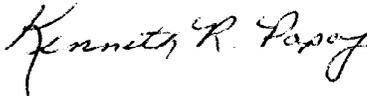


Financial Management Service  
**memorandum**

Date: March 14, 2006

To: All FMS Employees

From: Richard L. Gregg  
Commissioner 

Kenneth R. Papaj  
Deputy Commissioner 

Subject: FMS Systems Development Approach

After much consideration and deliberation, the Executive Board has decided to adopt a single methodology for developing new FMS applications. The methodology chosen is the Rapid Application Development (RAD) model, which was developed by the Bureau of the Public Debt (BPD). The BPD RAD model will be tweaked to meet any unique needs that we may have but that model, particularly the process used to define user requirements, will be used to develop FMS systems.

The decision to use FMS RAD was based primarily on the very disciplined and rigorous process used for developing applications which we believe will address long-standing difficulties that we have faced in our system development efforts. The FMS RAD methodology will enable us to: (1) reduce significantly the timeframe for defining and finalizing user requirements, from several months or more to a few weeks; (2) improve the quality of the code due to the preciseness and specificity of the user requirements; and (3) accelerate time to implementation because releases will be "time-boxed" and developed in a phased, modular approach.

All new FMS application activities, whether developed by in-house FMS staff, Federal Reserve Bank staff or contractors, will be developed using the FMS RAD approach. Some projects currently underway will not be subject to the FMS RAD process, such as the Payment Application Modernization project and the Government-wide Accounting Modernization initiative.

Information Resources (IR) will take the lead in developing plans for training staff on, and transitioning our various system development initiatives to, the FMS RAD process. In developing these plans, IR will work closely with FMS business owners, BPD and the Federal Reserve Banks in the months ahead. The transition to FMS RAD will take time as it will require a fundamentally different mindset to developing systems. The FMS program offices and business owners in particular will need to ensure that, in the requirements definition phase, they assign individuals who know the details of the program and can make decisions on behalf of their organization.

We are confident that the FMS RAD approach will improve our ability to develop better quality applications in a shorter timeframe while also reducing the stress and tension placed on project team members. We ask for your support in carrying out this important endeavor.

*FMS — Quality People — Quality Service*