

# **CMMC Simplified: Navigating Compliance with Confidence**



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# **CMMC Simplified: Navigating Compliance with Confidence**

**With Solutions from RSM US LLP**

RSM US LLP

November 7<sup>th</sup>, 2024

# Agenda

- 1 GovCon: What Is It?
- 2 Compliance Overview
- 3 Introduction to RSM
- 4 Cybersecurity and GCC High
- 5 Cost Compliance and ERP
- 6 What Comes Next
- 7 Q/A

# Government Contracting

What is it?

# Government Contractor vs Public Sector

## Government Contractor:

- A For Profit or Not for Profit Organization
- Provides goods, services or assistance to the US Federal Government or any of its agencies
- May also provide goods or services to commercial businesses
- Can be private equity backed, publicly traded or owner operated
- Can operate in virtually any industry

## Public Sector:

- Is a Federal, State or Local government or any of their agencies

# What Is Government Contracting?

**The US Federal government is the largest consumer in the world with complex acquisition, compliance, invoicing, and reporting requirements.**

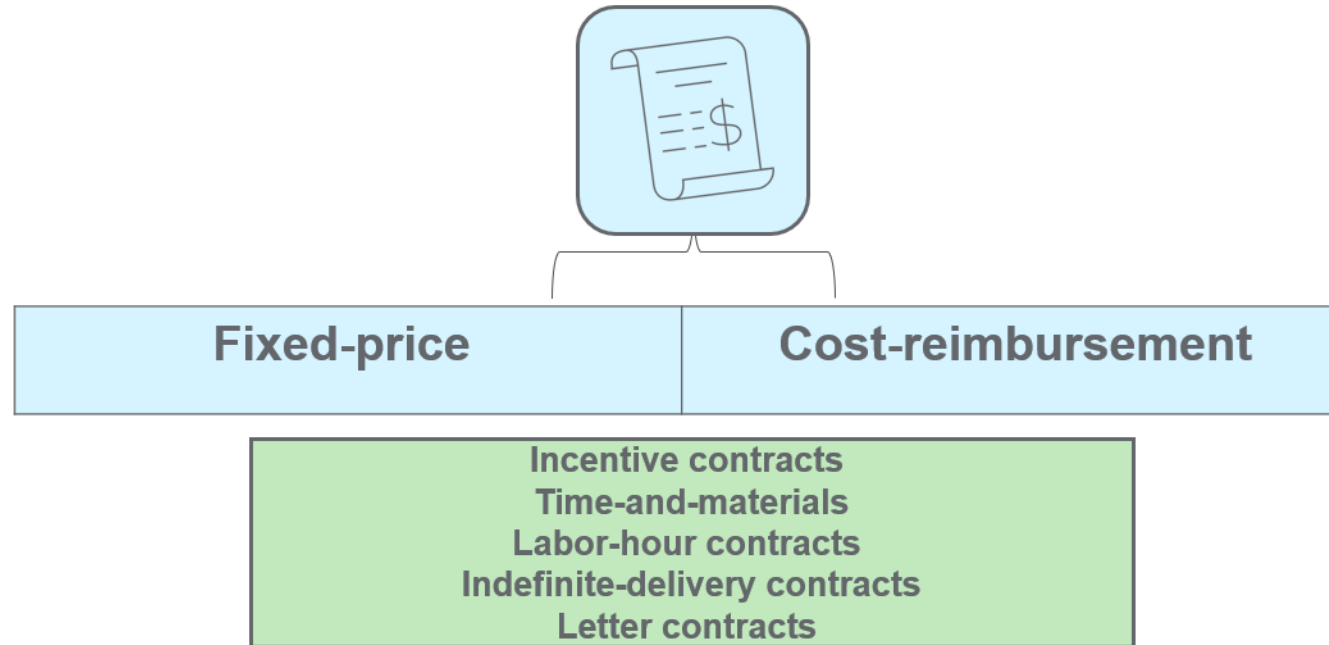
The US Federal Government obligates over **\$700 Billion dollars per year** for spending with government contractors

**Government outlays** accounted for 20.2%-23.4% of US GDP between 2010-2019. Outlays increased to 31.2% and 32.9% of GDP in 2020 and 2021 in response to the COVID-19 pandemic

Government contracting is lucrative but highly regulated and requires significant regulatory compliance

Government Contractors rely on purpose-built ERP systems to manage their cost, contract, business process, and cybersecurity compliance.

# Types of Government Contractors



# Government Oversight

**FAR**  
Federal Acquisition  
Regulations

**CAS**  
Cost Accounting Standards

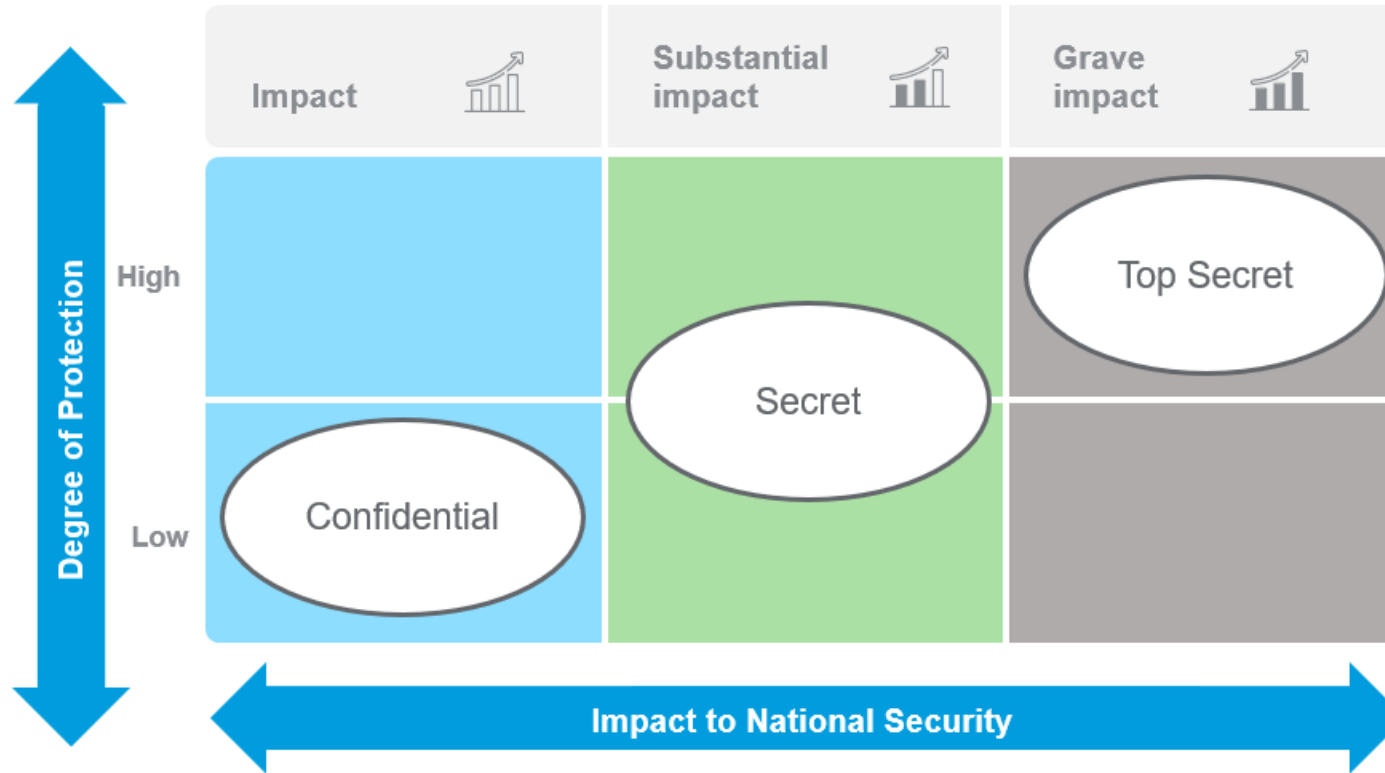
**2 CFR 200**  
2 Code of Federal Regulation  
Part 200

**Defense Contract Audit Agency**

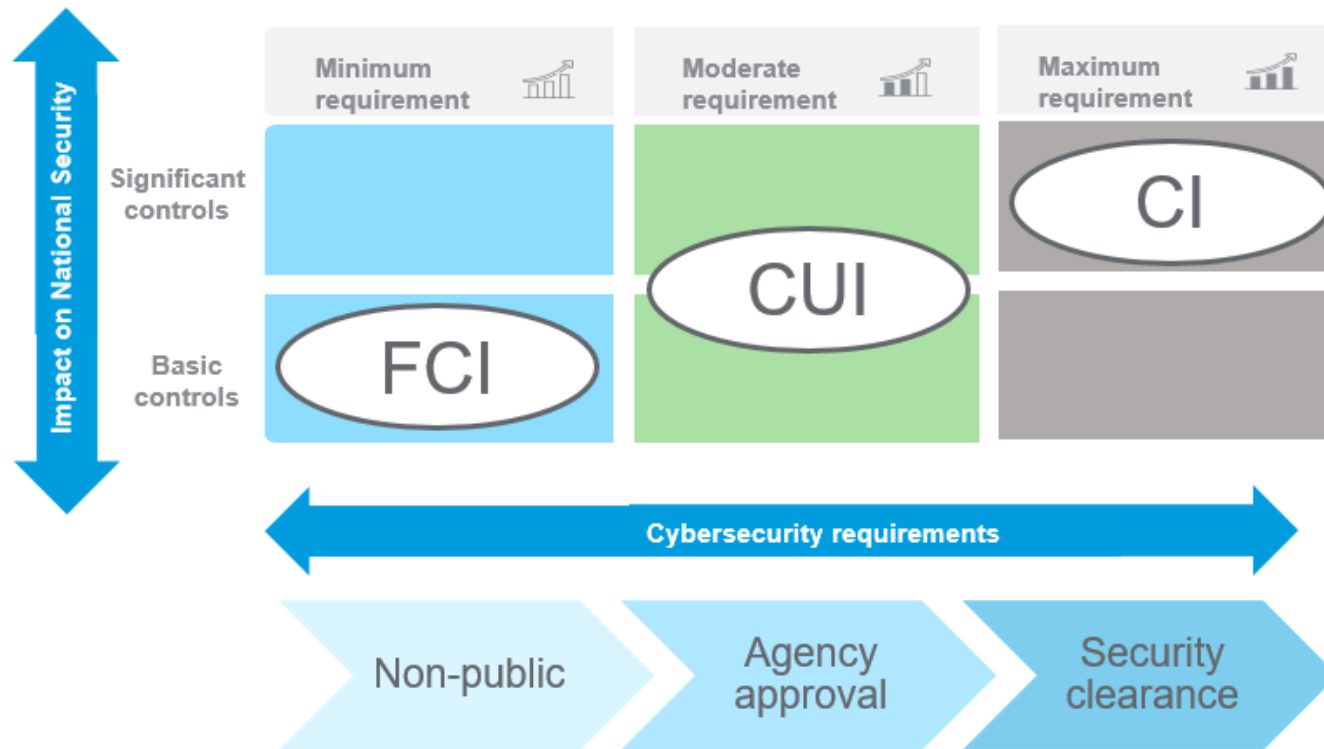




# Protecting Government Data



# Protecting Government Data



# Services Designed in Response to and in Recognition of Government Contracting Regulations



# RSM Introduction

Founded in  
**1926**



**98**  
Offices in North America



**6**  
Offices Across Canada

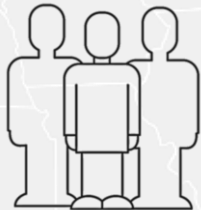
 **Audit & Accounting**

 **Tax**

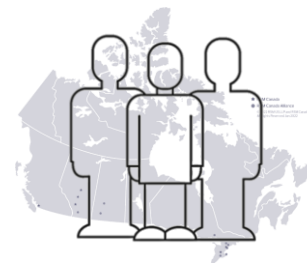
 **Consulting**



**\$4B**  
in Revenue



**17,000**  
Professionals in North America



**1,000**  
Professionals Across Canada

# Globally



More than  
**120**  
countries



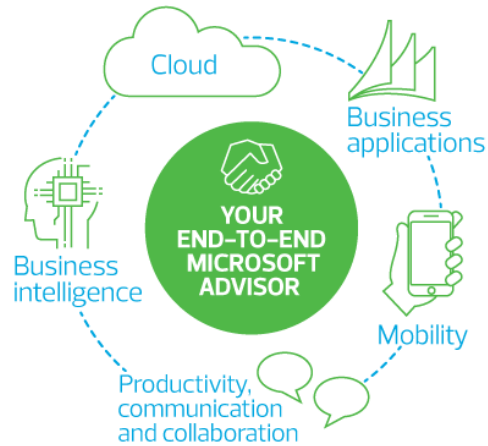
**51,000**  
professionals



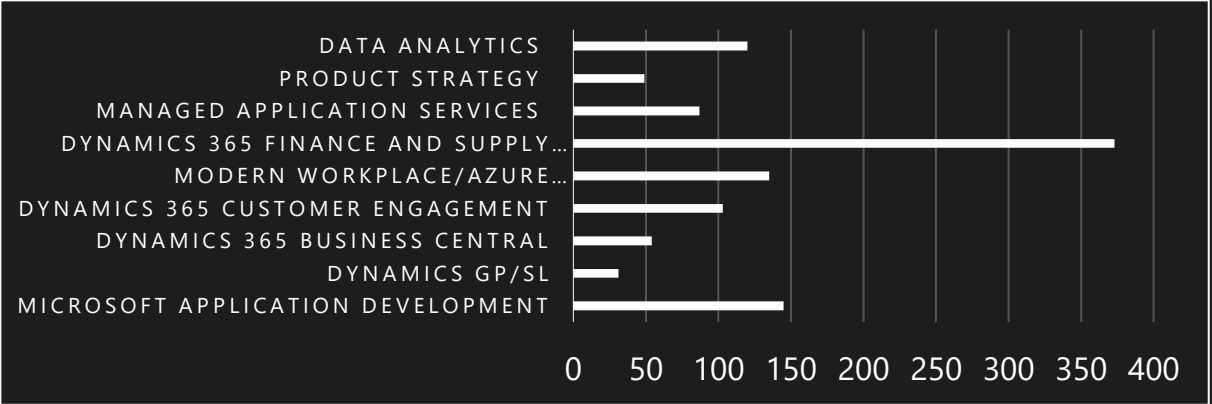
**860**  
offices



**\$7.26B**  
in combined fees



**1300+**  
Microsoft Certified Consultants





Partner of the Year

**WINNER**

2023 D365 Finance

2023 Defense & Intelligence

2022 Tech for Social Impact

2021 Connected Commerce

**FINALIST**

2023 D365 Business Central

2023 Government

2023 Community Response

2023 Health Care & Life Sciences

2023 Business Intelligence

2022 D365 Finance & SCM

2022 Government

2021 D365 Field Service

2021 D365 Finance & SCM

**MORE**

16 Microsoft Gold Competencies

Microsoft Inner Circle Partner



Business Applications

Data & AI (Azure)

Digital & App Innovation (Azure)

Infrastructure (Azure)

Modern Work

Security

Microsoft Cloud



**Our team empowers organizations to meet business needs while complying with federal award requirements**

**GovCon SME Profiles**

- Career government regulatory cost accounting and compliance professionals
- Former government auditors (DCAA, OIG)
- Corporate senior level industry experience from large, international federally funded organizations
- Decades of advisory support to federally funded organizations

**Industry Best Practices**

- Methods for reducing Federal compliance burden for the “non-Federal” segments of business
- Strategies for maximizing cost recovery on Federal programs, while minimizing administrative maintenance requirements (i.e., indirect rate optimization)
- Establishing internal controls and enhancing processes for compliance and reporting requirements

**GovCon SMEs Participate in full life cycle of implementation**

- Requirements gathering: Identify federal award compliance risk profile, compared to commercial activities
- Solution verification: incorporate proven practices into proposed design for meeting compliance and reporting requirements
- Test data migration results through transaction life cycle (e.g., does it meet compliance standards)

**1000+**  
GC clients nationally

**75+**  
years serving government contractors

**250+**  
professionals serving government contractors

**LEADING**  
Microsoft Partner for Government Contractors

**Our experience**

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>• DFARs business system assessments &amp; associated internal control design</li> <li>• Indirect cost rate optimization</li> <li>• E2E process current state assessment &amp; future state design</li> <li>• DCAA/OIG audit support</li> <li>• Specialized Reporting</li> </ul> | <ul style="list-style-type: none"> <li>• Accurate Cost Allocations</li> <li>• Budget Input and Reporting</li> <li>• Software selection/ implementation</li> <li>• Business intelligence</li> <li>• Organizational change management</li> <li>• Security and controls</li> </ul> |
|--|---|

**Industries served**

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• <b>Aerospace and defense</b></li> <li>• <b>Manufacturing</b></li> <li>• <b>International NGOs</b></li> <li>• <b>Construction</b></li> </ul> | <ul style="list-style-type: none"> <li>• Nonprofits</li> <li>• FFRDCs</li> <li>• National Labs</li> <li>• Professional Services</li> </ul> |
|--|--|

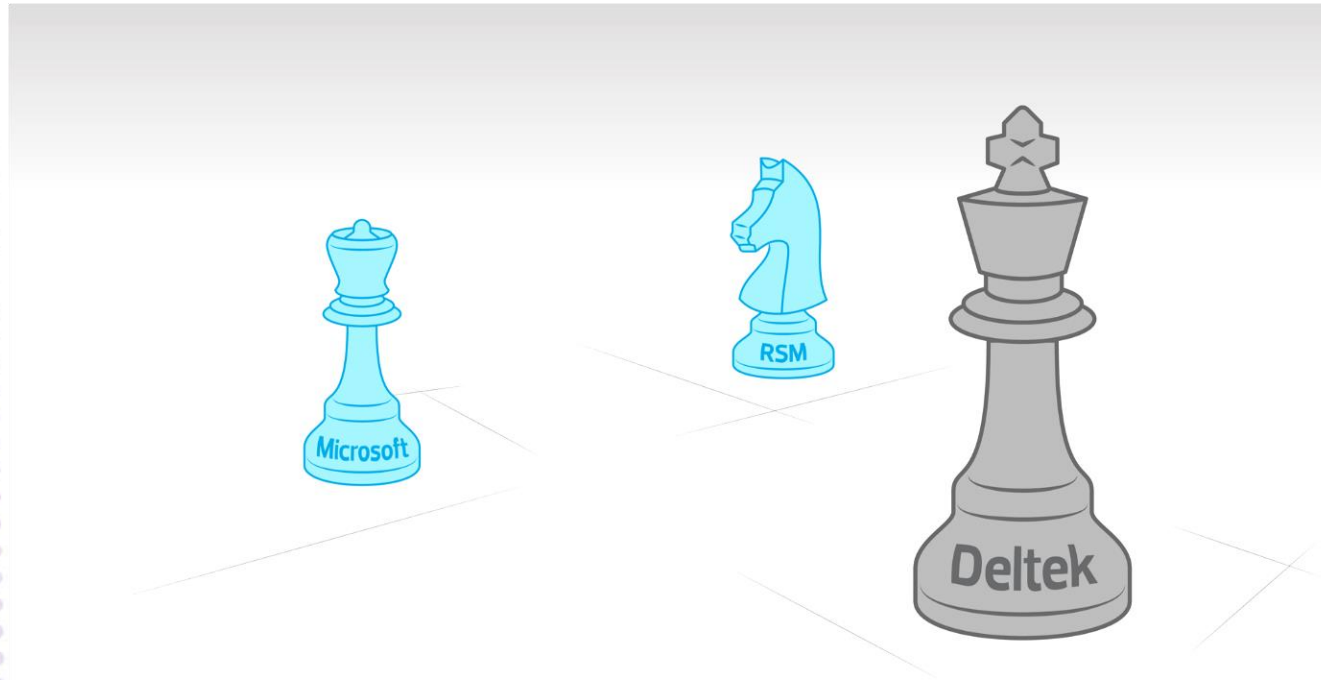


# **RSM Government Contracting Solution**

## Who Do You Want to Invest in a Long Term Relationship With?

Company	Rank	Revenue	Annual R&D
Microsoft	1st	\$245B	\$27B
Oracle	2nd	\$53B	\$8.9B
SAP	3rd	\$35B	\$6B
Deltek (Roper)	4th	\$6B	< \$1B
Infor	5th	\$3.2B	< \$400M

# Microsoft and RSM Partner to Drive Competition in the GovCon ERP Market



# Key Differences

## Deltek ERP

FedRAMP Moderate

On Premise Deployment to support ITAR

Restrictive to commercial LOB

Poor handling of multi-company

Poor handling of multi-currency

Antiquated system

## Microsoft ERP

**Cloud Deployment (GCC + GCC High)**

**FedRAMP High**

**Flexible for both Gov and Commercial operations**

**Smooth handling of multi-company**

**Smooth handling of multi-currency**

**Unified platform = efficiency (M365, CRM, PowerBi, Co Pilot)**

**Generative AI capabilities**

# RSM GovCon Overview

## Project Setup and Controls

- Activity level dimension defaults, Billing and Revenue recognition rules
- Flexible hierarchical funding limits
- Period of performance controls and at-risk functionality
- Validation options

## Billing and Revenue

- Indirect cost and fee calculations
- Indirect rate overrides and caps
- Final rate adjustment capabilities
- T&M retroactive billing adjustments
- Margin percent revenue recognition (ASC 606)
- Project specific invoice formats
- Form 1034/1035

## Labor Collection and Costing

- Government-compliant timesheet policies
- Total time accounting and effective rate calculations
- Service contract act
- Multi-currency labor costing
- GSA per diems

## Indirect Cost Calculation and Allocation

- Actual rate calculations
- Provisional and actual rate indirect cost allocations
- FCCM allocations
- Statement of indirects and project status reporting




## Empower Organizations to be FAR and CAS Compliant

- **Proper segregation of direct, indirect, and unallowable costs**
- **Manage unlimited cost pools**
- **Manage various project and contract types**

# RSM GovCon on AppSource

Microsoft | AppSource Apps Consulting Services Industry Clouds Partners

Apps > RSM GovCon

 **RSM GovCon**  
by RSM Product Sales LLC  
Dynamics 365 Operations  Dynamics 365 Finance  
[Preferred solution](#)  
[Contact me](#)  Save to my list

[Overview](#) [Ratings + reviews](#) [Details + support](#)

**A Services and Manufacturing Government Contracting solution supporting FAR, CAS and DCAA compliance**

The RSM GovCon product leverages the power of the Microsoft Dynamics 365 modern cloud platform to provide government contractors with a full-service ERP solution that will support a Defense Contract Audit Agency (DCAA) audit and comply with Federal Acquisition Regulations (FAR) and Cost Accounting Standards (CAS).

With more than 800 Government contracting clients nationwide, our team specializes in your technology business solutions needs. Our experience and knowledge will help you improve the flow of information and manage your financial accounting needs.

Government Contractors can experience immediate growth when awarded new contracts. This kind of spike can affect productivity and make reporting more challenging. Without the right software solutions, this bottleneck can hurt organizations in many areas. To improve operations, businesses must utilize process enhancements, technology and software. Organizations focused on enhancing performance, tend to have faster and more efficient access to information, therefore, maximizing value to customers by offering a higher level of service.

# Cybersecurity



# RSM Cybersecurity capabilities

Meeting our clients where they need us



Assess

Advise

Implement

Manage

## SERVICES

### Attack Surface Management

Identify and reduce attack surface through continuous proactive management

- Vulnerability management
- Penetration testing and red teaming
- Asset discovery and management
- Technical cyber compliance programs

### Resilience & Recovery

Understand cyber resilience obligations and prioritize recovery operations

- Impact analysis
- Business continuity and disaster recovery
- Application & system rationalizations
- Third party risk management

### Secure Cloud

Embark on your cloud journey in a controlled and secure manner

- Cloud posture management
- Platform design, development and deployment
- Secure operations and administration
- Cloud infrastructure entitlements management

### Architecture & Engineering

Manage the risks of today's boundary-less environment

- IoT and operational technologies
- Industrial control systems
- Zero-trust and enterprise architecture
- Standards and runbooks
- Cyber solution engineering
- Security tools and technologies

### Application Security

Drive secure practices throughout the application development lifecycle

- SecDevOps
- Secure code analysis
- Web app security testing
- Secure design principles
- Data classification and protection
- Continuous penetration test

### Detect & Respond

Effectively and efficiently identify and quickly respond to incidents

- *RSM Defense*<sup>TM</sup>—managed security
- Security operations
- Threat intelligence
- Digital forensics and incident response
- Endpoint detection and response

### Strategy & Risk

Design and implement transformative cyber programs

- Maturity and risk assessments
- Policies and procedures
- Program design and management
- Framework design
- Virtual CISO
- Security awareness training
- Cyber workforce development

### Compliance & Governance

Decipher framework, regulations and standards compliance

- Assurance, accreditation, and certification (i.e., PCI, FedRamp, CMMC, HiTrust, etc.)
- Third-party risk
- Governance, risk and compliance (GRC)
- Privacy

### Digital Identity

Securely manage human and device identities across your universe

- Governance and administration
- Privilege access
- Authentication and authorization
- Identity threat detection & response
- User behavior analytics

### Emerging Technologies

Making sense of security implications from technology innovations to prioritize resources

- Artificial Intelligence
- Autonomous vehicles
- Metaverse and augmented reality
- Virtual power plants (VPP)

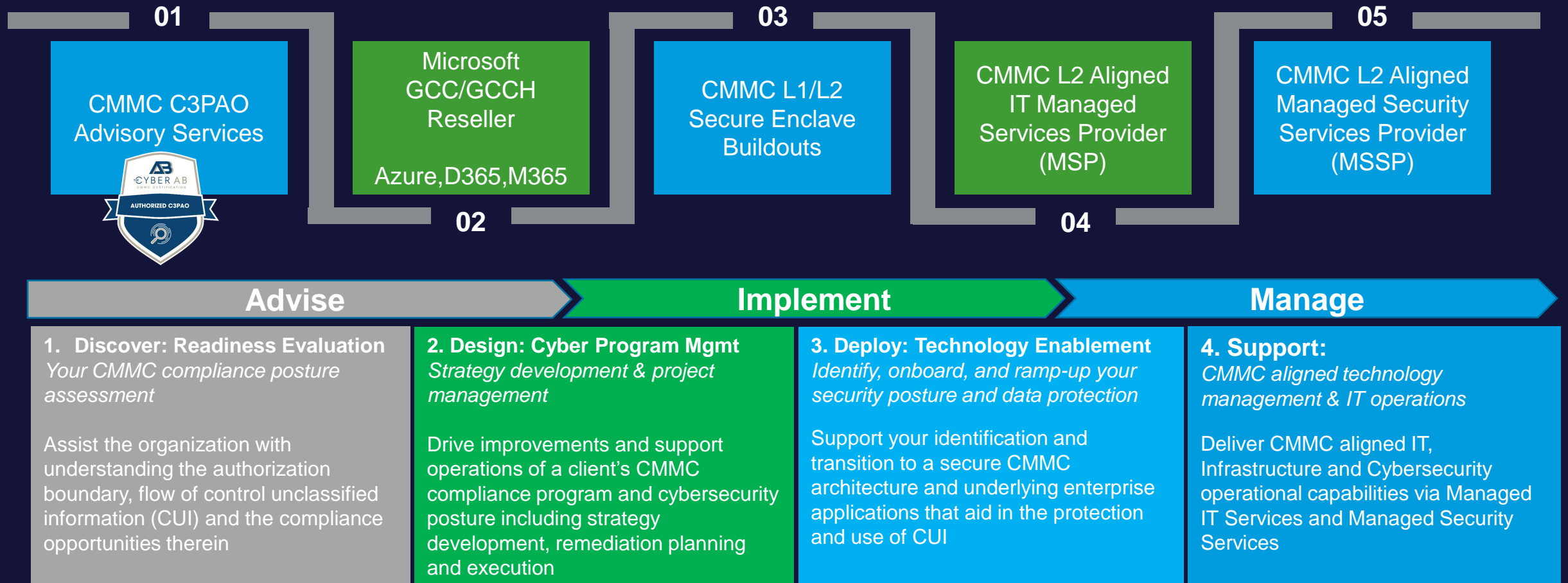


# RSM Holistic CMMC Government Contractor Services



RSM is a top provider of Microsoft technology and business solutions for the government contracting sector. As a Certified Third-Party Assessor Organization (C3PAO), Managed Services Provider (MSP), Managed Security Services Provider (MSSP) and the 2023 Microsoft Partner of the Year for Defense & Intelligence, RSM specializes in creating secure enclaves with Microsoft Cloud including Dynamics 365.

RSM also offers strategic, regulatory and CMMC advisory services, along with M&A services for private equity. RSM serves over 2,500 cybersecurity and 1,000 government contractor clients and can sell GCC and GCCH as a Microsoft AOS-G Partner.



Enable organizations throughout government contracting from identification, onboarding, support, and transition

# RSM qualifications

RSM

Microsoft Partner | Azure Expert MSP



Partner Of the Year Winner Defense and Intelligence  
Partner Of the Year US Finalists Government  
Partner Of the Year WW Finalists Government



**Microsoft**  
Tier-1 Cloud Solutions Provider



MICROSOFT PRESENTS  
**FY21 Eagle Awards**  
Honoring business excellence in  
Microsoft Dynamics 365



**Microsoft**  
Most Valuable Professional

**INNERCIRCLE**  
for Microsoft Dynamics



**Microsoft**  
Solutions Partner

Microsoft Cloud



**Microsoft**  
AOS-G Reseller



**Microsoft**  
Solutions Partner

Data & AI  
Azure

**Specialist**  
Analytics  
AI and Machine Learning  
Infra and Database Migration  
Migrate Enterprise Applications to Microsoft Azure



**Microsoft**  
Solutions Partner

Modern Work


**Specialist**  
Adoption and Change Management  
Calling for Microsoft Teams  
Teamwork Deployment  
Modernize Endpoints



**Microsoft**  
Solutions Partner

Business Applications

**Specialist**  
Small and Midsize Business Management  
Supply Chain  
Finance



**Microsoft**  
Solutions Partner

Infrastructure  
Azure

**Specialist**  
Infra and Database Migration  
Azure Virtual Desktop



**Microsoft**  
Solutions Partner

Digital & App Innovation  
Azure

**Specialist**  
AI and Machine Learning  
Low Code Application Development  
Migrate Enterprise Applications to Microsoft Azure



**Microsoft**  
Solutions Partner

Security

**Specialist**  
Cloud Security  
Identity and Access Management  
Information Protection and Governance  
Threat Protection

GovCon Based Tenant Alignment

ITAR/EAR - GCC vs GCCH

# Cloud Selection

Ensuring a solid foundation to build from

	Microsoft 365 "Commercial"	Microsoft 365 US Government (GCC)	Microsoft 365 Government (GCC High)	Microsoft 365 Government (DoD)
Customer Eligibility	Any customer	Federal, SLG, Tribes, Eligible Contractors (DIB, FFRDC, UARC)	Federal, Eligible Contractors (DIB, FFRDC, UARC)	<b>DoD only</b>
Datacenter Locations	US & OCONUS	CONUS Only	CONUS Only	<b>CONUS Only</b>
FedRAMP <sup>1</sup>	High	High	High	<b>High</b>
DFARS 252.204-7012	No	Yes	Yes	<b>Yes</b>
FCI + CMMC L1	Yes	Yes	Yes	<b>Yes</b>
CUI / CDI + CMMC L2-3	No	Yes <sup>^</sup>	Yes	<b>Yes</b>
ITAR / EAR	No	No	Yes	<b>Yes</b>
DoD CC SRG Level <sup>2</sup>	N/A	IL2	IL4	<b>IL5</b>
NIST SP 800-53 / 171 <sup>3</sup>	Yes	Yes	Yes	<b>Yes</b>
CJIS Agreement	No	State	Federal	<b>No</b>
NERC / FERC	No	Yes <sup>^</sup>	Yes	<b>Yes</b>
Customer Support	Worldwide / Commercial Personnel		US-Based / Restricted Personnel	
Directory / Network	Azure "Commercial"		Azure Government	
<b>US Sovereign Cloud</b>				

<sup>1</sup> Equivalency, Supports accreditation at noted impact level  
<sup>2</sup> Equivalency, PA issued for DoD only  
<sup>3</sup> Organizational Defined Values (ODV's) will vary  
<sup>^</sup> CUI Specified (e.g., ITAR, Nuclear, etc.) not suitable REQS US Sovereignty

# Conclusion

# Conclusion

## Compliance is King

- Government Contracting can be lucrative but contractors must follow the rules
- CMMC, DFARS, DCAA, FAR, CAS, ITAR are all acronyms you need to know
- Your business systems, people, and processes must be aligned to support compliance

## Work with Partners that know your Industry

- Microsoft is committed to serving DIB contractors with cutting-edge capabilities in GCC High
- D365 provides enhanced system security based on organizational requirements with flexible user and role-based menus and screens
  - Flexible audit trail capabilities
  - International support, multi-currency and localization
- RSM Gov Con provides unlimited cost pools, compliant timesheets, user definable billing and revenue methods

## Leverage the Power of the Platform

- Tight integration with Microsoft Office tools
- Full web-based interface for ease of access
- Mobile applications for remote entry on any device
- PowerApps and Power Automate to build workflows and applications
- Project Management including Work Break Down Structures and Resource Management
- Gov Con PM Dashboard with transaction Drill Down to details

**Thank You!**

**Questions?**