



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

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MEMORANDUM FOR CHIEF ACQUISITION OFFICERS
SENIOR PROCUREMENT EXECUTIVES
CHIEF INFORMATION OFFICERS
CHIEF FINANCIAL OFFICERS

FROM:

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SUBJECT: Contracting Guidance to Support Modular Development

The Federal Government is continuing to reform the way we capitalize on information technology (IT) to better serve the American people. In support of these efforts, the “25 Point Implementation Plan to Reform Federal Information Technology Management” outlined specific actions designed to improve operational efficiency and large-scale IT program management. The purpose of this memorandum is to transmit *Contracting Guidance to Support Modular Development*, which is IT Reform Action Item 15 under this plan.

Historically, as noted in the IT Reform Plan, many IT projects have run over budget, have fallen behind schedule, or have failed to deliver promised functionality. In addition, many of these projects used acquisition and development approaches that aimed to deliver functionality in terms of years, rather than providing new functionality in an incremental manner. These lengthy acquisition and IT development approaches resulted in agencies investing a significant amount of funding towards an outdated technological solution before a system or software capability would be fully deployed, or agencies would encounter budgetary constraints before any substantial work was completed.

One way agencies can address these challenges is to adopt modular development and acquisition approaches. Modular approaches improve investment manageability and budgetary feasibility; reduce overall risk; and support rapid delivery of incremental new functionality.

This document provides guidance to agencies for adopting modular approaches, and presents a variety of factors that acquisition officials, in support of IT managers, will need to consider as they plan for modular development efforts. It also highlights critical success factors for adopting modular approaches, including the need to develop Integrated Program Management Teams (IPTs) to strengthen collaboration among agency IT, program, acquisition, and finance offices in order to design, resource, and manage investments in a modular fashion.

Using this guidance, agencies should assess and adjust their capital planning and investment control, and acquisition planning policies and practices, to more explicitly incorporate modular approaches in IT development and acquisition. Agency adoption of modular development and contracting approaches will be reviewed as part of OMB portfolio, investment, and acquisition reviews (PortfolioStats, TechStats, and AcqStats).

Questions regarding modular development and acquisition policy and approaches should be sent to egov@omb.eop.gov. Please include the word “Modular” in the subject line.