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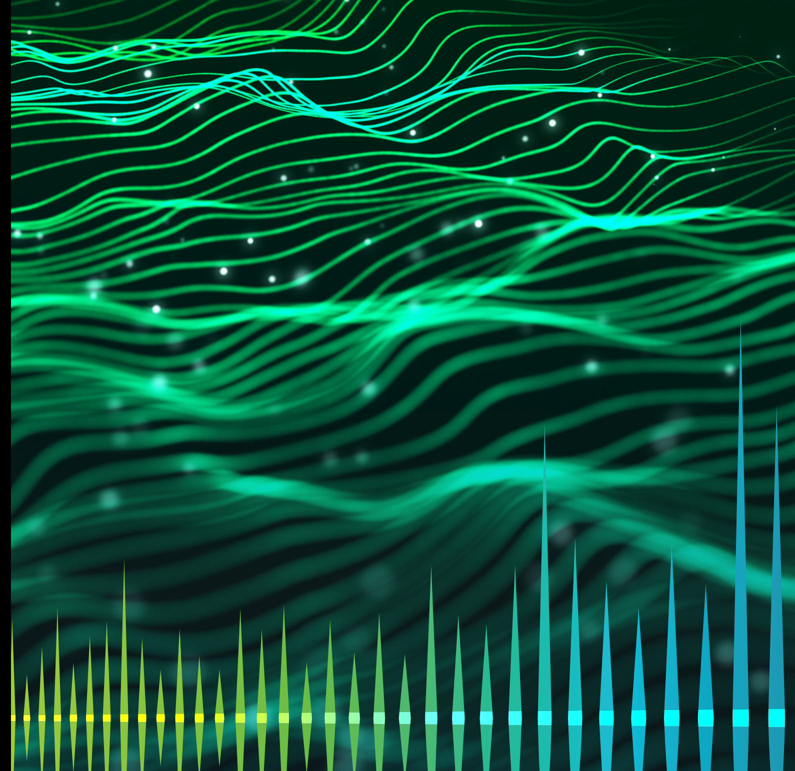

With Danny Bethke, AI and Automation Branch Chief, Department of the Navy

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Welcome to the All Things Financial Management Podcast, presented by Guidehouse and the Society of Defense Financial Management. I'm your host for today's episode, Angel Wang. Join us as we discuss top of mind issues facing defense financial managers.

ANGEL WANG: I'm very excited to welcome our guest, Mr. Danny Bethke, Branch Chief of AI and Automation within the Department of Navy's Financial Management and Comptroller Office. Welcome to the podcast, Danny.

DANNY BETHKE: Hey, hey, thanks for having me.

ANGEL WANG: Awesome. Well, let's get right into it. I know we have a lot to talk about today, Danny. So Danny, you have a breadth of experience in the commercial space as well as within the Department of War. Can you give our listeners a little background on your professional experience and journey and what inspired you to assume the role of AI and Automation Branch Chief?

DANNY BETHKE: Oh yeah, absolutely. So honestly, my background's probably a little unconventional to most people. I didn't go to school right away. I think that really helped with my interest in doing AI. I think it really helped evolve my curiosity in technology. It really helped with my trust with technology. I just love helping people. And so I think it's why I love this job so much, and working in AI and automation, I think those three things are the grounding root for it all. They're the foundation.

So for example, before I went to school, I started doing various different jobs. I worked at Best Buy, I did landscaping, I did HVAC. And I remember one time when we were installing a new HVAC unit in this one customer's home, and then we went to go install the thermostat. And it was the first time I had seen a thermostat that had Wi-Fi capability built within it. And I just thought, how amazing is that? For someone to be able to no longer have to walk all the way downstairs or all the way across the room or upstairs or from outside, or even you're at the grocery store and you want the house to cool down when you're back from your run to the groceries. You're able to control that from basically anywhere as long as you have access to the app and access to Wi-Fi. And that really drove, I think, a strong curiosity in technology for me.

And then I realized HVAC's not for me. I need a retirement plan. So I went to school. And when I was in school, I had to do an internship for a software company. And while I was working for that software company, they had a rule where you could only get your checks through direct deposit. And me, I was kind of like a dinosaur back in the day. I'm not who I was now, where I had this trust in technology. And I would actually go to the bank either late Friday or Saturday mornings and stand in line for three hours to get my check cashed. And then I would go, like a dinosaur, put my check and my cash underneath my pillow or in my closet, in my underwear drawer, underneath my bed. But when I got the direct deposit check set up and that very first time that it came in and it was just instant and I got the money in my account, it was like a whole new world opened to me. It immediately instilled trust in me, immediately instilled trust with that technology, and really allowed me to not be set in the ways that I was.

As you mentioned, I do have a lot of experience on the commercial side from a contractor perspective as well as from a government civilian perspective. And I did my first job out of college doing real property work for the Marine Corps, going out and measuring various different buildings with a tape measure, and then doing data input into systems and doing reconciliations with other systems and making sure that everything tied out. And that evolved into doing cyberspace investigations with the Inspector General, then automation efforts within the Department of Navy, and then now running the AI and automation team here for the Department of Navy.

ANGEL WANG: Incredible. And I love the way that your story really compounds upon each other. Your experience continues to build on top of one another. And I think it's really provided you that holistic background and the experience that really this role calls for, which is fantastic.

I'm sure you know this, we talk about this all the time, but AI and automation are critical force multipliers and a priority for the Department writ large. In your current role, can you share your perspective on how FM&C is rationalizing and prioritizing tools and requests?

DANNY BETHKE: So as we've deployed AI and automation tools across the Department of Navy, the way we rationalize and prioritize those tools for development really hasn't evolved. We've really narrowed it down to three core areas that help us with our prioritization, one of those being leadership initiatives. So Ms. Alaleh Jenkins, who's performing the duty of the Assistant Secretary of Navy for Financial Management and Comptroller, she really empowers our team to drive innovation across the Department. And when she's out with the fleet and in the field, she's actually actively identifying use cases as well when she's out there with those lower echelons across the Department. So that's always very helpful when you have that senior empowerment from a senior Navy leadership perspective.

Another aspect is doing an assessment of return on investment. Are these tools going to save us time? Are they going to save us money to implement these tools? Another aspect is mission impact. Is it going to make us more operationally ready? From a financial management community perspective, what is the impact on audit? What is the materiality of the tools that are going to be deployed, and how will that affect that materiality? And I think that's really how we look at it from a Department of Navy perspective, through those leadership initiatives, through mission impact, and through assessing the return on investment.

ANGEL WANG: Those are both very good factors to consider. Earlier on, you spoke about how you personally saw and started to appreciate the availability and accessibility of technology, things like Wi-Fi-enabled air conditioning being those kind of light bulb moments throughout your career and in your personal experience. In your day-to-day role, how are you empowering FM practitioners to incorporate automation into their daily lives?

DANNY BETHKE: So this is my favorite part of the job. How do we get the software in the hands of the Department of Navy workforce? So your military, your civilian, your contractors, and then how do we enable them to be able to utilize that software? It's what I live for. So the first thing is ensuring that you have software that's available. And so we do that through enterprise license agreements for various different software capabilities for our data environment, Jupiter, which is the foundation of our FM data, as well as connects to all the various other data across information domains. And then we also have software capabilities such as large language models, machine learning, other AI tools, automation software, analytics software, and ensuring that the workforce can have those available at their fingertips.

That's simply not enough. Just because you have something that somebody can use doesn't mean they know how to use it. And also it doesn't mean that when they try using it, it's not scary, it's not hard, and that hopefully they don't get dissuaded from using it because they don't know how to use it.

And so this is where the train-and-equip methodology comes in. And so within our team, we train and equip personnel across the Department because learning something new can be scary and can be hard. And also we want to make sure people utilize these tools in the right way and in a secure fashion. So we've set up what's called citizen developer programs. We do this for automation. We do this for analytics. We do this for data management and are starting to dive into AI citizen developer programs as well. Those personnel who are part of the program identify use cases that they actually do on a day-to-day basis. So processes that they perform could be like reconciliations, it could be data input. It could be any type of process that they perform in their day-to-day job. And they bring that use case to the program so that, as they're learning how to use these tools, they're actually learning to do something practical.

And by the time that they're done with the program, not only do they know how to use these tools, but they now have a new tool at their fingertips to actually perform, whether it be, for example, automation. And so it's kind of an amazing program. We've actually had around 60 participants. They've been able to deploy over 30 various different automations. They've been able to save the Department of Navy over 35,000 hours annually. And when I mean saved hours annually, I don't mean that we're losing people. I mean that we are reprioritizing their work on more strategic initiatives and actually truly allowing them to be analysts. We all have that job description, financial analyst, and these tools really are allowing us to put the analyst in financial analyst.

ANGEL WANG: Those are exceptional metrics, and I'm super excited to see where this continues to go for you, Danny. So I'm definitely curious, maybe piggybacking off of that last comment and sharing some examples, where are some measurable success examples and impacts that you're already seeing as it relates to financial management and maybe specifically auditability, knowing that that is top of mind for so many listeners on this podcast? And also, where do you see the biggest opportunities might still be?

DANNY BETHKE: Something that the Acting Secretary of the Navy said, Honorable Cao, he recently said at the House Armed Services Committee meeting on the Fiscal Year 2027 budget, and this is in relation to the audit specifically, that the Navy is very close to finishing the working capital fund. We're months ahead, and the general fund's going to be next. The Department of Navy will be the first department in the Department of War to complete a clean audit opinion. That is extremely exciting. How can you not get excited about that? In support of the audits and other operational procedures, we've actually deployed 396 automations across the Department, reprioritizing about 2.3 million hours. We've deployed 12 AI models that enhance decision-making, improve efficiency, and save time and cost. And we're really starting to weaponize with AI. I'll dive into a couple examples of where we're doing that.

So for example, within the budget process, we built out a model that actually reviews the congressional budget and their reviews and marks of our budget submissions. So we're looking back at those historical marks, whether those marks may be an increase to the budget and funding or a decrease to the budget and funding. And we really deployed this tool to help the DON prepare, or the Department of Navy prepare, future budget submissions to Congress and avoid cuts where possible in the future.

From a financial management perspective, we have actually built out a financial management agent, which essentially is a large language model that references Navy financial management policy and memorandums and allows the users of this tool to ask any financial management policy question. If they didn't know how to support a specific transaction or perform a specific task, they're able to go back and refer to this agent and ask it questions and make sure that what they're doing is in alignment with Navy financial management policy. We've actually also developed several tools related to unmatched transactions, resolving those unmatched transactions, and are really making a lot of progress leveraging AI and automation within the working capital fund and general fund.

And with no doubt in my mind, we are going to get that working capital fund audit opinion this year. We previously got the Marine Corps audit opinion a couple years ago, and then next year, with the general fund audit on deck, I'm sure we'll be getting that too.

ANGEL WANG: Amazing and super inspiring examples that hopefully others can listen to and take motivation from to start on their own because it sounds like it's easy to start and really the biggest hurdle is just to try and take that first step.

Danny, thank you so much again for carving out time to share your perspective on some of the exciting things happening at the Navy related to AI and automation that will no doubt have a profound impact for our FM practitioners across the entire Department. I'm looking forward to seeing how you continue to drive impact and allow our FM community to spend more time on analysis and strategy and less time on the mundane tasks that can sometimes take up a disproportionate amount of our time. Do you have any closing comments for our listeners today?

DANNY BETHKE: Yeah, I mean for me, I would just say dream big, dream small. Anything can be the art of possible when it relates to doing something related to AI or automation. I also think for those who may not fully trust it yet, I would say you're probably already using AI in your day-to-day and you just don't even know it yet.

If you think about it, when Netflix or YouTube is recommending you to watch a video or to watch a show, you're using AI. When you're looking for whether your package is going to be delivered on a certain date, AI is being leveraged to tell you when your package is going to come and where, or where it is currently. Even the stop signals as you're driving your car, a lot of it has some type of AI component to understand when the timing for the lights should occur or not occur.

I think you're already using it even if you don't think you are. And so how can you leverage it and weaponize it to enhance your life and your daily life as well as your work life?

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