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# Department of Defense DIRECTIVE

January 14, 1993  
NUMBER 8120.1

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ASD(C31)

**SUBJECT:** Life-Cycle Management (LCM) of Automated Information Systems (AISs)

- References:**
- (a) DoD Directive 7920.1, "Life-Cycle Management of Automated Information Systems (AISs)," June 20, 1988 (hereby canceled)
  - (b) Assistant Secretary of Defense for Command, Control, Communications, and Intelligence Memorandum, "Interim Policy for Automated Information Systems," April 9, 1992 (hereby canceled)
  - (c) DoD Directive 8000.1, "Defense Information Management (IM) Program," October 27, 1992
  - (d) DoD Directive 7740.1, "DoD Information Resources Management Program," June 20, 1983
  - (e) through (bb), see enclosure 1

**A. PURPOSE**

This Directive replaces reference (a), supersedes reference (b), implements reference (c), supplements reference (d), and applies the principles of DoD Directive 5000.1 (reference (e)) to update policy, responsibilities, and procedures for DoD LCM of the AISs.

**B. APPLICABILITY AND SCOPE**

This Directive:

1. Applies to the Office of the Secretary of Defense (OSD), the Military Departments (including their National Guard and Reserve components), the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Unified and Specified Commands, the Inspector General of the Department of Defense (IG, DoD), the Defense Agencies, and the DoD Field Activities (hereafter referred to collectively as "the DoD Components").

2. Applies to the life-cycle management of DoD programs, projects, and activities on the design, development, deployment, operation, support, and/or termination and disposal of all AISs (to include migration systems) that support all DoD mission areas, except as specified in subsections B.3. through B.7., below. Although by its terms reference (e) does not apply, acquisition of all AISs shall be managed as consistently as possible with that Directive. The applicability of reference (e) or this Directive is not determined by the

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applicability of the Brooks Act or the Warner Amendment (references (f) and (g)).

3. Does not apply to computer resources, hardware and software that are:

a. Physically part of, dedicated to, or essential in real time to the mission performance of weapon systems;

b. Used for weapon system specialized training, simulation, diagnostic test and maintenance, or calibration; or

c. Used for research and development of weapon systems.

(The computer resources, hardware and software listed in paragraphs B.3.a. through B.3.c., above shall be acquired and managed in accordance with DoD Directive 5000.1 (reference (e)) and Part 6 of DoD Instruction 5000.2 (reference (h))). However, this Directive does apply to the AISs used for routine administrative and business applications in support of computer resources listed in paragraphs B.3.a. through B.3.c., above.)

4. Does not apply to those AISs used exclusively for cryptologic activities.

5. Applies to the AIS programs designated by the Secretary of Defense as highly sensitive, classified AIS programs. Due to the sensitivity of those AIS programs, review shall not be executed by the Major Automated Information System Review Council. Review of those programs shall be conducted in accordance with Part 2 of reference (h), and managed in accordance with DoD Directive O-5205.7 (reference (i)). The Assistant Secretary of Defense for Command, Control, Communications, and Intelligence (ASD(C<sup>3</sup>I)) shall determine on a case-by-case basis if a special OSD acquisition review process should be established for a highly sensitive, classified AIS program.

6. Applies to the maximum extent possible to the AISs for which funding is controlled by the Director of Central Intelligence (DCI) and are managed by the DoD Components. Resource conflicts, should they occur, shall be resolved as directed by the DCI in coordination with the ASD(C<sup>3</sup>I).

7. Applies to the AISs that are developed cooperatively with foreign governments. However, appropriate deviations or waivers may be authorized by the USD(A), with the coordination of the ASD(C<sup>3</sup>I), as necessary, to comply with the stated needs of the foreign government.

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C. DEFINITIONS

Terms used in this Directive are defined in enclosure 2.

D. POLICY

It is DoD policy to:

1. Control expenditures on the AISs to ensure that derived benefits satisfy mission needs to the greatest extent possible and in the most cost-effective manner. The AIS cost estimates shall be determined and defended using functional economic analysis (FEA).

2. Incorporate peacetime, mobilization, and wartime operational requirements for readiness, deployability, survivability, security, safety and sustainability in all AIS programs.

3. Develop and enhance AISs in a manner that maximizes the use of standards-based commercial-off-the-shelf (COTS) products, non-developmental item (NDI) products, and commercial items, minimizes the cost of development and the time to deployment, and achieves earliest possible realization of benefits.

4. Use procurement procedures that reflect a defensible relationship between cost and responsiveness to meet the mission need.

5. Develop the AISs in accordance with strategic plans and budgets.

6. Use DoD standard data definitions, in accordance with DoD Directive 8320.1 (reference (j)).

7. Use LCM review and milestone approval procedures to ensure that all AIS programmatic decisions are based on approved functional requirements and the total anticipated benefits that are expected to be derived over the life of the AIS.

8. Ensure that no funds are obligated for any AIS, in support of an area that has not successfully completed functional process improvement, as required in the Office of the Assistant Secretary of Defense for Command, Control, Communications, and Intelligence Memorandum (reference (k)), and management reviews, as required by section F., below and described in DoD Instruction 8120.2 (reference (l)).

9. Streamline the AIS LCM process by minimizing management layering and delegating review and milestone approval authority to the lowest organizational level commensurate with the resources and risk involved.

10. Structure all program actions, especially solicitations and contract requirements, to allow adequate time for required reviews. That includes such considerations as the timing for exercise of contract options and acceptance of software and hardware based on approval of test results.

11. Tailor procurement procedures, including source selection criteria, financial management structure, and contract structure, to the selected program strategy (see DoD Instruction 8120.2 (reference (1))).

12. Select a contracting approach for each acquisition ensuring that risk is distributed equitably between Government and industry. Consideration should be given to the use of appropriate contract types that are generally used in the industry.

13. Conduct developmental and operational testing, in accordance with DoD Instruction 5000.2 (reference (h)).

14. Operate the AISs in an effective and efficient manner.

#### E. RESPONSIBILITIES

1. The Assistant Secretary of Defense for Command, Control, Communications, and Intelligence shall:

a. As the senior information management (IM) official, serve as the DoD milestone decision authority (MDA) for the major AIS programs.

b. Establish, issue, and update the AIS LCM policies and guidance.

c. Develop and issue the procedures necessary to ensure compliance with this Directive.

d. Provide for reviews of the major AISs.

2. The OSD Principal Staff Assistants and the Chairman of the Joint Chiefs of Staff, in their areas of responsibility, shall:

a. Assess and simplify, in accordance with DoD Directive 8000.1 (reference (c)) and the Office of the Assistant Secretary of Defense for Command, Control, Communications, and Intelligence Memorandum (reference (k)), functional processes and practices, and approve functional requirements.

b. Serve as the proponent for all functional issues and provide consultation to the MDA on such issues throughout the life-cycle.

c. Establish functional procedures to ensure that users identify, define, and prioritize needs and participate in all of the LCM phases and continually reassess the operational adequacy of an AIS.

d. Provide appropriate functional guidance to the DoD Components to ensure that the AISs effectively support validated functional needs and that common functional requirements are supported with the common AISs.

e. Participate in assessments of the major AISs and serve as the DoD functional proponent, including validation and/or revalidation of the AIS mission need statement.

f. Accomplish the following for AIS programs:

(1) Designate the lead acquisition authority.

(2) Review and approve the AIS program manager (PM) charters for the major AISs. The OSD Principal Staff Assistants (PSAs) and the Chairman of the Joint Chiefs of Staff may review and approve the AIS PM charters for the nonmajor AISs at their discretion.

(3) Ensure that the DoD senior IM official is immediately advised in writing by the lead acquisition authority through the OSD PSA when an AIS is expected to meet the criteria of a major AIS.

g. None of the responsibilities in paragraphs E.2.a. through E.2.f., above, will be interpreted or exercised in a way that usurps the responsibilities of the MDA.

3. The Chairman of the Joint Chiefs of Staff shall participate in the assessment of each major AIS, according to the procedures in DoD Instruction 8120.2 (reference (1)), to ensure that the perspective of the Chairman of the Joint Chiefs of Staff from a functional view and to ensure that interoperability and the joint perspective of the unified and specified commands are fully considered.

4. The Assistant Secretary of Defense (Program Analysis and Evaluation) shall:

a. Participate in the assessment of each major AIS program, according to procedures in DoD Instruction 8120.2 (reference (1)), consistent with assigned responsibilities.

b. Update or issue guidance, in coordination with the ASD(C3I) and the Comptroller of the Department of Defense, on requirements for development of and validation of the AIS

program cost estimates, life-cycle cost estimates, independent cost estimates, benefit analyses, and FEAs.

c. Conduct or delegate responsibility for the independent life-cycle cost and benefit review and validation of program cost estimates, life-cycle cost estimates, independent cost estimates, benefit analyses, and the FEAs.

5. The Comptroller of the Department of Defense shall:

a. Participate in the assessment of each major AIS, according to procedures in DoD Instruction 8120.2 (reference (1)), consistent with assigned responsibilities.

b. Perform program and budget analysis consistent with the Planning, Programing, and Budgeting System (PPBS).

c. Ensure that the MDA decisions are considered in the development of the DoD budget.

6. The Under Secretary of Defense (Acquisition) shall:

a. Participate in the assessment of each major AIS, according to procedures in reference (1), consistent with assigned responsibilities.

b. Issue policies and guidance governing the conduct of developmental test and evaluation of the AISs in coordination with the ASD(C3I).

c. Bring to the ASD(C3I)'s attention issues concerning AISs being developed cooperatively with foreign governments.

7. The Director, Operational Test and Evaluation, shall:

a. Participate in the assessment of each major AIS, according to procedures in reference (1), consistent with assigned responsibilities.

b. Update or issue policies and guidance governing the conduct of operational test and evaluation of the AISs, including guidance for the development of critical operational test criteria for the AISs, in coordination with the ASD(C3I).

c. Provide independent operational test assessments and reports, as required by law.

8. The Heads of the DoD Components shall:

a. Issue policies and procedures, consistent with this Directive and reference (1). This shall include establishing

thresholds for the milestone decision authority and LCM reviews for the nonmajor AISs.

b. Develop, coordinate with the ASD(C<sup>3</sup>I) and the OSD PSAs, and implement management review and milestone approval processes and procedures, consistent with this Directive and DoD Instruction 8120.2 (reference (l)).

c. Serve as the MDA, when that responsibility is delegated by the ASD(C<sup>3</sup>I) to the DoD Component Head.

d. Ensure that the policies and procedures of the FAR, FIRMR, and DFARS (references (m), (n), and (o)) are followed in the planning, acquisition, and operations of the AISs.

e. Ensure that assignment of the AIS PMs is in accordance with DoD 5000.52-M (reference (p)), and, for the AISs under the DoD Component's acquisition authority, issue the AIS PM charters as approved by the appropriate OSD PSA or the Chairman of the Joint Chiefs of Staff.

#### F. PROCEDURES

1. Mission area and/or functional area analysis and strategic planning shall be performed, in accordance with the Office of the Assistant Secretary of Defense for Command, Control, Communications, and Intelligence Memorandum and DoD Directive 7740.2 (references (k) and (q)).

2. The AIS programs shall be baselined and a program baseline document shall be developed, in accordance with DoD 7920.2-M (reference (r)).

#### 3. Milestone Approval

a. Milestone decision points may be tailored consistent with the approved program strategy (see reference (l)). Tailoring must be specifically approved, and documented, by the MDA.

b. Each AIS program is subject to milestone approval at the completion of each LCM phase prescribed by section D., above and reference (l), except as tailored for the individual program and approved by the designated MDA. Milestone approval, conditional milestone approval, or approval for specified activities must be obtained before program management may proceed with activities in the next LCM phase. A review is successfully completed when the designated MDA makes management judgments on what program activities may be permitted and specifically authorizes those activities in a system decision memorandum.

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c. The MDA shall be:

(1) For the major AIS programs, the DoD senior IM official, as designated in DoD Directive 5137.1 (reference (s)). This authority may be redelegated to the lead acquisition authority or to the DoD Component Head. This authority may be further redelegated by the DoD Component Head to the DoD Component Acquisition Executive or the senior IM official. All milestone decisions shall be coordinated with the appropriate OSD PSA(s).

(2) For the nonmajor AIS programs, the DoD Component Head. This authority may be redelegated to the lowest level appropriate and consistent with section D., above and DoD Instruction 8120.2 (reference (1)), and shall be executed in accordance with procedures established by the respective DoD Component Heads and the OSD PSAs.

d. When the DoD MDA delegates the authority to approve a milestone or milestones for a major AIS program, that AIS program shall be subject to formal review and milestone approval by the designated MDA. The MDA responsibility can be further delegated. The DoD MDA shall be notified of further delegation of the MDA responsibility for the delegated major AISs.

e. The nonmajor AIS programs shall be subject to the lead acquisition authority's review and milestone approval consistent with the policy and procedures in this Directive and reference (1).

4. AIS life-cycle costs shall be determined consistent with the definition of life-cycle costs in DoD Instruction 5000.33 (reference (t)), except as modified by this Directive. Actual AIS costs shall be accounted for, in accordance with DoD 7220.9-M (reference (u)).

5. When the Government provides industry with the opportunity to propose alternative solutions to meet its functional requirements, in accordance with OMB Circular A-109 (reference (v)), AIS support plans shall be appropriately adapted to support that acquisition strategy.

6. AIS planning and design shall have adequate internal controls that provide reasonable assurance that the recording, processing, and reporting of data are properly performed during operation of the AIS, and that there is conformance with applicable security regulations, policy, and requirements, in accordance with DoD Directive 5200.28 (reference (w)).

7. The AIS life-cycle planning shall consider the following three elements typically comprising an AIS; i.e., data,



applications, and supporting technical infrastructure. Each of those AIS elements has a unique life expectancy requiring distinct development, testing, and maintenance approaches that must be accommodated.

8. The AIS program execution shall adhere to DoD information technology policies, and program review activities shall validate conformance to those policies.

9. Development, implementation, and maintenance of software shall be guided by the principles of DoD Directive 3405.1 (reference (x)).

10. Critical operational test criteria shall be established by the functional user, agreed to by the lead acquisition authority, and documented in the AIS program baseline, in accordance with DoD 7920.2-M (reference (r)). The critical operational test criteria shall be objective, unambiguous, and used to evaluate the operational effectiveness and suitability of the AIS.

11. Each AIS shall be field tested at one or more representative operational sites against approved critical operational test criteria using operational data. The field test results shall be certified for adequacy by appropriate functional authorities at the conclusion of operational testing.

12. Each AIS modernization and/or modification shall be managed in accordance with this Directive. A modernization and/or modification is any change to an existing AIS that results in improved capability or performance of the baselined AIS, to include those AISs that have been designated to evolve to meet multi-Component functional requirements. For purposes of the applicability of this Directive, modernization includes replacement of "outdated" ADP equipment regardless of the age of the equipment or its commercial availability. Modernization does not include hardware or software upgrades incidental to the operation of an AIS, as long as the aggregate annual cost for such hardware or software upgrades does not exceed the lower of 10 percent of the AIS program cost or 1 million dollars (all costs expressed in fiscal year (FY) 1990 dollars). Examples of upgrades incidental to operations include the following:

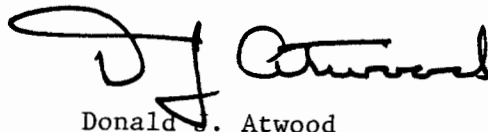
- a. Replacement of a COTS package with a more recent version.
- b. Addition of more capable storage, processing, or printing devices.
- c. Software maintenance required to fix problems that are within the scope of the existing AIS program baseline.

d. Addition or modification of data.

G. EFFECTIVE DATE AND IMPLEMENTATION

1. This Directive is effective immediately. Forward one copy of implementing documents to the Assistant Secretary of Defense for Command, Control, Communications, and Intelligence within 120 days.

2. This Directive shall not be supplemented, except as prescribed by statute, specifically authorized herein, or with the prior approval of the Secretary or the Deputy Secretary of Defense.



Donald S. Atwood  
Deputy Secretary of Defense

Enclosures - 2

1. References
2. Definitions

REFERENCES, continued

- (e) DoD Directive 5000.1, "Defense Acquisition," February 23, 1991
- (f) Section 759 of title 40, United States Code (Brooks Act)
- (g) Section 2315 of title 10, United States Code (Warner Amendment)
- (h) DoD Instruction 5000.2, "Defense Acquisition Management Policies and Procedures," February 23, 1991
- (i) DoD Directive O-5205.7, "Special Access Program (SAP) Policy," January 4, 1989
- (j) DoD Directive 8320.1, "DoD Data Administration," September 26, 1991
- (k) Office of the Assistant Secretary of Defense for Command, Control, Communications, and Intelligence Memorandum, "Interim Management Guidance on Functional Process Improvement," August 5, 1992
- (l) DoD Instruction 8120.2, "Automated Information Systems (AIS) Life-Cycle Management (LCM) Proces, Review, and Milestone Approval Procedures," January 14, 1993
- (m) Federal Acquisition Regulation, current edition
- (n) Title 41, Code of Federal Regulations, Part 201, "The Federal Information Resources Management Regulation," current edition
- (o) Defense FAR Supplement (DFARS), current edition
- (p) DoD 5000.52-M, "Career Development Program for Acquisition Personnel," November 1991, authorized by DoD Directive 5000.52, "Defense Acquisition Education, Training, and Career Development Program," October 25, 1991
- (q) DoD Directive 7740.2, "Automated Information System (AIS) Strategic Planning," July 29, 1987
- (r) DoD 7920.2-M, "Automated Information System Life-Cycle Management Manual," March 1990, authorized by DoD Instruction 8120.2, January 14, 1993
- (s) DoD Directive 5137.1, "Assistant Secretary of Defense for Command, Control, Communications, and Intelligence," February 12, 1992
- (t) DoD Instruction 5000.33, "Uniform Budget/Cost Terms and Definitions," August 15, 1977
- (u) DoD 7220.9-M, "Department of Defense Accounting Manual," October 1983, authorized by DoD Instruction 7220.9, October 22, 1989
- (v) Office of Management and Budget Circular No. A-109, "Major System Acquisitions," April 5, 1976
- (w) DoD Directive 5200.28, "Security Requirements for Automated Information Systems (AISs)," March 21, 1988
- (x) DoD Directive 3405.1, "Computer Programming Language Policy," April 2, 1987
- (y) DoD Instruction 7041.3, "Economic Analysis and Program Evaluation for Resource Management," October 18, 1972

- (z) DoD 5200.1-R, "Information Security Program Regulation," June 1986, authorized by DoD Directive 5200.1, June 7, 1982
- (aa) DoD Directive 5025.1, "Department of Defense Directives System," December 23, 1988
- (bb) Section 2403 of title 10, United States Code

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DEFINITIONS

1. AIS Mission Need Statement (MNS). A statement of operational capability required to perform an assigned mission or to correct a deficiency in existing capability to perform a mission.
2. AIS Program. A directed and funded AIS effort, to include all migration systems, that is designed to provide a new or improved capability in response to a validated need.
3. AIS Program Manager (PM). The principal official responsible for planning, directing, and managing the AIS program activities during the "Concept Exploration and Definition," "Demonstration and Validation," "Development," and "Production and Deployment" LCM phases. The AIS PM must meet the qualifications, as stated in DoD 5000.52-M (reference (p)).
4. Automated Information System (AIS). A combination of computer hardware and computer software, data and/or telecommunications, that performs functions such as collecting, processing, transmitting, and displaying information. Excluded are computer resources, both hardware and software, that are: physically part of, dedicated to, or essential in real time to the mission performance of weapon systems; used for weapon system specialized training, simulation, diagnostic test and maintenance, or calibration; or used for research and development of weapon systems.
5. Commercial Items. Items regularly used in the course of normal business operations for other than Government purposes which:
  - a. Have been sold or licensed to the general public;
  - b. Have not been sold or licensed, but have been offered for sale or license to the general public;
  - c. Are not yet available in the commercial marketplace, but will be available for commercial delivery in a reasonable period of time;
  - d. Are described in definitions 5.a. through 5.c., above, that would require only minor modification in order to meet the requirements of the procuring agency. (Part 211 of the DFARS (reference (o))).
6. Commercial-Off-The-Shelf (COTS). Commercial items that require no unique government modifications or maintenance over the life cycle of the product to meet the needs of the procuring agency.

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7. Functional Economic Analysis (FEA). A structured proposal that serves as the principal part of a decision package. It includes an analysis of functional process needs or problems; proposed solutions, assumptions, and constraints; alternatives; life-cycle costs; benefits and/or cost analysis; and investment risk analysis. It is consistent with, and amplifies, existing DoD economic analysis policy in DoD Instruction 7041.3 (reference (y)).

8. Highly Sensitive, Classified Program. A type of special access program established, in accordance with DoD 5200.1-R, (reference (z)).

9. Lead Acquisition Authority. The DoD Component, designated by the OSD PSA, responsible for the management of the acquisition. If an AIS program involves multiple acquisitions by several DoD Components, the OSD PSA shall designate one DoD Component to serve as the lead.

10. Life-Cycle Cost. The total cost to the Government for an AIS over its full life. It includes the cost of requirements analyses, design, development, acquisition and/or lease, operations, support and, where applicable, disposal. It encompasses both contract and in-house costs, all cost categories and all related appropriations.

11. Life-Cycle Management (LCM). A management process, applied throughout the life of an AIS, that bases all programmatic decisions on the anticipated mission-related and economic benefits derived over the life of the AIS.

12. Life-Cycle Management (LCM) Milestone. The decision point, separating the phases of an AIS life cycle, at which the AIS status is assessed for fitness to proceed to the next phase. The activities that have been performed in the preceding LCM phase, the status of program execution and program management's plans for the remainder of the program are assessed, and exit criteria for the next LCM phase are established during the milestone review and decision process. The LCM milestones are as follows:

- a. Milestone 0. "Concept Studies Decision."
- b. Milestone I. "Concept Demonstration Decision."
- c. Milestone II. "Development Decision."
- d. Milestone III. "Production Decision."
- e. Milestone IV. "Major Modification Decision."

13. Life-Cycle Management (LCM) Phases

- a. Phase 0. "Concept Exploration and Definition."
- b. Phase I. "Demonstration and Validation."
- c. Phase II. "Development."
- d. Phase III. "Production and Deployment."
- e. Phase IV. "Operations and Support."

A description of LCM phases and milestones and activities to be accomplished in LCM phases is in DoD Instruction 8120.2 (reference (1)).

14. Major Automated Information System (AIS). An AIS that is not a highly sensitive, classified program (as determined by the Secretary of Defense) and that:

- a. Has anticipated program costs, computed in FY 1990 dollars, in excess of 100 million dollars; or
- b. Has estimated program costs, computed in FY 1990 dollars, in excess of 25 million dollars in any single year; or
- c. Has estimated life-cycle costs, computed in FY 1990 dollars, in excess of 300 million dollars; or
- d. Is so designated by the MDA.

For the purpose of determining whether an AIS is major, the separate AISs that constitute a multielement program, or that make up an evolutionary or incremental development program, or make up a multi-Component AIS program, shall be aggregated and considered a single AIS. Funding from any Government source (to include the Defense Business Operations Fund) required to implement fully an AIS shall be included in the program and life-cycle costs. Investment costs that are deferred or amortized as leased or outservice costs over the life-cycle of the AIS and are incurred instead of capital investment shall also be included in the program and life-cycle costs. Government-furnished equipment and services (GFE&S) obtained to implement the AIS shall be included in program and life-cycle costs. In some cases proration of GFE&S costs to an AIS shall be appropriate based on the portion of the GFE&S required to support the AIS. For example, if a personal computer (PC) is leased from the Defense information infrastructure and computer time on a mainframe computer is obtained, the leasing costs for the PC and the computer time costs for usage of the mainframe are included in the costs of that AIS. However, the purchase price of the PC

and the purchase price of the mainframe computer are not included in the costs of that AIS.

15. Migration System. An existing AIS, or a planned and approved AIS, that has been officially designated to support standard processes for a functional activity applicable DoD-wide or DoD Component-wide.

16. Milestone Decision Authority (MDA). The individual with authority to approve entry of an AIS into the next phase.

17. Multi-Component AIS. An AIS designated for operational use by more than one DoD Component.

18. Nondevelopmental Item (NDI).

a. Any item that is available in the commercial marketplace;

b. Any previously developed item that is in use by a department or agency of the United States, a State or local government, or a foreign government with which the United States has a mutual defense cooperation agreement;

c. Any item described in definition 18.a. or 18.b., above, that requires only minor modification in order to meet the requirements of the procuring agency; or

d. Any item that is currently being produced that does not meet the requirements of definition 18.a. through 18.c., above, solely because the item is not yet in use or is not yet available in the commercial marketplace.

19. Nonmajor AIS. An AIS other than a major AIS or a highly sensitive, classified program.

20. OSD Principal Staff Assistants (OSD PSAs). The Under Secretaries of Defense; the Assistant Secretaries of Defense; the IG, DoD; the C, DoD; the Assistants to the Secretary of Defense; and the OSD Directors, or equivalents, who report directly to the Secretary or the Deputy Secretary of Defense.

21. Program Cost. The total of all expenditures, in any appropriation and fund, directly related to the AIS definition, design, development, and deployment, and incurred from the beginning of the "Concept Exploration and Definition" phase through deployment at each separate site. For incremental and evolutionary program strategies, program cost includes all increments. Program cost does not include operations and support costs incurred at an individual site after operational cutover of any increment at that site, even though there may exist other



sites that have not yet completed deployment. For general guidance and discussion, see DoD Instruction 5000.33 (reference (t)).

22. System Decision Memorandum (SDM). A memorandum signed by the MDA documenting decisions made and the exit criteria established as the result of a milestone decision review or an in-process review (see DoD Instruction 8120.2 (reference (l))).

23. Weapon System. Items that can be used directly by the Armed Forces to carry out combat missions and that cost more than 100,000 dollars or for which the eventual total procurement cost is more than 10 million dollars. That term does not include commercial items sold in substantial quantities to the general public. (Section 2403 of 10 U.S.C., reference (bb))

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