



ACQUISITION,  
TECHNOLOGY  
AND LOGISTICS

## THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3010

APR 13 2006

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS  
CHAIRMAN OF THE JOINT CHIEFS OF STAFF  
UNDER SECRETARIES OF DEFENSE  
ASSISTANT SECRETARIES OF DEFENSE  
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE  
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DIRECTOR, NET ASSESSMENT  
DIRECTOR, FORCE TRANSFORMATION  
DIRECTORS OF THE DEFENSE AGENCIES  
DIRECTORS OF THE DOD FIELD ACTIVITIES

**SUBJECT: Enterprise Risk Assessment Model (ERAM) Initial Test Cases**

On January 25, 2006 the Defense Business Systems Management Committee (DBSMC) approved the pilot of a concept that will evolve the way the Department of Defense oversees its Major Automated Information Systems (MAIS) within the Business Mission Area. This concept is titled the Enterprise Risk Assessment Model (ERAM) ERAM is a collaborative risk management model that adheres to the principles in Department of Defense Directive 5000.1 and satisfies the critical requirements in Department of Defense Instruction 5000.2 while improving process outcomes. Our objectives are to:

- Establish a clear path for rapid delivery of enterprise business capability,
- Reduce burden associated with the existing oversight execution model, and
- Proactively identify, retire and resolve risks/issues

The DBSMC has authorized the Business Transformation Agency to proceed with initial test case programs to prove ERAM is a valid, executable and repeatable model that produces the desired outcomes for MAIS business system oversight.

The ERAM initial test cases provide unique opportunities to institutionalize change by applying recently proposed bold ideas and concepts that can establish credible models and set the stage for "real change in real time." As the result of serious internal



and external concerns regarding systems and procedures throughout the Department, the Deputy Secretary of Defense has received and reviewed a variety of assessments and recommendations to implement a more efficient and effective process to support our primary customer – the joint warfighter. Now it is time to test these initiatives.

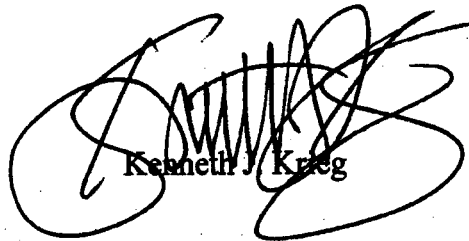
A recent external assessment that provided an independent review and recommendations is the Defense Acquisition Performance Assessment Project. All similar recommendations in the past, while noble, have produced marginal change. The ERAM Initial Test Cases present an opportunity to game these bold ideas to provide blanket solutions and set examples for credible and enduring change management.

The ERAM test cases will be conducted between April and September of 2006. Results of the test cases will be presented to the DBSMC at which time future ERAM activities will be determined. The following programs have been designated as ERAM initial test cases:

- Defense Integrated Military Human Resources System (DIMHRS)
- General Fund Enterprise Business System (GFEBS)
- Integrated Data Environment/Global Transportation Network (IDE/GTN)

For the duration of the test cases, the Defense Business System Acquisition Executive (DBSAE) will remain as the oversight authority for DIMHRS. I will assume the oversight authority for GFEBS and IDE/GTN in my role as the Defense Acquisition Executive and as the vice-chair of the DBSMC. Future delegation of these programs will be determined as part of the way ahead for ERAM.

My action officer is Mr. Paul Ketrick, Director, Investment Management, Business Transformation Agency, (703) 607-2038, email: [paul.ketrick@bta.mil](mailto:paul.ketrick@bta.mil).



Kenneth J. Kreg

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