

# Federal Aviation Administration



## Current FTI Program Office Business Processes

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## **1.0 Purpose**

This paper provides a high level overview of the process currently used by the FTI Program Office in conducting business transactions with the FTI Vendor. These business transactions start with the specification of the FAA service requirements for telecommunications services and progress through ordering the service, accepting the service, invoicing for the service and then the validation of the invoice.

## **2.0 Background**

The FTI Program provides telecommunications services to support the agency telecommunications needs for the National Airspace System (NAS) as well as for Administrative purposes. The FTI Program Office plays the role of a telecommunications service provider that provides services to internal customers (e.g., FAA program offices and Technical Operations), which are organizations within the agency responsible for the implementation of new systems or the operation and upgrade of existing systems.

There are approximately 23,000 telecommunications services in use today that satisfy the NAS voice and data needs of the agency as well as its Administrative Data Needs. These services connect approximately 4000 facilities throughout the United States and its territories. The telecommunications service requirements at the facilities range from a large number of requirements, some which are very high bandwidth at a small percentage of data intensive locations to a couple of requirements with low bandwidth at a substantial number of remote locations. A network backbone connects the large data intensive facilities, which comprise less than 5% of the total facilities.

## **3.0 Description of Current Nominal Processes**

The FAA has established a process with the FTI Vendor to convey requirements for service and the subsequent interactions between the FAA and the FTI Vendor advance these requirements to implemented services. A high level depiction of the process flow is illustrated in Figure 1.

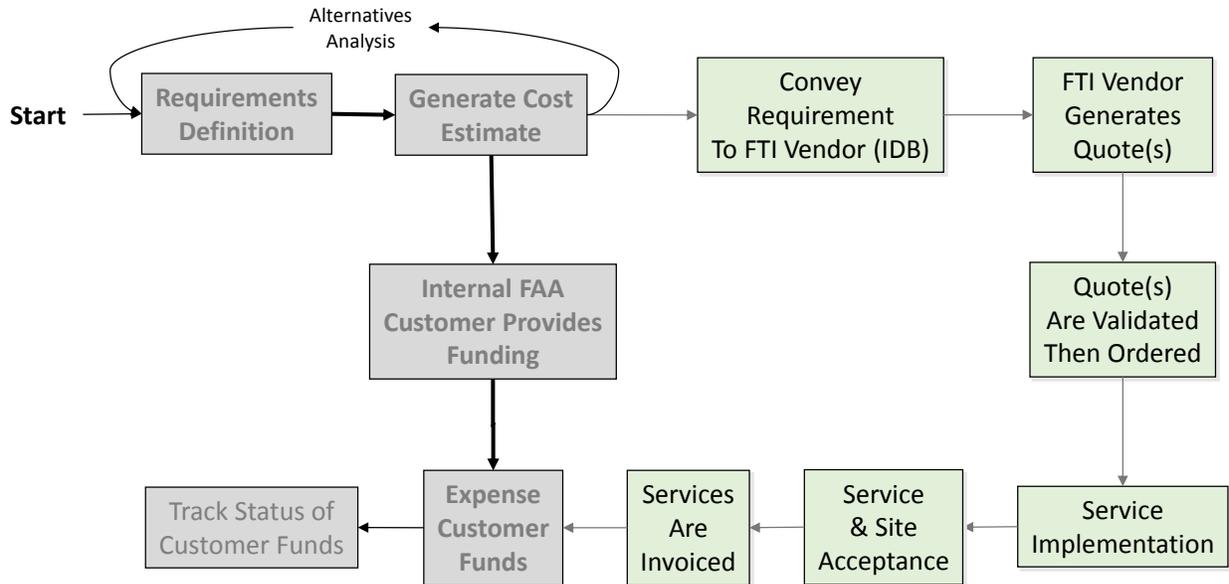


Figure 1: Nominal Business Process

The emphasis of this document is placed on the right hand side of the diagram involving the interactions with the FTI vendor. The left hand side of the diagram provides some context for the internal processes that the FTI program must support. More detail on the gray boxes corresponding to the Requirements Definition and Generation of Cost Estimates is provided within the Engineering Environment White Paper.

### 3.1 Formulating Requirements

The formulation of requirements<sup>1</sup> for service entails interactions with FAA internal customers to determine the performance parameters to meet, the bandwidth required, the interface types, any special requirements involving diversity or avoidance of paths used to satisfy the requirements. This process can involve several iterations with the internal customer and the creation of cost estimates by the FTI Vendor at the request of the FAA for the FTI Program to provide to the customer to assist them in their budget formulation process. The FTI Vendor has created a tool to assist in the generation of cost estimates.

For requirements related to FAA facilities and equipment programs, customers will remit funding to the FTI program office in order to pay for these requirements for up to twenty-four months. Beyond the twenty-four month period, the FTI program office assumes responsibility for funding the requirements. The funding required by the FTI program office for these requirements is assessed on an annual basis.

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<sup>1</sup> The term service requirements has been used to denote requirements for telecommunications services. This is sometimes call “traffic”. This use of service requirements should not be confused with the separately defined specifications, involving performance and other factors, which the services must meet.

### **3.2 Conveying Requirements**

FTI requirements are subject to configuration control. The statement of the service requirements and all pertinent attributes are entered into a database which is shared with the FTI Vendor. This database is called the Implementation Database (IDB). The service requirements have a well-defined lifecycle that starts in a draft state and then progresses to a state requiring action by the FTI Vendor.

### **3.3 Generating a Quote**

Once a service requirement has been deemed ready for quote, the FTI Program Office changes the state of the service requirement to RFQ. After this occurs, the FTI Vendor will generate a quote for service. The FTI Vendor selects appropriate Contract Line Item Numbers (CLINs) from the contract and submits one or more quotes. Quotes for service generally come in one of two forms based upon the pricing structure on contract. There are prices that generally attribute to the transport of a service and there are prices that generally attribute to items needed at a facility. Unique Service Identifiers (USIs) are established for service items and facility items in order to facilitate configuration control, quote and order tracking, operational monitoring and invoicing.

### **3.4 Validating a Quote**

Once a quote is submitted to the FAA in electronic, the FTI Program office performs a due diligence step by reviewing and validating the quote. The validation effort ensures that the correct service requirement has been quoted and that the charges reflect prices on contract, are allowable, and follow the pricing structure established within the contract and the established business rules. Much of the pricing on contract follows the structure of telecommunications tariffs and large Government-wide telecommunications contracts. Some of the pricing structure is unique to the FTI contract.

### **3.5 Ordering a Service**

Ordering a service is represented by the acceptance of a quote. The FTI Vendor provides an Integrated Business System (IBS) in which the FAA accepts the quotes. Once quotes are accepted, the FTI Program Office maintains an independent record of the quotes and those which have been accepted.

### **3.6 Implementing and Accepting a Service**

Upon receipt of an order, the FTI Vendor must meet a service delivery timeframe. The service delivery timeframe is generally based upon whether new infrastructure is needed to meet the FAA service requirements. A service is formally accepted by the FAA prior to use and for facilities, the installation of equipment into an FAA site is also accepted prior to use. The FAA has the ability to witness the service and site acceptance tests conducted. These acceptance tests result in the generation of Site Acceptance Reports and/or Service Acceptance Reports (SAR). These reports then trace to the Unique Service Identifiers (USIs)

described above. Upon acceptance of the service or site, the FTI Vendor may start invoicing the charges identified on the accepted quotes for the associated USIs.

### 3.7 Invoicing and Validation

The FTI Vendor provides electronic invoices to the FTI Program office on a monthly basis. The FTI Program office has established the Integrated Financial Management Services (IFMS) contract for the validation of the invoices and for some other financial services. Invoices are reviewed by the IFMS Vendor to ensure that the charges for a service align with the accepted quotes and that the services are appropriately pro-rated based upon the SAR dates. The IFMS contractor is authorized to engage the FTI Vendor directly to resolve potential billing discrepancies. The IFMS Vendor also ensures that customer provided funding is appropriately expensed.

### 3.8 Volume

Figure 2 illustrates the volume of nominal business transactions that were undertaken by the FTI Program Office. Business transactions involve the review and ultimate acceptance, i.e. processing, of quotes containing several services that are tracked through USIs.

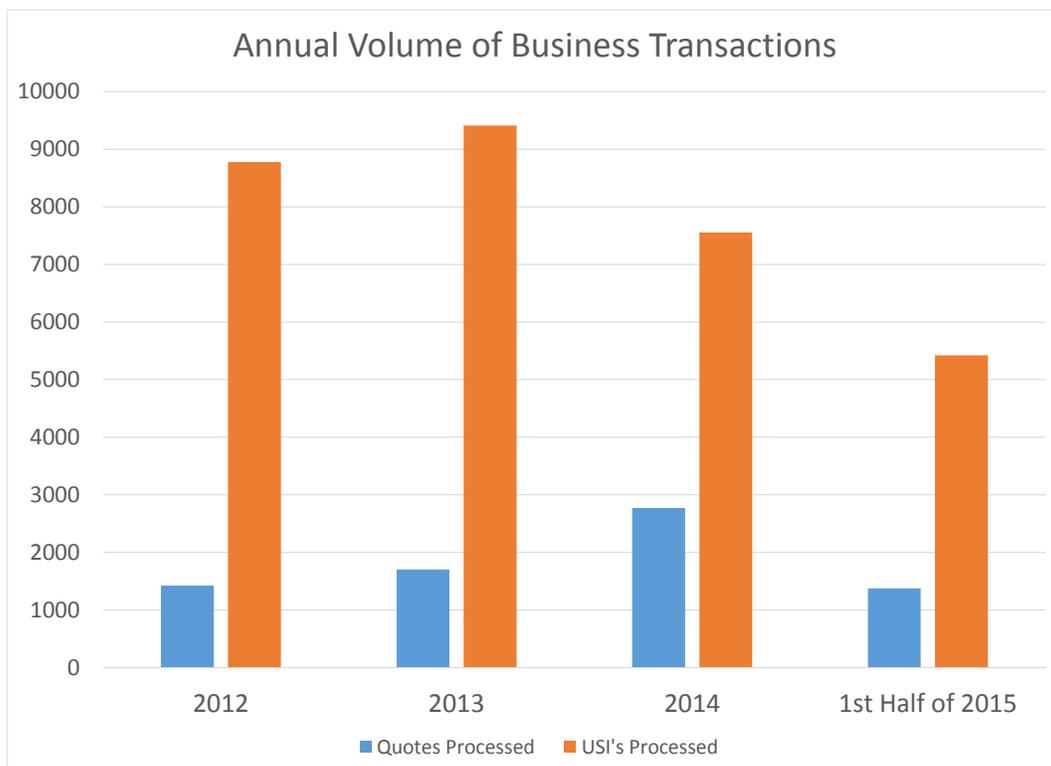


Figure 2: FTI Business Transactions by Calendar Year

### 4.0 Items Falling Outside of Normal IBS Processes

There are interactions with the FTI Vendor for services that do not follow the process described above. Some examples of these interactions include:

- Requests for Special Construction to be performed at facilities to prepare them for telecommunications services,
- Requests for Rough Order of Magnitude (ROM) estimates for efforts not covered by the cost estimation tool,
- Facility moves adds or changes, and
- Request for proposals to perform Task Order based efforts.

These requests are sent to and from the FTI Vendor through contract letters. Data on the volume of letters from the FAA to the FTI Vendor is illustrated in Figure 3.

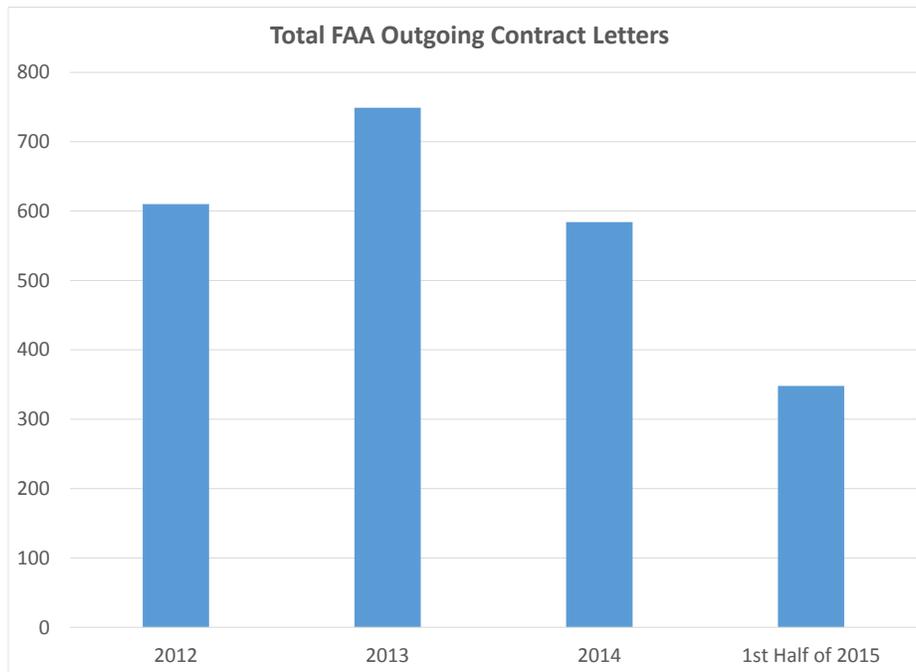


Figure 3: Recent FAA Contract Letter Volume by Calendar Year

## 5.0 Questions

1. What are the different approaches to ordering service in the commercial marketplace?
2. Do most large customers in the commercial marketplace perform their own engineering function and determine exactly which commercial service to order?
3. How do other large customers perform their due diligence in maintaining requirements and ensuring invoice charges are valid?
4. For other customers with a similar magnitude of requirements and similar magnitude of facilities, what is the degree of change seen?
5. How do other large customers structure their contracts in order to maintain traceability to market commodities and rates?
6. What automated processes are typically employed to review and validate telecommunications invoices? Do those processes support contract-specific billing line items or are they more typically geared toward carrier-based billing constructs?