives will be able to use the system to expedite solving our customers’ problems and accessing their readily available information. Our new Ombudsman Call Tracking System (OCTS 2.0) will use this solution to help students resolve their problems either through our call centers or by finding the status themselves on our Web site.

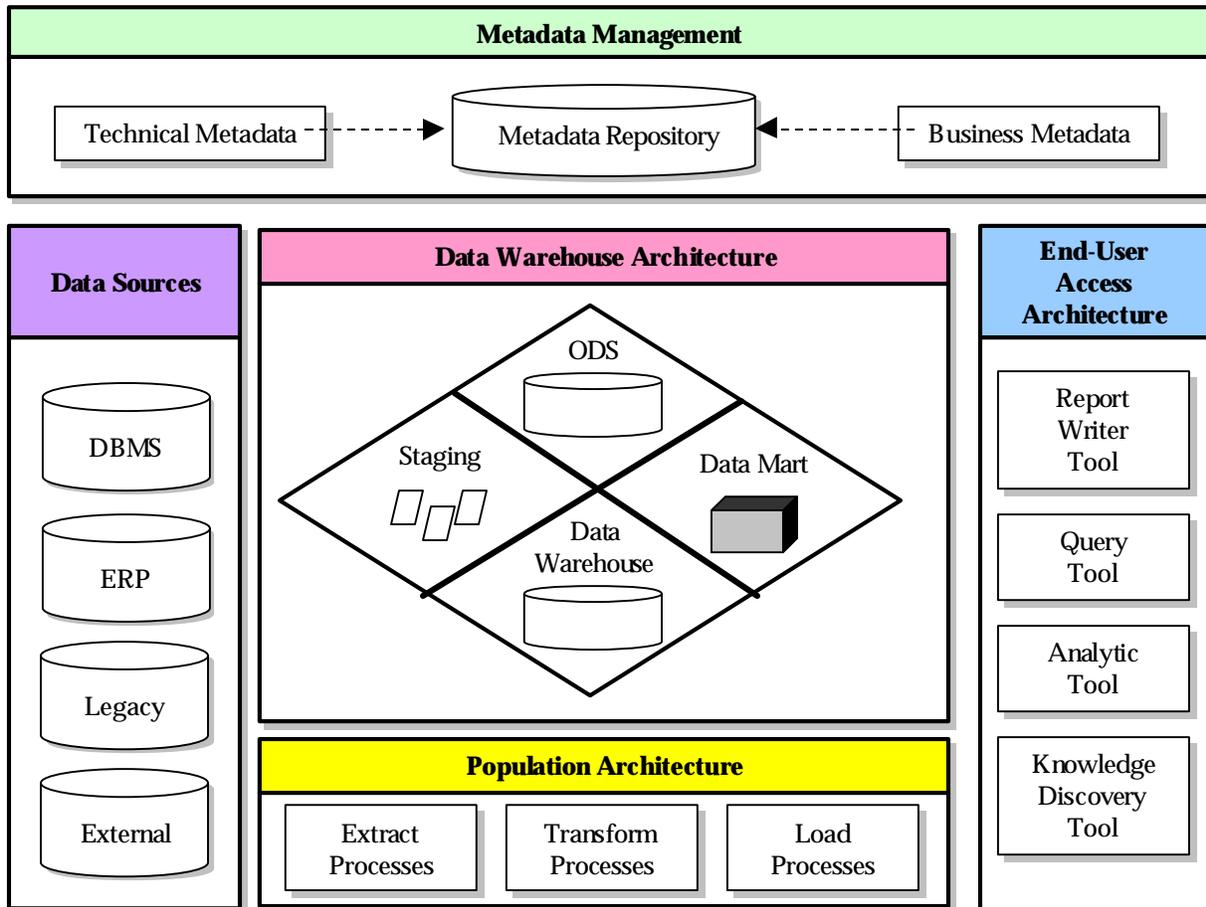
Through our call management application, we will provide a consistent quality answer to customer questions and use a knowledge base to be more proactive in resolving problems. The application will also provide enhanced reporting about who called, what types of problems were encountered and resulting solutions. It will have the ability to assign problems to available specialists based on who has the most expertise to help the caller. In addition to improving customer service, this solution will help cut unit cost by reducing the amount of time it takes to train call center agents, and by increasing productivity through higher problem resolution rates and improved solution accuracy.

In the future, we plan to continue to expand the call management solution by adding a Web-based self-service capability to check call status and to improve reporting. We also plan to enhance our expert knowledge base as we continue to focus on increasing customer satisfaction.

**Connecting the Dots – Data Integration**

Our customers demand reliable, cost effective and flexible access to decision support information and a centralized reporting capability. Today, SFA obtains most of its decision support information from the National Student Loan Data System (NSLDS). In addition, some levels of our decision support capabilities are provided by existing legacy systems. NSLDS, serves as both the de facto data warehouse and operational data store for SFA, since it obtains and stores data from a variety of legacy systems. While much progress has been made toward controlled, easy access to data since the initial implementation of NSLDS, we’re still faced with an older, custom-coded technology that does not support the timely, complete, and accurate decision support analysis needs of our organization.

To this end, SFA is addressing the short-term data warehouse needs of the CFO by developing a Data Mart to automate and streamline financial reporting and distribution, and to provide data mining for budgetary analysis.



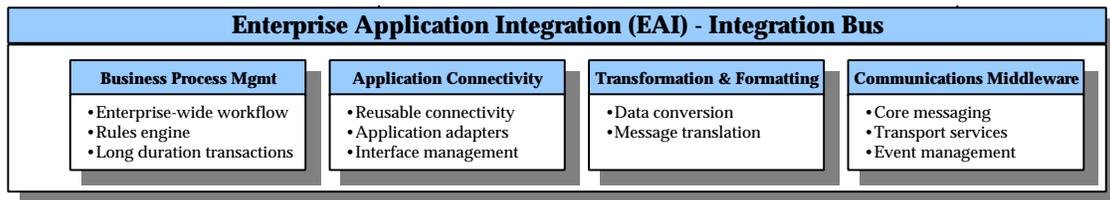
**Figure 6 – Data Warehouse Architecture**

This data warehouse technical architecture is based on components and services which include the creation of operational data stores, the implementation of an Extract, Transform, Load (ETL) tool to extract and load enterprise data into data warehousing data stores, an end-user-access tool, and a decision support metadata repository. See *Figure 6*.

This data integration architecture helps us achieve our performance goals by helping our customers and partners access the right information from many data repositories through more effective reporting. Our customers and partners will find our data warehouse reports to be more useful and provide information more efficiently.

As we look ahead, we plan to continue developing an enterprise-wide decision support system and improved data reporting that takes into consideration both the current capabilities of NSLDS and SFA’s needs.

Another project we have been working on is the implementation of an Enterprise Application Integration (EAI) architecture. EAI is a common middleware platform designed to provide a reusable service for integrating disparate systems and data within SFA. We plan to use the EAI architecture to enable our Internet architecture, to integrate and communicate with legacy systems via this middleware software. It will also give us the ability to route messages between application systems according to message content and context.



**Figure 7 – Enterprise Application Integration (EAI) – Integration Bus**

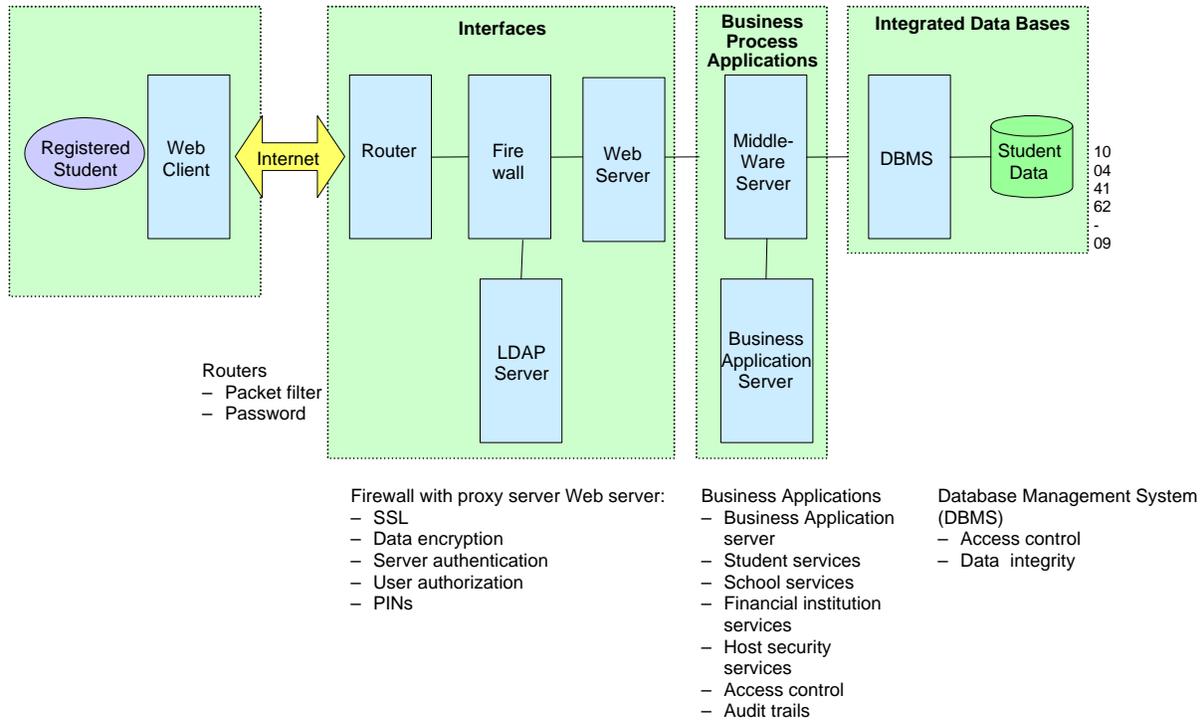
Finally, it will enable us to convert and format data and message content from multiple disparate systems and data sources, and provide us with the ability to connect legacy systems, packaged software, and Web-based applications using standard interfaces and a common infrastructure (*Figure 7* shows the EAI components). For our customers, this means the ability to receive information across multiple applications efficiently regardless of the application source, making it easier to do business with SFA.

In the future, we also plan to examine how we can use new Internet network technologies to collect and distribute information. The goal here is to reduce operating and service costs, and to increase access to the information that is available to our customers and partners.

### **Securing Customer Information**

We want our customers to know that we value their information privacy. We have instituted new policies and procedures to ensure that we protect the confidentiality of the information that is entrusted to us. We have published a comprehensive *Guide to Information Security and Privacy* that describes the requirements for SFA data systems and the people who use them. The guide also addresses how we comply with the laws, regulations, and practices governing federal and Department of Education data.

We are addressing security at various levels to ensure that we are able to withstand security threats from many possible sources. We’re developing procedural security measures that include policies and risk assessments to improve our ability to better identify, monitor, and respond to inappropriate security access. We are also looking at tools which will enable us to detect intrusions, as well as to collect and report on individual system security information from multiple security sources.



**Figure 8 – Security Architecture**

We are also gearing up to use digital signatures and public key encryption to ensure that only authorized users receive access to confidential information. We are also pursuing single sign-on solutions that can control user access through multiple systems without adversely impacting system performance. Once this technology is in place, users will be able to more easily access the information they need without logging into multiple systems, thereby supporting a virtual environment (See *Figure 8* for security components in our target architecture).

**Designing Quality Into Our Products**

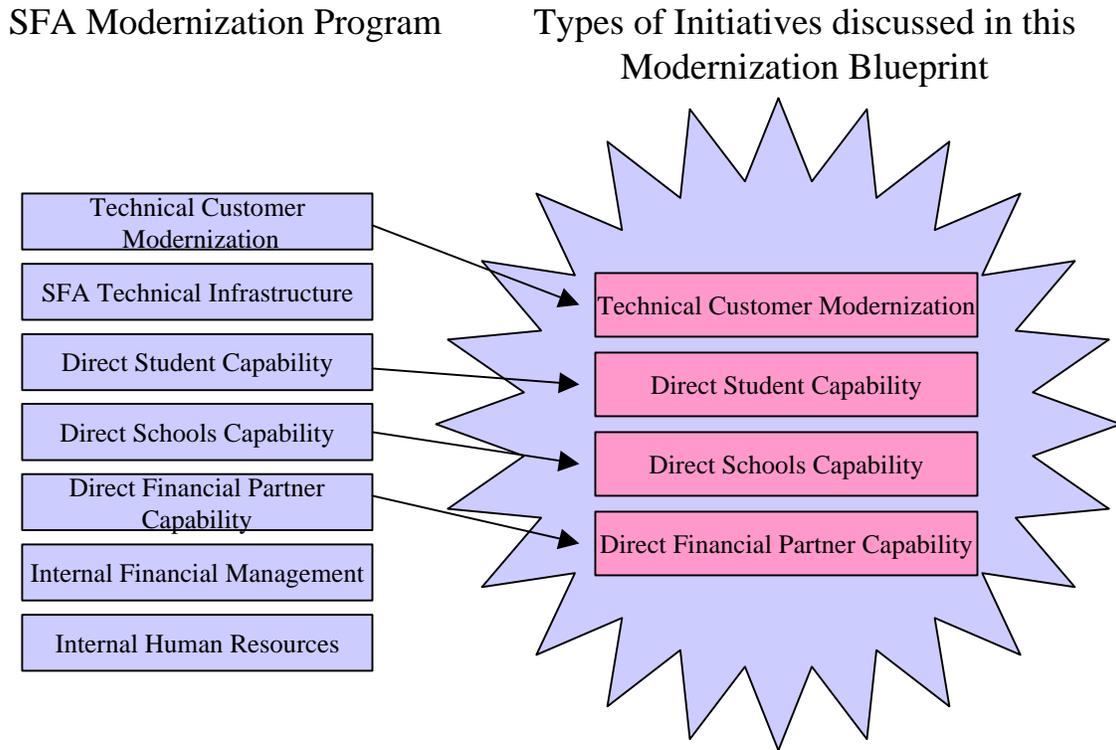
We have embarked on an initiative to better define our processes and tools for the software development life cycle. These standardized processes bring different parts of our organization together during the design and development of our products to ensure that we are putting our best expertise and experiences into our products and services. This best-in-business practice is being used to ensure quality checkpoints, standardized and consistent approaches, and an alignment to our business imperatives throughout our development.

**Chapter IV -  
How We're Going to Get There:  
The Modernization Sequencing Plan**

### The Detailed Integrated Sequencing Plan

The Detailed Integrated Sequencing Plan contains descriptions of the multiple layers of modernization—from our organization’s core processes to the individual projects which each deliver customer benefits through new or improved capabilities.

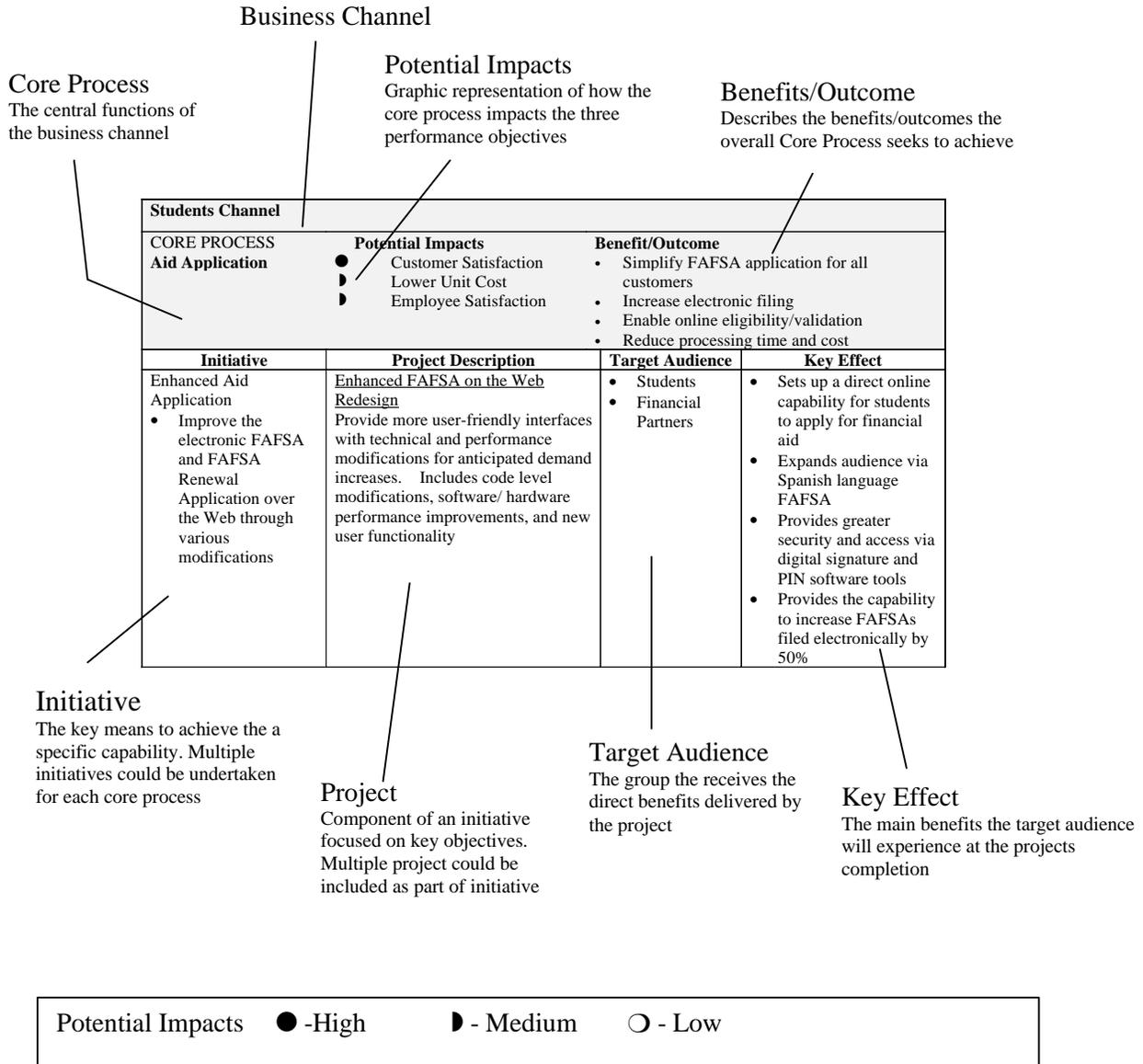
In this chapter we present a subset of the Integrated Sequencing Plan. It’s not intended to give an exhaustive description of all projects and initiatives included in the Modernization Blueprint or to detail all our supporting and infrastructure-related projects; this detailed information is available in other documents. Rather, the material included here is designed to show what projects we’ve undertaken or intend to undertake which deliver the most visible and direct impact for our customers and partners: Students, Schools and Financial Partners. The illustration below shows the areas highlighted in this chapter in relation to the overall SFA Modernization Program. The details of each of the Modernization Program initiatives are contained in the Detailed Sequencing Plan.



In the material that follows, we have organized the info by business area in order to present a customer-focused view of what we are doing.

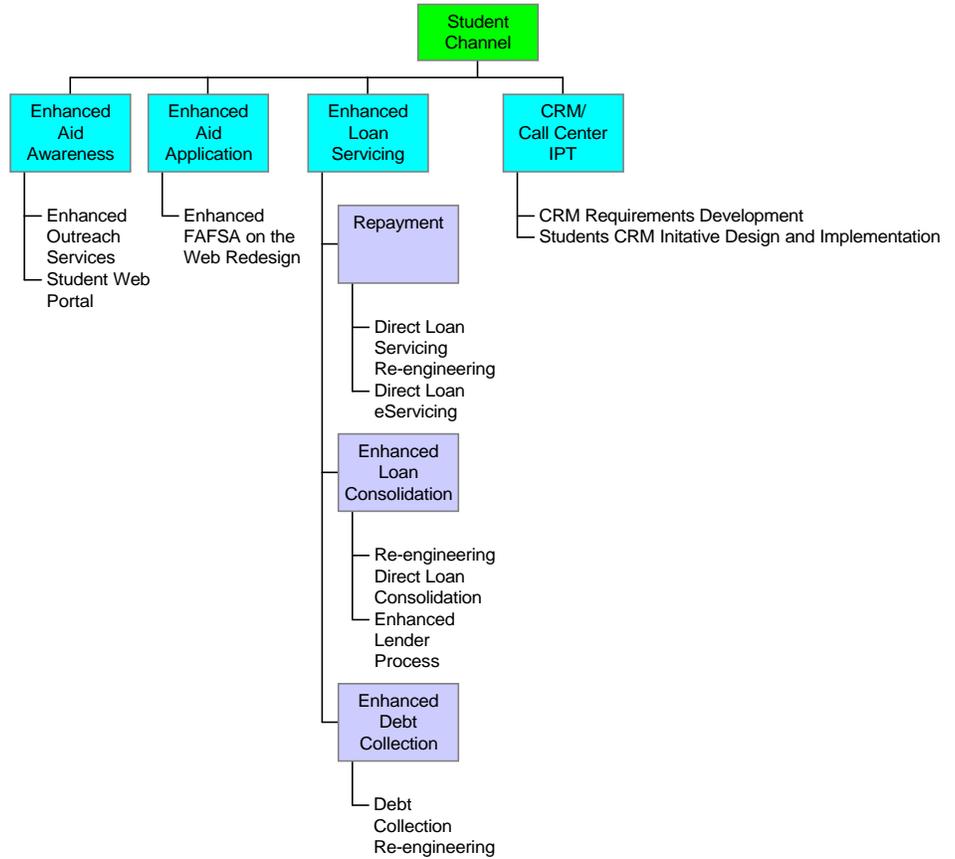
- To give you a quick visual reference, we first provide you with a Gantt style chart that shows each initiative and project from a task and schedule perspective.
- To give you more details, we have developed a chart that maps the individual initiatives and project to SFA’s core processes and our strategic objectives.

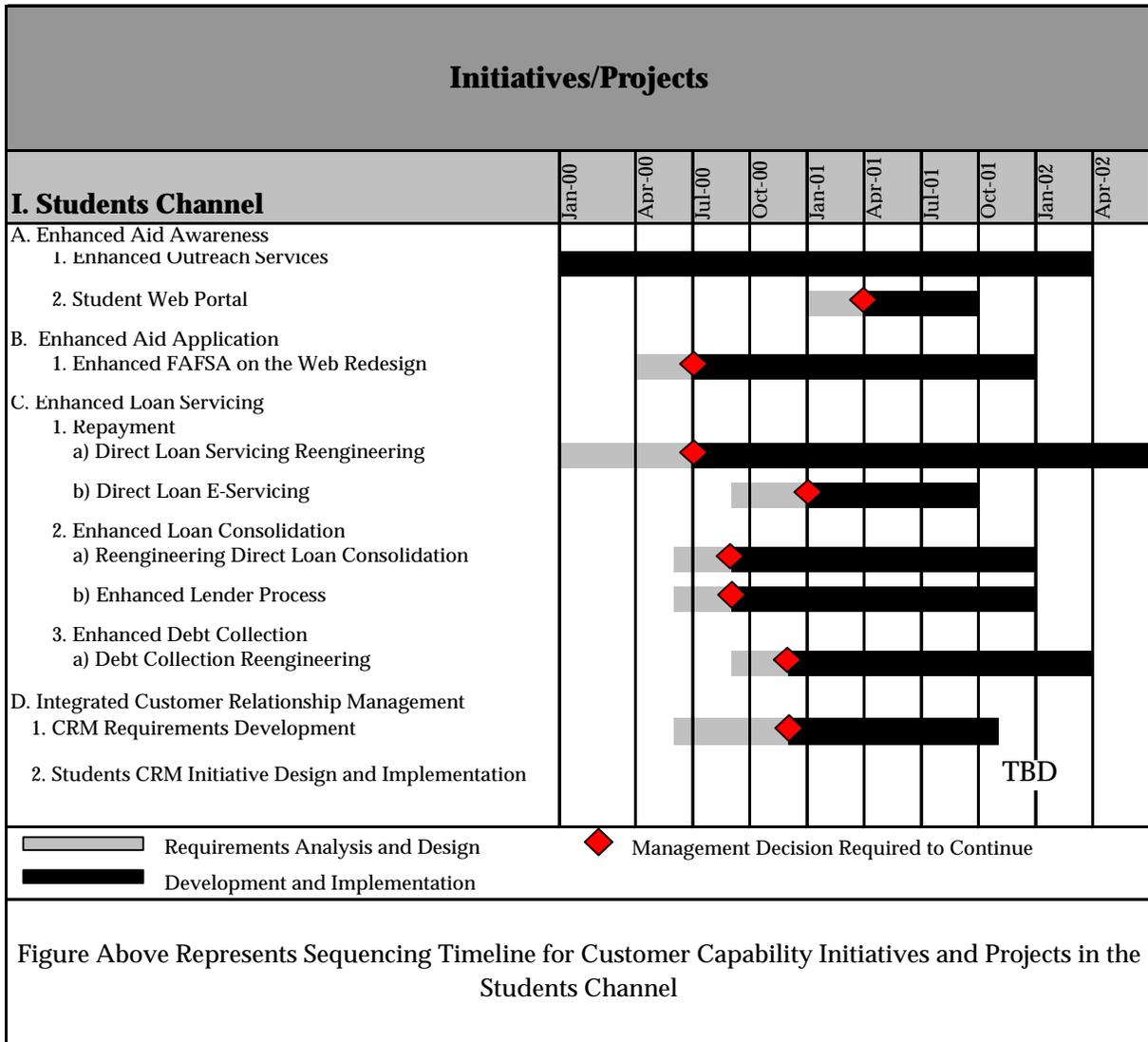
The legend below is an example.



## Students Channel

The following section outlines the specific customer capability initiatives and projects being handled by the Students Channel. The figure below outlines an organizational layout of the initiatives and projects that are scheduled to produce tangible results for our customers. The Gantt and organization charts follow.





<b>Students Channel</b>			
<b>CORE PROCESS</b>		<b>Potential Impacts</b>	<b>Benefit/Outcome</b>
<b>Aid Awareness</b>		<ul style="list-style-type: none"> <li>● Customer Satisfaction</li> <li>○ Lower Unit Cost</li> <li>▶ Employee Satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• Educate buyers about their options</li> <li>• Ensure aid information is clear and meaningful to customers</li> <li>• Increase awareness to a broader customer group</li> <li>• Provide information via multiple distribution channels</li> </ul>
<b>Initiative</b>	<b>Project Description</b>	<b>Target Audience</b>	<b>Key Effect</b>
Enhanced Aid Awareness <ul style="list-style-type: none"> <li>• Enhance all programs designed to inform the public of the availability of student financial assistance and educate them on various aid options and processes of applying for aid.</li> </ul>	<p style="text-align: center;"><b><i>Enhanced Outreach Services</i></b></p> <p>Improve communications to partners and borrowers to disseminate information on changes to existing programs, technologies and product offerings to under served markets</p>	<ul style="list-style-type: none"> <li>• Students</li> <li>• Under-served customer market segments</li> </ul>	<ul style="list-style-type: none"> <li>• Increases the amount of student aid related information available to non-English speaking customers</li> <li>• Addresses the special needs of Spanish, Asian American, and Pacific Islander students and parents</li> </ul>
	<p style="text-align: center;"><b><i>Web Portal for Students</i></b></p> <p>This project will focus on the Students Channel requirements for the SFA Web Portal. This portion of the Web Portal is being managed and funded by the Students Channel</p>	<ul style="list-style-type: none"> <li>• Students</li> </ul>	<ul style="list-style-type: none"> <li>• Establish a Phase I Web portal for Students to provide one stop access to Students related online services</li> <li>• Apply for loans online</li> <li>• View the status of aid applications</li> <li>• View their SAR</li> </ul>

<b>Students Channel</b>			
<b>CORE PROCESS</b>		<b>Potential Impacts</b>	<b>Benefit/Outcome</b>
<b>Aid Application</b>		<ul style="list-style-type: none"> <li>● Customer Satisfaction</li> <li>▶ Lower Unit Cost</li> <li>▶ Employee Satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• Simplify FAFSA application for all customers</li> <li>• Increase electronic filing</li> <li>• Enable online eligibility/validation</li> <li>• Reduce processing time and cost</li> </ul>
<b>Initiative</b>	<b>Project Description</b>	<b>Target Audience</b>	<b>Key Effect</b>
Enhanced Aid Application <ul style="list-style-type: none"> <li>• Improve the electronic FAFSA and FAFSA Renewal Application over the Web through various modifications</li> </ul>	<p style="text-align: center;"><b><i>Enhanced FAFSA on the Web Redesign</i></b></p> <p>Provide more user-friendly interfaces with technical and performance modifications for anticipated demand increases. Includes code level modifications, software/ hardware performance improvements, and new user functionality</p>	<ul style="list-style-type: none"> <li>• Students</li> <li>• Financial Partners</li> </ul>	<ul style="list-style-type: none"> <li>• Sets up a direct online capability for students to apply for financial aid</li> <li>• Expands audience via Spanish language FAFSA</li> <li>• Provides greater security and access via digital signature and PIN software tools</li> <li>• Provides the capability to increase FAFSAs filed electronically by 50%</li> </ul>

<b>Students Channel</b>			
<b>CORE PROCESS</b>		<b>Potential Impacts</b>	<b>Benefit/Outcome</b>
<b>Loan Repayment and Consolidation</b>		<ul style="list-style-type: none"> <li>● Customer Satisfaction</li> <li>● Lower Unit Cost</li> <li>▶ Employee Satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>● Provide improved customer satisfaction for borrowers:                             <ul style="list-style-type: none"> <li>➢ Customer support</li> <li>➢ Financial counseling</li> <li>➢ Flexible payment options</li> <li>➢ Various repayment channels</li> </ul> </li> <li>● Lower unit costs for servicing loans</li> <li>● Minimize the number of delinquencies</li> <li>● Provide a single interface for all loans</li> <li>● Simplify the loan consolidation application and process</li> <li>● Lower unit costs to consolidate loans</li> <li>● Reduce processing time to consolidate loans</li> </ul>
<b>Initiative</b>	<b>Project Description</b>	<b>Target Audience</b>	<b>Key Effect</b>
Enhanced Loan Servicing <ul style="list-style-type: none"> <li>● Goals are to reduce cost while improving service to students and schools by focusing on the existing processes and systems for the Students Channel</li> </ul>	<p style="text-align: center;"><b><i>Direct Loan Servicing Reengineering</i></b></p> <p>Review of existing servicing environment, processes, financials and financial services industry best practices. Improvements will be implemented based upon impact, cost, and timing dependencies</p>	<ul style="list-style-type: none"> <li>● Support organizations and systems</li> <li>● Direct Loan Servicing Center</li> </ul>	<ul style="list-style-type: none"> <li>● Improvements in how loans are serviced for students with Direct Loans</li> <li>● Enable a 50% increase in borrowers repaying Direct Loans through Electronic Debiting or other electronic methods</li> <li>● Enable online application for electronic debit</li> <li>● Enable processing of deferment and forbearance requests within 7 days of receipt at the DLSC</li> </ul>

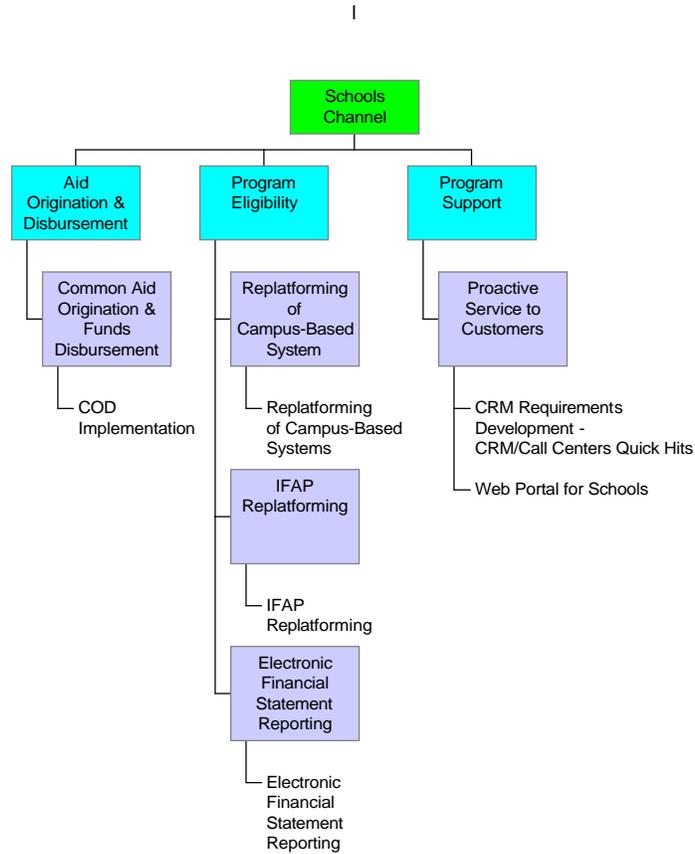
	<p align="center"><b><i>Direct Loan E-Servicing</i></b></p> <p>Provide improved customer service relationship management tools and end-user self management capabilities. Employ best practices via the implementation of COTs solutions to; provide electronic Customer Service Management (eCRM) tools to improve the CSRs ability to provide complete service to customers; introduce internet billing capability to facilitate presentment and payment of accounts; and improve correspondence operations through the implementation of online correspondence delivery; management and tracking.</p>	<ul style="list-style-type: none"> <li>• Students</li> <li>• Financial Partners</li> <li>• Support organizations</li> </ul>	<ul style="list-style-type: none"> <li>• SFA customers can manage loan accounts via the Internet</li> <li>• Information that was once available from multiple sources is consolidated via one entry</li> </ul>
<p>Enhanced Loan Consolidation</p> <ul style="list-style-type: none"> <li>• Improve loan consolidation through a reengineering effort</li> <li>• Enhance lender processes through implementation of an electronic funds transfer process, and FFEL loans for Direct Loan consolidation.</li> </ul>	<p align="center"><b><i>Reengineering Direct Loan Consolidation</i></b></p> <p>Review loan consolidation processes, environment, financials, and industry best practices to develop new and emerging business models for loan consolidation including electronic loan processing, digital signature authorizations, and paperless promissory notes</p>	<ul style="list-style-type: none"> <li>• Students</li> <li>• Financial Partners</li> <li>• Support organizations and systems</li> </ul>	<ul style="list-style-type: none"> <li>• Provides for easier loan consolidation for student borrowers</li> <li>• Enables debt reduction assistance on consolidated accounts</li> <li>• Enables processing of loan consolidation in 50 days or less</li> <li>• Enables a 50% increase in consolidation applications filed electronically</li> </ul>
	<p align="center"><b><i>Enhanced Lender Process</i></b></p> <p>Review of existing lender processes, environments, financials, and best practices in delivery and fulfillment technologies</p>	<ul style="list-style-type: none"> <li>• Students</li> <li>• Schools</li> <li>• Financial Partners</li> <li>• Support organizations and systems</li> </ul>	<ul style="list-style-type: none"> <li>• Enables: <ul style="list-style-type: none"> <li>➤ Quicker loan review</li> <li>➤ Validates/ approves lenders</li> </ul> </li> <li>• Reduces reconciliation and duplication efforts</li> <li>• Provides borrower with one-stop source for lending institution information</li> </ul>

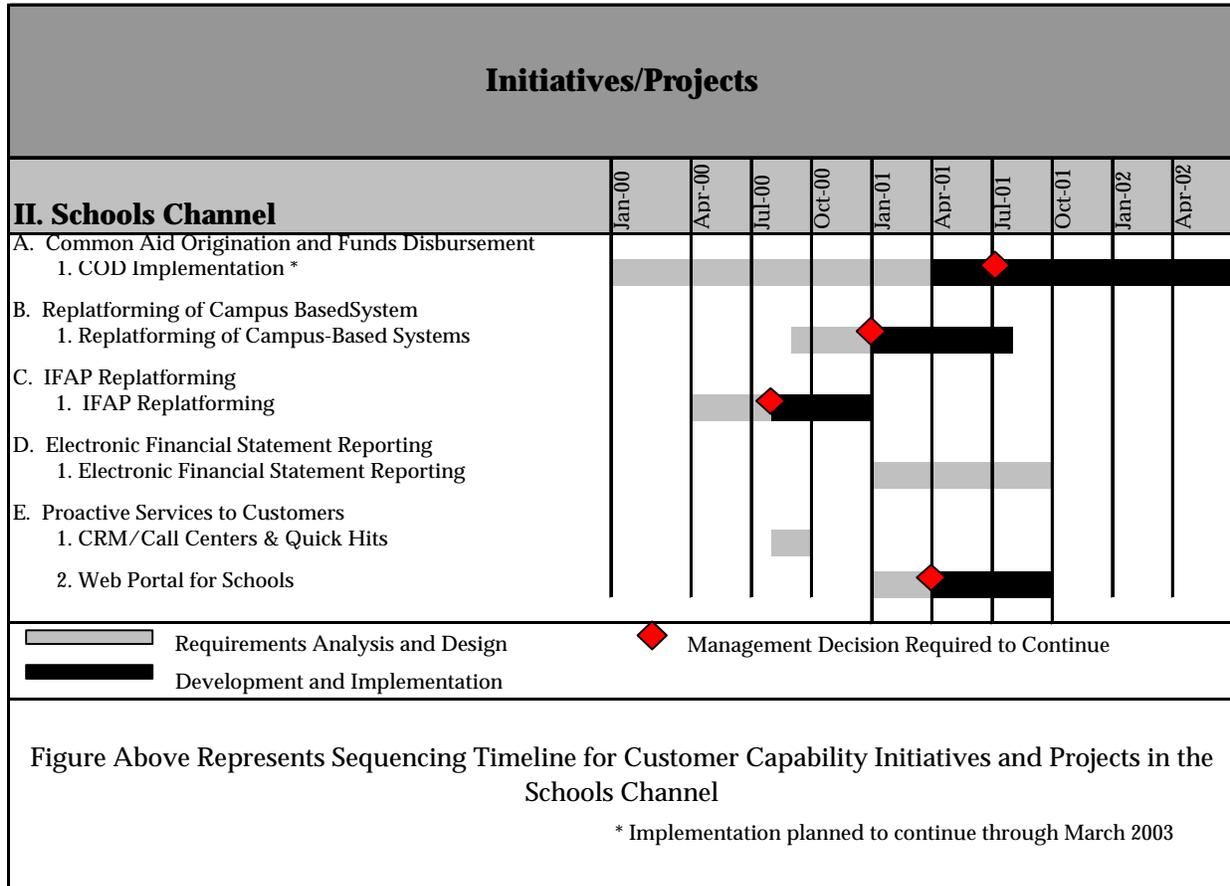
<p>Enhanced Debt Collection</p> <ul style="list-style-type: none"> <li>Determine the best approach for improving processes/methods for Debt Collections</li> </ul>	<p><b><i>Debt Collection Reengineering</i></b></p> <p>Review existing debt collection processes and develop new collections servicing models, utilize emerging practices in asset management, enhance existing fraud prevention measures, review existing waiver /deferment/ forbearance practices, implement new automated collection tools, consolidate redundant functions, and streamline inefficient processes</p>	<ul style="list-style-type: none"> <li>Customer collections</li> <li>Partner collections</li> <li>Support organizations and systems</li> </ul>	<ul style="list-style-type: none"> <li>Enables streamlined debt collection process</li> <li>Supports the reduction of the default rate through process improvements</li> <li>Enables online tracking of employment of borrowers via a national directory</li> <li>Enables sustainment of the default recovery rate at no less than 10%</li> </ul>
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Students Channel			
<p>CORE PROCESS</p> <p><b>CRM Call Center IPT</b></p>	<p><b>Potential Impacts</b></p> <ul style="list-style-type: none"> <li>Customer Satisfaction</li> <li>Lower Unit Cost</li> <li>Employee Satisfaction</li> </ul>	<p><b>Benefit/Outcome</b></p> <ul style="list-style-type: none"> <li>Improved employee satisfaction</li> <li>Design comprehensive performance management and development</li> <li>Integrate human resource management</li> </ul>	
Initiative	Project Description	Target Audience	Key Effect
<p>Integrated Customer Relationship Management</p> <ul style="list-style-type: none"> <li>Improve upon existing SFA call center systems, processes, and technology.</li> </ul>	<p><b><i>CRM Requirements Development</i></b></p> <p>Improve existing SFA call center systems, processes, and technology by performing initial requirements gathering and utilizing industry best practices in CRM management</p>	<ul style="list-style-type: none"> <li>Students</li> <li>Schools</li> <li>Financial Partners</li> </ul>	<ul style="list-style-type: none"> <li>Requirements determination will shape future SFA CRM initiatives</li> </ul>
	<p><b><i>Students CRM Initiative Design and Implementation</i></b></p>	<ul style="list-style-type: none"> <li>Students</li> </ul>	<ul style="list-style-type: none"> <li>TBD during above requirements determination.</li> </ul>

## Schools Channel

The following section outlines the specific customer capability initiatives and projects being handled by the Schools Channel. The figure below outlines an organizational layout of the initiatives and projects that are scheduled to produce tangible results for our customers. The Gantt and organization charts follow.





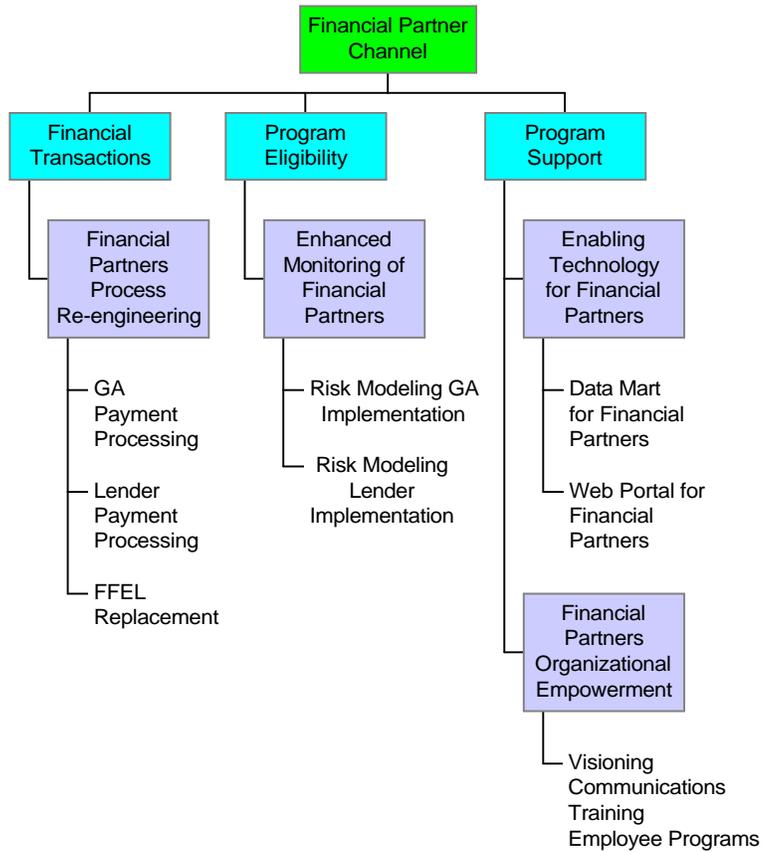
<b>Schools Channel</b>			
<b>CORE PROCESS</b> <b>Aid Origination and Disbursement</b>		<b>Potential Impacts</b> <ul style="list-style-type: none"> <li>● Customer Satisfaction</li> <li>● Lower Unit Cost</li> <li>● Employee Satisfaction</li> </ul>	<b>Benefit/Outcome</b> <ul style="list-style-type: none"> <li>• Lower unit cost to originate and disburse a Pell grant and direct loan</li> <li>• Simplify the process for reporting Pell grant and direct loan disbursements</li> <li>• Provide a single reporting vehicle for Pell grants, campus-based funds, and direct loans</li> <li>• Eliminate need for duplicating reporting by schools</li> <li>• Lower costs for schools to administer student aid programs</li> <li>• Reduce cycle time by eliminating hand-offs and redundant reconciliations</li> </ul>
<b>Initiative</b>	<b>Project Description</b>	<b>Target Audience</b>	<b>Key Effect</b>
Common Aid Origination and Funds Disbursement (COD) <ul style="list-style-type: none"> <li>• Reengineer the existing Title IV origination and disbursement systems into a common delivery process</li> </ul>	<p style="text-align: center;"><b><i>COD Implementation</i></b></p> <p>Assess the current origination and disbursement processes and tools and create a common, single-source process for the origination and disbursement of loans directly from financial institutions to students via schools. Provide ability to originate, disburse, and report changes for Pell Grants and Direct Loans (through a common record with common standards and enhanced interfaces between the department, and institutions). Will also include after-the-fact reporting for campus-based funds via the same common record.</p>	<ul style="list-style-type: none"> <li>• Schools</li> <li>• Students</li> </ul>	<ul style="list-style-type: none"> <li>• Provides schools with single process for requesting funds</li> <li>• Creates system that facilitates close to “real-time” sharing of data across all partners</li> <li>• Creates platform that supports integrated technical and functional customer service for schools across the programs</li> </ul>

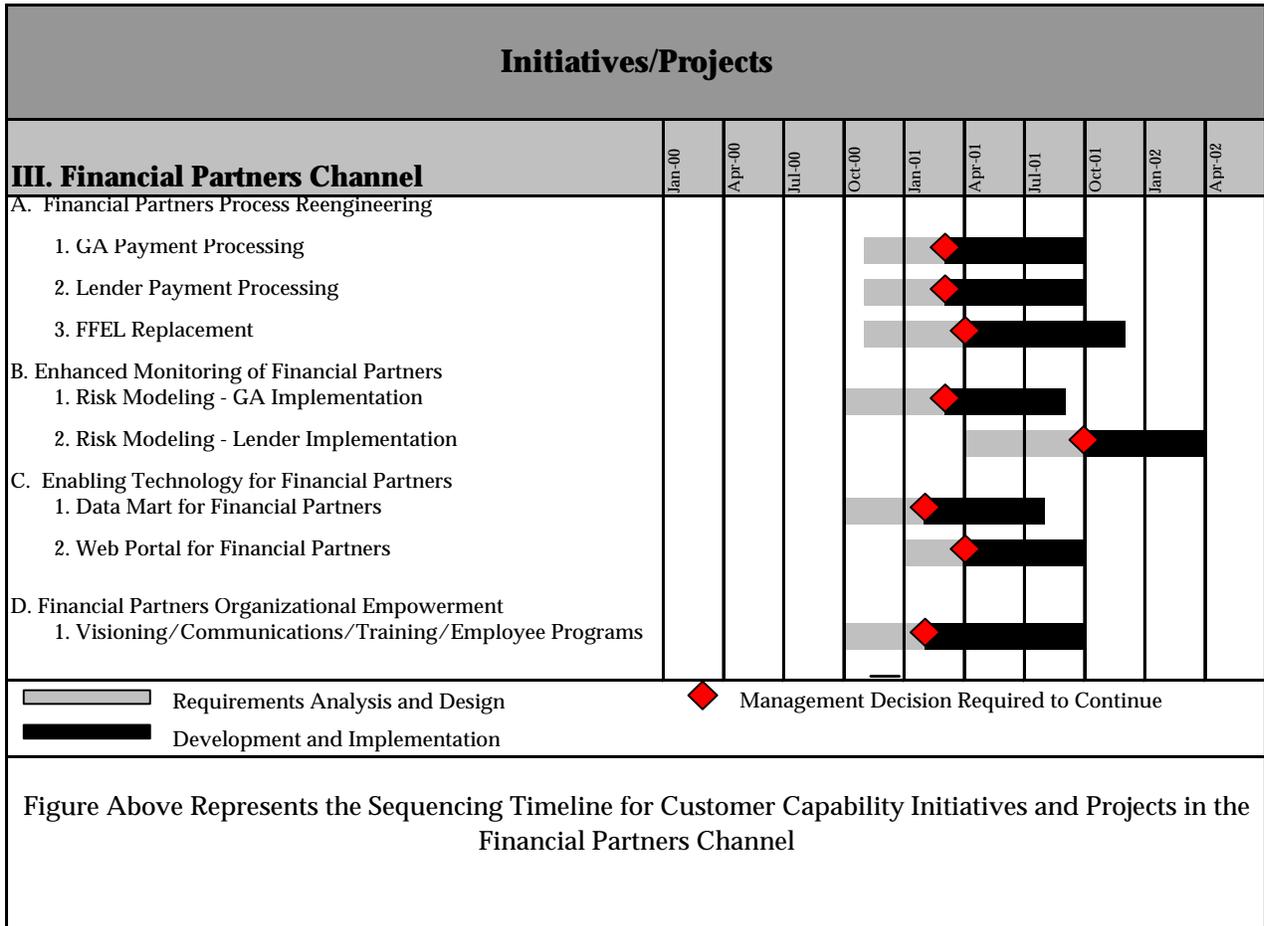
<b>Schools Channel</b>			
<b>CORE PROCESS</b>		<b>Potential Impacts</b>	<b>Benefit/Outcome</b>
<b>Program Eligibility</b>		<ul style="list-style-type: none"> <li>▶ Customer Satisfaction</li> <li>▶ Lower Unit Cost</li> <li>○ Employee Satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• Facilitate faster partner participation by efficiently and accurately executing eligibility determination and certification processes.</li> <li>• Enables the reduction of program unit costs and continual compliance with statutory participation requirements by identifying and discontinuing ineligible schools.</li> </ul>
<b>Initiative</b>	<b>Project Description</b>	<b>Target Audience</b>	<b>Key Effect</b>
Replatforming of Campus-Based System <ul style="list-style-type: none"> <li>• Migrate the current functionality of the Campus-Based System to a relational database.</li> </ul>	<p style="text-align: center;"><b><i>Replatforming of Campus-Based System</i></b></p> Identify requirements, then scope, design, and build a relational database to support current campus-based processes: (i.e. FISAP processing, tracking waivers)	<ul style="list-style-type: none"> <li>• Schools</li> </ul>	<ul style="list-style-type: none"> <li>• Enables online access for schools to the status of their FISAP processing</li> <li>• Enables online entry, transmission and correction of FISAP</li> <li>• Improves efficiency in getting information from across award years</li> </ul>
IFAP Replatforming <ul style="list-style-type: none"> <li>•</li> </ul>	To Be Determined.		
Electronic Financial Statement Reporting <ul style="list-style-type: none"> <li>• Develop and implement a plan for allowing schools to submit their annual financial statements electronically.</li> </ul>	<p style="text-align: center;"><b><i>Electronic Financial Statement Reporting</i></b></p> Develop an online reporting and transmittal capability to allow participating schools to forward annual financial statements to SFA.	<ul style="list-style-type: none"> <li>• Schools</li> <li>• SFA Management</li> </ul>	<ul style="list-style-type: none"> <li>• Enables SFA to manage school financial statements utilizing online processes</li> <li>• Reduces potential for human error and paper error</li> <li>• Reduces reconciliation and rework</li> <li>• Enables resolution of 93% of school audits within six months of receipt</li> </ul>

<b>Schools Channel</b>			
<b>CORE PROCESS</b>		<b>Potential Impacts</b>	<b>Benefit/Outcome</b>
		<ul style="list-style-type: none"> <li>● Customer Satisfaction</li> <li>○ Lower Unit Cost</li> <li>○ Employee Satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure partners are aware of participation processes and statutory requirements</li> </ul>
<b>Initiative</b>	<b>Project Description</b>	<b>Target Audience</b>	<b>Key Effect</b>
Proactive Services to Customers <ul style="list-style-type: none"> <li>• Implement a “one call does it all” service environment</li> </ul>	<p style="text-align: center;"><b><i>Customer Relationship Management Requirements Development – CRM/Call Centers &amp; Quick Hits</i></b></p> <p>This activity is a sub-IPT of the Students’ CRM project. Designed to implement rapid customer service solutions identified in the Schools Customer Service Division through the definition of requirements, sub-requirements, and service delivery scripts based on industry proven and successful methods</p>	<ul style="list-style-type: none"> <li>• Schools</li> <li>• Financial Partners</li> <li>• Students</li> </ul>	<ul style="list-style-type: none"> <li>• Creates a “one-call does it all” service enabling:                             <ul style="list-style-type: none"> <li>➤ Quicker customer service</li> <li>➤ Streamlined process for information queries</li> <li>➤ Centralized information data source</li> </ul> </li> </ul>
	<p style="text-align: center;"><b><i>Web Portal for Schools</i></b></p> <p>The Web Portal will provide participating schools with the capability to access SFA information, forms, and data</p>	<ul style="list-style-type: none"> <li>• Schools</li> </ul>	<ul style="list-style-type: none"> <li>• Enables users to:                             <ul style="list-style-type: none"> <li>➤ View SFA information and data online</li> <li>➤ Learn about participating financial institutions</li> <li>➤ Match student aid needs to financial institution aid packages</li> </ul> </li> </ul>

### Financial Partners Channel

The following section outlines the specific customer capability initiatives and projects being handled by the Financial Partners Channel. The figure below outlines an organizational layout of the initiatives and projects that are scheduled to produce tangible results for our customers. The Gantt and organization charts follow.





<b>Financial Partners Channel</b>			
<b>CORE PROCESS</b>		<b>Potential Impacts</b>	<b>Benefit/Outcome</b>
<b>Financial Transactions</b>		<ul style="list-style-type: none"> <li>● Customer Satisfaction</li> <li>● Lower Unit Cost</li> <li>● Employee Satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• Redesigned automated form reduces time required to process a financial transaction</li> <li>• Lower unit cost for processing financial transactions</li> </ul>
<b>Initiative</b>	<b>Project (Description)</b>	<b>Target Audience</b>	<b>Key Effect</b>
Financial Partners Process Reengineering <ul style="list-style-type: none"> <li>• Design and implement improvements to the core business processes that will include GAs and Lenders</li> </ul>	<p style="text-align: center;"><b><i>GA Payment Processing</i></b></p> <p>Re-engineer the GA payment process and integrate it with the SFA financial management system in Phase II. This project ties to the FP Form 2000 and the CFO FMS implementation efforts</p>	<ul style="list-style-type: none"> <li>• GAs</li> <li>• SFA employees in Financial Transactions Group</li> <li>• SFA CFO (secondary audience)</li> </ul>	<ul style="list-style-type: none"> <li>• Web-enables the submission of GA payment transactions</li> <li>• Lowers the cost for processing financial transactions</li> <li>• Improves the data accuracy for GAs</li> <li>• Reduces time required to process a financial transaction</li> <li>• Reduces manual data entry</li> <li>• Improves reporting and query capabilities</li> </ul>
	<p style="text-align: center;"><b><i>Lender Payment Processing</i></b></p> <p>Re-engineer the Lender Payment process and integrate it with the SFA financial management system in Phase III. This project ties to the CFO FMS implementation effort and includes redesigning and gaining federal approval of the new version of the 799 form</p>	<ul style="list-style-type: none"> <li>• Lenders</li> <li>• Servicers</li> <li>• SFA employees in Financial Transactions Group</li> <li>• SFA CFO (secondary audience)</li> </ul>	<ul style="list-style-type: none"> <li>• Web-enables the submission of Lender payment transactions</li> <li>• Lowers cost for processing financial transactions</li> <li>• Improves data accuracy for Lenders</li> <li>• Reduces time required to process a financial transaction</li> <li>• Improves reporting and query capabilities for Lenders</li> </ul>
	<p style="text-align: center;"><b><i>FFEL Replacement</i></b></p> <p>Assess the opportunities and requirements for replacing the FFEL system, including identifying specific target systems/processes for supporting existing FFEL system functionality</p>	<ul style="list-style-type: none"> <li>• Financial Partners</li> <li>• SFA employees in Financial Transactions Group</li> <li>• SFA CFO (secondary audience)</li> </ul>	<ul style="list-style-type: none"> <li>• Increases efficiency by reducing the manual effort of maintaining duplicate data and eliminating redundant systems</li> </ul>

<b>Financial Partners Channel</b>			
<b>CORE PROCESS</b>	<b>Potential Impacts</b>	<b>Benefit/Outcome</b>	
<b>Program Eligibility</b>	<ul style="list-style-type: none"> <li>● Customer Satisfaction</li> <li>○ Lower Unit Cost</li> <li>● Employee Satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• Manage the financial risk associated with student lending among Financial Partners including GAs, Lenders, and Servicers</li> </ul>	
Enhanced Monitoring of Financial Partners <ul style="list-style-type: none"> <li>• Design and implement innovative solutions to improve business processes that impact the monitoring of Financial Partners for GAs, Lenders and Servicers</li> </ul>	<p style="text-align: center;"><b><i>Risk Modeling - GA Implementation</i></b></p> Implement a COTS risk modeling solution and establish the infrastructure to support risk modeling functions as well as implement initial requirements to support Guaranty Agencies	<ul style="list-style-type: none"> <li>• GAs</li> <li>• SFA employees in Partner Services group</li> </ul>	<ul style="list-style-type: none"> <li>• Improves oversight monitoring and review processes associated with financial risk to the Dept. of Education</li> <li>• Accesses and analyzes data pertaining to GA performance in an efficient and timely manner</li> </ul>
	<p style="text-align: center;"><b><i>Risk Modeling – Lender Implementation</i></b></p> Enhance the COTS risk modeling solution to support risk modeling functions as well as implement initial requirements to support Lenders and Servicers	<ul style="list-style-type: none"> <li>• Lenders</li> <li>• Servicers</li> <li>• SFA employees in Partner Services group</li> </ul>	<ul style="list-style-type: none"> <li>• Focuses oversight monitoring and review processes associated with financial risk</li> <li>• Accesses and analyzes data pertaining to Lenders and Servicers performance in an efficient and timely manner</li> </ul>

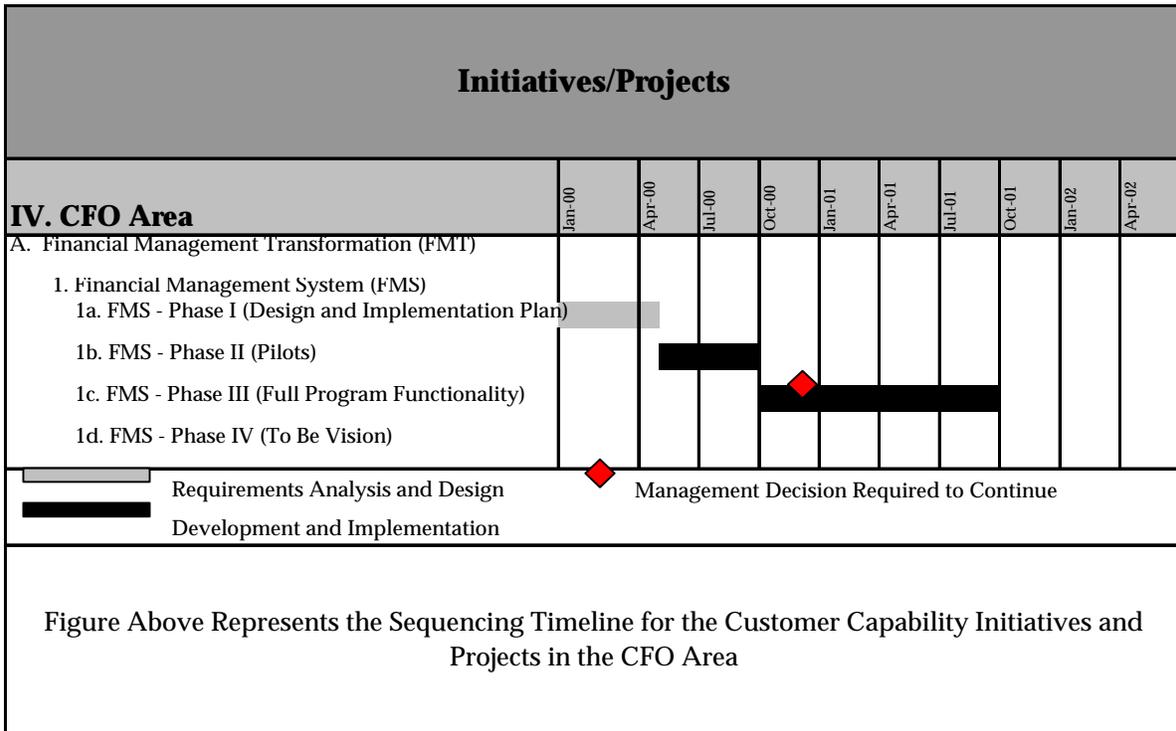
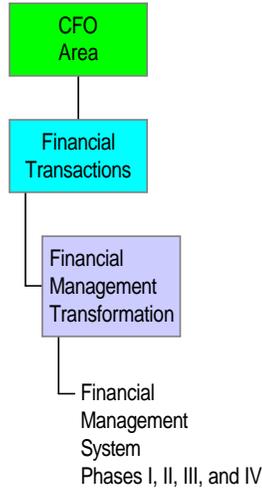
<b>Financial Partners Channel</b>			
<b>CORE PROCESS</b>		<b>Potential Impacts</b>	<b>Benefit/Outcome</b>
<b>Program Support</b>		<ul style="list-style-type: none"> <li>● Customer Satisfaction</li> <li>▶ Lower Unit Cost</li> <li>▶ Employee Satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>● Increase data accuracy and efficiency by retrieving data from one central source</li> <li>● Provide access to data and information via the internet</li> <li>● Empowers employees to be more cost focused in order to deliver better products and services to our Financial Partners</li> <li>● Establish effective communication channels with our Financial Partners</li> </ul>
<b>Initiative</b>	<b>Project (Description)</b>	<b>Target Audience</b>	<b>Key Effect</b>
Enabling Technology for Financial Partners <ul style="list-style-type: none"> <li>● Provide access to and use of SFA applications and tools via secure internet connection</li> </ul>	<p><i><b>Data Mart for Financial Partners</b></i></p> <p>Create a data mart to support the information and reporting needs for key business functions including: Risk Modeling, Customer Relationship Management, Default Reduction</p>	<ul style="list-style-type: none"> <li>● Financial Partners</li> <li>● SFA Employees – Partner Services Group</li> </ul>	<ul style="list-style-type: none"> <li>● Provides Financial Partners with access to data</li> <li>● Provides Partner Services group with a single source of data for supporting key business functions</li> </ul>
	<p><i><b>Web Portal for Financial Partners</b></i></p> <p>This project is in coordination with the effort that is led by the CIO channel’s Web Portals IPT. This project will focus on the FP Channel requirements for the portal</p>	<ul style="list-style-type: none"> <li>● Financial Partners</li> <li>● SFA Employees</li> </ul>	<ul style="list-style-type: none"> <li>● Creates a single location for Financial Partners and employees to access data and information</li> </ul>

Continued:

<b>Initiative</b>	<b>Project (Description)</b>	<b>Target Audience</b>	<b>Key Effect</b>
<p>Financial Partners Organizational Empowerment</p> <ul style="list-style-type: none"> <li>• Empower the FP Channel to increase employee satisfaction, and develop stronger customer relationships and understanding by focusing on identifying and developing programs based on feedback from the Organizational Assessment</li> </ul>	<p>This project will comprise the following areas:</p> <ul style="list-style-type: none"> <li>• Visioning—involve FP employees in the process of understanding and realizing the mission and vision</li> <li>• Communications—provide appropriate and timely information to all stakeholders involved in the FP Transformation</li> <li>• Training—produce a training plan for Transformation projects that will require instructional support</li> <li>• Employee_Programs—dedicated resources will partner with members of Financial Partners to design and implement programs for the FP employee community</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Partners</li> <li>• SFA employees</li> </ul>	<ul style="list-style-type: none"> <li>• Rollout the FP mission and vision to all FP employees and Financial Partners, explain the intent, discuss implications, and welcome reactions</li> <li>• Educates all levels within Financial Partners on Customer Relationship Management principles to better serve our Financial Partners</li> </ul>

### CFO Area

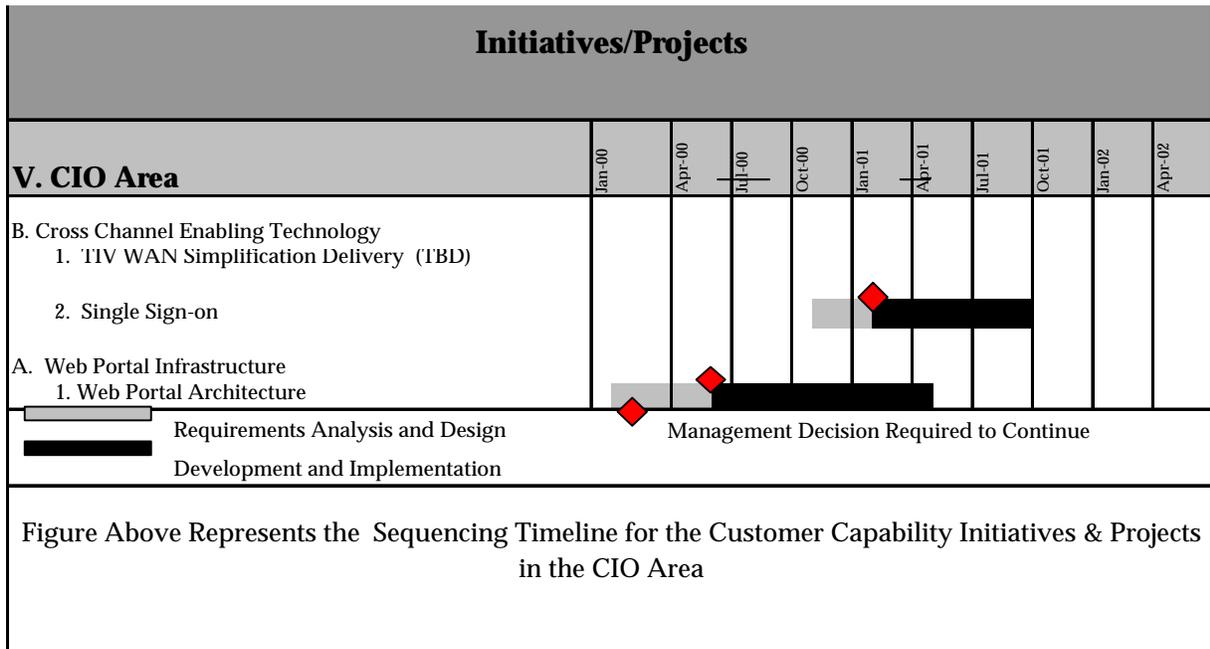
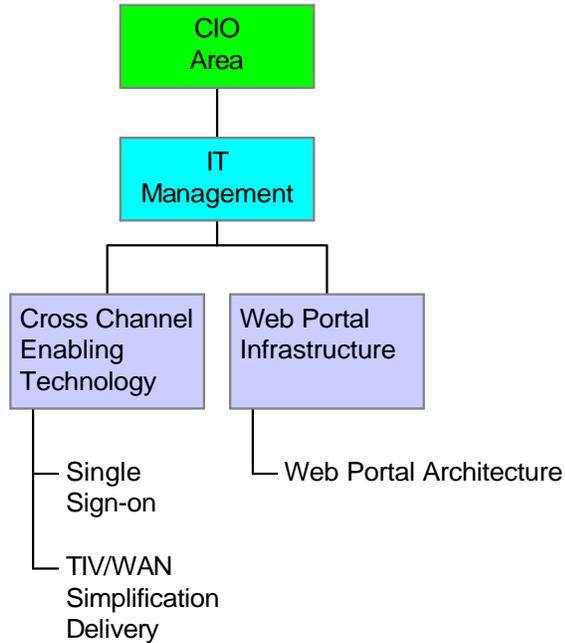
The following section outlines the specific customer capability initiatives and projects being handled by the CFO Area. The figure below outlines an organizational layout of the initiatives and projects that are scheduled to produce tangible results for our customers. The Gantt and organization charts follow.



CFO Area			
CORE PROCESS		Potential Impacts	Benefit/Outcome
<b>Financial Transactions</b>		<ul style="list-style-type: none"> <li>● Customer Satisfaction</li> <li>● Lower Unit Cost</li> <li>▶ Employee Satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• Reduce time required to process a financial transaction (i.e. lender transactions).</li> <li>• Lower unit cost for processing financial transactions.</li> </ul>
Initiative	Project Description	Target Audience	Key Effect
<p>Financial Management Transformation</p> <ul style="list-style-type: none"> <li>• Transform the CFO to a “Best-in-Business” Financial Management Organization. A consolidated financial management system will give SFA the ability to financially report information and statistics across programs, consolidate redundant processes, and provide Congress and other outside organizations summary and detailed accounting on SFA grant, loan, and operational activities.</li> </ul>	<p><b><i>Financial Management System (FMS)</i></b></p> <p>Develop a consolidated financial management system in four phases.</p> <ul style="list-style-type: none"> <li>➤ Phase I &amp; II – Process reengineering and implementation of Oracle core accounting software products</li> <li>➤ Phase III – Implement Federal Administrator, Budgeting, Oracle Purchasing, Oracle Financial Analyzer, Travel, and Activity Based Costing (ABC) interface software tools.</li> <li>➤ Phase IV – Fully integrated financial software and accounting system</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Partners</li> <li>• SFA CFO Accounting</li> </ul>	<p>Technology Modernization:</p> <ul style="list-style-type: none"> <li>• Installation of key financial management software tools.</li> <li>• Provides for the                             <ul style="list-style-type: none"> <li>➤ Web-enabled submission of GA Form2000</li> <li>➤ Query capability from a single source</li> <li>➤ Automated processing of Form2000</li> <li>➤ Automated recording of GA transactional data to SFA</li> <li>➤ Accurate financial results reporting</li> <li>➤ Cost and performance-based data</li> <li>➤ Reduction in time and resources expended</li> <li>➤ Automated reporting and analysis</li> <li>➤ Budgetary and funds control</li> <li>➤ Automated recording of lender, school, and student transactional data</li> </ul> </li> </ul>

### CIO Area

The following section outlines the specific customer capability initiatives and projects being handled by the CIO Area. The figure below outlines an organizational layout of the initiatives and projects that are scheduled to produce tangible results for our customers. The Gantt and organization charts follow.



<b>CIO Area</b>			
<b>CORE PROCESS</b>	<p><b>Potential Impacts</b></p> <ul style="list-style-type: none"> <li>▶ Customer Satisfaction</li> <li>▶ Lower Unit Cost</li> <li>▶ Employee Satisfaction</li> </ul>	<p><b>Benefit/Outcome</b></p> <ul style="list-style-type: none"> <li>• Increased customer satisfaction.</li> <li>• Increased employee satisfaction via centralized case management software.</li> <li>• Lower unit cost by reducing repeat case management and utilization of centralized CRM software.</li> </ul>	
<b>Initiative</b>	<b>Project Description</b>	<b>Target Audience</b>	<b>Key Effect</b>
<p>Cross Channel Enabling Technology</p> <ul style="list-style-type: none"> <li>• Technology solutions will be developed to enable the business units to build and deploy new systems and processes in an integrated and efficient manner.</li> </ul>	<p><b><i>Single Sign-on</i></b></p> <p>Enables SFA customers and employees to securely and automatically access Web based data.</p>	<ul style="list-style-type: none"> <li>• Students</li> <li>• Schools</li> <li>• Financial Partners</li> </ul>	<ul style="list-style-type: none"> <li>• Eases access to SFA information</li> <li>• “One” password to remember</li> <li>• Easier navigation between multiple systems</li> </ul>
	<p><b><i>TIV/WAN Simplification Delivery</i></b></p> <p>To Be Determined</p>	<ul style="list-style-type: none"> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>
<p>Web Portal Infrastructure</p> <ul style="list-style-type: none"> <li>• Develop a Web Portal Infrastructure to provide participating web-based applications with the ability to provide a one-stop shop to access existing information and resources in a timely manner</li> </ul>	<p><b><i>Web Portal Architecture</i></b></p> <p>This standardized architecture will establish the tools and standards required for other channel portal initiatives to leverage.</p>	<ul style="list-style-type: none"> <li>• Other Channel Portal Initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Enables SFA teams to develop portal content utilizing a common technology infrastructure.</li> </ul>



COO Area			
CORE PROCESS			
		<b>Potential Impacts</b> <ul style="list-style-type: none"> <li>▶ Customer Satisfaction</li> <li>▶ Lower Unit Cost</li> <li>▶ Employee Satisfaction</li> </ul>	<b>Benefit/Outcome</b> <ul style="list-style-type: none"> <li>• Increased customer satisfaction.</li> <li>• Increased employee satisfaction via centralized case management software.</li> <li>• Lower unit cost by reducing repeat case management and utilization of centralized CRM software.</li> </ul>
Initiative	Project Description	Target Audience	Key Effect
Cross Channel Enabling Technology <ul style="list-style-type: none"> <li>• Develop technology solutions will be developed to enable the business units to build and deploy new systems and processes in an integrated and efficient manner.</li> </ul>	<b><i>Advanced Call Center/Relationship Management</i></b>  SFA Ombudsman will implement CRM capability. The implementation will replace case tracking system in use today and will categorize case data for reporting, and work flow scripting.	<ul style="list-style-type: none"> <li>• Students</li> </ul>	<ul style="list-style-type: none"> <li>• Categorizes case data more fully for reporting purposes</li> <li>• Provides extensive management reporting capability</li> <li>• Provides work flow automation and scripting to aid Specialists in handling cases</li> <li>• Integrates with SFA databases such as NSLDS and other systems</li> </ul>

## Appendix A - Information Technology Glossary<sup>2</sup>

**application** 1) The use of a technology, system, or product. 2) A shorter form of application program. An application program is a program designed to perform a specific business function directly for the user or, in some cases, for another application program. Examples of applications include word processors, database programs, Web browsers, development tools, drawing, paint, and image editing programs, and communication programs.

**application program interface (API)** The specific method prescribed by a computer operating system or by another application program by which a programmer writing an application program can make requests of the operating system or another application.

**application server** An application server is a server program in a computer in a distributed network that provides the business logic for an application program. In many usages, the application server combines or works with a Web (Hypertext Transfer Protocol) server and is called a Web application server.

**application service provider (ASP)** An online outsourcing or hosting service for software applications, typically for large businesses with hundreds of users or more. ASP users “rent” instead of buy applications, such as many back-office and e-commerce applications.

**architecture** The manner in which the components of a computer or computer system are organized and integrated.

**B2B (business-to-business)** The exchange of products, services, or information between businesses rather than between businesses and consumers. Also known as e-biz.

**B2G (business-to-government)** The exchange of products, services, or information between businesses and the government. Also G2B.

**business process** A series of actions or operations conducing to an end; in information technology the combination of manual and computer operations to produce a desired result. In business, executing an established usually routine set of procedures such as “process an insurance claim.”

**business requirement** 1) a process or function that is necessary to fulfill the mission of an organization or comply with law or regulation, 2) a specification for software design or development based on a business rather than technical need.

**chief information officer (CIO)** The title is usually given to the person responsible for the computer systems, but it has come to encompass a broad range of duties, including the setting of strategic direction. A CIO is responsible for selecting, implementing, and operating information technologies to achieve its business goals.

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<sup>2</sup> Many of these definitions were adapted from Denis Howe’s “The Free On-line Dictionary of Computing” at [wombat.doc.ic.ac.uk](http://wombat.doc.ic.ac.uk) and TechTarget.com’s IT-specific encyclopedia at [www.whatis.com](http://www.whatis.com), Merriam-Webster’s “Collegiate Dictionary,” and the Concise Oxford Dictionary of Current English. The definitions were adapted as the terms are used at the Department of Education’s Office of Student Financial Assistance.

**client server** A computing system that splits the workload between desktop workstations and one or more larger computers joined on a network.

**commercial “off-the-shelf” (COTS)** – A product that is generally available for purchase or license. Often refers to purchased or licensed software as contrasted to software that is developed specifically for a single customer’s use.

**customer relationship management (CRM)** A business process that uses technology as a tool through which organizations can form relationships with their customers. CRM is an important component of the new eBusiness initiative. CRM includes three areas: people, process, and technology.

**data mart** A repository of data gathered from operational data and other sources designed to serve a particular community of knowledge workers. A data mart is designed for analysis, content, presentation, and ease-of-use familiar to the community. May be part of a data warehouse. See also data mining and data warehouse.

**data mining** The use of sophisticated search engines that use statistical algorithms to discover patterns and correlations in data. It’s used as a way to find knowledge buried in the vast mountain of information either on the Internet or in a companies own files.

**data processing** In information technology, the operation of a computer algorithm or program as it is applied to data to produce a desired result. Used more broadly, it includes all of the processing of data and the associated operations.

**data warehouse** A central repository for all or significant parts of the data that an enterprise’s various business systems collect. Typically, a data warehouse is housed on an enterprise mainframe server. Data from various online transaction processing (online transaction processing) applications and other sources is selectively extracted and organized on the data warehouse database for use by analytical applications and user queries.

**digital certificate** A unique series of data, issued by a certification authority (CA), that establishes the identity of someone doing business electronically. The certificate contains name, a serial number, expiration dates, a copy of the certificate holder’s [public key](#) (used for [encryption](#) messages and [digital signature](#)), and the digital signature of the certificate-issuing authority so that a recipient can verify that the certificate is real. Digital certificates can be kept in registries so that [authentication](#) users can look up other users’ public keys.

**digital signature** An electronic rather than a written signature used to authenticate the identity of the sender of a message or of the signer of a document. It can also be used to ensure that the original content of the message or document that has been conveyed is unchanged.

**e-business (electronic business)** Derived from such terms as “e-mail” and “e-commerce,” the conduct of business on the Internet. This includes not only buying and selling but also servicing customers and collaborating with business partners.

**eCitizen** Citizen who use government services offered on the Web.

**e-commerce (EC)** The buying and selling of goods and services on the Internet, especially the World Wide Web. e-commerce and e-business are often used interchangeably.

**e-gov** Refers to delivery government services through information technology. Also electronic government.

**electronic data interchange** The exchange of data, in a standardized form, between the computing systems of two different companies. Historically this has been an exchange of files with a batch of transactions.

**enterprise application integration (EAI)** Plans, methods, and tools aimed at modernizing, consolidating, and coordinating the computer application in an enterprise. Typically, an enterprise has existing “legacy application” applications and database and wants to continue to use them while adding or migrating to a new set of applications that exploit the Internet, e-commerce, extranet, and other new technologies. EAI may involve seeing how existing applications fit into a modernization plan, and then devising ways to efficiently reuse what already exists while adding new applications and data.

**enterprise resource planning (ERP)** The use of complex applications employed by large businesses to integrate and manage all the different processes of a business across multiple divisions and organizational boundaries. Typically used on an intranet, it allows different parts of vast enterprises to readily share information.

**extranet** A closed network that is set up to conduct business among an organization’s employees, between an organization and its customers, or between an organization and its suppliers. Extranets typically include Web sites that provide information to those with whom an organization wants to give limited access to its own network.

**firewall** A set of related programs that protects a private network from unauthorized external access. Typically firewalls are installed to keep outsiders from accessing information on an intranet. A firewall may also be used to prevent intranet users from accessing materials from the Internet.

**gateway** A connection from one network to another. The Internet can be viewed as a set of networks all connected by gateways. Typically gateways involve the use of routers and switches.

**HTML** The language of the World Wide Web. It is a set of markup symbols or codes inserted in a file that tell an Internet browser how to display a Web page.

**Internet** A worldwide system of computer networks - a network of networks in which users at any one computer can, if they have permission, get information from any other computer (and sometimes talk directly to users at other computers). Technically, what distinguishes the Internet is its use of a set of protocols called TCP/IP (Transmission Control Protocol/Internet Protocol). These protocols are implemented in almost every computer system from personal computers to mainframes.

**intranet** A private network within a company or organization. Typically, an intranet of several computers is linked to the Internet through some kind of gateway, so that a company can share information among insiders and also, where appropriate, share it with outsiders on the Internet (a setup that’s also called an extranet).

**legacy** Refers to an existing application or information system that has a different architecture or functions than the current or planned information technology architecture. See middleware.

**middleware** A type of software used to permit two or more types of software to exchange data. Invisible to the user, middleware permits two incompatible software applications to work seamlessly together. Often middleware will be used to permit a legacy application to interoperate with others in a new

architecture, or to support new or additional applications that require processes or data from legacy systems.

**outsourcing** Contracting out an organization’s functions to outsiders. Examples include everything from running customer relations to providing information processing.

**portal** 1) A World Wide Web site that is or proposes to be a major starting site for users when they get connected to the Web, or that users tend to visit as their primary site for information or e-business. There are general portals and specialized or niche portals. Typical services offered by general portal sites include a directory of Web sites, a facility to search for other sites, news, weather information, e-mail, stock quotes, phone and map information, and sometimes a community forum.

**prototype** 1)an original model on which something is patterned , 2) a first full-scale and usually functional form of a new type or design.

**real-time** A level of computer responsiveness that a user senses as sufficiently immediate or that enables the computer to keep up with some external process (for example, to present visualizations of the weather as it constantly changes). *Real-time* is an adjective pertaining to computers or processes that operate in real time. Real time describes a human rather than a machine sense of time.

**router** A device or, in some cases, software, that determines how to send information to its destination. The router is connected to at least two networks and decides which way to send data based on routing instructions. Routers are located at juncture points between networks.

**switch** A network device that decides a route on which a piece of data or “message” is sent to its next destination.

**TCP/IP** Transmission control protocol/Internet protocol is the basic communication language, or protocol, of the Internet. Every computer with access to the Internet has a copy of the TCP/IP program that allows it to communicate with every other computer on the Internet.

**three-tier architecture** Refers to an application consisting of a graphical user interface (graphical user interface) server, an application (business logic) server, and a database server. Typically this is implemented with a Web browser-based graphical user interface at a personal computer or workstation , a second-tier business logic application or set of applications, generally an intranet or Internet server , and a third-tier database server, usually on a mainframe or large server. Older, legacy applications or their databases can be connected via an enterprise application interface.

**server** 1) The computer that runs one or more server programs, 2) A server is a computer program that provides services to other computer programs in the same or other computers such as a Web browser, 3) In the client/server programming model, a server is a program that awaits and fulfills requests from client programs in the same or other computers. Specific to the Web, a Web server is the computer program and/or computer that serves requested HTML pages or files. The Web browser is a client that requests HTML files from Web servers.

**server farm** A group of servers housed together in one location. The server farm usually functions as an off-site location where businesses store raw data, Web pages and online functions, or any combination of these.

**supply chain management** Coordinating processes involved in producing, shipping and distributing products. The term implies communications between several different businesses that, in combination, provide all of the processes for a product or set of products.

**Web hosting** Housing, serving and maintaining files for one or more Web sites. Typically Web hosts have high-speed connections to the backbone of the Internet.

**XML (Extensible Markup Language)** A W3C recommended computer language that combines tags with data. Derived from SGML, its original purpose was a document that described its content using embedded tags. It has become the language of e-commerce used to create common information formats and share both the format and the data on intranets and the Internet. XML is similar to the language used for Web pages, HTML. Both XML and HTML contain markup symbols to describe the contents of a page or file. For example, in XML the tag <phoneNumber> could indicate that the data that followed it was a phone number.

## **Appendix B - Acronyms Used in the Modernization Blueprint**

<b>Acronym</b>	<b>Title</b>
ACSI	American Customer Satisfaction Index
CBS	Campus-Based System
CDS	Central Data System
COD	Common Origination and Disbursements
COTS	Commercial-Off-The-Shelf
CRM	Customer Relationship Management
EAC	Electronic Access Conference
EAI	Enterprise Application Integration
ETL	Extract, Transform, Load
FAFSA	Free Application for Federal Student Aid
FFEL	Federal Family Education Loan Program
FMS	Financial Management System
GSA	General Services Administration
HRIS	Human Resources Information System
IFAP	Information for Financial Aid Professionals
LEAPP	Leveraging Education Assistance Partnership Program
LOC	Loan Origination Center
NASFAA	National Association of School Financial Aid Administrators
NCHELP	National Council for Higher Education Loan Programs
NSLDS	National Student Loan Data System
OCTS 2.0	Ombudsman Case Tracking System 2.0
PEPS	Postsecondary Education Participant System
PINs	Personal ID numbers
QA	Quality Assurance
RFMS	Recipient Financial Management System
SFAU	SFA University
SLEAPP	Special Leveraging Education Assistance Partnership Program
TIVwan	Title IV wide area network
VFA	Voluntary Flexible Agreement
XML	Extensible Markup Language

## **Appendix C - Sources of More Information**

You may find other documents referred to in the Modernization Blueprint on the World Wide Web. The following is a selected list of additional resources:

Previous version of the Modernization Blueprint:

[sfablueprint.ed.gov](http://sfablueprint.ed.gov)