



View from the Top

Mark N. Klett, KCG-INC President & CEO

2006 has been a very productive year for our organization. The efforts by all have made an impact to enable KCG-INC to expand our customer base and growth in both personnel and infrastructure.

KCG-INC will be opening up a new office in the historic area of the Virginia Beach Municipal Center in July 2006. It is a two story facility that offers a second floor mezzanine conference room, vaulted ceilings, and state of the art office accommodations to support the KCG Field Engineers.

We have seen our best year in revenues to date – having already attained in six months in 2006 what was achieved in twelve months in 2005. This is due to the hard work of the Chief Operating Officer, Matt Streeter and the Sector Managers: Tim Sorber and Joe Veneziano, and all of you that comprise the KCG Team.

This is the 1st KCG News Letter – Your feed back is essential to make it better. Please provide it to Terry Wood. I would like to recognize Terry Wood, Elisa Scaliatine, Steve Liberman and Kari Bluhm for their fine efforts in creating this 1st KCG Newsletter.

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C4 & Open Architecture News and Information

OATM

2006 has been a busy year for the Open Architecture Track Management (OATM) effort. Working with the prime contractor, General Dynamics Advanced Information Systems (GD-AIS), the team is engaged in several key efforts:

Joint Architecture Working Group: Matt Streeter hit the ground running by providing operational expertise to ensure that OATM delivers the needed capability to the fleet and can interoperate with the other joint and allied services. His efforts, combined with the other members of the OATM team, have resulted in the delivery of both Operational and System Architecture views to the joint Services. With the submission of the products to the Navy, the team is awaiting feedback and planning for their next deliverables.

Concept of Operations (CONOPS): John Mitchell leads the effort to develop a Systems Concept of Operations document detailing how the Navy will design, develop and deliver the OATM capability. The CONOPS team is showing the Navy how to use Model Driven Architecture in concert with the Department of Defense Architecture Framework (DoDAF) to deliver greater capability in shorter spans of time. The team has delivered the second installment of the CONOPS to GD-AIS, and is finalizing the document with GD-AIS for submission to the Navy.

OATM Architecture: Kevin Merritt and Bob McLain anchor our team of on-site engineers working in the GD-AIS lab to develop OATM architectural documents. The team is producing integrated views of the architecture for integration of OATM capability into combat systems for the next generation Destroyer (DDX). The team's extensive background in Model Driven Architecture and operational expertise enhances their ability to quickly develop white papers and briefings on system architecture concepts in response to Navy data.

2ND Fleet

Working in support of Commander, U.S. Second Fleet, KCG-INC has made a difference in creating a far-reaching vision for the Navy's Maritime Headquarters.

MHQ CONOP: Tim Sorber, Matt Streeter, Mike Episcopo and Kenny Greenwell completed a comprehensive Concept of Operation (CONOP) for a Maritime Headquarters (MHQ) with Maritime Operations Center (MOC) capability.

MOC CONOP: Tim Sorber, Matt Streeter, Paul Danks and Mike Episcopo began creating a CONOP for a standardized Maritime Operations Center (MOC).

Related Efforts: Tim Sorber's work to identify Knowledge Management (KM) elements for establishing Collaborative Information Environments (CIE) for the MOC Current Operations Cell (COPS) and Human Systems Integration (HSI) innovations for MHQ with MOC architectures.

METOC, ISR/GIS & General Engineering Services News and Information

KCG-INC GIS Sector News

Since most of you have probably heard about Geographic Information Systems (GIS) but probably do not really know what they are all about, an overview of GIS might be a good initial column. Think of this as a "GIS for Dummies" introduction.

GIS involves data that has some sort of spatial reference, for example the distribution of flu cases across the country last winter, or the amount of rainfall that occurred during the last thunderstorm. All of these data sets have one thing in common; you can pick a point on a map and find a value for the dataset.

Once a dataset is produced, an analysis of the data is then performed so that intelligent conclusions may be drawn, and decisions made. Sometimes all that needs to be done is to plot the data on a map, but most of the time advanced spatial and statistical analysis needs to be performed. For example, what if you wanted to know the spatial and temporal distribution of an illness outbreak in order to access whether an epidemic were occurring, and how to properly distribute vital health resources to aid the existing affected population and forecasted affected population. We use GIS tools and technologies, along with statistical packages to perform these types of analyses.

GIS analysis work requires many academic and technical disciplines to accomplish, including IT for database management and processing, programming for data manipulation, mathematics and statistics for analysis and some artistry to produce maps and other visual products to detail the results of the analysis. Thankfully, KCG-INC is awash with a highly talented group of individuals who excel in all of these areas.

Currently, the GIS sector is in discussions with Family Health International, a nonprofit international public health organization, managing research and field activities in more than 70 countries, to perform GIS development and analysis work to assist their endeavors to manage and reduce the spread of AIDS and HIV in Rwanda and Zambia. It is anticipated that we will begin this project in July, and will be visiting these countries this fall to meet with local FHI personnel.

KCG-INC's U.S. Army Reserve Support

KCG-INC has been supporting the U.S. Army reserve with engineering and budget support for the management of their reserve facilities throughout the south-central and southwest United States since November 2005. KCG-INC employees in North Little Rock, Arkansas and Texas are involved with facility inspections, project planning and management, and contractor supervision.

Recently ,however, we have expanded our level of support with Computer Aided design and technical drawing services. Our new employee at North Little Rock, Kris Netto, is responsible for developing and updating all facility drawings for 150 reserve facilities within New Mexico, Texas, Oklahoma, Arkansas, and Louisiana. This is quite a big job, but Kris has extensive experience in the field. Kris joined KCG-INC in June after working on the same project for SAIC for the past three years.

Finance & Administration News and Information

New Group Life Insurance

Beginning July 1, 2006 all KCG-INC employees will be eligible for a new Hartford Group Life Insurance Policy.

KCG employee coverage will be as follows:

- Those under the age of 65 will receive \$50,000.00 in coverage.
- Those who are or will become 65 will receive \$32,500.00 in coverage.
- Those who are or will become 70 or older will get \$25,000.00 in coverage.

The policy amounts are guaranteed regardless of health conditions.

All existing employees that are insurable will be grandfathered and maintain their \$250,000.00 of TERM insurance, PLUS will receive the new Group Life Insurance policy of \$50,000.00.

If you have any questions pertaining to this matter please contact the Corporate Administrator, Elisa Scaliatene.

New 401(k) Plan

Beginning January 1, 2007 KCG will change over from our current Simple IRA retirement investment option to a 401K investment option. In addition, a Flexible Spending Account (FSA) benefit will also be added.

More information will be forth coming on both benefits as we approach the New Year.

If you have any questions pertaining to the change to the 401K or the addition of the FSA please contact the Corporate Administrator.

New Office

KCG's new office will open in July 2006. The new office will house the F&A Sector and provide additional workspace for KCG Technical personnel. The address is:

**Klett Consulting Group, Inc.
2488 North Landing Road, Suite 111
Virginia Beach, VA 23456**

HR / SECURITY CORNER

EMPLOYEE ASSISTANCE PROGRAM (EAP)

All employees should have or will receive shortly the EAP pamphlet and membership card that explains in detail what this program offers KCG-INC employees and their family members at no cost. If you have any questions whatsoever about this program please contact your Corporate Administrator, Elisa Scaliatine.

SECURITY

When working with sensitive / classified documents or media (CDs, floppy disks, flash drives) please ensure that you properly and clearly label and store the item(s).

SAFETY

While the weather is warming up and summer is kicking into full gear including parties and outside recreational activities please ensure that if you or any loved ones enjoy alcoholic beverages that you have assigned Designated Drivers in advance for both your cars and boats!

Corporate Administrator: Elisa L. Scaliatine
(757) 463-5045

News Flash...

March 2006 - KCG supported an emergent CONOP requirement from Commander Second Fleet for the Commander Fleet forces Command (CFFC) Maritime Headquarters / Maritime Operating Center (MHQ/MOC) project.

In a span of three weeks, KCG –INC personnel developed the product for an on-time submission to CFFC. Follow on work is anticipated for ongoing development of experimentation campaign, MOC CONOP development and other efforts supporting the acquisition of the critical warfighting capability.

May 2006 - KCG is teaming with Northrop Grumman Defense Mission Systems (NGDMS) as a small business team member on the NAVSEA Combat Direction Systems Activity (CDSA) Omnibus contract. KCG-INC received our first tasking to provide knowledge management subject matter expertise for current operations center and maritime headquarters.

CREATING THE FUTURE



KCG “Creates the Future” with new business practices

As KCG grows, we are continually striving to build a stronger infrastructure. This means adapting to our environment and continually improving efficiency.

Since the beginning of the year, the Finance & Administration Sector has concentrated on implementing several new business practices that will increase KCG’s internal efficiency.

In addition to becoming a more efficient company, these changes will also allow KCG to gain government approval to begin competing for “*Cost type*” contracts. This capability will provide greater opportunity for additional work with new and existing customers.

Among the changes being implemented are the adoption of an *Enterprise Resource Planning* (ERP) software package, development of predictive / budgeting tools, a change in our time collection software, and the deployment of formal policies and procedures.

Enterprise Resource Planning (ERP) Software

KCG has selected the *Deltek GCS Premier* ERP. GCS enables users to manage multiple business functions within a single user-friendly software package. Upon full implementation, GCS will allow us to perform all of our accounting, financial reporting and forecasting, contract administration, procurement, and timekeeping / payroll functions from a single software package. Since a common relational database is used to power each module, efficiency is increased by data sharing and a reduction in data entry errors.

Continued in column 2

Time Collection

Deltek, the company that produces our GCS Premier ERP also produces a stand-alone electronic time reporting package called Time Collection. Since it is designed to share data directly with GCS Premier, KCG will phase out TimeForce and begin using Time Collection in its place. Time Collection is more user-friendly and possesses robust reporting capabilities.

Quantitative Business Model (QBM)

To enhance KCG’s ability to perform budgeting and predictive financial analysis, we have developed a Quantitative Business Model (QBM) based on the Defense Contract Audit Agency (DCAA) Incurred Cost – Electronic (ICE) model. The QBM is derived from a model used successfully for years by our mentor company, Technical Management Group (TMG). In addition to allowing us to develop more accurate budgets and perform required DCAA reporting, the QBM also allows KCG to perform financial modeling and simulation of “what if” scenarios that helps in making sound business decisions.

Policies & Procedures and the new Employee Handbook

The new employee handbook includes a wide variety of information about working for KCG-INC including our benefit plan as well as corporate philosophy and how to handle harassment in the work place. When you receive your new handbook please ensure that you read it thoroughly and return the receipt page to the Corporate Administrator. More details will follow soon.

The Policy and Procedure manual is designed to make clear the correct manner in which to proceed when certain issues arise or when there are changes to existing policies and procedures. Some policies that we in the F&A Sector are currently working on are Travel, Timekeeping, Taking Time Off, as well as Security Procedures. The intent of this manual is to simplify your day to day life

See “New Business Practices” - continued on page 5

working within KCG-INC. If you ever have any questions pertaining to the manual once it is published or if you have suggestions as to policies and procedures that should be put into place please let the Corporate Administrator know. We are, as always, open to your feedback.

Both the Employee Handbook and the Policy and Procedure manual in conjunction with the ERP and QBM should serve to make KCG-INC an even more efficient company and our operations increasingly streamlined.

As we strive to build KCG's reputation in the contracting industry, it is vital that we provide our customers with excellent service. By adopting these new business practices, the Financial & Administrative Sector is doing our part by providing improved service to our internal customers. ◇

Spotlight on...



**Paul Danks,
Senior Systems Analyst**

Paul was born and raised in Ithaca, New York. He graduated, with Merit from the U.S. Naval Academy in 1974 with a B.S. in Political Science.

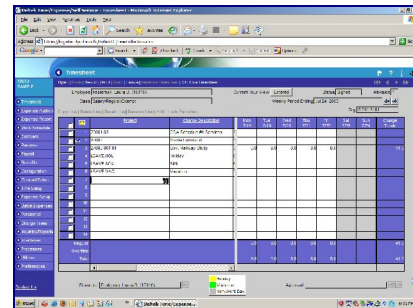
Paul served in the Navy for 30 years in a host of positions including:

- USS WADDELL
- HMS AJAX (Exchange Officer with Royal Navy)
- USS SEMMES - Department Head
- OPNAV Staff Action Officer
- USS FORD - Executive Officer
- NATO Supreme Headquarters, Allied Powers Europe
- USS KLAKRING - Commanding Officer
- BNP - Head, Surface Junior Officer Detailer
- Destroyer Squadron TWENTY/Task Force 60 - Commander
- Surface Type Commander Staff and Fleet Forces Command Staff

Paul lives with his wife Laura and three spoiled dogs in Virginia Beach. They are active members of the Church of the Ascension, and enjoy camping and travel.

TimeForce to be replaced by Deltek Time Collection

Soon we will be reporting our time using Deltek Time Collection. It will be used in conjunction with our new Enterprise Resource Planning (ERP) Software, Deltek GCS Premier. As you can see in the sample screen below, it actually appears like a regular timesheet grid, unlike the TimeForce system we're currently using. It will be more intuitive and functional for users, managers and administrators. You can expect to see much more about this in the near future, including graphic directions. ◇



Deltek Time Collection entry screen

CREATING THE FUTURE



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Recent & Upcoming Events

KCG Annual Pool Party

Congrats to Steve and Judy Liberman for winning the Tacky Tourist Contest at this year's annual party. Fun was had by all at the KCG HQ Pool in VA Beach on June 24th.

Norfolk Tides Ball Game

Several members of the KCG Team enjoyed good food and good company while watching the game and a spectacular fireworks display on July 3rd. The game against the Charlotte Knights was close, with the Tides missing a win by one run. The final Score was 7 to 6.

July 7th - Office Headquarters "Prep Day"

July 10th - New Office Operations Start Up

Aug 28th - Norfolk Tides Ball Game

The Sky Box is reserved and food & beverages have been ordered for a fun family outing – Go TIDES!!

WELCOME ABOARD!

Paul Danks, Virginia Beach, VA

Mike Klett, Virginia Beach, VA

John Waters, Seagoville, TX

Debbie Cooper, Grand Prairie, TX

Kris Netto, North Little Rock, AK

KCG Quarterly is published by the Finance & Administration Sector of KCG-INC.

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Submissions are always welcome!