

# **A New Approach for Delivering Information Technology Capabilities in the Department of Defense**

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**Report to Congress**



**November 2010**

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**Office of the Secretary of Defense**

**Pursuant to Section 804 of the  
National Defense Authorization Act for Fiscal Year 2010**





**DEPUTY SECRETARY OF DEFENSE  
1010 DEFENSE PENTAGON  
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DEC 9 2010

To comply with the requirement of Section 804 of the National Defense Authorization Act for Fiscal Year 2010 (FY10 NDAA, PL 111-84) and to further the effectiveness and efficiency of the Department of Defense (DoD), the DoD has prepared the following report, "A New Approach for Delivering Information Technology Capabilities in the DoD."

This report provides an update on the DoD's progress toward developing a new acquisition process for information capabilities, discusses the timeframe for implementation, and anticipates the legislative changes that will be required to fully implement the new acquisition process. As a first step, initial phases will focus on DoD business systems and will leverage provisions within existing statutory authorities to accelerate information capability delivery. Future phases will incorporate lessons learned and may require new legislation in a number of areas, including changes to the requirements process, the Planning, Programming, Budgeting, and Execution process, and the processes used to conduct acquisition and contracting as they relate to information technology.

I have established an information technology (IT) Acquisition Task Force that I chair and the Deputy Chief Management Officer leads. The Task Force includes extensive participation from across the Department and is engaged with key stakeholders throughout the Department and industry to further refine the details of the new process, begin implementation, and provide top-level oversight for the transition to the new process.

The Department considers IT critical to accomplishing its national security mission. We appreciate the encouragement from Congress to undertake major reform of the processes used to acquire IT, and we are committed to working with Congress to build a process that matches the dynamic nature of today's information age and the evolving needs of our forces.

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# Table of Contents

- I. Introduction
- II. Background
- III. Accomplishments
- IV. Guiding Principals
- V. Strategic Intent of the New Process
  - a. Governance and Management
  - b. Funding
  - c. Acquisition
  - d. Requirements
- VI. Alignment with Section 804 Criteria and DSB Chapter 6
- VII. Implementation Schedule
- VIII. Categories of IT Acquisitions
- IX. Legislative Change Considerations

Appendix A – Section 804 Language

Appendix B – Interim Acquisition Guidance for Defense Business Systems (DBS), dated 15 November 2010

## **I. Introduction**

This report responds to Section 804 of the Fiscal Year (FY) 10 National Defense Authorization Act that directs the Department of Defense (DoD) to develop and implement a new acquisition process for information technology (IT) systems based, to the extent determined by the Secretary, on the recommendations of Chapter 6 of the March 2009 Defense Science Board (DSB) Report. This report complies with Section 804 and includes:

- A description of the new acquisition process [referred to herein as our strategic intent]
- Explanations of deviations from the DSB Report
- An implementation schedule
- Identification of the applicable categories of IT
- Recommendations for legislative change considerations

The DoD is developing a comprehensive new process to acquire and deliver IT capabilities. This process will leverage ongoing Department efforts to streamline Defense Business Systems (DBS) acquisition and incorporate best practices garnered from engagement with industry and lessons learned from ongoing DoD efforts. The new process is intended to take full advantage of the speed of IT innovation from commercial industry to foster an environment for mission-focused and time-critical deliveries that support the full spectrum of IT applications within the DoD. Significant and fundamental change across the Department's processes is envisioned to not only improve the IT acquisition cycle time but also to realize the advantages inherent within the operations and maintenance of IT products and services. Requirements, resourcing, and acquisition management will be synchronized and streamlined with risk-scaled oversight through frequent in-process reviews and milestone decision points. IT will be acquired as "time-boxed" projects delivering capability in an iterative fashion using mature technologies, while managed in capability-aligned portfolios to identify and eliminate redundancy. The new IT acquisition process will apply across the DoD information enterprise, delivering effective IT to our front line warfighters and enabling more efficient business operations.

Engaged senior leadership will be crucial to our successful development and implementation. To that end, an IT Acquisition Task Force has been established that is chaired by the Deputy Secretary of Defense and led by the Deputy Chief Management Officer (DCMO). The Task Force includes participation by the Under Secretary of Defense for Acquisition, Technology & Logistics (USD(AT&L)), Assistant Secretary of Defense for Networks and Information Integration/DoD Chief Information Officer (ASD(NII)/DoD CIO), the Director for Cost Assessment and Program Evaluation (D,CAPE), the Under Secretary of Defense Comptroller (USD(C)), the Director, Operational Test and Evaluation (DOT&E), the Under Secretary of Defense for Intelligence (USD(I)), the Joint Chiefs of Staff (JCS), and the Military Departments (MILDEPs). The Task Force will engage with Congress, the Government Accountability Office, and key stakeholders throughout the Department and industry to further define and implement the new process in accordance with this report.

## II. Background

The DoD is an immense and complex organization. It has more than 1.4 million men and women on active duty, 750,000 civilian personnel, and 1.1 million serving in the National Guard and Reserve, making it the nation's largest employer. Additionally, more than 5.5 million family members and military retirees receive benefits. Supporting the diverse IT needs of this population is a tremendous challenge that involves approximately 15,000 unclassified networks, more than seven million computers and IT devices, and a 170,000-person information management/IT workforce.

In March 2009, the DSB reported that the DoD was struggling to keep pace with the speed at which new IT capabilities are being introduced in today's information age—and the speed at which potential adversaries can procure, adapt, and employ these same capabilities against the United States. The House Armed Services Committee (HASC) Defense Acquisition Reform Report of 23 March 2010 reached similar conclusions but broadened the list of concerns to include the major DoD processes for requirements, resourcing, and acquisition. The government is inefficient by design, burdened with a deliberate set of checks and balances, and clearly, it is time for the Department to review the sources of those inefficiencies and develop a new acquisition approach that is compatible with the fast-paced commercial IT sector and the evolving needs of the diverse DoD user base.

## III. Accomplishments

Reforming the DoD IT acquisition process is a critical endeavor to effectively accomplishing the warfighter mission and efficiently operating the Department. The introduction of changes in the IT acquisition process will occur incrementally and will build upon many of the important accomplishments the Department has already made that include:

- **Portfolio Alignment**: The DoD has rationalized acquisition oversight of IT through broad portfolio alignment to responsible authorities: AT&L oversees the acquisition of warfighting systems; the DoD CIO currently oversees the acquisition of infrastructure, communications, and command and control capabilities; and the DCMO oversees the acquisition of DBS.
- **Governance**: The Department has created the Combined Investment Review Board (CIRB) to manage the Major Automated Information System (MAIS) Programs, including the Major Defense Acquisition Program (MDAP) business portfolio. The CIRB integrates the governance of these DBS. It evaluates programs from a cross-functional perspective that includes delivering business value and capability, acquisition compliance with appropriate statutes, and risk evaluation.
- **Requirements**: The Department is using the Joint Capabilities Integration and Development System (JCIDS) "IT Box" to capture warfighter requirements. The JCIDS "IT Box" is a new process that provides agility and streamlining for IT programs. The "IT Box" defines performance and cost ranges and delegates authorities for change approval within those established ranges.
- **Business Process Reengineering (BPR)**: Section 1072 of the FY2010 National Defense Authorization Act (NDAA) mandated a new approach to BPR for business systems. The

Department's BPR guidance directs programs to define clearly articulated problem statements with measurable performance metrics tied to reengineered business processes resulting in well-scoped and well-defined requirements.

- **Business Capability Lifecycle (BCL)**: The BCL, as described in Appendix B, is a framework tailored to rapidly deliver business IT capabilities within the DoD, by consolidating oversight requirements (i.e., funding, requirements, and acquisition) into one structure while streamlining documentation requirements. Key attributes of BCL include:
  - Streamlined capability documentation
  - Streamlined governance and tiered accountability
  - Independent risk assessment
  - Flexibility in capability implementation strategies
  - Emphasis on the use of mature technologies
  - Use of “time constrained” process management and program execution
  - Capability delivery in increments of 18 months or less
  - User and test communities engagement throughout the life cycle

## IV. Guiding Principles

The traditional acquisition process used to develop and acquire military technology is not aligned with the speed, agility, and adaptability at which new IT capabilities are introduced in today's information age. New approaches require new principles, and the IT task force has adopted several to guide the Department's approach to IT acquisition. These principles embrace the recommendations of the DSB and include:

- **Deliver Early and Often**: This principle is aimed at changing the culture from one that is focused typically on a single delivery to a new model that comprises multiple deliveries to establish an environment that supports deployed capabilities every 12 to 18 months.
- **Incremental and Iterative Development and Testing**: This principle embraces the concept that incremental and iterative development and testing, including the use of prototyping, yield better outcomes than trying to deploy large complex IT network systems in one “Big Bang.”
- **Rationalized Requirements**: User involvement is critical to the ultimate success of any IT implementation, and user needs must be met. However, this principle also recognizes the need for users and requirements developers to embrace an enterprise focus across a portfolio of capabilities with established standards and open modular platforms vice customized solutions to ensure interoperability and seamless integration.
- **Flexible/Tailored Processes**: The Department's IT needs range from modernizing nuclear command and control systems to updating word processing systems on office computers. This principle acknowledges unique types of IT acquisition and embraces flexible and tailored—and risk-appropriate—IT paths based on the characteristics of the proposed IT acquisition.



- **Knowledgeable and Experienced IT Workforce**: This principle recognizes that a top priority is to establish a cadre of trained professionals and that the lack thereof is a significant impediment to successful implementation of any future process.

## **V. Strategic Intent of the New Process**

The new process for acquiring IT will be a key element of the broader DoD effort to improve operational efficiency. This significant reengineering effort has implications well beyond the traditional acquisition process and will include innovations in requirements and financial processes to accelerate the delivery of IT capabilities. This section describes the strategic intent of the IT acquisition approach in the following broad categories: governance and management, funding, acquisition, and requirements.

The new process will be implemented incrementally as new policies are designed and adopted. Additionally, existing programs as well as proposals for new starts will be phased into the new process on a case-by-case basis based on criteria developed by the Task Force.

### **(a) Governance and Management**

The new IT acquisition approach will include an integrated governance and management structure to rapidly deliver capability. Integrated governance is envisioned to eliminate service- and department-level oversight redundancy where practical. Roles and responsibilities will be aligned to accelerate decision-making by the most knowledgeable and relevant stakeholders. Ultimately, authorities will be appropriately delegated to lower levels for smaller projects, but with accountability mechanisms for senior-level decision-making tied to performance-based project execution.

The governance approach that consists of traditional milestone reviews to initiate major DoD 5000 program phases will be realigned to frequent milestone decision points more appropriate for the dynamics of IT acquisition. These milestone decision points will be conducted as in-process reviews for decision-makers to obtain real-time program status for acquisition decisions. The in-process review approach involves a periodic “portfolio” review of related projects by a forum of empowered stakeholders to proactively address project issues including execution status, fielding schedules, and budget planning. This governance approach places more accountability on oversight and mission outcomes, increases stakeholder involvement, increases transparency and use of performance-based metrics, and reduces acquisition program baseline event timelines that reflect multiple operational deliveries.

The DoD Information Enterprise has been rationalized through broad portfolio alignment to the following responsible authorities: AT&L oversees warfighting systems; the DoD CIO currently oversees infrastructure, communications, and command and control systems; and the DCMO oversees DBS. Further definition of acquisition executive and milestone decision authority roles and responsibilities will be addressed by the IT Acquisition Task Force as it continues to refine and rationalize IT portfolios. Additionally, alignment is required within each broad portfolio to leverage economies of scale, eliminate redundancies, fill gaps within the enterprise architecture,

clearly define discrete capabilities with well-defined performance metrics, and develop and enforce information standards and architectures, resulting in greater information sharing across organizational boundaries. The IT Acquisition Task Force will oversee the alignment activities to define the Information Enterprise as portfolios comprised of interrelated projects and headed by managers and oversight officials responsible for planning, acquiring, and deploying assigned IT capabilities.

### **Information Capability Planning**

Requirements setting and management represent the most challenging aspect of an IT project and will be conducted collaboratively to ensure program synchronization and informed decision making. This effort will include information capability planning for both new projects and existing networks/systems, enabling coordinated IT system transitions, and maximizing leverage of existing program investment. Consistent with commercial practices, a multi-level planning approach will be used to strategically align a specific capability mission area via a multi-year roadmap and a detailed release plan for individual programs spanning a 12-month period. These plans will be supported by business and technical architectures and standards and will be augmented with agreements between user and acquisition communities. The new processes will incorporate transparent performance-based metrics to guide subsequent IT planning in concert with the changes being considered for IT funding via the DoD Planning, Programming, Budgeting, and Execution (PPBE) system. Sound planning will produce a roadmap that matches the project plans to required capabilities. Roadmaps will be reviewed frequently in a single portfolio as part of the integrated governance process.

### **IT Continuous Capability Deployment**

In general, IT capabilities have an enduring and evolving nature without a defined end-of-service life. Whenever possible, capability updates to existing system network hardware and software will be planned, vice new system networks, to address frequently occurring obsolescence of commercial items, changes in requirements, and improvements due to technology advances. Current institutional processes make it difficult to adapt from the existing environment to separate and distinct acquisition and sustainment phases. Transforming this environment will require significant reform across several areas, including investment management processes, to incorporate meaningful performance-based metrics for assessing whether activities are providing the desired result. Planning for IT capability improvements will be captured and approved in capability roadmaps and will require sequencing of prioritized capabilities, defining roles and responsibilities, and transitioning legacy networks/systems akin to commercial software vendors' periodic updates and revisions to their products.

### **Oversight**

A major change in the new process will be moving from large multi-year programs to portfolios of short-duration projects. This requires a new approach to project oversight. This approach will place more accountability on timely coordination, quicker decision making, and increased stakeholder involvement through more frequent performance-based in-process reviews. Oversight will be conducted by integrated and empowered governance bodies that have ownership of a capability roadmap. These governance bodies will be chaired by accountable

decision makers and will consist of key stakeholders specific to that portfolio, including systems engineers, users, testers, the CIO, comptroller, the acquisition executive, technology experts, cost analysts, and program evaluators. Oversight bodies will gain an in-depth understanding of the risk within their assigned portfolio of projects, permitting informed real-time decision making, and they will hold forums for portfolio and project teams to raise and resolve important time-sensitive issues. Current detailed project status and execution information will be available on-line for all stakeholders to review, replacing paper-based reporting to the maximum extent possible. These oversight bodies will be accountable for driving efficiency and transparency consistent with modern IT processes by defining acquisition project baseline events of shorter duration, making available detailed schedules and financial information, and tracking performance-based metrics on both the portfolio team's and the oversight body's effectiveness and efficiency. The end result of oversight changes will be to focus project execution and enable trade-offs across a portfolio to reduce redundancy and effectively align resources to deliver valued mission capabilities.

Policies and business rules will be created to provide flexibility while maintaining transparency and stewardship of critical resources entrusted to DoD by the taxpayer. Checks and balances that are the foundation of good government will be created and maintained to ensure accountability to DoD leadership and oversight organizations. Timely and agile but informed and accountable decision-making will be enabled in the new process, permitting managers to:

- Evolve existing capabilities
- Initiate new projects and terminate failing projects
- Transfer funds among projects within the portfolio
- Incrementally deliver user capability (e.g., 80 percent solutions)
- In coordination with the user community, incorporate derived requirements and transfer requirements among projects within the portfolio
- Approve required documentation

The portfolio management activities will include business cases and risk assessments as well as enterprise architecture alignment reviews to inform investment and acquisition decisions in partnership with the user-defined priorities.

## **(b) Funding**

The PPBE system, used to build the entire DoD budget, operates on a timeline that is mismatched to the fast-paced IT commercial marketplace. It is unreasonable to expect the funding process for the entire DoD to be shortened sufficiently to respond to the rapid changes of the IT environment, yet PPBE flexibility is needed. Along these lines, PPBE system changes will be considered by the Task Force including obtaining a single appropriation type for IT projects, establishing an IT revolving fund, and redefining a funding element that more accurately reflects the nature of IT capability investment. All funding approaches will ensure accountability to approved baselines that capture cost, schedule, and performance criteria for approved projects.

## **Single IT Appropriation**

IT programs are currently individually funded with a mix of three principal appropriations (research and development, procurement, and operations and maintenance), each with unique rules and definitions that align funding to the traditional weapon system model. IT projects currently use the same construct, although IT differs from a traditional weapon system acquisition in that common solutions range from outsourced enterprise services to purchased commercial off-the-shelf (COTS) hardware and software to custom-developed software applications. In the new IT acquisition approach, a business case evaluation of alternatives, supported by appropriate BPR, will be conducted, and the materiel solution will be selected just prior to project initiation, ensuring that the latest technologies are considered. However, if the Department uses traditional PPBE processes to plan, program, and budget based on the approved business case, there will be a risk of incurring up to a two-year delayed project start. The Department is considering a single IT appropriation, possibly aligned to portfolios that could be planned and programmed far in advance of the business case. The funding appropriation would have the flexibility for development, procurement, and operations and maintenance to permit funding a range of potential IT materiel solutions based on a sound business case. Additionally, the single IT appropriation will contain provisions for performance-based metrics that must be established before funds could be obligated and would offer complete transparency to ensure accountability to oversight officials.

## **IT Revolving Fund**

Another alternative approach the DoD is evaluating to expedite funding availability is establishing a revolving fund similar to the National Defense Sealift Fund (NDSF) to permit incremental funding alternatives to support the IT investment area. NDSF allows for the deposit of funds into a non-expiring account under the Appropriations Act with obligation authority for the purposes provided for under the Act. The benefit of the NDSF approach is that it enables flexible scheduling while allowing for Congressional control over the types of projects that can be paid for using the fund. The concept being explored for IT includes one in which funds are deposited into an NDSF-like account, and projects are authorized through a series of internal controls that include Congressional notification based on defined dollar thresholds of the planned procurement.

## **Stable Funding Through IT Funding Elements**

Another option under consideration is a program/funding element restructuring that will provide the Department with the necessary flexibility to realign funding to proposed projects with sound business cases. IT capability needs are characterized as evolving and enduring without the clearly defined end-of-service life normally associated with weapon system programs. The proposed investment approach for IT capability acquisition will be to fund multiple time-boxed, overlapping projects in accordance with an approved roadmap. Interrelated projects will provide incremental iterative IT capability improvements through hardware and software upgrades to address changing needs, obsolescence, and technology improvements. Funding for the combination of smaller interrelated IT projects may be best addressed by a stable budget defined by a single funding element. The resultant funding element would define desired IT

capabilities—vice individual programs, as is typical today—and would require cost, schedule, and performance parameters to be created and baselined before a project would be authorized. Consistent funding of multiple IT projects will provide better schedule planning for delivering IT capability, better change responsiveness by rapid adjustments across interrelated projects, and a stabilizing influence in an otherwise dynamic IT environment.

Regardless of the approach taken, the Department recognizes the importance of the funding changes being considered and would request initial changes for a pilot effort prior to requesting DoD-wide implementation.

### **(c) Acquisition**

Acquisition activities in the new process for delivering IT capability will differ significantly from the traditional weapon system development acquisition process and will be separately defined in DoD IT acquisition policy issuances. The IT acquisition process will be agile to respond to a dynamic technology environment and to address unique challenges, such as cyber threats.

#### **Short-Duration Projects**

Information capabilities will be delivered as a series of short-duration projects that deliver incremental capabilities in shorter timeframes as defined in approved roadmaps. A project manager will be assigned to each project, and performance will be assessed using performance-based metrics available on-line to promote transparency and accountability. Projects will be executed in a time-boxed manner to closely match the commercial IT development cycle and deliver capability more rapidly to the Department. Development efforts will focus on what can be achieved in the short term based on low-risk technology and balanced with user-determined priorities. Major traditional program phases, milestones, and accompanying program reviews will be restructured or replaced and will include refashioned milestone reviews conducted more frequently as in-process reviews at key decision points within the integrated governance structure. Additionally, to be consistent with the March 2009 DSB Report and to ensure project success:

- Requirements will be documented, prioritized, and traceable with clear linkages to performance-based metrics, statute, or policies, consistent with the pace of technological change, and will involve an ongoing dialogue between the system developers and the warfighters/end users. Requirements will include Doctrine, Organization, Training, Materiel, Leadership, People, and Facilities (DOTMLPF).
- Business case analysis will precede and inform the proposed approach.
- BPR will be conducted to ensure that IT solutions are undertaken that support well documented and efficient operations.
- Performance metrics will be identified, posted, and tracked prior to and during project execution.
- Emphasis will be placed on architecture compliance, standardized information definitions, and rationalized performance requirements.

- A modular open system approach will be applied to foster open architecture, enable the widest selection of vendor options for ease of upgrades, and encourage competition throughout the life cycle.
- Information assets needed to support the requirements (capability) will be characterized in the context of the business processes or mission to be supported.
- Development, when necessary, will include prototyping and maturity assessment activities and will involve continual test and evaluation with user involvement.
- As applicable, modern commercial IT processes will be adopted, such as model-driven development, user-centered design, feature-driven developments, and other proven IT practices to improve acquisition outcomes.
- Test and evaluation will be structured to support iterative and incremental delivery, making extensive use of prototyping and automated testing, and will be integrated with certification and accreditation activities.
- Information assurance and system security requirements will be integrated with performance requirements to facilitate a complete and total design solution that can operate on the DoD infrastructure.
- Performance will be demonstrated as mature and value-added, and users will be included in fielding decisions.
- Performance-based metrics will be gathered for accountability and oversight review.
- Today's traditional paper-based documentation will be consolidated into fewer planning, execution, and reporting documents and replaced to the maximum extent possible with on-line tools that increase transparency and collaboration.
- Outreach to industry will be conducted to gain insight into commercially driven industry trends.

### **Tailored Execution Processes**

The nature of IT acquisition varies significantly, and the Department recognizes the merits of a flexible acquisition approach. To ensure flexibility, IT projects will use tailored acquisition paths, documented in existing templates, to define the best acquisition approach. This approach will be based on a number of considerations, such as technical solution characteristics, certification requirements, contracting methods, and project complexity. The templates will describe the milestone decision points appropriate for each IT capability investment and will also assist in determining the appropriate governance and portfolio management assignments. The templates will guide project and portfolio managers within the DoD to rapidly establish a project acquisition approach while comprehensively addressing IT capability fielding activities.

An initial set of draft project execution templates has been developed based on recommendations from the March 2009 DSB Report and other parallel recommendations from a number of leading government and industry organizations. The initial set of draft templates focuses on the following IT project and mission characteristics:

- Application software development and integration
- COTS hardware and software procurement
- Integrated COTS/Government off-the-shelf (GOTS) capability – for projects engineered to integrate a set of COTS/GOTS hardware and/or software components
- Commercially provided IT services

In practice, responsible managers within the integrated governance structure will determine which template(s) to use for a project. For example, if a project is determined through a business case to be a procurement of commercial IT end items (i.e., COTS), selection of “Template 2” will be appropriate.

An early adopter of the template-driven approach is the business mission area via the Business Capability Lifecycle framework. The BCL incorporates key characteristics, including defined role of the business owner vice JCIDS in developing and approving requirements, streamlining oversight by aligning the Combined Investment Review Board with the milestone decision authority, time-boxing key acquisition activities, and streamlining documentation through the use of an evolving business case to capture program definition and analysis.

Additional templates will be considered and developed as necessary to cover the full range of IT projects, and templates will be reviewed on a regular basis to ensure that they are in sync with the dynamic commercial IT marketplace and with DoD leading practices.

### **Stakeholder Engagement**

Involvement of key stakeholders is considered essential to improving the overall efficiency of the entire acquisition process and to “getting it right” the first time. Stakeholder involvement will extend from the enterprise level down to the project level, beginning with the business case development and continuing to full deployment of mission capability. In earlier phases of the acquisition, stakeholder reviews should be calendar-based events, while later phases should link such reviews with iterations or delivery of capability. It is important to note that analytical rigor/discipline will be enforced throughout the life cycle consistent with the evolutionary process evident within the commercial IT environment.

### **Continuous User Engagement**

The new process for delivering IT will emphasize continuous user engagement that fulfills discrete and defined roles. Chartered agreements between user communities and portfolio managers will formalize rules of engagement. Tools and methods will be furnished by the portfolio managers to engage appropriate echelon users in the entire information capability definition and planning process to prioritize requirements and facilitate user feedback. During implementation, users will be appropriately involved in engineering, design, prototyping, and testing. Users from joint or service/agency organizations will be formally designated to serve as requirements leads to actively participate in oversight reviews.

### **IT Systems Engineering**

A key tenet of the new process will be the disaggregation of large-scale information capabilities into a number of smaller integrated projects that embrace established standards and open modular platforms to ensure interoperability and seamless integration. While this approach provides the government with many advantages and reduces risks, it also requires significant change to traditional systems engineering approaches commonly used across government

organizations and traditional defense suppliers. The deliberate and time-consuming “waterfall” systems engineering process, often with a program-centric focus, will be supplanted with a new emphasis on architecting modular open-system enterprise solutions to ensure proper integration and interoperability continuously throughout the life cycle of networks/systems and services. At the project level, systems engineering, including information systems security engineering, will be integrated with the overall enterprise-level systems engineering approaches and tailored based on a project’s risk and the category of information system being procured or developed. Modern practices such as test-driven development, model-driven development, and feature-driven development methods will be considered to reduce complexity and enhance greater insight into the envisioned operational capability.

### **Common IT Infrastructures**

In the new process, common IT infrastructures using non-proprietary interfaces will be emphasized to permit qualified and security-certified standard IT infrastructure services for on-demand use. This will enable DoD information capability projects to take advantage of the benefits of agile development methods and rapidly field capabilities that use state-of-the-practice commercial products, while simultaneously lowering risk.

Additionally, common IT infrastructures will allow the Department to emulate commercial IT business models, in which an established infrastructure encourages multiple smaller firms to develop modular applications that can be rapidly deployed. This model is proven to benefit both the infrastructure provider and the application developer, and offers the potential for tremendous efficiencies (e.g., dramatically reduced time to field new capabilities, increased competition, innovation, reduced application development costs, and an established capability pipeline for future development).

### **IT Testing and Certification**

Integrated developmental and operational testing is strongly embraced in DoD test policy. To meet the unique demands of fast-paced IT projects, test and evaluation will be further integrated to include:

- Activities for incremental and provisional certification of IT capabilities for security and interoperability
- Ongoing representation of operational capabilities for risk analysis and risk management (especially for certification and accreditation)
- Continuous monitoring of capabilities in the operational environment

The resource demands on the test community may increase as the frequency of released products increases. The DoD currently does not replicate commercial providers’ ability to conduct almost continuous rapid regression tests of new capabilities. To meet this new need, the DoD will increase its use of test automation, develop processes for conducting in-situ testing on beta versions prior to release, and integrate existing test infrastructure into a persistent, virtual, service-based environment. The IT Task Force will weigh the benefits of establishing DoD-sponsored labs to test COTS capabilities within the DoD infrastructure.



To facilitate incremental fielding of capabilities aligned with user priority, the test community must balance project schedule demands with functional criticality to determine testing priority. This will require a test planning approach that accounts for the consequences of failure of specific capabilities (i.e., scale test commensurate with risk). The DoD testing approach will include evaluations of operator interface and workload, and adequacy of operator and maintenance personnel training prior to a fielding recommendation. The DoD will extend its testing tools and processes to increase use of automated monitoring of capabilities in operational environments.

### **IT Cyber Security and Mission Assurance**

The new process will address the growing concern that the cyber threat will undermine the DoD's ability to achieve its mission. Alignment with the Risk Management Framework defined by the Joint Task Force Transformation Initiative that ensures the inclusion of enterprise-, portfolio-, and project-level organizations to address all tiers of a risk management hierarchy by all federal agencies will be part of the new process. Emphasis will be made throughout the new process on gaining a strong understanding of user needs and priorities, crucial to identifying the cyber resources (e.g., information, IT, communications, and networked embedded sensors and process controllers) needed to maintain mission capabilities.

### **IT Industry Considerations**

The DoD recognizes that the emphasis placed on smaller projects in the new IT acquisition process will impact its relationship with industry. While smaller efforts reduce entry barriers for small and mid-size companies, they also remove the relative business security afforded by larger, longer-term efforts. It is expected that the net result will be an increase in the relevant industry base, provided that the potential for sufficient profit exists.

To encourage competition, the DoD will inform industry about what it plans to acquire by developing and publishing roadmaps detailing performance requirements, standard architecture and common infrastructure compliance, and standards for information definition. The DoD objective will be to incentivize industry to invest in and direct internal corporate efforts toward developing both off-the-shelf products (applications) and the ability to deliver bounded code and code documentation, etc., in support of reusable services to meet portfolio roadmap capability needs. By adopting standard interfaces and an open, modular architecture that minimizes proprietary elements to the lowest modular level without creating proprietary dependencies outside the module, the DoD will be in a better position to insert capability without being locked into single vendor solutions. This approach will also allow the Department to more quickly incorporate and field new capabilities while reducing government project development risk.

To increase speed to market, the new process will favor non-developmental products using approaches similar to qualified products lists (QPLs). Contracts for QPL technology may include increased use of General Services Administration schedule contracts, government-wide acquisition contracts, and multiple-award contracts. These competitive contracting vehicles will provide access to qualified prime contractors and subcontractors, greatly reducing delivery times.

To decrease risk in source selections, DoD will follow proven commercial processes when selecting IT providers by increasing emphasis on past performance and experience with similar government and commercial efforts and defining source selection evaluation criteria presuming potential COTS solutions. Moreover, tangible evidence of relevant development capabilities in the form of prototypes or deployed systems will have preference in an evaluation with a commensurate decrease in paper-based proposal components.

### **IT Government Acquisition Workforce**

The new process will substantially change the skills needed to effectively manage delivery of information capabilities. Included among the needed skills are knowledge of the IT marketplace and technology trends, knowledge of cyber security, a strong understanding of user needs and priorities, the ability to perform trade-off assessments between alternative strategies for implementing needed capabilities, the ability to actively manage risk, and the ability to create capability and investment roadmaps. As such, the DoD will thoroughly review its IT acquisition workforce needs from the perspectives of training, certification, career path, recruiting, and retention. Given the dominant commercial market influence and rapid technological advancements of IT capabilities, strong consideration will be given to establishing a program with industry for rotational personnel exchanges leveraging Section 1110 of the FY2010 National Defense Authorization Act, which authorizes a limited pilot program for the temporary exchange of IT personnel.

The DoD is exploring the following initiatives for possible development/implementation by the IT Government Acquisition Workforce: establishing an organizational structure with critical billets designated for individuals in IT disciplines at the enterprise, portfolio, and project levels; establishing an incentive program for initial base-level entry, mid-level entry from industry, and continued career progression for government IT acquisition professionals; and targeting program/project managers with IT experience and proven superior track records for career and retention incentives to remain as IT acquisition managers.

In parallel, an assessment of current IT-focused training/certification programs will be conducted. Training curriculum development will be required for the new IT acquisition process. The current Defense Acquisition Workforce Improvement Act positional certification process will be reviewed and modified as necessary to accommodate industry best practices and dynamic change of the commercially driven IT technology environment. Additional training opportunities provided by industry will be examined for possible collaboration with the Defense Acquisition University and the National Defense University.

### **(d) Requirements**

Requirements generation and management in the new IT acquisition process will need to acknowledge the uncertainty associated with the dynamic IT environment and incorporate the flexibility to responsively manage changing needs. In some cases, the requirements may not be well-developed, but the urgency to field useful capability mandates project initiation. With the proposed approach for acquiring IT capability through time-boxed projects, the probable result will be that end-user functionality that cannot be delivered within time-boxed constraints will be

deferred on some projects. The requirements generation and management process will be adjusted to reflect the time-boxed development constraints, to acknowledge requirements uncertainty, and to recognize the value of 80 percent solutions.

Initial requirements will be defined at the mission level in broad, measurable terms that are not expected to change. This broad definition will include basic IT system functions, appropriate cyber security controls, data standards, process flows, architecture, and minimum system-specific key performance parameters approved by the Joint Requirements Oversight Council (JROC) as appropriate. Prioritization and further definition of requirements will be an ongoing activity during governance reviews to ensure that efforts are aligned with user priorities. Early project activities will include user system/network knowledge gained through modeling and simulation, prototyping, and beta testing. The user will also be informed about the system's technical possibilities and limitations. This continuous user involvement will assist in developing more precise requirements definition and prioritization. Following deployment, performance metrics will be tracked to inform subsequent requirements. Regular requirements reviews and updates will be conducted to communicate changing needs and technology advances.

Within the information enterprise, requirements owners and relevant processes will differ according to mission area. However, all processes will include business process reengineering and an implementation management plan describing all DOTMLPF actions necessary to prepare the user community before receiving the IT capability. Modifications to requirements processes will be made for warfighter IT capabilities, and the BCL framework will address business system needs.

### **Joint Capabilities Integration and Development System “IT Box”**

DoD updated the JCIDS process to streamline requirements oversight and management for MAIS programs, excluding custom hardware development. JCIDS updates now respond to the dynamic nature of IT and the shortened timelines required to rapidly field IT-enabled operational capabilities by approving an “IT Box.” The “IT Box” describes the operational performance and life-cycle affordability bounds of the program and is defined in the program capability development document (CDD). The boundaries imposed by the “Box” expedite program initiation and streamline oversight by reducing return trips to the JROC for change approval. Subsequent change approvals within the “IT Box” will be delegated to the assigned Governance Council. The JCIDS “IT Box” process has been employed across a number of DoD IT programs, including the Integrated Strategic Planning and Analysis Network, the Consolidated Afloat Networks and Enterprise Services, and the Public Key Infrastructure programs allowing delegated authority for integrated incremental capability upgrades.

The new IT acquisition process will leverage attributes of the “IT Box” concept. Because the current JCIDS “IT Box” documentation is program-based, changes will be considered that extend the approach to the portfolio level, permitting multiple projects to be derived from a single CDD. For all investments, requirements discipline will be exercised and accountability will be established by user and acquisition organization-approved project-level documents.

## **Business Capability Lifecycle (BCL)**

The BCL process will be used for acquisition of Defense Business Systems, including MAIS DBS as directed in Appendix B. Generally, the BCL process focuses on incremental capability delivery in condensed timeframes, rapid decision making, reduced documentation, and flexibility. A key component of BCL is to use a single business case throughout the process, updating critical information as more is learned. The business case also incorporates requirements that are managed through BPR activities conducted prior to initiating an acquisition project and then conducted continuously during project execution. The objective of BPR in IT DBS is to ensure compliance with data standards, enforce robust architectures, and focus on interoperability. The BCL process integrates governance structures, streamlines documentation, incorporates independent risk management, and through time-constrained management and oversight, delivers capability in a more rapid and responsive manner.

An example implementation using BCL philosophy is the Army's eNOVA COTS enterprise resource planning (ERP) solution. Leveraging the processes and architecture inherent in the ERP solution and rapid incremental implementation (3-6 months), the Army systematically migrated over 300 legacy systems along with their data to the ERP to eliminate unnecessary interfaces.

## **VI. Alignment with Section 804 Criteria and DSB Chapter 6**

The new process will be consistent with the criteria established in Section 804 of the National Defense Authorization Act of Fiscal Year 2010. It is designed to include (a) early and continual involvement of the user, (b) multiple, rapidly executed increments or releases of capability, (c) early, successive prototyping to support an evolutionary approach, and (d) a modular, open-systems approach with standard interfaces. Additionally, the DoD concurs with the findings of the House Armed Services Committee Defense Acquisition Reform Panel Report dated 23 March 2010. The Panel Report embraced broad changes to the Defense Acquisition System to include the requirements resourcing acquisition processes. As a result, the DoD is planning for significant changes to these major processes. In addition, the following project-level differences and rationale are highlighted:

- The new process will include project milestones conducted as in-process reviews by integrated governance councils with decision authority, vice the traditional acquisition program milestones. IT project activities do not generally align with traditional program phases and requisite milestone decisions, and IT projects employing the new process will not be designing unique hardware or conducting technology development. IT projects requiring those activities will use the traditional DoD acquisition policy (DoD 5000 processes) to ensure appropriate focus on those areas.
- The new process will greatly shorten the lengthy project initiation timeline. The shortened timeline is necessary to be responsive to the dynamic IT environment and is enabled by a combination of integrated governance, appropriately sizing and time-boxing projects, proposed PPBE changes, streamlined in-process reviews and decision points, and information vice paper-based documentation.

- The IT certification and accreditation process will be fully integrated with the integrated test and evaluation approach. Decisions regarding project scope throughout the project duration will involve both the test and user communities.

## VII. Implementation Schedule

As noted earlier, the new process will require broad changes encompassing DoD requirements, resourcing, and acquisition processes. DoD will iteratively develop and implement the new IT acquisition process over time incorporating, lessons learned and proactively addressing, cultural and training issues enabling stakeholder confidence in the new process.

The DoD IT Acquisition Task Force chaired by the Deputy Secretary of Defense will comprehensively refine the new IT acquisition process and direct implementation activities according to the following schedule:

- Actions to Date:
  - Rationalized the Information Enterprise through broad portfolio alignment to responsible authorities
  - Instituted the JCIDS “IT Box” to delegate requirements management recognizing the evolving nature of IT requirements
  - Developed the BCL model as a first step in streamlining the acquisition process for business systems
  - Met with industry associations to receive input for consideration
  - Developed a draft set of IT project execution templates
- Near-term:
  - Designate initial pilot projects (new start projects and existing programs) aligned within each broad portfolio
    - Initiate aspects of the new process not requiring legislative changes
    - Determine and implement project performance tracking metrics and tools
  - Engage with industry associations to gather their input in developing the new process
  - Define the organizational structure and designate portfolios within the Information Enterprise
  - Complete development of the project templates
  - Develop DoD policy issuances to apportion roles and responsibilities, authorities, and accountabilities within the new process
  - Define platform standards and common test and integration capabilities in consultation with the DoD CIO
  - Develop interim training curriculum and initiate training
  - Exploit existing mechanisms for execution year resourcing flexibility
  - Develop legislative proposal for FY12
- Mid-term:
  - Expand set of pilot projects to fine-tune the new processes and initiate pilot portfolio
  - Further develop training curriculum and expand staff training
  - Submit proposed legislative changes for FY12

- Long-term:
  - Update DoD policies as legislative approvals are obtained and to reflect lessons learned
  - Formally establish DAU training curriculum
  - Expand implementation of the new process to all new DoD IT projects
  - Transition legacy IT programs to the new process as appropriate

## **VIII. Categories of IT Acquisitions**

DoD information capabilities are delivered through a wide range of computing, networking, human-computer interfaces, and information-handling systems and services to enable communications, coordination, and collaboration across all DoD missions. DoD information systems range from information capabilities hosted on weapon platforms and sensor systems to networked information in operational command centers to information systems used to conduct the full scope of DoD business operations. Many of these are developed and operated locally; others are provided through managed services. Collectively, these IT capabilities constitute approximately 10 percent of the overall DoD acquisition budget (FY11 IT budget \$37B; total DoD acquisition budget \$389B).

The new process is applicable across the DoD IT Enterprise (including National Security Systems) in the following categories:

- Networked IT Systems (e.g., command and control, business information):
  - User-facing applications
  - Computing infrastructure (e.g., common applications, operating system)
  - Security and information assurance for applications, systems, and networks
  - Computing hardware including configuration modification for network integration, etc. (e.g., servers, laptops)
  - Communications/networking infrastructure

Note: IT hardware requiring unique development and requisite production decisions will be acquired using traditional DoD acquisition policy (DoD 5000 processes) to ensure appropriate focus on these areas.
- Weapon Platform IT Systems
  - Platform-hosted IT mission systems that are not considered embedded

Note: IT embedded in weapon systems will continue to be developed, acquired, and managed as part of that weapon platform and not separately acquired under the new IT acquisition process. Upgrades to embedded IT software in weapon systems may be considered for applicability to the new IT acquisition process when no hardware change is required.
- Services acquired or developed as a service-oriented architecture

## **IX. Legislative Change Considerations**

Current policy for requirements, funding, and acquisition of IT is based on long-standing statute and regulation using 20th century protocols and industrial age practices designed principally for custom-developed hardware acquisition. These issuances and legislature will be reviewed for

applicability to IT acquisition in the 21st century information age. Changes will likely be required to statute and regulation to facilitate the outcomes described in this report, such as the establishment of a single IT appropriation.

The statutory review will be broad and will include examination of:

- Approval authorities for content of acquisition in Title 10, Title 44, and Title 50
- Opportunities to align organizational roles for investments, enterprise integration, and acquisition practices in Title 10 and Title 44
- Spending authorization authorities and limits in Title 10 and Title 50

The Department appreciates the invitation to propose changes to statute and plans to submit specific legislative change proposals in future correspondence to support the FY12 National Defense Authorization Act deliberations.

## APPENDIX A

### SECTION 804

(a) **NEW ACQUISITION PROCESS REQUIRED**—The Secretary of Defense shall develop and implement a new acquisition process for information technology systems. The acquisition process developed and implemented pursuant to this subsection shall, to the extent determined appropriate by the Secretary—

(1) be based on the recommendations in chapter 6 of the March 2009 report of the Defense Science Board Task Force on Department of Defense Policies and Procedures for the Acquisition of Information Technology; and

(2) be designed to include—

- (A) early and continual involvement of the user;
- (B) multiple, rapidly executed increments or releases of capability;
- (C) early, successive prototyping to support an evolutionary approach; and
- (D) a modular, open-systems approach.

(b) **REPORT TO CONGRESS**—Not later than 270 days after the date of the enactment of this Act, the Secretary of Defense shall submit to the Committees on Armed Services of the Senate and the House of Representatives a report on the new acquisition process developed pursuant to subsection (a). The report required by this subsection shall, at a minimum—

- (1) describe the new acquisition process;
- (2) provide an explanation for any decision by the Secretary to deviate from the criteria established for such process in paragraphs (1) and (2) of subsection (a);
- (3) provide a schedule for the implementation of the new acquisition process;
- (4) identify the categories of information technology acquisitions to which such process will apply; and
- (5) include the Secretary's recommendations for any legislation that may be required to implement the new acquisition process.





ACQUISITION,  
TECHNOLOGY  
AND LOGISTICS

## APPENDIX B

### THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3010

NOV 15 2010

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS  
CHAIRMAN OF THE JOINT CHIEFS OF STAFF  
UNDER SECRETARIES OF DEFENSE  
DEPUTY CHIEF MANAGEMENT OFFICER  
THE COMMANDERS OF THE COMBATANT COMMAND  
ASSISTANT SECRETARIES OF DEFENSE  
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE  
DIRECTOR, OPERATIONAL TEST AND EVALUATION  
DIRECTOR, COST ASSESSMENT AND PROGRAM EVALUATION  
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE  
ASSISTANTS TO THE SECRETARY OF DEFENSE  
DIRECTOR, ADMINISTRATION AND MANAGEMENT  
DIRECTOR, NET ASSESSMENT  
DIRECTORS OF THE DEFENSE AGENCIES  
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Interim Acquisition Guidance for Defense Business Systems (DBS)

References: See Attachment 1

**Purpose:** To provide interim guidance pending formal issuance of Directive-Type Memorandum (DTM) policy in accordance with the authority in DoD Directive (DoDD) 5134.01 (Reference (a)) and the guidance in DoDD 5000.01 (Reference (b)). This guidance:

- Establishes interim guidance requiring the use of the Business Capability Lifecycle (BCL) model as the acquisition process for DBS, and assigns responsibilities and provides procedures for meeting BCL and DBS requirements. BCL provides the framework for structuring the definition, development, testing, production, deployment, and support of DBS. This model is a guideline and is not intended to preclude tailoring, consistent with statute and sound business practice.
- Incorporates and cancels Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)) memorandums (References (c) and (d)).
- Is effective immediately until formally issued as a DTM and incorporated into DoD Instruction (DoDI) 5000.02 (Reference (e)).

**Applicability:** This guidance applies to the OSD, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field

Activities, and all other organizational entities within the Department of Defense (hereafter referred to collectively as the “DoD Components”).

**Definitions:** See Glossary.

**Guidance:** It is DoD guidance that:

- BCL is the overarching framework for review, approval, and oversight of the planning, design, acquisition, deployment, operations, maintenance, and modernization of a defense business system (DBS) in accordance with section 2222(f) of title 10, United States Code (U.S.C.) (Reference (f)). BCL facilitates DBS acquisition by providing a process tailored to the unique requirements of business systems.
- BCL shall apply to each DBS with a total modernization cost over \$1,000,000.
- The BCL acquisition business model and this guidance take precedence over applicable sections of Reference (e). Where applicable to DBS, certain sections of Reference (e) are referenced within this guidance and shall continue to apply.
- When a Major Automated Information System (MAIS) DBS employs an incremental acquisition approach, all functional capabilities associated with a given increment shall be reflected in any resultant Acquisition Program Baseline (APB) (cost, performance, and schedule) and must be achievable within 5 years from when funds were first obligated. For all DBS that are not MAIS or otherwise designated, they must achieve Initial Operating Capability within five years from Milestone (MS) A. Delivery of capability within an increment (e.g., releases, sub-phases, software drops) must be based on technologies that have been determined to be mature at the MS B decision review. Functional capabilities that are not supported by adequate cost estimates, mature technologies, etc., shall be deferred to subsequent program increment(s).

**Responsibilities:** For all DBS that do not meet the MAIS threshold or are not otherwise designated, the Heads of the DoD Components shall provide oversight of their acquisition processes and procedures, which shall be consistent with applicable statutes, regulations, and this guidance. If a DBS below the MAIS threshold is designated as special interest by either the USD(AT&L) or the Deputy Chief Management Officer (DCMO), it shall be subject to OSD oversight.

**Procedures:** See Attachment 2. See Attachment 3 for statutory, regulatory, and Earned Value Management (EVM) requirements for DBS. See Attachment 4 for information technology (IT) considerations for DBS.

**Releasability:** This interim guidance is approved for public release.

**Point of Contact:** My point of contact is Mr. Michael Boller, michael.boller@bta.mil, 703-607-2146.

A handwritten signature in black ink, appearing to read "Ashton B. Carter". The signature is written in a cursive, flowing style with a large initial 'A' and 'C'.

Ashton B. Carter

Attachments:  
As stated

## ATTACHMENT 1

### REFERENCES

- (a) DoD Directive 5134.01, “Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)),” December 9, 2005
- (b) DoD Directive 5000.01, “The Defense Acquisition System,” May 12, 2003
- (c) Under Secretary of Defense for Acquisition, Technology, and Logistics Memorandum, “Business Capability Lifecycle (BCL) Refinement and Implementation and Extension of Enterprise Risk Assessment Methodology (ERAM),” May 18, 2007 (hereby canceled)
- (d) Under Secretary of Defense for Acquisition, Technology, and Logistics Memorandum, “Acquisition of Major Automated Information Systems (MAIS) Business Programs Operating Under the Enterprise Risk Assessment Methodology (ERAM),” July 18, 2007 (hereby canceled)
- (e) DoD Instruction 5000.02, “Operation of the Defense Acquisition System,” December 8, 2008
- (f) Sections 186, 2222, 2366a, 2366b, 2445a and 2445c of title 10, United States Code
- (g) DoD Instruction 5105.18, DoD Intergovernmental and Intragovernmental Committee Management Program, July 10, 2009.
- (h) DoD Directive-Type Memorandum, DTM 08-020, “Investment Review Board (IRB) Roles and Responsibilities,” January 26, 2009
- (i) Section 811 of Public Law 109-364, “John Warner National Defense Authorization Act for Fiscal Year 2007,” October 17, 2006
- (j) DoD Instruction 8410.02, “NetOps for the Global Information Grid (GIG),” December 19, 2008
- (k) Part 1236 of title 36, Code of Federal Regulations
- (l) Office of Management and Budget Circular A-130
- (m) Chairman of the Joint Chiefs of Staff Instruction 3170.01G, “Joint Capabilities Integration and Development System,” March 1, 2009
- (n) Public Law 111-23, “Weapon Systems Acquisition Reform Act of 2009,” May 22, 2009
- (o) Sections 11103, 11313, and 11317, and subtitle III of title 40, United States Code (also known as “The Clinger-Cohen Act of 1996”)
- (p) DoD Directive-Type Memorandum, DTM 09-027 “Implementation of the Weapon Systems Acquisition Reform Act of 2009”, October 21, 2010.
- (q) Defense Business Transformation Agency, “DoD IT Defense Business Systems Investment Review Process: Guidance,” January 2009<sup>1</sup>
- (r) Defense Acquisition University, “Defense Acquisition Guidebook”<sup>2</sup>
- (s) DoD Instruction 8500.2, “Information Assurance (IA) Implementation”, February 6, 2003
- (t) DoD 5000.04-M-1, “Cost and Software Data Reporting (CSDR) Manual,” April 18, 2007
- (u) DoD Directive 4630.05, “Interoperability and Supportability of Information Technology (IT) and National Security Systems (NSS),” May 5, 2004
- (v) Section 4321 et seq. of title 42, United States Code, “National Environmental Policy Act”

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<sup>1</sup> <http://www.bta.mil/products/IRB-Guidance-2009.pdf>

<sup>2</sup> <http://dag.dau.mil>

- (w) Executive Order 12114, "Environmental Effects Abroad of Major Federal Actions," January 4, 1979
- (x) American National Standards Institute (ANSI)/Electronic Industries Alliance (EIA) 748-A-1998 (R2002), August 28, 2002
- (y) Section 811 of Public Law 106-398, "Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001," October 30, 2000
- (z) Section 806 of Public Law 109-163, "National Defense Authorization Act for Fiscal Year 2006," January 6, 2006
- (aa) Section 3601(4) of title 44, United States Code

## ATTACHMENT 2

### PROCEDURES

#### 1. ROLES AND RESPONSIBILITIES.

a. Defense Business Systems Management Committee (DBSMC). The DBSMC, established in accordance with DoDI 5105.18 (Reference (g)), shall advise the Chair who shall be responsible for approving Certification Authority (CA) certification of funds associated with modernization efforts.

b. CAs. CAs, as defined in DTM 08-020 (Reference (h)), shall certify investments and shall employ the Investment Review Boards (IRBs) to provide oversight of investment review processes and procedures, and advise the Milestone Decision Authority (MDA) on acquisition matters for DBS supporting their respective areas of responsibility.

c. IRBs. The IRBs shall be responsible for advising the MDA. For DBS that do not meet the MAIS threshold, the DoD Components shall establish or employ decision bodies with similar responsibilities. IRB Chairs shall not accept a program for review unless required documentation is provided no later than 30 days prior to the IRB membership. IRBs shall review:

(1) Problem Statements, which shall be approved by the IRB Chair.

(2) Requirements changes and technical configuration changes for programs in development that have the potential to result in cost and schedule impacts.

(3) The Business Case to determine that business process reengineering (BPR) efforts have been undertaken.

d. MDA. The MDA shall be responsible for making DBS acquisition decisions. The MDA shall not approve program changes unless the program increment is fully funded and schedule impacts mitigated. The MDA for DBS MAIS and DBS Major Defense Acquisition Programs (MDAP) (hereafter referred to as MAIS and MDAP) shall be the USD(AT&L). The USD(AT&L) may designate the DCMO as the MDA for MAIS or other Major Technology Investment Programs. MDAs shall:

(1) Establish mandatory procedures for assigned programs.

(2) Tailor the regulatory information requirements and acquisition processes and procedures in this interim guidance to achieve cost, schedule, and performance goals, as appropriate.

(3) Submit reports to Congress as required by statute.

e. Component Acquisition Executive (CAE). The CAE shall designate the MDA for DBS that do not meet the MAIS threshold or are not otherwise designated.

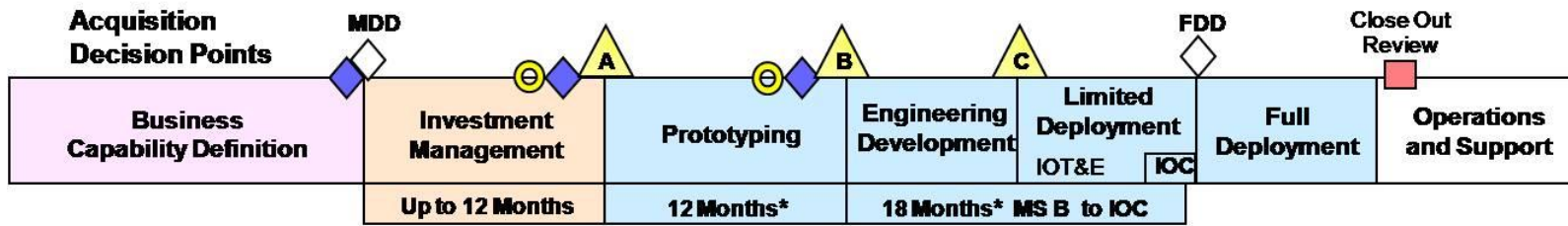
f. Functional Sponsor. The Functional Sponsor shall be responsible for ensuring all necessary funding is identified and obtained for all phases throughout the DBS life cycle. Additionally, the Functional Sponsor shall ensure that BPR has been performed in accordance with section 2222(a)(1)(B) of Reference (f).

2. INCREMENTAL APPROACH. An approved business need that requires a materiel solution shall be divided into discrete, fully-funded, and manageable increments to facilitate development and implementation. Each increment shall be a useful and supportable operational capability that can be developed, tested, produced, deployed, and sustained. To facilitate rapid and responsive development, no more than 12 months shall normally elapse between the Materiel Development Decision (MDD) and MS A. Following MS A, no more than 12 months shall normally elapse between the initial contract or option award and MS B. Following MS B, no more than 18 months shall normally elapse between contract or option award and the Full Deployment Decision (FDD). FDD is the final decision made by the MDA authorizing an increment of the program to deploy software for operational use in accordance with section 2445a of Reference (f). Exceptions must be reviewed by the responsible IRB and approved by the MDA. The MDA shall not grant a MS A decision if Initial Operating Capability cannot be achieved within 5 years and in no event shall FDD occur later than 5 years from when funds were first obligated for the program in accordance with section 811 of Reference (i).

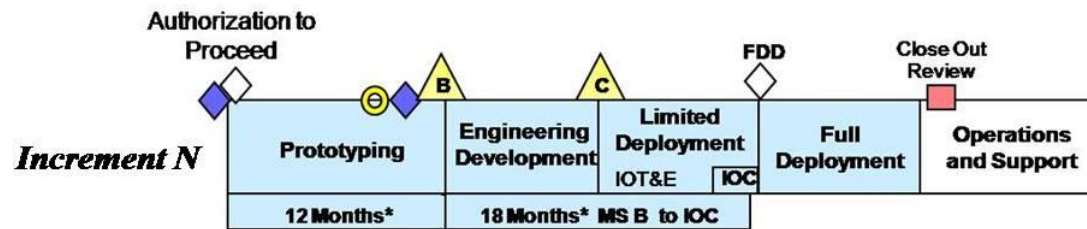
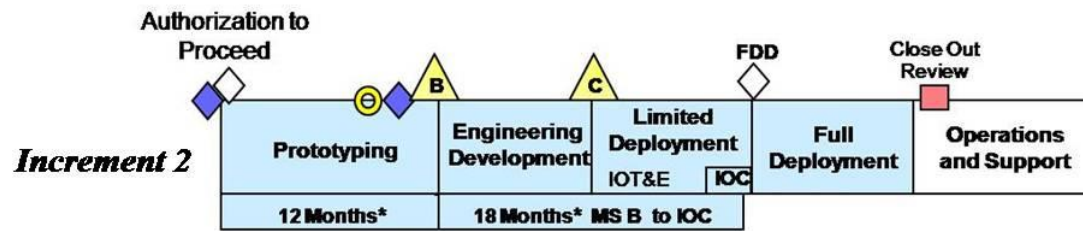
3. INDEPENDENT RISK ASSESSMENT. An independent risk assessment shall be performed prior to MS A and MS B. For MAIS or MDAP, these activities shall be known as Enterprise Risk Assessment Methodology (ERAM). The results of these assessments shall be provided to the responsible IRB and the MDA in support of MS A and MS B decisions. Additional ERAMs may be requested by an IRB Chair, the CA, or the MDA. For DBS that do not meet the MAIS threshold, the CAE shall be responsible for establishing procedures designed to assess risk.

4. BCL ACQUISITION BUSINESS MODEL. The BCL acquisition business model (see Figure) supports the implementation of BCL and depicts the phases, milestones, and decision points of the BCL acquisition process.

Figure. BCL Acquisition Business Model



- Milestone Review MDA Decision Point**
- IRB/DBSMC Chair Decision Point**
- MDA Decision Point**
- IRB Close Out**
- Independent Risk Assessment (ERAM for MAIS and MDAP)**
- \* From Contract/Option award**





a. Business Capability Definition (BCD) Phase

(1) Purpose. To analyze a perceived business problem, capability gap, or opportunity (hereafter referred to as “business need”) and document the results in a Problem Statement to inform the IRB Chair and MDA decisions.

(2) Phase Description. The activities performed and documentation required in the BCD Phase shall be used in lieu of the Joint Capabilities Integration and Development System (JCIDS).

(a) The BCD Phase begins with the identification of a business need. The business need can be identified by anyone throughout the DoD enterprise, including the Combatant Commanders (i.e., in their Integrated Priority Lists) and capability area managers.

(b) The Functional Sponsor shall conduct an analysis that:

1. Determines the problem to be solved, its root cause(s), and its context.

2. Identifies boundaries and constraints across functional responsibilities.

3. Describes potential impacts within the doctrine, organization, training, materiel, leadership and education, personnel, and facilities (DOTMLPF) framework (to include network operations (NetOps) requirements, as defined in DoDI 8410.02 (Reference (j))), desired high-level outcomes, and potential benefits and risks.

4. Adequately re-engineers applicable business processes in accordance with Reference (f) and describes the “to-be” business process to enable an effective Analysis of Alternatives (AoA) study to be conducted.

5. Identifies measures of effectiveness to be used to validate outcomes to ensure the business need is satisfied and the necessary investment is justified.

6. Offers recommendations. The results of this analysis shall be summarized in a Problem Statement.

7. Identifies the record retention lifecycle of the information system in accordance with part 1236 of title 36 of Reference (k) and with Reference (l).

(c) The IRB Chair, with the advice of IRB members and stakeholders, shall review and determine whether to approve a Problem Statement. In reviewing a Problem Statement, the IRB shall represent the CA’s interests.

(d) The Joint Requirements Oversight Council (JROC), on the advice of the JCIDS gatekeeper and the lead Functional Capabilities Board (FCB), shall have authority to review Problem Statements to determine if a JROC interest exists, as designated by the Vice Chairman of the Joint Chiefs of Staff as defined in Chairman of the Joint Chiefs of Staff Instruction 3170.01 (Reference (m)).

(e) The BCD Phase ends when the responsible IRB Chair approves the Problem Statement and the approved AoA Study Guidance is submitted to the responsible IRB Chair by:

1. The Director, Cost Assessment and Program Evaluation (DCAPE), for MAIS and MDAP.

2. The appropriate DoD Component official for DBS that do not meet the MAIS threshold.

(f) The DCAPE-approved AoA Study Guidance shall be submitted to the responsible IRB Chair prior to the MDD.

b. Investment Management (IM) Phase

(1) Purpose. To assess potential materiel solutions and to satisfy the phase-specific entrance criteria designated by the MDA for the next milestone.

(2) Entrance Criteria. The responsible IRB Chair submittal of an approved Problem Statement and AoA Study Guidance to the MDA.

(3) Phase Description

(a) The IM Phase begins at the MDD; the MDD shall be mandatory for all DBS.

(b) At the MDD, the Functional Sponsor shall present the business need described in the Problem Statement and the DCAPE (for MAIS and MDAP), or the appropriate DoD Component official (for DBS that do not meet the MAIS threshold), shall present the approved AoA Study Guidance to the MDA. The MDA shall specify the acquisition entry phase and designate the next milestone. The MDA decision shall be documented in an Acquisition Decision Memorandum (ADM) to which the approved AoA Study Guidance shall be attached. A MS A decision, if required, shall normally be scheduled to occur within 12 months of approval of the MDD and, if possible, much earlier.

(c) During this phase the responsible IRB shall have oversight authority for investment activities, while the MDA shall have acquisition decision authority over the program with input from the responsible IRB.

(d) A Program Manager (PM) shall be assigned for each acquisition program early in the IM Phase. It is essential that the PM have an understanding of the DBS implementation principles, management skills, and requisite experience associated with relevant commercial-off-the-shelf (COTS) business applications and architectures.

(e) IM Phase activities shall include the analysis necessary to describe the materiel solution; the solution scope, objectives, business outcomes, outcome-based performance measures, constraints, and dependencies; the program justification, including assumptions, DOTMLPF impact, critical success factors, risks, detailed cost and benefits including return on investment analysis, funding profile, and delivery schedule; and an acquisition and contracting approach.

(f) The IM Phase analysis shall be summarized in a Business Case developed and signed by the Functional Sponsor and the PM. The Business Case shall include the Problem Statement and the results of the IM Phase analysis, and shall serve as the foundation for all BCL efforts and decisions. It shall be an evolving, executive-level document that reflects program planning and includes summaries of the information identified in Tables 1-3 of Attachment 3. Documents identified in Tables 1-3 of Attachment 3 shall be readily available to other agencies to fulfill their statutory or other duties.

(g) The PM, the Functional Sponsor, and the test and evaluation (T&E) community shall jointly develop and include in the Business Case a plan that describes, but is not limited to, an integrated test program schedule; test management structure and processes; developmental and operational test and evaluation (OT&E) phases (objectives, events, entrance criteria, scope, and limitations); critical technical parameters; critical operational issues, with associated measures of effectiveness and performance; and required resources. The Director, Operational Test and Evaluation, (DOT&E) and the Director, Developmental Test and Evaluation, (DDT&E) (or, for DBS that do not meet the MAIS threshold, the DoD Component equivalents), in accordance with Public Law 111-23 (Reference (n)), shall approve the initial test plan and updates submitted at subsequent decision points.

(h) The PM and the Functional Sponsor shall jointly determine and document in a Program Charter the managerial methods and responsibilities by which the materiel solution will be executed by the Government and the contractor.

(i) The PM, the Functional Sponsor, and other responsible officials, as required, shall sign the Program Charter.

(j) For MAIS and MDAP, an ERAM shall be conducted prior to MS A to review the results of phase analysis. As a result of the ERAM, the PM shall prepare a risk mitigation plan for MDA review and approval at MS A.

(k) For MAIS and MDAP, prior to the MS A review, the DOT&E and the DDT&E shall jointly approve the test sections of the Business Case; the Director, Systems Engineering (DSE) shall approve the systems engineering sections of the Business Case; and the CAE shall:

1. Sign the Business Case.
2. Approve the Program Charter.
3. Provide the MDA with a written statement (CAE Compliance Memorandum) that the proposed materiel solution is compliant with all applicable statutes and regulations, including those specified in Tables 1-3 of Attachment 3.
4. Describe any issues applicable to the milestone decision.
5. Recommend approval of the milestone by the MDA.

(l) The PM shall compile a MS A acquisition decision package and submit it to the responsible IRB or the DoD Component equivalent review group for review. This package shall include the Business Case; the Program Charter; the DBSMC certification approval memorandum; the CAE compliance memorandum (for MAIS and MDAP); independent risk assessment (ERAM or the DoD Component equivalent as appropriate) findings and associated program risk mitigation plans; and other documents identified in Tables 1-3 of Attachment 3.

(m) The IM Phase ends when phase requirements have been satisfied, the responsible IRB reviews the Business Case, and the responsible IRB Chair forwards a MS A recommendation to the MDA.

(4) Additional Phase Considerations

(a) CAs shall prioritize DoD Enterprise requirements and provide oversight of processes and procedures for DoD Enterprise-level systems that support their functional areas via the investment review process inherent in their associated IRB.

(b) For MAIS and MDAP, the responsible IRB shall advise the MDA. The MDA may also seek the advice of the DBSMC.

(c) Functional Sponsors shall be responsible and accountable for achieving the DOTMLPF solution specified in the Business Case and for conducting BPR in order to meet the objectives outlined in title 10 United States Code (U.S.C.) section 2222(a)(1)(B) of Reference (f).

(d) IRB Chairs shall be responsible and accountable for tracking identified solutions through BCL, and for reporting to the appropriate authority the status and alignment of all capabilities in the portfolio in their areas of responsibility in compliance with section 2222 of Reference (f) and the BPR objectives of title 10 U.S.C. section 2222(a)(1)(B) of Reference (f).

(e) The PM shall address other requirements, including data management, data conversion, records management, software and data rights, system architecture, systems integration, training materials, user training, risk management, security (information assurance), NetOps requirements, interoperability and supportability, and component, integration, system, and acceptance testing. These considerations shall be summarized in the Business Case.

(f) For MAIS and MDAP, the DoD Component chief information officer (CIO) and the DoD Chief Information Officer (DoD CIO) shall confirm compliance with the Clinger-Cohen Act (CCA) of 1996, sections 11103, 11313, and 11317 and subtitle III of title 40, U.S.C. (Reference (o)) for DBS prior to all acquisition decisions, as specified in Attachments 3 and 4.

(g) The Functional Sponsor shall develop an AoA Study Plan coordinated with the IRB and approved within 30 days by the DCAPE for DBS MAIS and MDAP, or the appropriate DoD Component official for DBS that do not meet the MAIS threshold, prior to the start of the AoA. The AoA Study Plan shall comply with the DCAPE-approved AoA Study Guidance.

(h) For MDAP, the MDA shall comply with the certification requirements specified in section 2366a of Reference (f) and the PM shall comply with the notification requirements specified in section 2366a of Reference (f).

(i) If IM Phase activities exceed 12 months from the signature date of the MDD ADM, the IRB Chair shall review the business need and advise the MDA whether the IM Phase activities should be continued or cancelled.

(j) The PM and the Functional Sponsor shall jointly determine and document the technical methods, processes, procedures, and responsibilities by which the potential program will be managed, evaluated, controlled, and executed by the Government and the contractor. This summary of systems engineering planning shall include: program requirements management, traceability, and verification; architecture and interface definition and management; configuration and change management; technical staffing and organization management; and use of technical reviews. This technical planning shall be summarized in the Business Case.

(k) The requirements of the Program Charter and appropriate sections of the Business Case for this phase and any succeeding phases shall be replicated in the request for proposal (RFP). Final RFPs shall not be released, nor shall any action be taken that would commit the program to a particular contracting approach until the MDA has approved the Business Case.

(l) The JROC, on the advice of the JCIDS gatekeeper and the lead FCB, shall have authority to review Business Cases to determine if a JROC interest exists, as designated by the Vice Chairman of the Joint Chiefs of Staff as defined in Reference (m).

(m) The DCAPE shall develop an independent cost estimate (ICE) for all MDAPs. The DCAPE shall also develop the ICE for MAIS when the USD(AT&L) is the MDA and a critical change has occurred as defined in section 2445c of Reference (f). The DCAPE shall review DoD Component cost estimates, cost analysis and economic analysis conducted for MDAPs and MAIS. DoD Components shall provide the DCAPE requested information in a timely manner as in accordance with section 5.c of Reference (p) to enable the DCAPE to meet the responsibilities for developing an ICE and the responsibilities described in sections 5.d and 5.e of Reference (p). The DCAPE shall provide an independent assessment of the completeness and accuracy of the AoA, cost analysis and economic analysis for the MDA or CIO as appropriate. As a matter of policy, the DCAPE shall independently assess the economic analysis to support the DoD-CIO confirmation action.

c. Prototyping Phase

(1) Purpose. To demonstrate the capability of the software to meet business process requirements as outlined in the Business Case. Prototyping includes installing IT in a relevant environment to gain the knowledge necessary to refine user requirements and inform APB development.

(2) Entrance Criteria. Completion and submission of a Business Case reflecting the AoA results and the proposed materiel solution, a CAE-approved Program Charter, full funding for the Prototyping Phase as certified by the responsible IRB and approved by the DBSMC, and compliance with the MS A statutory and regulatory requirements identified in Tables 1-3 of Attachment 3.

(3) Phase Description

(a) At MS A, the MDA shall review the Business Case, including the proposed materiel solution, any conditions placed on the program in the DBSMC certification approval memorandum, any issues raised in the CAE Compliance Memorandum (for MAIS and MDAP), independent risk assessment (ERAM or the DoD Component equivalent as appropriate) findings and associated program risk mitigation plans, and other information identified in Tables 1-3 of Attachment 3.

(b) The Prototyping Phase begins when the MDA has approved the Business Case and has documented the MS A decision in an ADM.

(c) Prototyping Phase activities shall be conducted in accordance with the MDA-approved Business Case, CAE-approved Program Charter, and MS A ADM. Following MS A, no more than 12 months shall normally elapse between initial contract or option award and MS B unless an exception has been approved by the MDA and documented in the ADM.

(d) For each subsequent increment, the PM and Functional Sponsor shall update the Business Case, obtain DBSMC certification approval for funding the increment, and submit the updated Business Case and DBSMC certification approval memorandum to the MDA

for review. The MDA shall review and approve the updated Business Case before providing Authorization To Proceed (ATP) with the Prototyping Phase for the increment under review. The MDA shall document ATP in an ADM. Following ATP, no more than 12 months shall normally elapse between contract or option award and MS B unless approved by the MDA and documented in the ADM.

(e) During the Prototyping Phase, the PM shall complete detailed design and installation of the selected IT in a relevant environment to demonstrate the capability of the software to meet business process requirements as outlined in the Business Case; determine the software usability, accessibility, scalability, and utility from an end-user perspective; define and predict performance under peak loads; evaluate other technical aspects of the software; and evaluate the design approach to meet the capability needed. The methodology and standards for program execution shall be incorporated into the Program Charter. For MDAPs, competitive prototyping must be conducted in accordance with section 203 of Reference (n).

(f) For MDAPs, the PM shall plan for and conduct an event-driven Preliminary Design Review (PDR) at the system level. The MDA shall conduct a formal post-PDR assessment to support certification that the program demonstrates a high likelihood of accomplishing its intended mission in accordance with section 2366b of Reference (f), as amended by section 205 of Reference (n). For all DBS modernizations over \$1,000,000, the PM shall conduct a PDR prior to MS B to ensure the system design satisfies the functional and non-functional requirements in the Business Case and is DoD Business Enterprise Architecture (BEA)-compliant.

(g) The PM shall propose cost, schedule, and performance goals for the increment under consideration and shall document them in a draft APB.

(h) As a result of Prototyping Phase activity, the Functional Sponsor shall review and refine the threshold capability requirements to satisfy the business need. The Functional Sponsor shall also define what constitutes Initial Operational Capability (IOC) for the increment. IOC is the initial point in time when a fully trained and supported user organization of a specified size is equipped with a capability achieving the performance thresholds documented in the Business Case and APB.

(i) For MAIS and MDAP, an ERAM shall be conducted prior to MS B. Based on the results of the ERAM, the PM shall prepare a risk mitigation plan for MDA review and approval at MS B.

(j) The PM shall compile a MS B acquisition decision package and submit it to the responsible IRB (or, for DBS that do not meet the MAIS threshold, the DoD Component equivalent review group) for review. This package shall include an updated Business Case including DOT&E and DDT&E joint approval of the test sections of the Business Case, and DSE approval of the systems engineering sections of the Business Case (for MAIS and MDAP); the DBSMC certification approval memorandum; the CAE Compliance Memorandum (for MAIS and MDAP); independent risk assessment (ERAM or the DoD Component equivalent as appropriate) findings and associated program risk mitigation plans; and other documents

identified in Tables 1-3 of Attachment 3.

(k) The Prototyping Phase ends when phase requirements have been satisfied and the responsible IRB Chair forwards a MS B recommendation to the MDA.

(4) Additional Phase Considerations

(a) Prototyping, part of BCL execution, requires functional and acquisition activities such as, but not limited to, portfolio management, BPR, system requirements, integration risk, technical architecture, enterprise architecture compliance, NetOps requirements, change management, policy and process documentation, system installation, system configuration, training development, testing, information assurance, organizational realignment, training, user support, software and hardware distribution, and operations and support (O&S).

(b) Prototyping is a continuous discovery and development process reflecting close collaboration between the Functional Sponsor and the system developer. Knowledge gained during prototyping may result in changes to the requirements for the materiel solution identified in the Business Case as well as updates to the Business Case and Program Charter. Funding for prototyping activities must be approved by the MDA and documented in an ADM.

(c) The Business Case shall be revalidated by the responsible IRB and MDA if any of the following changes to the materiel solution occur:

1. For MAIS, a cost increase as specified in section 2445c of Reference (f).

2. For MDAP, a cost increase as specified in section 2366a of Reference (f), as amended by section 204(b) of Reference (n).

3. Phase activities exceed 12 months from the contract or option award after MS A to MS B unless an exception is approved by the MDA and documented in an ADM.

4. A reduction in the performance specified in the Business Case.

(d) The PM shall be responsible and accountable for managing resources and conducting phase activities consistent with the MS A ADM and associated phase-specific cost, schedule, and performance objectives.

(e) For MDAPs, the MDA shall comply with the certification requirements in section 2366b of Reference (f), and the PM shall comply with the notification requirements in section 2366b of Reference (f).



(f) A Technology Readiness Assessment (TRA) on the basis of an independent review by the Director, Defense Research and Engineering (DDR&E), shall be conducted for MDAP if developmental non-commercial off the shelf technology is included in the planned program. For MAIS and DBS at lower investment levels, the MDA shall determine whether a TRA – and, if necessary, an independent TRA – is required to determine the maturity of key technologies. Where feasible, TRAs shall be based on the ERAM results.

d. Engineering Development Phase

(1) Purpose. To demonstrate that the materiel solution for the increment has been designed, configured, developed, and tested in a manner consistent with the approved Business Case and Program Charter, and that the materiel solution is ready to be proven in an operational environment.

(2) Entrance Criteria. Completion of the specified objectives for the Prototyping Phase, full funding of the program or program increment; submission of a draft APB and an updated Business Case and Program Charter; and compliance with the MS B statutory and regulatory requirements identified in Tables 1-3 of Attachment 3.

(3) Phase Description

(a) At MS B, the MDA shall review the proposed materiel solution summarized in the updated Business Case; any conditions placed on the program in the DBSMC certification approval memorandum; issues raised in the CAE Compliance Memorandum (for MAIS and MDAP); independent risk assessment (ERAM or the DoD Component equivalent as appropriate) findings and associated program risk mitigation plans; the MS A ADM or the ATP ADM (for follow-on increments); the draft APB; and other documents identified in Tables 1-3 of Attachment 3.

(b) The Engineering Development Phase begins when the MDA has approved the updated Business Case and the APB and has documented the decision in an ADM. Based on the program's performance to date and risk, the MDA may delegate decision authority at MS B for the increment. The MDA's determination to delegate shall be documented in the MS B ADM. The MDA retains the right to withdraw delegated decision authority.

(c) During the Engineering Development Phase, the PM shall refine system requirements, configure the software, build functionality as required, and plan for developmental and operational testing. The PM shall demonstrate that the materiel solution for the increment has been designed, configured, developed, and tested and evaluated in a manner consistent with the approved Business Case and Program Charter, and that it is ready to be proven in an operational environment. Following MS B, no more than 18 months shall normally elapse between contract/option award and FDD, as described in the Business Case by the Functional Sponsor unless an exception is approved by the MDA and documented in an ADM.

(d) The PM shall be responsible and accountable for managing resources, conducting activities, and delivering capability consistent with the MDA-approved APB for this phase and all subsequent phases.

(e) The test community shall test and evaluate the delivered capability to determine if it adheres to the outcomes defined in the Business Case and if it is compliant with the BEA.

(f) For MAIS and MDAP, developmental testing shall be conducted in accordance with the test plan, as documented in the Business Case, and approved by the DDT&E.

(g) For MAIS and MDAP, operational testing shall be conducted in accordance with the Operational Test Plan approved by the DOT&E.

(h) The Engineering Development Phase ends when phase requirements have been satisfied and when the Functional Sponsor has reviewed the test results and determined that the outcomes and metrics as stated in the approved Business Case have been satisfied.

#### (4) Additional Phase Considerations

(a) Engineering Development, part of BCL execution, requires that the Business Case and Program Charter be updated based on phase outcomes.

(b) The PM shall design the maintenance program to minimize total lifecycle cost while achieving readiness and sustainability objectives. Maintenance program management shall begin at MS B.

(c) The DoD Components shall conduct an operational test readiness review for programs under OSD T&E oversight (see Enclosure 6 of Reference (e)) prior to commencing operational testing for any increment.

#### e. Limited Deployment Phase

(1) Purpose. To limit risk by providing the capability to a limited number of users and testing it in an operational environment. OT&E shall determine the operational effectiveness and suitability of the system.

(2) Entrance Criteria. Completion or satisfaction of the objectives of the Engineering Development Phase (including a developmentally-tested, BEA-compliant, production-representative system, ready for initial operational test and evaluation (IOT&E)); the Functional Sponsor's determination that the capability achieves the outcomes specified in the Business Case; and the program's compliance with the statutory and regulatory requirements specified for MS C in Tables 1-3 of Attachment 3.

(3) Phase Description

(a) At MS C, the MDA shall review the proposed materiel solution summarized in the updated Business Case, any conditions placed on the program in the DBSMC certification approval memorandum, the MS B ADM, and other documents identified in Tables 1-3 of Attachment 3.

(b) The Limited Deployment Phase begins when the Functional Sponsor and the MDA have approved fielding the capability into an operational environment for IOT&E and the MDA has documented the decision in the MS C ADM.

(c) The PM shall engage an operational test agency to verify that the functional requirements described in the Business Case are satisfied and to determine the operational effectiveness and suitability of the increment.

(d) The Functional Sponsor, informed by IOT&E results and DOT&E recommendations (for DBS on OSD T&E oversight), shall issue a written declaration that the system has achieved IOC.

(e) The Limited Deployment Phase ends when phase requirements have been satisfied, IOT&E is complete, and IOC has been declared.

(4) Additional Phase Requirements

(a) The Limited Deployment Phase, part of BCL execution, requires the Functional Sponsor to inform the responsible IRB when IOC has been declared, comparing actual program results to the established performance goals as described in the Business Case.

(b) The Functional Sponsor shall ensure all elements of the DOTMLPF solution described in the Business Case are ready to be implemented in the operational environment.

(c) Unless otherwise documented in the MS B ADM, if FDD is not achieved within 18 months of the MS B contract/option award, then the MDA shall consider withdrawal of any delegated decision authority. The program shall not obligate additional funds without obtaining MDA approval.

(d) For MDAP, a TRA shall be conducted on the basis of an independent review and assessment by the DDR&E if technology other than commercially available technology is included in the product being developed.

f. Full Deployment Phase

(1) Purpose. To field an increment of capability for operational use in accordance with the Business Case.

(2) Entrance Criteria. Completion of IOT&E or other required testing, declaration of IOC, and satisfaction of the DOTMLPF solution outlined in the Business Case.

(3) Phase Description

(a) The Full Deployment Phase begins at the FDD. At the FDD, the MDA shall review the Business Case, the IOT&E results and DOT&E recommendations (for DBS on OSD T&E oversight), and the requirements of Tables 1-3 of Attachment 3 to determine whether the capability is ready to proceed to full deployment. The MDA decision shall be documented in an ADM.

(b) The PM shall schedule a close-out review with the responsible IRB upon completion of the increment's Full Deployment Phase. The purpose of the close-out review is to determine whether the investment has achieved the outcomes defined in the Business Case.

(4) Additional Phase Requirements

(a) Each increment shall include a close-out review, as detailed in the Defense Business Transformation Agency guidance (Reference (q)), and shall include the report from the Post-Implementation Review (PIR), as detailed in section 7.9 of Defense Acquisition Guidebook (Reference (r)). A close-out review provides important user feedback and enables understanding of how well a recently completed increment meets the needs of users before finalizing the requirements for a subsequent increment.

(b) The Functional Sponsor shall define the criteria to be considered for a Full Deployment Decision (FDD) and Full Deployment (FD) in the Business Case.

g. O&S Phase

(1) Purpose. To execute a support program that meets materiel readiness and operational support performance requirements and sustains the system in the most cost-effective manner over its total lifecycle. Planning for this phase shall begin prior to program initiation and shall be summarized in the Business Case. O&S has two major efforts: lifecycle sustainment and disposal.

(2) Entrance Criteria. Completion and submission of an approved Business Case, satisfaction of any conditions imposed by the MDA at the FDD, and the Functional Sponsor's written declaration that the system has achieved FD, as defined in the Business Case.

(3) Phase Description

(a) The O&S Phase begins when an increment or DBS has been fully deployed.

(b) Lifecycle sustainment planning and execution shall seamlessly span a system's entire life cycle, from IM to disposal. It shall translate business capability and

performance requirements into tailored product support to achieve specified and evolving lifecycle product support availability, maintainability, sustainability, scalability, reliability, and affordability parameters. It shall be flexible and performance-oriented, reflect an incremental approach, and accommodate modifications, upgrades, and re-procurement.

(c) The PM shall optimize operational readiness in accordance with subparagraph 8.c.(1)(c)2 of Enclosure 2 of Reference (e).

(d) The Functional Sponsor shall conduct continuing reviews of sustainment strategies, comparing performance expectations as defined in performance agreements and the Business Case to actual performance results. The Functional Sponsor and PM shall continuously identify deficiencies in these strategies and adjust the Business Case as necessary to meet performance requirements.

(e) At the end of its useful life, an increment shall be disposed of in accordance with all statutory and regulatory requirements and policy including, but not limited to, those relating to safety, security, and the environment.

(4) Additional Phase Consideration. Lifecycle sustainment considerations as summarized in the Business Case include, but are not limited to, maintenance, sustaining engineering, data management, configuration management, records management, protection of critical program information and anti-tamper provisions, supportability, technology refresh, license maintenance and renewal, compliance with the BEA, and interoperability.

ATTACHMENT 3

STATUTORY AND REGULATORY REQUIREMENTS FOR DBS

Tables 1-3 detail the acquisition statutory and regulatory information requirements for DBS. An MDA may tailor the regulatory program information requirements and acquisition process procedures to achieve cost, schedule, and performance goals.

<u>Table 1. Statutory (S) and Regulatory (R) Requirements for Acquisition Programs Using BCL (Reference (e))</u>				
INFORMATION REQUIRED	WHEN REQUIRED	APPLICABLE TO		
		BELOW MAIS	MAIS	MDAP
<u>Business Case</u>	MS A Updated at MS B MS C FDD	MDA	MDA	MDA
Summaries of this information shall be included in the Business Case: <sup>1</sup>				
1. AoA (MS A)		S	S	S
2. Cost Estimate <sup>2</sup> (Mandatory for MAIS; as required by CAE for MDAP) (MS A and MS B)		R	R	R
3. Economic Analysis (EA) (MS A and MS B) In accordance with DoDI 7041.3		N/A	S	S
4. Market Research (MS A)		S	S	S
5. Acquisition Approach		N/A	R	S
a. Data Management Strategy (MS A, MS B, MS C, and FDD)		S	S	S
b. Information Support Plan (ISP) (MS A, MS B, MS C, and FDD)		R	R	R
c. Consideration of Technology Issues (MS A)		S	S	S
d. Lifecycle Sustainment Plan (MS A, MS B, MS C, and FDD)		R	R	R
e. Systems Engineering Plan (MS A, MS B, MS C)		N/A	N/A	S
f. Technology Development Strategy, Including Net-Centric Data Strategy (MS A)		N/A	R	S

**Table 1. Statutory (S) and Regulatory (R) Requirements for Acquisition Programs Using BCL  
(Reference (e))**

INFORMATION REQUIRED	WHEN REQUIRED	APPLICABLE TO		
		BELOW MAIS	MAIS	MDAP
A test plan shall be approved by the DOT&E and DDT&E and included in the Business Case (MS A, MS B, MS C, and FDD); OSD OT&E oversight programs only.				
ADM	MDD MS A MS B MS C FDD	R	R	R
Acquisition Information Assurance Strategy (DoDI 8500.2, Reference (s))	MS A MS B MS C FDD	R	R	R
APB	MS B MS C (updated as necessary) FDD	R	R	S
AoA Study Guidance (DCAPE for MDAP and MAIS or the appropriate DoD Component official for DBS that do not meet the MAIS threshold)	60 days prior to MDD	R	R	S
AoA Study Plan	MDD	R	R	R
Assessment and Certification of a Critical Change to the Defense Committees <sup>3</sup>	Not later than 60 days after receiving a MAIS Quarterly Report indicating a critical change <sup>4,5</sup>	N/A	S	S
CAE Compliance Memorandum	MS A MS B	N/A	R	R

**Table 1. Statutory (S) and Regulatory (R) Requirements for Acquisition Programs Using BCL  
(Reference (e))**

INFORMATION REQUIRED	WHEN REQUIRED	APPLICABLE TO		
		BELOW MAIS	MAIS	MDAP
Certification of Compliance with Section 2222 of Reference (f) / BEA (All programs above \$1 million in modernization costs)	Prior to obligation of funds MS A MS B MS C FDD	S	S	S
CCA (Reference (o)) Compliance (All DBS) (See Attachment 4)	MS A MS B MS C FDD	S	S	S
DoD Component CIO Confirmation of CCA (Reference (o)) Compliance	MS A MS B MS C FDD	R	R	R
DoD CIO Confirmation of CCA (Reference (o)) Compliance	MS A MS B MS C FDD	N/A	S	S
Cost Analysis Requirements Description (CARD) (Includes Contractor Cost Data Report (CCDR) and Software Resources Data Report (SRDR) (see Table 2). CARDS shall be prepared according to the procedures in Enclosure 7 of Reference (e)) (See DoD 5000.04-M-1 (Reference (t)))	MS A MS B MS C	N/A	R <sup>6</sup>	R
Determination of Contract Type	MS B	N/A	N/A	S
EVM (As required based on contract type (see Table 3))	At contract award and throughout contract performance	R	R	R



Table 1. Statutory (S) and Regulatory (R) Requirements for Acquisition Programs Using BCL (Reference (e))

INFORMATION REQUIRED	WHEN REQUIRED	APPLICABLE TO		
		BELOW MAIS	MAIS	MDAP
ERAM Assessment	MS A MS B	N/A	R	R
ICE <sup>2</sup>	MS A MS B MS C FDD	N/A	S	S
IT and NSS Joint Interoperability Test Certification (DoDD 4630.05 (Reference (u)))	FDD	R	R	R
MDA Program Certification (sections 2366a and 2366b of Reference (f))	MS A MS B	N/A	N/A	S
MAIS Annual Report to Congress	Annually after the first occurrence of any of these events: MDA designation, MS A, or MS B; due 45 days after the President's Budget is submitted to Congress	N/A	S	S
MAIS Quarterly Report <sup>7</sup>	Quarterly following initial submission of a MAIS Annual Report	N/A	S	S
Notice of MAIS Cancellation or Significant Reduction in Scope	60 days prior to an MDA decision to cancel or significantly reduce the scope of a fielded or post-MS C MAIS program	N/A	S	S

**Table 1. Statutory (S) and Regulatory (R) Requirements for Acquisition Programs Using BCL  
(Reference (e))**

INFORMATION REQUIRED	WHEN REQUIRED	APPLICABLE TO		
		BELOW MAIS	MAIS	MDAP
Notification of a Significant Change to the Defense Committees <sup>3</sup>	Not later than 45 days after receiving a MAIS Quarterly Report indicating a significant change <sup>4,5</sup>	N/A	S	S
Operational Test Agency Report of OT&E Results (OSD OT&E oversight programs only)	MS C FDD	N/A	R	S
Operational Test Plan (OSD OT&E oversight programs only)	Prior to start of OT&E	N/A	R	S
PIR	FDD	S	S	S
PDR Report	MS B	N/A	N/A	S
Post-PDR Assessment	MS B	N/A	N/A	S
Program Charter	MS A Updated at MS B	R	R	R
Program Deviation Report	Immediately upon a program deviation	N/A	S	S
Programmatic Environment, Safety, and Occupational Health Evaluation (Including National Environmental Policy Act / Executive Order 12114 (References (v) and (w)) Compliance Schedule for systems requiring hardware.)	MS B MS C FDD	S	S	S

**Table 1. Statutory (S) and Regulatory (R) Requirements for Acquisition Programs Using BCL (Reference (e))**

INFORMATION REQUIRED	WHEN REQUIRED	APPLICABLE TO		
		BELOW MAIS	MAIS	MDAP
Spectrum Supportability Determination and DD Form 1494, "Application for Equipment Frequency Allocation" (available on the Internet at <a href="http://www.dtic.mil/whs/directives/infomgt/forms/eforms/dd1494-1.pdf">http://www.dtic.mil/whs/directives/infomgt/forms/eforms/dd1494-1.pdf</a> ) (All programs below MDAP that use electromagnetic spectrum. Generally does not apply to DBS.)	MS A MS B MS C	R	R	S
TRA (Required for MDAP if not using COTS technology; MDA determines whether TRA required for MAIS.)	MS B	MDA	MDA	R

Notes:

1. Statute and regulations require the development of certain documents through rigorous analysis. These documents must be developed and summaries of the information they contain are included in the Business Case. Individual documents are not expected to be coordinated and approved at the OSD level unless necessary to fulfill statutory or other duties (e.g., DCAPE, General Counsel) or as otherwise specified. The Functional Sponsor shall provide complete copies of any document summarized in the Business Case upon request of the responsible officials.
2. The DCAPE shall conduct the ICE for all MDAP. The DCAPE shall conduct the ICE for MAIS when the USD(AT&L) is the MDA and a critical change has occurred as defined in section 2445c of Reference (f). For other MAIS, the appropriate Service cost center or Defense Agency equivalent shall conduct the ICE, which shall be reviewed by the DCAPE. The DoD Component cost estimate shall be based on an independent cost analysis.
3. For MAIS and MDAP, the senior DoD official responsible for the program shall obtain USD(AT&L) coordination on significant change notifications before submitting them to the congressional defense committees. Critical change reports shall be submitted to the congressional defense committees through the USD(AT&L).
4. Section 2445c of Reference (f) defines a significant change as a schedule change that will cause a delay of more than 6 months but less than a year; an increase in the estimated development cost or full life-cycle cost for the program of at least 15 percent, but less than 25 percent; or a significant, adverse change in the expected performance of the MAIS to be

acquired. A critical change occurs when the system has failed to achieve FDD within 5 years after funds were first obligated for the program;<sup>8</sup> a schedule change will cause a delay of 1 year or more; the estimated development cost or full life-cycle cost for the program has increased 25 percent or more; or a change in expected performance will undermine the ability of the system to perform the functions anticipated.

5. Although the 45 days for submitting a significant change notification and the 60 days for conducting and submitting a critical change assessment and certification start from the day the senior official receives the MAIS Quarterly Report, no submission to the congressional defense committees is required unless the senior official determines that such a change has occurred based on the MAIS Quarterly Report.

6. For MAIS, a CARD shall be a regulatory requirement any time an EA is required—either by statute or by the MDA.

7. This written report shall identify any variance in the projected development schedule, implementation schedule, life-cycle costs, or key performance parameters (KPP) for the MAIS from such information as originally submitted in the first MAIS Annual Report to Congress for this program.

8. For MAIS programs that submitted a MAIS Annual Report to Congress in 2008, the critical change criterion to achieve FDD within 5 years has already been established in accordance with the then-applicable law.

Table 2. Regulatory Contract Reporting Requirements

REPORT REQUIRED	WHEN REQUIRED
CCDR	<ul style="list-style-type: none"> <li>• All major contracts<sup>1</sup> and subcontracts, regardless of contract type, for ACAT I and IA programs and pre-MDAP and pre-MAIS programs subsequent to MS A approval, valued at more than \$50<sup>2</sup> million (then-year dollars).</li> <li>• Not required for contracts priced below \$20 million (then-year dollars).</li> <li>• The CCDR requirement on high-risk or high-technical-interest contracts priced between \$20 and \$50 million is left to the discretion of the DoD PM with approval by the DCAPE.</li> <li>• Not required under these conditions provided the DoD PM requests and obtains approval for a reporting waiver from the DCAPE: procurement of commercial systems or of non-commercial systems bought under competitively awarded, firm fixed-price contracts, as long as competitive conditions continue to exist.</li> </ul>
SRDR	<ul style="list-style-type: none"> <li>• All major contracts and subcontracts, regardless of contract type, for contractors developing and/or producing software elements within ACAT I and IA programs and pre-MDAP and pre-MAIS programs subsequent to MS A approval for any software development element with a projected software effort greater than \$20 million (then-year dollars).</li> <li>• The SRDR requirement on high-risk or high-technical-interest contracts priced below \$20 million is left to the discretion of the DoD PM with approval by the DCAPE.</li> </ul>
<p>Notes:</p> <p>1. For cost and software data reporting (CSDR) purposes, the term “contract” (or “subcontract”) may refer to the entire stand-alone contract, to a specific task or delivery order, to a series of task/delivery orders, to a contract line item number, or to a series of line item numbers within a contract. The intent is to capture data on contractual efforts necessary for cost-estimating purposes irrespective of the particular contract vehicle used.</p> <p>2. For CSDR purposes, contract value shall represent the estimated price at contract completion (i.e., initial contract award plus all expected authorized contract changes) and be based on the assumption that all contract options shall be exercised.</p>	

Table 3. EVM Implementation Policy

REQUIREMENTS	WHEN REQUIRED
For Cost or Incentive Contracts <sup>1</sup> Greater Than or Equal to \$50 Million <sup>2</sup>	
<ul style="list-style-type: none"> <li>• Compliance with EVM system guidelines in ANSI/EIA-748<sup>3</sup></li> </ul>	At contract award and throughout contract performance
<ul style="list-style-type: none"> <li>• EVM system formally validated and accepted by cognizant contracting officer</li> </ul>	At contract award and throughout contract performance
<ul style="list-style-type: none"> <li>• Contract Performance Report (DI-MGMT-81466A)</li> </ul>	Monthly
<ul style="list-style-type: none"> <li>• Integrated Master Schedule (DI-MGMT-81650)</li> </ul>	Monthly
<ul style="list-style-type: none"> <li>• Integrated Baseline Reviews</li> </ul>	Within 180 days after contract award, exercise of options, and major modifications
For Cost or Incentive Contracts <sup>1</sup> Greater Than or Equal to \$20 Million <sup>2</sup> but Less Than \$50 Million <sup>2</sup>	
<ul style="list-style-type: none"> <li>• Compliance with EVM system guidelines in ANSI/EIA-748<sup>3</sup> (no formal EVM system validation)</li> </ul>	At contract award and throughout contract performance
<ul style="list-style-type: none"> <li>• Contract Performance Report (DI-MGMT-81466A) (tailoring recommended)</li> </ul>	Monthly
<ul style="list-style-type: none"> <li>• Integrated Master Schedule (DI-MGMT-81650) (tailoring recommended)</li> </ul>	Monthly
<ul style="list-style-type: none"> <li>• Integrated Baseline Reviews</li> </ul>	Within 180 days after contract award, exercise of options, and major modifications
For Cost or Incentive Contracts <sup>1</sup> Less Than \$20 Million <sup>2</sup>	
<ul style="list-style-type: none"> <li>• At the discretion of the PM based on cost-benefit analysis</li> </ul>	
For Firm Fixed-Price Contracts <sup>1</sup> Regardless of Dollar Value	
<ul style="list-style-type: none"> <li>• Limited use—must be approved by the MDA based on a Business Case analysis</li> </ul>	
Notes:	
<ol style="list-style-type: none"> <li>1. The term “contracts” includes contracts, subcontracts, intra-government work agreements, and other agreements. “Incentive” contracts include fixed-price incentive.</li> <li>2. Application thresholds are in then-year dollars.</li> <li>3. ANSI/EIA-748 = American National Standards Institute (ANSI)/Electronic Industries Alliance (EIA) Standard 748, EVM Systems (Reference (x)).</li> </ol>	

## ATTACHMENT 4

### IT CONSIDERATIONS FOR DBS

1. CCA COMPLIANCE. The CCA (Reference (o)) applies to all IT investments.

a. For all programs that acquire IT, at any ACAT level, the MDA shall not initiate a program or an increment of a program or approve entry into any phase of the acquisition process, and the DoD Component shall not award a contract, until these conditions have been met in accordance with Reference (o):

(1) The sponsoring DoD Component or PM has satisfied the requirements of the CCA.

(2) The DoD Component CIO confirms CCA compliance.

(3) For MDAP and MAIS programs only, the DoD CIO also confirms CCA compliance.

b. The CCA (Reference (o)) requirements identified in this attachment shall be satisfied to the maximum extent practicable through documentation developed under BCL. The Functional Sponsor, in conjunction with the acquisition community, is accountable for actions 1-5 in Table 4; the PM is accountable for actions 6-11 in Table 4. The PM shall prepare a table similar to Table 4 to indicate which documents (including page and paragraph) correspond to CCA (Reference (o)) requirements. CIOs shall use the documents cited in the table prepared by the PM to assess and confirm CCA (Reference (o)) compliance.

c. The responsible IRB shall resolve issues related to compliance for MAIS and MDAP.

2. TIME-CERTAIN ACQUISITION OF AN IT BUSINESS SYSTEM. Before providing MS A approval for an IT business system, the MDA shall determine that the system will achieve IOC within 5 years, as established in section 811 of Public Law 109-364 (Reference (i)).

3. DBSMC CERTIFICATION APPROVAL. For DBS acquisition programs that have modernization funding exceeding \$1,000,000, the MDA shall not grant any MS, FDD, or their equivalent and the authority to obligate funding shall not be granted until the certification in paragraph (a) of section 2222 of Reference (f) has been approved by the DBSMC.

Table 4. CCA (Reference (o)) Compliance for DBS using BCL

ACTIONS REQUIRED TO COMPLY WITH SUBTITLE III OF THE CCA (REFERENCE (O))	APPLICABLE PROGRAM DOCUMENTATION <sup>1</sup>
1. Make a determination that the acquisition supports core, priority functions of the DoD. <sup>2</sup>	Business Case, Program Charter
2. Establish outcome-based performance measures linked to strategic goals. <sup>2</sup>	Business Case, APB approval
3. Redesign the processes that the system supports to reduce costs, improve effectiveness, and maximize the use of COTS technology. <sup>2</sup>	Business Case, Program Charter
4. Determine that no private sector or Government source can better support the function.	Business Case, Program Charter
5. Conduct an AoA.	Business Case (AoA)
6. Conduct an EA that includes a calculation of the return on investment.	Business Case (EA)
7. Develop clearly established measures and accountability for program progress.	Business Case (APB)
8. Ensure that the acquisition is consistent with Global Information Grid (GIG) policies and architecture, to include relevant standards (References (j) and (x)).	APB (Net-Ready KPP, Business Case (ISP (Information Exchange Requirements)))
9. Ensure that the program has an information assurance strategy that is consistent with DoD policies, standards, and architectures <sup>2</sup>	Acquisition Information Assurance Strategy
10. Ensure, to the maximum extent practicable, that modular contracting has been used, and that the program is being implemented in phased, successive increments, each of which meets part of the mission need and delivers measurable benefit, independent of future increments.	Business Case
11. Register mission-critical and mission-essential systems (see Glossary) with the DoD CIO. <sup>2</sup>	DoD IT Portfolio Repository (DITPR)
<p>Notes:</p> <p>1. The system documents cited are examples of the most likely but not the only references for the required information. If other references are more appropriate, they may be used in addition to or instead of those cited. References should include page(s) and paragraph(s), where appropriate.</p> <p>2. These actions are also required to comply with section 811 of Public Law 106-398 (Reference (y)).</p> <p>3. <u>Definitions:</u>  <u>Mission-Critical Information System.</u> A system that meets the definitions of “information system” and “National Security System (NSS)” in the CCA (Reference (o)), the loss of which would cause the stoppage of warfighter operations or direct mission support of warfighter operations. (The designation of mission-critical shall be made by a DoD Component Head. A financial management IT system shall be considered a mission-critical IT system as designated by the Under Secretary of Defense</p>	



(Comptroller) (USD(C)/Chief Financial Officer (CFO), DoD.) A “mission-critical IT system” has the same meaning as a “mission-critical information system.”

Mission-Essential Information System. A system that meets the definition of “information system” in the CCA (Reference (o)), that the acquiring DoD Component Head determines is basic and necessary for the accomplishment of the organizational mission. (The designation of mission-essential shall be made by a DoD Component Head. A financial management IT system shall be considered a mission-essential IT system as designated by the USD(C)/CFO.) A “mission-essential IT system” has the same meaning as a “mission-essential information system.”

4. MAIS CANCELLATION OR SIGNIFICANT REDUCTION IN SCOPE. As required by section 806 of Public Law 109-163 (Reference (z)), the DoD CIO shall notify the congressional defense committees at least 60 days before any MDA cancels or significantly reduces the scope of a MAIS program that has been fielded or has received MS C approval.

5. LIMITED DEPLOYMENT FOR A MAIS ACQUISITION PROGRAM. At MS C, the MDA for a MAIS shall approve, in coordination with the DOT&E, the quantity and location of sites for a limited deployment of the system for IOT&E.

6. DoD ENTERPRISE SOFTWARE INITIATIVE. When the use of commercial IT is considered viable, maximum use of and coordination with the DoD Enterprise Software Initiative shall be made.

## GLOSSARY

### PART I. ABBREVIATIONS AND ACRONYMS

ACAT	acquisition category
ADM	Acquisition Decision Memorandum
ANSI	American National Standards Institute
AoA	Analysis of Alternatives
APB	Acquisition Program Baseline
ATP	Authorization To Proceed
BCD	Business Capability Definition
BCL	Business Capability Lifecycle
BEA	Business Enterprise Architecture (DoD)
BPR	Business Process Reengineering
CA	Certification Authority
CAE	Component Acquisition Executive (DoD)
CARD	Cost Analysis Requirements Description
CCA	Clinger-Cohen Act
CCDR	Contractor Cost Data Report
CFO	chief financial officer
CIO	chief information officer
COTS	commercial off the shelf
CSDR	Cost and Software Data Reporting
DBS	defense business system
DBSMC	Defense Business System Management Committee
DCAPE	Director, Cost Assessment and Program Evaluation
DCMO	Deputy Chief Management Officer
DDR&E	Director, Defense Research and Engineering
DDT&E	Director, Developmental Test and Evaluation
DITPR	DoD Information Technology Portfolio Repository
DoD CIO	DoD Chief Information Officer
DoDD	DoD Directive
DoDI	DoD Instruction
DOT&E	Director, Operational Test and Evaluation
DOTMLPF	doctrine, organization, training, materiel, leadership and education, personnel, and facilities
DTM	directive-type memorandum
DSE	Director, Systems Engineering
EA	Economic Analysis
EIA	Electronic Industries Alliance
ERAM	Enterprise Risk Assessment Methodology

EVM	Earned Value Management
FCB	Functional Capabilities Board
FD	Full Deployment
FDD	Full Deployment Decision
GIG	Global Information Grid
ICE	independent cost estimate
IM	Investment Management
IOC	Initial Operational Capability
IOT&E	initial operational test and evaluation
IRB	Investment Review Board
ISP	Information Support Plan
IT	information technology
JCIDS	Joint Capabilities Integration Development System
JROC	Joint Requirements Oversight Council
KPP	key performance parameter
MAIS	Major Automated Information System
MDA	Milestone Decision Authority
MDAP	Major Defense Acquisition Program
MDD	Materiel Development Decision
MS	milestone
NSS	National Security System
O&S	operations and support
OSD	Office of the Secretary of Defense
OT&E	operational test and evaluation
PDR	Preliminary Design Review
PIR	Post-Implementation Review
PM	Program Manager
SRDR	Software Resources Data Report
T&E	test and evaluation
TRA	Technology Readiness Assessment
USD(AT&L)	Under Secretary of Defense for Acquisition, Technology, and Logistics
USD(C)	Under Secretary of Defense, Comptroller
U.S.C.	United States Code

## PART II. DEFINITIONS

Unless otherwise noted, these terms and their definitions are for the purpose of this interim guidance.

ATP. Serves as the initiation of the 5-year period for time-certain delivery of capability for increment two (2) and beyond to ensure compliance with section 2445c of Reference (f).

BCL. A holistic approach that emphasizes rigorous analysis of requirements to enable rapid delivery of business capabilities to the warfighter in a compressed timeframe. BCL aligns the existing DoD business capability policies by consolidating requirements, acquisition, and BEA compliance into a single oversight structure. Reference (h) contains guidance on the BCL IM process.

BEA. A strategic information asset base that defines the business missions, the information and technologies necessary to perform those missions, and the transitional processes for implementing new technologies in response to changing mission needs. This includes the baseline architecture, a target architecture, and a sequencing plan, as prescribed in section 3601(4) of title 44, U.S.C. (Reference (aa)). In the DoD, the BEA is the blueprint to guide and constrain investments by the DoD Components as they relate to or impact business operations.

Business Case. A summary of essential information necessary to enable effective management decisions resulting from the rigorous analysis and associated documentation produced by the Functional Sponsor and PM. The Business Case clearly defines and articulates the business problem, the desired outcomes, and the holistic plan for delivering the capability. As more knowledge is acquired progressing through the lifecycle, the Business Case is updated for ongoing decision making.

BPR. An approach aiming at improvements by means of elevating efficiency and effectiveness of the business process that exist within and across organizations within the context of an end-to-end business process.

DBSMC. The Committee established by the Secretary of Defense under authority delegated pursuant to section 186 of Reference (f).

ERAM. A proactive and independent risk assessment designed to give the DoD Component decision makers insight to key program risks and to support informed decisions.

Functional Sponsor. The OSD or DoD Component executive responsible for defining and managing capabilities, verifying that capability requirements are met for IOC, representing the user community's interests, and ensuring funding for DBS investments.

Increment. A useful and supportable capability that can be effectively developed, produced, acquired, deployed, and sustained within the timelines identified by this interim guidance.

IOC. The initial point in time when a fully trained and supported user organization of a specified size is equipped with a capability achieving the performance thresholds documented in the Business Case and APB.

IRBs. The boards established by an Under Secretary or Assistant Secretary of Defense under authority delegated pursuant to section 2222(f) of Reference (f) to conduct the review process required by section 2222(g) of Reference (f).

PIR. A DOTMLPF assessment process that plans, aggregates, and analyzes information needed to evaluate the degree to which a planned capability has been achieved, and that provides recommendations based on findings.

Problem Statement. The foundation of the Business Case that serves to document that a problem exists and is worth solving. The Problem Statement ensures that an analysis has been performed to consider whether the business need can be solved without a materiel solution (results of the DOTMLPF analysis); that external influences have been identified; and that success factors have been defined and can be measured (i.e., what is the criteria for verifying the problem has been solved). The Problem Statement also determines if a materiel solution is required.

Program Charter. A companion document to the Business Case that establishes the roles and responsibilities of those involved in planning and executing the program, and the managerial methods for developing and delivering the materiel solution described in the Business Case.