



Customer Success Story

Fraud, Waste and Abuse

AT A GLANCE

CUSTOMER: DISA / DPAP

INDUSTRY: FEDERAL

LOCATION: WASHINGTON, DC

CUSTOMER SINCE: 2014

About the customer

Defense Procurement and Acquisition Policy is responsible for all Contracting and Procurement policy matters including e-Business in the Department of Defense (DoD). Their mission is to enable DoD components to deliver equipment and services that meet the needs of the warfighter through innovative policy, guidance and oversight. DPAP over sees the operation and maintenance of the Purchase Card Online System (PCOLS).

Challenge

The DoD purchase card program's initial implementation strategy was to encourage the use of the purchase card wherever practical in order to streamline small-purchases. Legislative mandated that purchase cards be used for at least 90 percent of micro-purchases, resulting in issuance of more than 230,000 purchase cards, which were used for 10.7 million transactions valued at more than \$10.6 billion in spending.

A lack of tight internal controls, coupled with other purchase card compliance issues contributed to fraudulent and abusive spending, theft and misuse of Government property by purchase card program participants. As a result, the Purchase Card Policy Office (PCPO) collaborated with the Defense Manpower Data Center (DMDC) and industry to develop a suite of applications that improve risk management and oversight of purchase card program transactions. Initial operating capability for the application suite, called the Purchase Card Online System (PCOLS) was achieved in 2009.

On October 1, 2012, DPAP provided 148,488 cases created by the PCOLS to be sent to A/BOs for review during the period of January 1, 2012, through June 30, 2012.

PCOLS is a DoD-wide suite of electronic systems that officials use to improve the management and accountability within their Government Purchase Card programs.

While the PCOLS operating capability has been successful, the Government sought to contract a new incumbent to achieve several key objectives: a) reduce the total cost of ownership for operations and maintenance of the solution; b) engage a systems integrator with proven processes and methodologies; and c) retain an equivalent level of expertise to facilitate continual mitigation of evolving fraud patterns and behaviors.

Our role

The PCOLS Data Mining Application (DMA) applies Artificial Intelligence / advanced data analytics algorithms to programmatically review 100% of the DoD purchase card transactions using FICO Falcon technology to identify correlations, patterns and trends in purchase buying actions. This transaction review allows daily, near real-time mining of the data. The Case Manager, which is an

integral component of DMA interprets the referred transactions and creates specific cases that are assigned to the Approving / Billing Officials (A/BOs) for review. Through the use of the Case Manager Interview process, the A/BO demonstrates that due diligence is exercised in the review of the referred transactions. With this DM tool, scarce human resources can be targeted on their purchase card program by monitoring certain risk controls through dashboards and quarterly reports.

After 18 months of contractor evaluations, the TechBlue team was selected to provide the primary resources for maintaining and enhancing the PCOLS DMA and RA application components. TechBlue was engaged because of our leadership and experience implementing advanced analytics solutions, our past performance implementing commercial and government fraud solutions, our mature systems integration processes and methodologies, and our expertise in leveraging enterprise data to identify risk indicators of fraud, waste and abuse.

The Department of Defense receives the direct benefit of PCOLS implementation and operation by accountability at all levels of the Purchase Card Programs

The DoD Purchase Card Program generates over 9 million transactions per year, valued at over \$8 billion.

TechBlue responsibilities include maintaining integration points between PCOLS applications, the risk predictive models and the case manager graphical user interface. As a key task of our activities, TechBlue consultants are continually performing analyses to identify evolving fraud, waste and abuse patterns. Our approach captures advanced DoD objectives and identifies value opportunities in the current enterprise infrastructure. Our consultants compose assessments of current state with gaps to future state, and where applicable, provide recommendations for closing future state gaps. Upon DoD approval, our TechBlue consultants perform enhancements to the system to improve undesirable behavior detection and deterrence.

Results

Finding the right contractor to maintain PCOLS DMA / RA components was essential to the Government's requirement to reduce total cost of ownership and provide the same level of expertise to support the DoD Purchase Card programs.

TechBlue is maintaining and enhancing the PCOLS solution with leading vendor technologies including Oracle, Java and the FICO Falcon platform.

TechBlue has played an integral part in redesigning the risk predictive solution that saves the government millions of dollars per year. First, our team documented the operating baseline from which all maintenance processes were established. Second, after a comprehensive analysis of the DMA / RA application components, our team identified strategic and tactical enhancement opportunities to accelerate the identification and mitigation of fraud, waste and abuse. Each enhancement opportunity is evaluated, prioritized and slotted in the master project schedule for implementation.

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Our solution implemented an AI neural network that would self-learn new fraud patterns to improve detection over time. The neural network heuristic was automatically updated based on previous fraud cases and newly acquired bank data, thus optimizing fraud results and reducing false positives. TechBlue has provided the Government with comprehensive expertise for maintaining the FICO Falcon, Oracle and Java application components. With the engagement of TechBlue, the Government is able to:

- Significantly reduce operations and maintenance labor costs by 30%
- Realize immediate value through a comprehensive improvement roadmap
- Leverage over 20 years of systems integration experience
- Expand the application of PCOLS to additional DoD Agencies
- More rapid and accurate transaction and misuse identification

Think it's time to learn more about what we can do for your company? Contact us.

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Abuse

Intentional exploitation, manipulation and misuse
Response: Policy and legal enforcement

Fraud

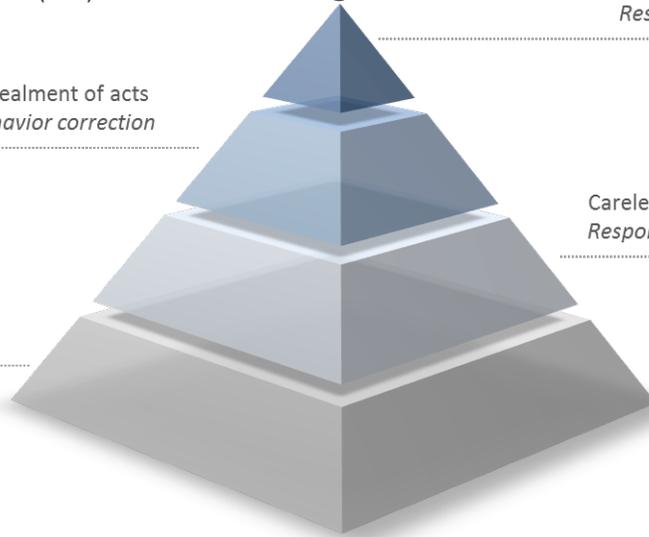
Intentional performance and concealment of acts
Response: Policy enforcement, behavior correction

Waste

Careless expenditure and mismanagement
Response: Counsel and corrective feedback

Desired behavior

Voluntary compliance
Response: Help and support



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Our approach to services is based on knowledge gained from performing in consultative roles for over 30 years, and the smarter, faster, better concept is a direct result of our successes. Our knowledge, coupled with a service-oriented approach based on teamwork, collaboration and consultation, provides our clients with trusted advisors that work toward meeting objectives.

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