

## **Exhibit 300: Capital Asset Plan and Business Case Summary**

### **PART I: SUMMARY INFORMATION AND JUSTIFICATION (All Capital Assets)**

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#### **Section A: Overview (All Capital Assets)**

1. Date of Submission: 09/08/2007
2. Agency: 449, U.S. Securities and Exchange Commission
3. Bureau: 00
4. Name of this Capital Asset: Enforcement Support System (Phoenix)
5. Unique Project (Investment) Identifier: (For IT investments only, see section 53. For all other, use agency ID system.) 449-00-01-02-01-0003-00
6. What kind of investment will this be in FY2009? (Please NOTE: Investments moving to O&M ONLY in FY2009, with Planning/Acquisition activities prior to FY2009 should not select O&M. These investments should indicate their current status.)  
 Planning  Full Acquisition  Operations and Maintenance  Mixed Life Cycle  Multi-Agency Collaboration
7. What was the first budget year this investment was submitted to OMB? BY2008
8. Provide a brief summary and justification for this investment, including a brief description of how this closes in part or in whole an identified agency performance gap:

The SEC Enforcement PART reported that we have not collected a substantial proportion of ordered disgorgements, and the GAO recorded a related reportable condition in our financial systems. This investment replaces the Enforcement Case Activity Tracking System (CATS 2000), which contains now-unsupported proprietary components, is difficult to maintain, and does not sufficiently assist Enforcement staff in their work. Full implementation of the system will support the enforcement case management process from the point that possible violations are identified through the debt collection process.

The system replaces client/server technology with browser-based software and adds work product content management to help staff manage cases as opposed to tracking status. This system integrates commercial products and leverages existing software components. The database tables will integrate with the enterprise database design. Document templates, wizards, and automatic fill functionality will provide users with active document creation capabilities. We will improve data accessibility by using Business Objects to create a comprehensive ad hoc lookup and reporting capability and using Autonomy's full text search and notification features.

Planning for this system began in FY2004 with a requirements assessment and design effort. Implementation was funded in FY2005, and envisioned three primary development phases with O&M beginning in FY2008. Subsequently, the phasing was redefined as noted below, and the phases will overlap.

**Phase 1:** Penalties and Disgorgements tracking functionality, which directly addresses the related PART recommendations, was deployed in FY 2007 and is in O&M. This replaced the less-capable Lawpack-based modules in the CATS2000 system.

**Phase 2:** Provide the attorneys more tools to work with the information already available in the CATS2000 database, and position the work on the complete replacement for CATS2000. This phase is scheduled for rollout in September 2007 and enters O&M in FY 2008.

**Phase 3** work was started in the last quarter of FY2007. This phase includes (a) automation of the Distributions and Collections; (b) Treasury Referral and (c) Post-Order/ Judgment Action Tracking,

**Phase 4** is the replacement of the all the remaining functionality within the CATS 2000 system and additional features to improve the user accessibility and visibility into the system as well as user and management reporting.

9. Did the Agency's Executive/Investment Committee approve this request? No

a. If "yes," what was the date of this approval? <TBD – August 2007>

10. Did the Project Manager review this Exhibit? Yes

11. Contact information of Project Manager?

Name: Srini Bangarbale

Phone Number 202-551-8171

E-mail bangarbales@sec.gov

12. Has the agency developed and/or promoted cost effective, energy-efficient, and environmentally sustainable techniques or practices for this project. (Answer applicable to non-IT assets only) N/A

a. Will this investment include electronic assets (including computers)? YES

b. Is this investment for new construction or major retrofit of a Federal building or facility? (answer applicable to non-IT assets only) ) N/A

1. If "yes," is an ESPC or UESC being used to help fund this investment? N/A

2. If "yes," will this investment meet sustainable design principles? N/A

3. If "yes," is it designed to be 30% more energy efficient than relevant code? N/A

13. Does this investment support one of the PMA initiatives?

If "yes," check all that apply:

Human Capital

Budget Performance Integration

Financial Performance

Expanded E-Government

Competitive Sourcing

- Faith Based and Community
- Real Property Asset Management
- Eliminating Improper Payments
- Privatization of Military Housing
- Research & Development Investment Criteria
- Housing & Urban Development Management & Performance
- Broadening Health Insurance Coverage through State Initiatives
- "Right Sized" Overseas Presence
- Coordination of VA & DoD Programs and Systems

a. Briefly describe how this asset directly supports the identified initiative(s)? This investment will permit the agency to gain better visibility into the collection and handling of fines and disgorgements as a result of enforcement action. Aside from improving our ability to identify uncollected debts, it will assist in better management and accounting for those collections we do make. The GAO has noted a need for improvement in this area as a reportable condition.

14. Does this investment support a program assessed using the Program Assessment Rating Tool (PART)? (For more information about the PART, visit [www.whitehouse.gov/omb/part](http://www.whitehouse.gov/omb/part).)

Yes

a. If "yes," does this investment address a weakness found during the PART review? Yes

b. If "yes," what is the name of the PARTed program? Enforcement

c. If "yes," what rating did the PART receive? Results Not Demonstrated

15. Is this investment for information technology? (see section 53 for definition) Yes

If the answer to Question 15 is "Yes," complete questions 16-23 below. If the answer is "No," do not answer questions 16-23.

For information technology investments only:

16. What is the level of the IT Project (per CIO Council PM Guidance)?

- Level 1
- Level 2
- Level 3

17. What project management qualifications does the Project Manager have? (per CIO Council PM Guidance):

- Project manager has been validated as qualified for this investment
- Project manager qualification is under review for this investment
- Project manager assigned to investment, but does not meet requirements
- Project manager assigned but qualification status review has not yet started
- No Project manager has yet been assigned to this investment

18. Is this investment identified as "high risk" on the Q4 - FY 2007 agency high risk report (per OMB's "high risk" memo)? YES

19. Is this a financial management system? YES

- a. If “yes,” does this investment address a FFMIA compliance area? Yes
    1. If “yes,” which compliance area: OMB A-127 Section 7, Integrated Financial Management Systems: --shall provide interrelationships between the core financial system and feeder systems (whether automated or not).
    2. If “no,” what does it address? N/A
  - b. If “yes,” please identify the system name(s) and system acronym(s) as reported in the most recent financial systems inventory update required by Circular A–11 section 52: Enforcement Support System
20. What is the percentage breakout for the total FY2009 funding request for the following?  
(This should total 100% - enter as decimal, e.g., .25 = 25%)  
Hardware 0% Software 20% Services 80% Other 0%
21. If this project produces information dissemination products for the public, are these products published to the Internet in conformance with OMB Memorandum 05-04 and included in your agency inventory, schedules and priorities? N/A
22. Contact information of individual responsible for privacy related questions:  
Name Barbara Stance  
Phone Number 202-551-7209  
Title SEC Privacy Officer  
E-mail stanceb@sec.gov
23. Are the records produced by this investment appropriately scheduled with the National Archives and Records Administration’s approval?  
The records are scheduled per SEC’s Records Management Policy which is currently under revision.
24. Does this investment support one of the GAO High Risk areas? (Y/N) – No

**Section B: Summary of Spending (All Capital Assets)**

1. Provide the total estimated life-cycle cost for this investment by completing the following table. All amounts represent budget authority in millions, and are rounded to three decimal places. Federal personnel costs should be included only in the row designated "Government FTE Cost," and should be **excluded** from the amounts shown for "Planning," "Full Acquisition," and "Operation/Maintenance." The "TOTAL" estimated annual cost of the investment is the sum of costs for "Planning," "Full Acquisition," and "Operation/Maintenance." For Federal buildings and facilities, life-cycle costs should include long term energy, environmental, decommissioning, and/or restoration costs. The costs associated with the entire life-cycle of the investment should be included in this report.

SUMMARY OF SPENDING FOR PROJECT PHASES (Reported In Millions) (Estimates for BY+1 and beyond are for planning purposes only and do not represent budget decisions)									
	PY-1 and Earlier <2006	PY 2007	CY 2008	BY 2009	BY+1 2010	BY+2 2011	BY+3 2012	BY+4 and Beyond >2012	TOTAL
<b>Planning:</b>	0.290	0.000	0.000	0.000					
<b>Acquisition:</b>	1.800	2.750	0.350	0.800					
<b>Subtotal Planning &amp; Acquisition:</b>	2.090	2.750	0.350	0.800					
<b>Operations &amp; Maintenance:</b>	0.000	0.429	0.740	0.783					
<b>TOTAL:</b>	<b>2.090</b>	<b>3.179</b>	<b>1.090</b>	<b>1.583</b>					
Government FTE Costs should not be included in the amounts provided above.									
Government FTE Costs	0.954	1.019	1.030	1.103					
Number of FTE represented by Costs:	7.46	7.12	7.02	7.02					
<b>OIT FTE:</b>	<b>2.56</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>					

*Note:* For the cross-agency investments, this table should include all funding (both managing partner and partner agencies). Government FTE Costs should not be included as part of the TOTAL represented.

2. Will this project require the agency to hire additional FTE's? No
  - a. If "yes," How many and in what year? N/A
3. If the summary of spending has changed from the FY2008 President's budget request, briefly explain those changes.

The scope of the effort was changed due to increased awareness that there were a number of business processes and automation opportunities that the initial scoping effort had not identified.

A senior management assessment of the both business process improvement and automation gaps has resulted in a better understanding of the problem and has led to better re-scoping and phase-in of the entire effort. This has resulted in substantial cost increases since the last year's submittal. In our first year's development we identified a great many business processes that required resolution. These issues caused our initial costs to be substantially higher than envisioned. As a result of the lessons learned in FY2006-2007 we now have a much better assessment of the magnitude of the overall undertaking..

**Section C: Acquisition/Contract Strategy (All Capital Assets)**

- Complete the table for all (including all non-Federal) contracts and/or task orders currently in place or planned for this investment. Total Value should include all option years for each contract. Contracts and/or task orders completed do not need to be included.

Contracts/Task Orders Table:																
Contractor Task Order Number	Type of Contract/Task Order	Has the contract been awarded (Y/N)	If so what is the date of the award? If not, what is the planned award date?	Start & end date of Contract / Task Order	End date of Contract/Task Order	Total Value of Contract/Task Order (\$M)	Is this an Interagency Acquisition? (Y/N)	Is it performance based? (Y/N)	Competitively awarded? (Y/N)	What, if any, alternative financing option is being used? (ESPC, UESC, EUL, N/A)	Is EVM in the contract? N	Does the contract include the Required security & privacy clauses?(Y/N)	Name of CO	CO Contact information (phone/email)	Contracting Officer Certification Level(Level 1, 2, 3, N/A)	If N/A, has the agency determined the CO assigned has the competencies and skills necessary to support this acquisition? Y/N
SECHQ01-04-A-0276-0018	T&M	Yes	09/15/2005	S: 09/15/2005	09/14/2006	\$1.277	No	No	Yes	None	No	Yes	Linda Baier	202-551-7315 baierl@SEC.gov	3	Y
SECHQ01-04-A-0259-0025 (base) [CATS Repl Phase 1]	T&M	N	9/15/06	S:9/25/06	09/30/2007	0.700	No	No	Yes	None	No	Yes	Linda Baier	202-551-7315 baierl@SEC.gov	3	Y
SECHQ01-04-A-0276-0034 (Phoenix Phase 1 add-on)	T&M	Y	25 May 2007	05/25/2007	02/28/2008	0.951	No	No	No	None	No	Y	Linda Baier	202-551-7315 baierl@SEC.gov	3	Y
SECHQ01-04-A-0259-0025-P003 [CATS Repl Phase 2]	T&M	Y	9/21/2007		6/30/2008	\$1.277	No	No	No	None	No	Y	Linda Baier	202-551-7315 baierl@SEC.gov	3	Y

2. If earned value is not required or will not be a contract requirement for any of the contracts or task orders above, explain why: In FY2006 this system was not seen as a major investment and, as provided in SEC CPIC policy, the project manager elected to remove it from the contract requirements. Although the SEC did commit to introducing EVM to this investment in FY07, the requirements and scope were completely reviewed and re-planned through most of FY2007 such that introducing EVM in the middle of the contract would have been impractical. Earned Value will be introduced into the FMS contract beginning in 2008.
3. Do the contracts ensure Section 508 compliance? Yes
  - a. Explain why: All SEC IT contracts require conformance to IT policies. Milestone reviews include the Section 508 compliance staff. Every IT system must complete acceptance testing before entering production; that includes automated 508 testing with the Federal BOBBY tool. The system must resolve any compliance issues or obtain a written waiver from the CIO. When the system has known users with disabilities, the project team often elects to include them in user testing.
4. Is there an acquisition plan which has been approved in accordance with agency requirements?
  - a. If "yes," what is the date? 22 July 2005
  - b. If "no," will an acquisition plan be developed?
    1. If "no," briefly explain why: Medium Text

#### **Section D: Performance Information (All Capital Assets)**

In order to successfully address this area of the exhibit 300, performance goals must be provided for the agency and be linked to the annual performance plan. The investment must discuss the agency's mission and strategic goals, and performance measures must be provided. These goals need to map to the gap in the agency's strategic goals and objectives this investment is designed to fill. They are the internal and external performance benefits this investment is expected to deliver to the agency (e.g., improve efficiency by 60 percent, increase citizen participation by 300 percent a year to achieve an overall citizen participation rate of 75 percent by FY 2xxx, etc.). The goals must be clearly measurable investment outcomes, and if applicable, investment outputs. They do not include the completion date of the module, milestones, or investment, or general goals, such as, significant, better, improved that do not have a quantitative or qualitative measure.

Agencies must use the following Table to report performance goals and measures for the major investment and use the FEA Performance Reference Model (PRM). Map all Measurement Indicators to the corresponding "Measurement Area" and "Measurement Grouping" identified in the PRM. There should be at least one Measurement Indicator for at least four different Measurement Areas (for each fiscal year). The PRM is available at [www.egov.gov](http://www.egov.gov). [This table can be extended to include performance measures for years beyond FY2009.](#)

#### **PERFORMANCE TABLE**

**For Phoenix no goals have been defined**

#### **Section E: Security and Privacy (IT Capital Assets only)**

In order to successfully address this area of the business case, each question below must be answered at the system/application level, not at a program or agency level. Systems supporting this investment on the planning and operational systems security tables should match the systems on the privacy table below. Systems on the Operational Security Table must be included on your agency FISMA system inventory and should be easily referenced in the inventory (i.e., should use the same name or identifier).

For existing Mixed Life-Cycle investments where enhancement is planned, include the investment in both the "Systems in Planning" table (3) and the "Operational Systems" table (4). In this context, information contained within Table 3 should characterize what updates to testing and documentation will occur before implementing the enhancements and Table 4 should characterize the current state of the materials associated with the existing system.

All systems supporting and/or part of this investment should be included in the tables below, inclusive of both agency owned systems and contractor systems. For IT investments under development, security, and privacy planning must proceed in parallel with the development of the system(s) to ensure IT security and privacy requirements and costs are identified and incorporated into the overall lifecycle of the system(s).

Please respond to the questions below and verify the system owner took the following actions:

1. Have the IT security costs for the system(s) been identified and integrated into the overall costs of the investment: NO
  - a. If “yes,” provide the “Percentage IT Security” for the budget year: 5.00%
2. Is identifying and assessing security and privacy risks a part of the overall risk management effort for each system supporting or part of this investment. YES
  
5. Have any weaknesses, not yet remediated, related to any of the systems part of or supporting this investment been identified by the agency or IG? NO
  - a. If “yes,” have those weaknesses been incorporated into the agency’s plan of action and milestone process?
6. Indicate whether an increase in IT security funding is requested to remediate IT security weaknesses? NO
  - a. a. If “yes,” specify the amount, provide a general description of the weakness, and explain how the funding request will remediate the weakness. Long Text
7. How are contractor security procedures monitored, verified, and validated by the agency for the contractor systems above? N/a – this system will be operated by SEC staff within the SEC’s facility. During the development phase, contractor personnel within SEC facilities do the actual work. The SEC requires all personnel, including contractors, to complete clearance processes that include a background check and non-disclosure signatures before being allowed access to the facilities or any SEC data system. Risks are further mitigated by audit trails and separation of duties. The GAO has reviewed the SEC’s IT Security program over the past 2 years and has closed out almost all findings.

<b>8. Planning &amp; Operational Systems – Privacy:</b>
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Short text - 250 characters Medium text - 500 characters Long text - 2500 characters

All dollar amounts must be reported in millions with at least 3 decimals (6 decimals available)

(a) Name of System	(b) Is this a new system? (Y/N)	(c) Is there a Privacy Impact Assessment (PIA) that covers this system? (Y/N)	(d) Internet Link or explanation	(e) Is a System of Records Notice (SORN) required for this system? (Y/N)	(f) Internet Link or explanation
Phoenix	Yes	YES	<a href="http://www.sec.gov/about/privacy/secprivacyoffice.htm">http://www.sec.gov/about/privacy/secprivacyoffice.htm</a>	Yes	SEC SORN # 42, Enforcement Files: <a href="http://www.sec.gov/about/privacy/sorn/secsorn42.pdf">http://www.sec.gov/about/privacy/sorn/secsorn42.pdf</a>
Hub/CATS Replacement	Yes	Yes	<a href="http://www.sec.gov/about/privacy/secprivacyoffice.htm#hub">http://www.sec.gov/about/privacy/secprivacyoffice.htm#hub</a>	Yes	SEC SORN # 42, Enforcement Files: <a href="http://www.sec.gov/about/privacy/sorn/secsorn42.pdf">http://www.sec.gov/about/privacy/sorn/secsorn42.pdf</a>
CATS	No	No	Predates PIA	Yes	SEC SORN # 42, Enforcement Files: <a href="http://www.sec.gov/about/privacy/sorn/secsorn42.pdf">http://www.sec.gov/about/privacy/sorn/secsorn42.pdf</a>
<p>(d) If “Yes” to ©, provide the links to the publicly posted PIA(s) with which this system is associated. If No to © provide an explanation why the PIA has not been publicly posted or why the PIA has not been conducted..</p> <p>(f) If “Yes” to (e), provide the links to where the current and up-to-date SORN is published in the Federal Register. If No to (e) provide an explanation why the SORN has not been published or why there isn’t a current and up-to-date SORN</p> <p>Note links must be provided to specific documents, not general privacy websites.</p>					

**Section F: Enterprise Architecture (EA) (IT Capital Assets only)**

In order to successfully address this area of the business case and capital asset plan you must ensure the investment is included in the agency’s EA and Capital Planning and Investment Control (CPIC) process, and is mapped to and supports the FEA. You must also ensure the business case demonstrates the relationship between the investment and the business, performance, data, services, application, and technology layers of the agency’s EA.

1. Is this investment included in your agency’s target enterprise architecture? Yes
  - a. If “no,” please explain why? Long Text
2. Is this investment included in the agency’s EA Transition Strategy? Yes
  - a. If “yes,” provide the investment name as identified in the Transition Strategy provided in the agency’s most recent annual EA Assessment. The SEC is a small non-scorecard agency currently not required to perform Enterprise Architecture assessments, but we will be publishing out the SEC EA Transition Strategy by the end of FY2007.
  - b. If “no,” please explain why? Long Text
3. Is this investment identified in a completed (contains a target architecture) and approved segment architecture? (Y/N) **NO**  
 If Yes, provide the name of the segment architecture:\_\_\_ The SEC is a small non-scorecard agency currently not required to perform Enterprise Architecture assessments, but we will be publishing out the SEC EA Transition Strategy by the end of FY2007\_\_\_\_\_

**3. Service Component Table:**

Identify the service components funded by this major IT investment (e.g., knowledge management, content management, customer relationship management, etc.). Provide this information in the format of the following table. For detailed guidance regarding components, please refer to <http://www.whitehouse.gov/omb/egov/>.

Agency Component Name	Agency Component Description	FEA SRM Service Type	FEA SRM Component (a)	FEA Service Component Reused (b)		Internal or External Reuse? (c)	BY Funding Percentage (d)
				Component Name	UPI		
Case/Issue Management	Defines the set of capabilities for managing the life cycle of a particular claim or investigation within an organization to include creating, routing, tracing,	Tracking and Workflow	Case Management	FEA Enumeration	xxx-xx-xx-xx-xx-xxxx-xx	Internal	50%

**3. Service Component Table:**

Identify the service components funded by this major IT investment (e.g., knowledge management, content management, customer relationship management, etc.). Provide this information in the format of the following table. For detailed guidance regarding components, please refer to <http://www.whitehouse.gov/omb/egov/>.

Agency Component Name	Agency Component Description	FEA SRM Service Type	FEA SRM Component (a)	FEA Service Component Reused (b)		Internal or External Reuse? (c)	BY Funding Percentage (d)
				Component Name	UPI		
	assignment and closing of a case as well as collaboration among case handlers.						
Payment / Settlement	Defines the set of capabilities that support the process of accounts payable.	Financial Management	Payment / Settlement	FEA Enumeration	xxx-xx-xx-xx-xx-xxxx-xx	Internal	50%

- a. Use existing Service Reference Model (SRM) Components or identify as “NEW.” A “NEW” component is one not already identified as a service component in the FEA SRM.
- b. A reused component is one being funded by another investment, but being used by this investment. Rather than answer yes or no, identify the reused service component funded by the other investment and identify the other investment using the Unique Project Identifier (UPI) code from the OMB Ex 300 or Ex 53 submission.
- c. ‘Internal’ reuse is within an agency. For example, one agency within a department is reusing a service component provided by another agency within the same department. ‘External’ reuse is one agency within a department reusing a service component provided by another agency in another department. A good example of this is an E-Gov initiative service being reused by multiple organizations across the federal government.
- d. Please provide the percentage of the BY requested funding amount used for each service component listed in the table. If external, provide the % of the BY requested funding level transferred to another agency to pay for the service. The percentages in this column can, but need not, add up to 100%.

**4. Technical Reference Model Table:**

To demonstrate how this major IT investment aligns with the FEA Technical Reference Model (TRM), please list the Service Areas, Categories, Standards, and Service Specifications supporting this IT investment.

FEA SRM Component (a)	FEA TRM Service Area	FEA TRM Service Category	FEA TRM Service Standard	Service Specification (b) (i.e., vendor and product name)
Tracking and	Service Platform	Database / Storage	Databases	Sybase

**4. Technical Reference Model Table:**

To demonstrate how this major IT investment aligns with the FEA Technical Reference Model (TRM), please list the Service Areas, Categories, Standards, and Service Specifications supporting this IT investment.

FEA SRM Component (a)	FEA TRM Service Area	FEA TRM Service Category	FEA TRM Service Standard	Service Specification (b) (i.e., vendor and product name)
Workflow [not an FEA Component: used Case Management] Financial Management [not an FEA Component: used Payment and Settlement]	and Infrastructure			
Case Management Payment/Settlement	Service Access & Delivery	Access Channel	Web Browser	Internet Explorer
Case Management Payment/Settlement	Service Access & Delivery	Service Transport	Supporting Network Services	Hyper Text Transfer Protocol Secure (HTTPS)
Case Management Payment/Settlement	Component Framework Service Area	Business Logic	Platform Independent	Java
Case Management Payment/Settlement	Component Framework Service Area	Business Logic	Platform Independent	JavaScript
Case Management Payment/Settlement	Service Platform and Infrastructure	Delivery Servers	Application Servers	JBoss
Case Management Payment/Settlement	Service Platform and Infrastructure	Delivery Servers	Operating System Platforms	Solaris
Case Management Payment/Settlement	Component Framework Service Area	Data Management	Database Connectivity	JDBC
Case Management Payment/Settlement	Service Platform and Infrastructure	Delivery Servers	Application Servers	Business Objects

**4. Technical Reference Model Table:**

To demonstrate how this major IT investment aligns with the FEA Technical Reference Model (TRM), please list the Service Areas, Categories, Standards, and Service Specifications supporting this IT investment.

<b>FEA SRM Component (a)</b>	<b>FEA TRM Service Area</b>	<b>FEA TRM Service Category</b>	<b>FEA TRM Service Standard</b>	<b>Service Specification (b)</b> (i.e., vendor and product name)

- a. Service Components identified in the previous question should be entered in this column. Please enter multiple rows for FEA SRM Components supported by multiple TRM Service Specifications
  - b. In the Service Specification field, agencies should provide information on the specified technical standard or vendor product mapped to the FEA TRM Service Standard, including model or version numbers, as appropriate.
5. Will the application leverage existing components and/or applications across the Government (i.e., FirstGov, Pay.Gov, etc)? No
- a. If “yes,” please describe. Long Text
6. Does this investment provide the public with access to a government automated information system? No
- a. If “yes,” does customer access require specific software (e.g., a specific web browser version)? N/A
    - 1. If “yes,” provide the specific product name(s) and version number(s) of the required software and the date when the public will be able to access this investment by any software (i.e. to ensure equitable and timely access of government information and services). N/A

**PART II: Planning, Acquisition And Performance Information**

*Part II should be completed only for investments identified as "Planning" or "Full Acquisition," or "Mixed Life-Cycle" investments in response to Question 6 in Part I, Section A above.*

**Section A: Alternatives Analysis (All Capital Assets)**

In selecting the best capital asset, you should identify and consider at least three viable alternatives, in addition to the current baseline, i.e., the status quo. Use OMB Circular A-94 for all investments, and the Clinger Cohen Act of 1996 for IT investments, to determine the criteria you should use in your Benefit/Cost Analysis.

1. Did you conduct an alternatives analysis for this project? Yes
  - a. If "yes," provide the date the analysis was completed? 07/11/2005
  - b. If "no," what is the anticipated date this analysis will be completed? N/A
  - c. If no analysis is planned, please briefly explain why: N/A

Reasons why the selected alternative was chosen: <moved to sections 3 and 4>

**2. Alternatives Analysis Results:**

Use the results of your alternatives analysis to complete the following table:

Alternative Analyzed	Description of Alternative	Lifecycle Costs estimate	Lifecycle Benefits estimate
<b>1. SELECTED ALTERNATIVE</b>	SELECTED ALTERNATIVE: 1- Integrate COTS, custom code and re-used components. Note that the end-state in all cases is assumed to be the same so there is no relative benefit to any alternative.	\$14.179	\$14.179
<b>2. Adapt business processes to GOTS/COTS systems.</b>	2 - Adapt business processes to COTS systems. The available COTS or GOTS products are designed for law firms with emphasis on managing billing, and the SEC's use would require substantial adjustment on the SEC's business user side. With regard to customization, the CATS system being replaced was based on a	\$19.691	\$14.179

**2. Alternatives Analysis Results:**

Use the results of your alternatives analysis to complete the following table:

Alternative Analyzed	Description of Alternative	Lifecycle Costs estimate	Lifecycle Benefits estimate
	COTS product that required 3 years of customization to make the system work and the base product is no longer supported by the vendor, and we believe that modifying and maintaining COTS/GOTS would be even more expensive than a custom build.		
<b>3 - Refurbish existing system components.</b>	3- Refurbish existing system components. The current CATS application Client Server architecture is now obsolete and must be modernized and re-written as a web-browser based application. The ComplInfo COTS product is no longer supported and the company does not exist. Any initial savings from re-use would be offset by the need to disassemble the code to see how it works, and the analysis assumes that there would be some savings initially but the maintenance would be more expensive.	\$14.886	\$14.179
<b>4. Status Quo</b>	Status Quo: Continue to experience major technical and functional difficulties with the current application. OIT will have to continue to manually massage the data for Reporting purposes. New requirements will not be met. Field Offices will have to continue to create off-shoot tracking systems to support Case Management that OIT will have to maintain. In addition, the current Comp Info software is no longer supported—therefore, it must be replaced.	\$16.546	\$14.179

3. Which alternative was selected by the Agency’s Executive/Investment Committee and why was it chosen? Alternatives 1 (as selected) and 3 are significantly less expensive than alternatives 2 and 4. However, alternative 3 will probably suffer from the same obsolescence problems within one or two years, at which point one of the other alternatives would have to be adopted.

The existing CATS system is technologically nearing the end of its life; it is a COTS product which is no longer supported by the vendor and the SEC will be relying on a fast dwindling resource pool as well as soon-to-be-obsolete technological components to service this product.

4. What specific qualitative benefits will be realized?

Certain business functions of the SEC, including the Penalties & Disgorgements, Collections & Distributions as well as Treasury Referral were not comprehensively automated, and depended on small user-developed and maintained systems that existed on the user desktops. This presented the problems of lack of end-to-end automated process flow with appropriate controls as well as reliance on data and applications with no specified or specifiable availability parameters.

The fines and disgorgements module will significantly enhance the agency's ability to manage these funds and will resolve external audit findings.

The existing CATS system was not useful to the attorneys as it relied on outmoded interface and did not provide the attorneys any tools to perform and improve their work. Since these aspects of the case management and litigation management functions were never automated in the first place, but since this presented the attorneys with significant difficulties in carrying out their work using an increasingly connected and electronic workload, it became necessary to build out the functionalities that supported the attorneys.

The benefits of replacing CATS include allowing enforcement staff to better manage their work papers throughout the case lifecycle and generating performance information that senior managers can use to redirect resources much more effectively. The system also will allow for standardization of work products, minimization of data entry, improved information about case status, and case management from inception to closing.

**5. Will the selected alternative replace a legacy system in part or in whole? (Y/N)**

a. If “Yes”, are the migration costs associated with the migration to the selected alternative included in this investment, the legacy investment, or in a separate migration investment? <<This investment, Legacy investment, Migration investment>>

b. If “Yes”, please provide the following information:

List of Legacy Investments or Systems		
Name of the Legacy Investment or System	UPI if available	Date of the system retirement
Case Action Tracking System (CATS)	n/a	12/31/2008 (projected)


### **Section B: Risk Management (All Capital Assets)**

You should have performed a risk assessment during the early planning and initial concept phase of this investment’s life-cycle, developed a risk-adjusted life-cycle cost estimate and a plan to eliminate, mitigate, or manage risk, and be actively managing risk throughout the investment’s life-cycle.

1. Does the investment have a Risk Management Plan? Yes
  - a. If “yes,” what is the date of the plan? 11 July 2005
  - b. Has the Risk Management Plan been significantly changed since last year’s submission to OMB? N/A
  - c. If “yes,” describe any significant changes: N/A
2. If there currently is no plan, will a plan be developed? N/a
  - a. If “yes,” what is the planned completion date? N/a
  - b. If “no,” what is the strategy for managing the risks? N/A
3. Briefly describe how investment risks are reflected in the life cycle cost estimate and investment schedule: SEC IT PMO guidance for project planning includes a comprehensive risk analysis process. This risk analysis process includes identification of risks, using the 19-factor framework established in OMB Circular A-11, and then scoring the risks according to probability and impact. The score is translated into a cost and schedule buffer based on the total project cost. The project execution cost is then appended with this risk buffer amount, thereby creating the risk loading that OMB recommends. Once the investment moves into the execution phase, the risk management plan is updated at least as often as each phase gate to reflect the current situation and the status of mitigation activities, and the buffers are adjusted or drawn down as appropriate.

### **Section C: Cost and Schedule Performance (All Capital Assets)**

EVM is required only on DME portions of investments. For mixed lifecycle investments, O&M

milestones should still be included in the table (Comparison of Initial Baseline and Current Approved Baseline). This table should accurately reflect the milestones in the initial baseline, as well as milestones in the current baseline.

1. Does the earned value management system meet the criteria in ANSI/EIA Standard – 748? NO – we cannot trace \$\$ to milestones, and at the project level if not the task level we are slopping money from one approved task to another.
2. Is the CV or SV greater than +/-10%? Yes CV = 450% overrun; SV = 65% behind schedule  
(CV%= CV/EV x 100; SV%= SV/PV x 100)
  - a. If “yes,” was it the? [CV / SV / BOTH]
  - b. If “yes,” explain the variance: We have incurred substantial cost increases since the last year’s submittal. In our first year’s development we identified a great many business processes that required resolution and replication of the legacy system turned out to have more complications than expected. These issues caused our initial costs to be substantially higher than envisioned.
  - c. If “yes,” what corrective actions are being taken? Long Text

The baseline for the project has not been changed along with the re-scoping and that’s the reason why the overrun appears to be so large. Given that this effort started as the replacement effort for the existing CATS system, but was re-scoped to include the functionalities of Disgorgements and Penalties, Collections and Distributions, Treasury Referral, CATS Replacement as well as Improve Case and Litigation Management functionality, it is clear that the cost overrun is not a project execution issue, but one of re-baselining the effort.

As a result of the lessons learned in FY2006-2007 we now have a much better assessment of the magnitude of the overall undertaking. Under a new project manager we have completely re-planned this initiative during the course of FY07, and we will be offering our current plan as the proposed revised baseline during the mid-year report.

3. Has the investment re-baselined during the past fiscal year? (Y/N)
  - a. If “yes”, when was it approved by the agency head? <IT CPC has not approved the revised plan>
  - b. If “yes”, when was it approved by OMB? The proposed re-baselined plan has not been provided to OMB for approval. It will be presented at the next opportunity in March 2008.

**4. Comparison of Initial Baseline and Current Approved Baseline:**

Complete the following table to compare actual performance against the current performance baseline and to the initial performance baseline. In the Current Baseline section, for all milestones listed, you should provide both the baseline and actual completion dates (e.g., "03/23/2003"/ "04/28/2004") and the baseline and actual total costs (in \$ Millions). In the event that a milestone is not found in both the initial and current baseline, leave the associated cells blank. Note that the 'Description of Milestone' and 'Percent Complete' fields are required. Indicate '0' for any milestone no longer active.

Description of Milestone	Initial Baseline		Current Baseline				Current Baseline Variance		Percent Complete
	Planned Completion Date (mm/dd/yyyy)	Total Cost (\$M) Estimated	Completion Date (mm/dd/yyyy) Planned/Actual		Total Cost (\$M) Planned /Actual		Schedule/ Cost (# days/\$M)		
Business requirements	12/31/2004	0.290	12/31/2004	12/31/2004	0.290	0.290	0	0.000	100.0%
Phoenix 1x: phase 0: Build M&M system; phase 1 Implement Disgorgement and Penalties management capability	9/30/2006	0.633	9/30/2006	9/30/2007	0.633	1.855	-365	-1.222	100.0%
Replace CATS system (HUB)	9/30/2006	0.667	9/30/2006	12/31/2008	0.667	0.900	-823	-0.233	25.0%
Phoenix 2.0: Debt collection, Case assessment, litigation process and Enforcement document automation	9/30/2007	1.779	9/30/2007	12/31/2008	1.779	1.895	-458	-0.116	10.0%
Administrative Proceedings System; Enforcement work product automation	9/30/2008	0.909	9/30/2008	9/30/2009	0.909	1.150	-365	-0.241	0.0%
FY08 O&M	9/30/2008	0.598	9/30/2008	9/30/2008	0.598		0	0.000	0.0%
FY09 O&M	9/30/2009	\$0.618	9/30/2009	9/30/2009	0.618		0	0.000	0.0%
FY10 O&M	9/30/2010		9/30/2010						
FY11 O&M	9/30/2011		9/30/2011						
FY12 O&M	9/30/2012		9/30/2012						

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Short text - 250 characters Medium text - 500 characters Long text - 2500 characters  
All dollar amounts must be reported in millions with at least 3 decimals (6 decimals available)

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