

Wide Area Workflow Helps U.S. Navy Modernize Receipt and Acceptance Process

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The Department of Navy was faced with a problem: Their primarily paper-based receipt and acceptance process was resulting in lengthy invoice turnaround times, growing interest burdens, and hefty processing fees. In fiscal year 2001 alone, the Navy spent more than \$30 million in interest payments and well over than that in vendor payment processing fees. The Navy very much needed to reengineer its processes, but with over 83,000 vendors and more than 10,000 Navy acceptance authorities, it faced an enormous, systematic technical and change-management challenge. How did the Navy make the culture change and embrace wide area workflow (WAWF) to garner both cost savings and increased efficiencies?

WAWF Explained

WAWF is a Web-based system that allows contractors and authorized Department of Defense personnel to create and transmit electronic invoices and receiving reports and to access contract-related documents online. WAWF's inception was driven by the overall paperless contracting initiative in response to the DoD comptroller's May 1997 Management Reform Memorandum #2, "Moving to a Paper-free Contracting Process by January 1, 2000." The WAWF initiative was built on a foundation of full utilization of source data input—shared electronic documents, data, and information.

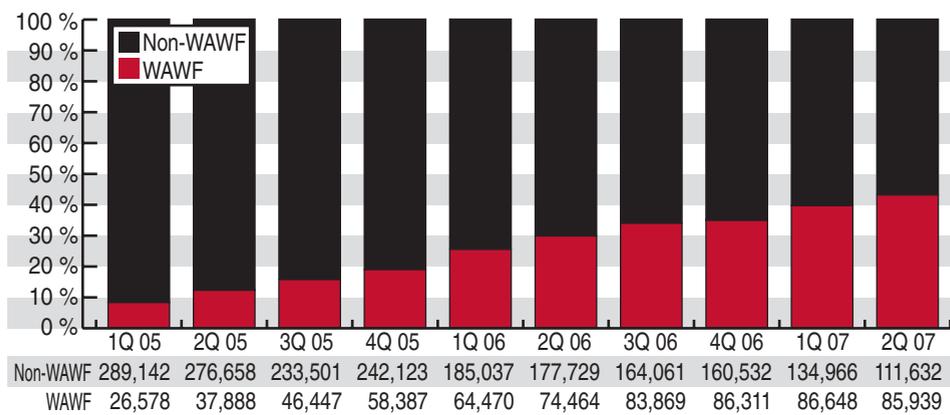
WAWF is a standardized, DoD enterprise system developed with input from all defense Services and agencies. Experience to date has shown that WAWF users are able to process invoices more efficiently and get contractors paid on time more often. The initial requirements were developed at the user level to ensure major processes were defined correctly as regulated best practices and that the software met DoD's receipt and acceptance needs. Contractor participation was crucial to the success of the final product. Groups such as the Aerospace Industries Association provided critical insight and advice as representatives of both the DoD contractor community and acquisition industry leaders.

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One of the key aspects of the end product is a simple and uniform point of entry for all DoD contractors and government authorities to process invoices. This is accomplished via a clean graphical user interface coupled with back-end system integrations that allow WAWF to interface seamlessly with a number of existing DoD acquisition systems. During the document creation process, contract data are automatically retrieved from the electronic document access server and inserted into forms. After a record has been certified for payment, WAWF

Figure 1. Navy WAWF Usage 2005 – 2007



interfaces with the appropriate entitlement systems to ensure funding information is accurate and to schedule the electronic payment. WAWF also sends automatic updates to the various DoD accounting systems, including the Navy's own enterprise resource planning system.

Prior to the introduction of WAWF, contractors would submit paper invoices and receiving reports when they supplied goods or services to DoD. The documents underwent a process of inspection, acceptance, and certification; and finally, payment was made to the contractor. Average processing time for an invoice (the time between submission and scheduling for payment) was over 30 days and was even longer if there were errors. Because the process was paper-based, tracking down documents after submission was cumbersome.

WAWF provides a more effective and efficient solution. Using WAWF, contractors securely submit electronic versions of required documents instantly. The documents travel to the appropriate parties (determined by routing codes keyed in upon submission), where they are digitally reviewed and signed. WAWF ensures data accountability, as users can edit only the information they have supplied and are limited to performing functions for which they are authorized. The streamlined WAWF interface and standardized forms employ only information relevant

to the receipt and acceptance process. The Web-based interface reduces human errors in processing and eliminates the need for rekeying data. All of this combines for an optimized business solution.

WAWF automatically notifies contractors by e-mail whenever an action has been taken on their document. It also alerts government employees of any actions required by their function. Because information is

transferred from one party to the next in real time, an invoice can be scheduled for payment within days—or even hours—of submission, allowing the government to take advantage of contractor-offered discounts and better comply with the Congressional Prompt Payment Act.

Navy Targets Efficiency and Cost Savings

The Navy's specific impetus to implement WAWF was targeted at three main objectives:

- To eliminate paper from the acquisition process, enabling users to access and track documents and processes electronically, thereby increasing both efficiency and accountability
- To save money by lowering interest penalties through faster payment to contractors and lowering transaction processing fees by way of electronic automation
- To allow the Navy to track supplies, services, and government property by integrating Unique Identification (UID), Radio Frequency Identification (RFID), and other technologies.

Initially convincing individual Navy sites of the need and benefits of implementing WAWF proved difficult. Organized as independently managed units, many sites had unique processes for performing receipt and acceptance and were less-than-enthusiastic to implement a new, standardized system. The culture shift associated with moving from a paper- to Web-based environment also proved daunting.

The WAWF implementation team, headed by Universal Consulting Services, Inc., used a top-down approach, ensuring initial buy-in at the highest levels first. Memoranda from the secretary of the Navy and Navy comptroller outlined aggressive targets for WAWF adoption. Independent Navy commands were approached and sold on the multiple advantages of an automated receipt and acceptance process.

The team visited individual sites in person to outline how implementation could be successfully accomplished and what specific benefits would be derived at each site. They

Web Resources

WAWF Production Site:
<<https://wawf.eb.mil>>

WAWF Training Site:
<<https://wawftraining.eb.mil>>

WAWF Web-based Training
<www.wawftraining.com>

DoN Acquisition One Source
<http://acquisition.navy.mil/acquisition_one_source/>



percent in the second quarter of fiscal 2007 when more than 86,000 Navy invoices totaling more than \$10 billion were processed through WAWF (Figure 1 on the previous page).

Based on data projections and anticipated effects of upcoming WAWF system version releases, the Navy is on track to meet its aggressive goal of 100 percent WAWF usage for fiscal year 2008 (Figure 2).

Reaping the Benefits

The benefits of WAWF for the Navy and its contractors are numerous. Electronic access enables users to view documents online and check the status of invoices and receiving reports at any time. Contractors receive feedback immediately if a document is rejected by the Navy, and they are able to take corrective actions and resubmit the documents electronically in real time. Experience to date has shown that WAWF users are able to process invoices more efficiently and get contractors paid on time more often.

The Navy benefits from WAWF are equally apparent. Electronic inspection and acceptance enables real-time processing and document access. Fewer documents are lost or misplaced, and data accuracy is greatly improved. Distribution and processing time for invoices and payments has shrunk from 10 days to 20 hours, and correction of misrouted documents has been reduced from 23 days to 23 minutes.

Another benefit of WAWF is the significant decrease in the cost of processing Navy invoices at the DoD level as evidenced by the reduction of transaction processing fees. The Defense Finance and Accounting Service processes most DoD invoices before payment, charging a fee six times higher to process paper invoices than electronic invoices. DFAS currently processes about 1.6 million transactions per year, with 1.1 million going through WAWF.

stressed the advantages of a simplified uniform interface, defined business processes, increased contractor and government accountability, and optimized turnaround times. They calmed fears by providing ongoing support through a Navy WAWF help line available to government and industry partners alike, and informative, hands-on training programs.

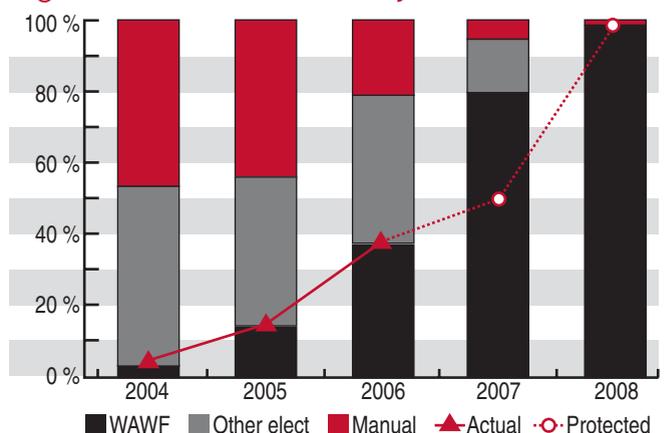
Early WAWF Successes

The Navy Bureau of Medicine and Surgery was one of the first Navy commands to embrace the WAWF advantage. In 2001, BUMED paid over \$36,000 in interest penalties. In order to meet a goal of reducing interest payments by 40 percent, BUMED began their WAWF implementation in the early part of 2003. By the end of 2004, BUMED was processing over 1,400 invoices in WAWF per month, and interest payments had dropped by almost 80 percent (twice their initial goal).

The Naval Education and Training Command provides another good example of WAWF success. NETC reimburses sailors and Marines for courses taken at local universities. Prior to implementing WAWF, it took six to eight weeks for NETC to process the tuition payments and textbook reimbursements. Reimbursements are now processed in just two days. NETC estimates an annual savings of over \$1 million.

Overall Navy WAWF usage has grown from about 8 percent in the first quarter of fiscal year 2005 to over 40

Figure 2. WAWF Data Projections



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In fiscal 2006, the Navy reduced its DFAS processing fees by over \$9 million by realizing the electronic processing rate and stood to save an additional \$11 million for those invoices that were eligible but not processed through WAWF.

WAWF also provides reduced prompt payment interest penalties through improved cycle times. The ability to pay contractors within the specified payment terms (typically net 30 days) significantly reduces the interest penalties incurred. The interest paid for Navy invoices processed manually is more than \$300 per million. For invoices processed through WAWF, the interest incurred to date is 12 times less, at just under \$25 per million.

On the Horizon

Beyond the cost and time savings, WAWF has transformed the way the DoD tracks and manages inventory. Contractors have the ability to input RFID and UID information when creating shipping documents, which allows the Navy to track an entire shipment or even to locate a specific item within a shipment as it travels to its destination. Government-furnished property can also be managed using WAWF, allowing the DoD to locate and account for its own property as it is transferred between different contracts or locations. WAWF allows the DoD to continue its transformation to just-in-time inventory management (a system in common use in the private sector), allowing for significant savings in inventory storage and handling costs.

The WAWF program is continuously looking ahead to improve on system functionality and to enhance benefits. For the Navy, this could mean future automated acceptance and asset visibility even further into the supply chain, facilitating better support for the warfighter where most needed—on the frontlines. The increased transparency of accounting processes facilitated by WAWF is also an integral part of the Navy's financial improvement plan. The standard data, transaction sets, and interfaces on which it is built help drive the DoD Business Transformation Agency's objective to deliver enterprise-level capabilities aligning with the warfighters' needs.

As WAWF is implemented across the Navy, the goal of achieving a more standardized Navy accounting system for all transactions is becoming a reality as the Navy targets its goal of 100 percent WAWF usage by the end of fiscal year 2008. The successes to date indicate that the Navy is more than up to meeting this challenge head on.

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