

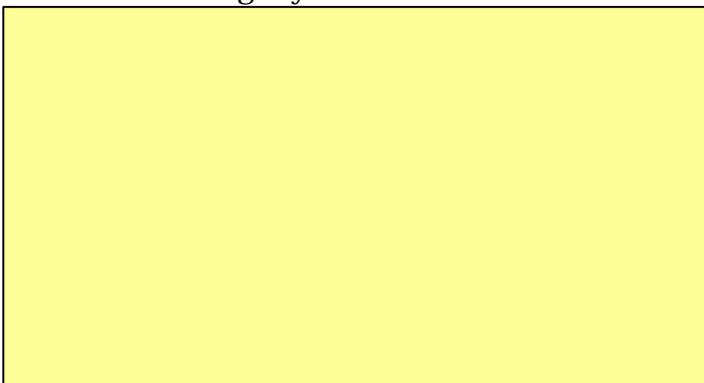
# Financial Management System with E-Business Center ...Building confidence and accountability

We're moving in the right direction to strengthen SFA's financial integrity. We've instituted an E-Business Center concept made up of our core financial management system – FMS. We're also moving towards retiring the current FFEL system and transferring a number of key functional pieces to FMS. We're building a data mart to consolidate important financial data and provide greater query capabilities. We're also replatforming our current campus based system to enable web-based FISAP processing. It's all part of creating and operating an E-Business Center and it starts with the core – a new Financial Management System.

## FMS – The cornerstone of our future Electronic Business Center

FMS, an Oracle Federal Financial System, manages the flow of all financial information across all of SFA. It will facilitate SFA's transformation by giving our CFO office the ability to report information across programs, consolidate redundant processes, and account for SFA grant and loan financial transactions.

In implementing this Financial Management System, the operations of the Office of the Chief Financial Officer at SFA will be focused on the following key areas:



A consolidated financial management system provides many benefits for SFA and our financial partners. We'll enable our customers to effectively communicate with us by integrating our reporting systems and tools.

### **CFO to use Phased Approach for FMS Implementation**

**Phase I – Planning.** Validate the SFA FMS Concept of Operations, develop conceptual design, develop implementation plan.

**Phase II – Proof of Concept Implementation.** Implementation of Oracle products for the FFEL/Guaranty Agency Payment program.

**Phase III – Incorporate core accounting for each of the remaining loan and grant programs (Direct Loan, Campus Based, PELL, Lender Payments and Debt Collection services).**

**Phase IV – Enhancements.** Fully integrated financial software and accounting system

We'll lower overall costs by allowing our 6,000 schools, 4,000 lenders, the states, and 36 guaranty agencies to operate on-line, reducing the need for paper-based transactions. We'll help improve our employees' satisfaction by providing them with the right tools and support to do their jobs. FMS offers a single, world class accounting system that enables financial accountability and clean auditability. It will help to assure our stakeholders that we effectively manage taxpayer resources. It's an integrated system that works as an integrated part of other critical systems including FFEL and COD.

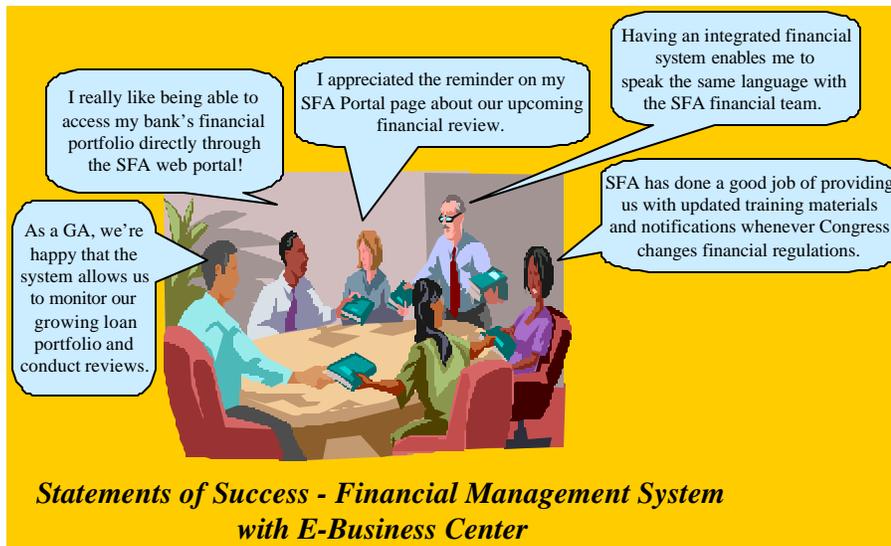
It's all about lowering the cost of doing business while establishing our credibility in the financial markets that will help us open the doors to school for thousands of students across the country.

Concurrent with FMS Phase III activity we plan to customize and configure and deploy the FMS Phase II application to support accounting for SFA's remaining program and business areas, including Federal Family Education Loan (FFEL) Lender payments, Leveraging Educational Assistance Partnership Program/State Leveraging Educational Assistance Partnership Program (LEAPP/SLEAPP), Direct Loan (Origination, Servicing and Consolidation), Debt Collection Services, Pell, and Campus Based programs.

With a new Financial Management System, we're moving toward the creation of a financial organization that supports our financial accounting needs. We'll also provide our customers and employees with the confidence and assurance that we will operate in an increasingly fiscally responsible manner.

**Retiring FFEL...consolidation and integration...doing the right things better**

We're retiring a portion of the FFEL system and incorporating needed functionality into our new Financial Management System, augmenting the existing collection systems. We'll be able to increase efficiency by reducing the manual effort of maintaining duplicate data and eliminate redundant systems. We'll also set the stage for a full retirement of the FFEL system in the near future and enable the continuation of support services through our new FMS and COD systems. The huge cost savings get recycled into providing better and more efficient services for all our customers.



**Financial Partners Data Mart – Direct Access to Key Financial Data**

We're going to consolidate key financial data into our Data Mart and provide the right tools for you to access that data. By creating an integrated data mart utilizing our enterprise data warehouse strategy, we prepare ourselves for future data consolidation needs. This type of data consolidation change won't happen overnight.

In Release 1, we'll establish the first phase of the Data Mart focusing on historical core partner information by transferring key accounting data from the FFEL system into our data mart. This release gives our customers and employees improved access to basic guaranty agency (GA) and lender information. SFA employees can utilize historical invoices for trending and benchmarking. Additionally, customers and the SFA Financial Partners Business Channel get improved risk management, customer relationship

management, compliance management, and portfolio management functionality. Our customers and employees will also get decision support tools that will provide direct analysis and reporting capabilities.

In Release 2, we enhance the data mart with loan level information and provide our customers and our employees with more cost effective reviews and audits as a result of consolidated information. We'll move summarized data from NSLDS to the Data Mart and provide the means to identify areas where inconsistencies exist between invoices and loan level information. Our employees get improved understanding of loans by type and status and with enhanced query capabilities we'll be able to better understand the relationships between our GAs, Lenders, Loan Servicers, Schools, and the loan portfolios.

In Release 3, we move towards a truly integrated data mart containing current core partner information with source data from FMS and the PEPS system. At this stage we'll be able to provide consistent answers for our customers and employees enabling earlier warnings of potential issues and problems

***Re-engineering Campus Based Systems - modernizing our technology and improving service***

A redesigned Campus Based System gives our staff increased access to the right tools, data and analysis capabilities to support our schools with their annual FISAP filing. Our schools can submit the FISAP on line and check the status on-line and in real-time.

with a loan portfolio. We'll also be able to conduct trending, benchmarking, and "what-if" scenarios. And finally, customers and employees get improved access to GA and Lender information.

**Financial Management System with E-Business Center Timeline:**

***FMS***

- April, 2001 - FMS Phase III: Core Functionality Released
- June, 2001 - FMS Phase III - Release 2
- July, 2001 - FMS Phase III - Release 3
- October, 2001 - Begin Phase IV

***FFEL Retirement***

- December, 2001 - Identification of accounting functionality targeted for retirement and incorporation into FMS and Data Mart

***Campus Based System's Replatform***

- November, 2001 - Modernization of Campus Based System to enable web-based FISAP processing and alternative FISAP submission process for schools utilizing EExpress

***Financial Partners Data Mart***

- May, 2001: Release 1 - Historical Core Partner Information Transferred from FFEL
- July, 2001: Release 2 - Summarized Loan Level Information Transferred from NSLDS
- November, 2001: Release 3 - Current Core Partner Information Transferred from FMS and PEPS