Defense Business Systems Investment Management Process Guidance

June 2012

Office of the
DEPUTY CHIEF
MANAGEMENT OFFICER

Executive Summary

Section 901 of the Fiscal Year 2012 National Defense Authorization Act (FY2012 NDAA), now codified at Title 10 United States Code § 2222, includes significant changes to the requirements for investment review and certification of defense business systems before funds, whether appropriated or non appropriated, can be obligated. Continuing to build on existing statutory guidance that requires Business Process Reengineering (BPR) and alignment to the Business Enterprise Architecture (BEA), Section 901 requires the establishment of a single Investment Review Board (IRB) chaired by the DoD Deputy Chief Management Officer (DCMO) and an investment management process, consistent with section 11312 of Title 40. It also significantly expands the scope of systems requiring certification to include any business system with a total cost in excess of $1M over the period of the current future–years defense program, regardless of type of funding or whether any development or modernization is planned. In the prior IRB process, approximately $1.8 billion in funding was assessed and certified each year. The expanded scope in Section 901 will result in virtually all of the $7.4 billion in estimated FY 2013 business system information technology (IT) funding being assessed and certified. These significant changes require a new investment management process for the Department of Defense (DoD or the "Department").

This document provides initial Departmental guidance for implementation of the Section 901 requirements. This guidance is effective for the certification of covered defense business system funding beginning in FY 2013, whether appropriated or non appropriated. The processes described in this document are effective immediately so that certifications are in place prior to the start of the new fiscal year. It applies to all DoD Components.

The significant expansion in scope of the new legislation will require active participation at all levels across DoD to enable an integrated, portfolio-based approach for the annual evaluation and funds certification of defense business system investments. First, a functional view will be used to see how a proposed investment fits within the broader portfolio for that functional area. Second, an organizational view will be used to see how the proposed investment aligns to the mission outcomes and priorities of the DoD Component. Finally, we will continue to map investments to their appropriate "End-to-End" business process to ensure that we collectively optimize business operations.

The first step in the new investment management process will be the development and review of Functional Strategies that are created by the appropriate business line owner (DoD Principal Staff Assistant (PSA)). Informed by the Quadrennial Defense Review (QDR) and the DoD Strategic Management Plan (SMP), Functional Strategies will provide guidance to DoD Components on the strategic vision, goals, priorities, outcomes, measures and any mandatory enterprise solutions for a given functional area (e.g., financial management, human resources, etc.).

Next, Organizational Execution Plans will be developed by each DoD Component (e.g., Military Department, Defense Agency, etc.). These Plans will be organized by functional area and will demonstrate how the Component intends to make prudent business system investments that align with the Department's functional strategies, as well as demonstrating cross functional integration and any other mission imperatives of the Component.

The DoD Defense Business Council (DBC) will serve as the governing body for the single IRB as described in the statute. During the month of June, DBC members will review Functional Strategies. During the month of July, Components will develop Organizational Execution Plans and

ensure that business system data is accurate and complete. Then, during the months of August and September, the DBC members will assess Component Organizational Execution Plans and provide recommendations to the Chair on certification of funds. The DCMO, who serves as both chair of the DBC/IRB and as Vice Chair of the Defense Business Systems Management Committee (DBSMC) will approve Organizational Execution Plan certifications and record the outcomes in decision memoranda on behalf of the DBSMC.

This new investment management approach will allow for an expansive and thorough look at how investments within a given functional or organizational portfolio fit and help to ensure that the Department is making smart investments that align to mission priorities. The process focuses on DoD Components taking responsibility for reviewing and aligning all business system investments within their Component prior to bringing their Organizational Execution Plan to the DBC. This process also helps to align a number of other statutorily required activities. Functional strategies will help to expand and refine the Department's Strategic Management Plan. Organizational Execution Plans will serve as the basis for the Department's Enterprise Transition Plan (ETP), become the "Target Defense Business Systems Computing Environment," and be incorporated into the Department's BEA. The integrated business framework described in this document is depicted in Figure 1 below.

The Department of Defense budgets over $7 billion a year for business system investments. This investment management process will ensure that investments are aligned to strategies, allow the Department to make more informed investment decisions, eliminate legacy systems that are no longer required, enhance interoperability, and help the Department to transform to an environment where business applications are able to be rapidly deployed on a common computing infrastructure. The process will also ensure that each investment is an appropriate use of taxpayer dollars and aligns to the Department's architecture and our shared goal of delivering agile, effective and efficient business solutions that support and enable our warfighters.
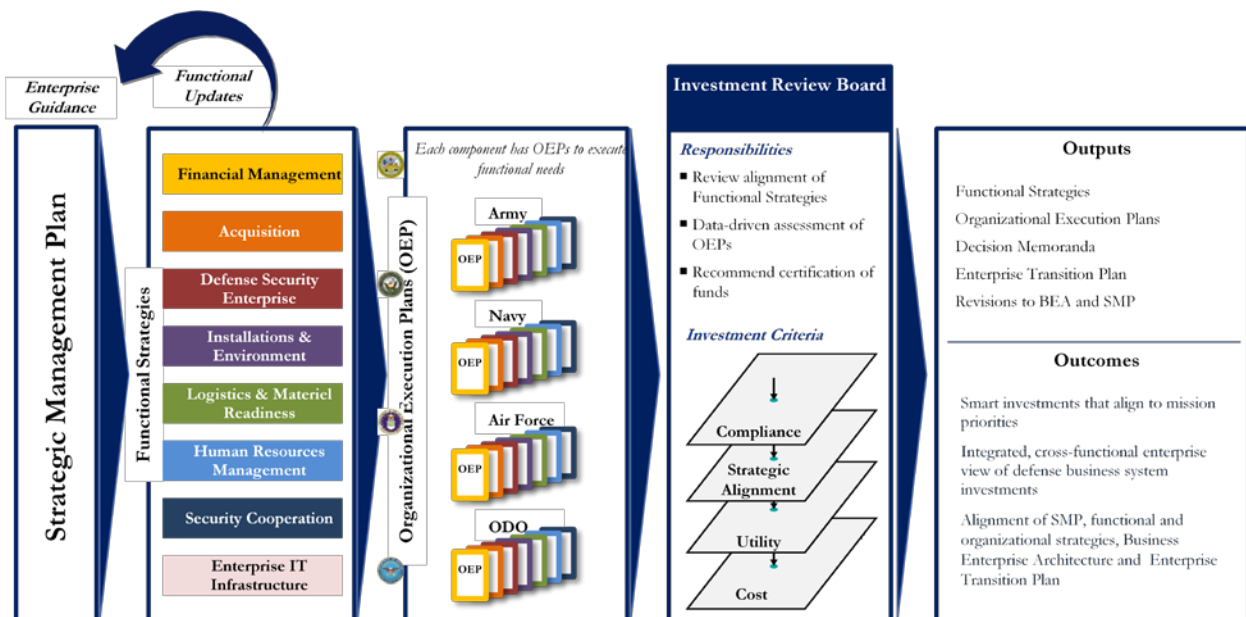

Figure 1 – Integrated Business Plan Framework

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1.   Background

Section 901 of the FY2012 NDAA (codified at Title 10 United States Code § 2222) (hereinafter Section 901 or 10 U.S.C. section 2222), enclosed as Appendix A, continues the evolution and refinement of the investment management process first legislated in the FY2005 NDAA. It eliminates the use of multiple, functionally-oriented Investment Review Boards (IRBs) that focused on the review and certification of Defense business system (DBS) modernizations, and replaces it with a new investment management approach. The new process has a significantly broader scope, including the certification of all covered DBS programs regardless of fund source for acquisition, modernization, or sustainment that are expected to have total costs greater than $1 million over the period of the current Future-Years Defense Program (FYDP). The new IRB will review portfolios of DBSs prior to funds certification. The Department will continue to use the GAO's Information Technology Investment Management (ITIM) model to assess its ability to comply with the capital planning and investment control requirements of section 11312 of Title 40 U.S.C.

Section 901 also continues to emphasize Business Process Reengineering (BPR), strengthens the integration of the Business Enterprise Architecture (BEA) and the Enterprise Transition Plan (ETP), and redefines governance roles and responsibilities within the investment management process. Specifically, Section 901 enables a single IRB, chaired by the DCMO, to have a cross-functional, enterprise-wide view for evaluating DBS investments for certification and periodic review.

The foundation for the new process and the context for portfolio review is the introduction of Functional Strategies developed by the business line owners, known as Principal Staff Assistants (PSAs). Functional Strategies define business outcomes, priorities, measures, and standards. Organizational Execution Plans will be developed by each Component to articulate their planned approach to aligning to and implementing their part of the Functional Strategies. These strategies will be used to inform the BEA, as well as inform the Components' business strategies and technology portfolios. The intent is to leverage the right technology to meet the Department's mission and ensure that we deliver agile, effective and efficient business solutions that support and enable our warfighters.

2. Purpose and Scope

Purpose

This document provides guidance for implementation of Section 901 of the FY2012 NDAA (amending 10 U.S.C. § 2222) for the certification and periodic review of DBSs. It defines key terms (Appendix B) and acronyms (Appendix C) and outlines the investment management process that will be used to comply with the statute. This document will assist users in understanding:

- The DoD's shift to an investment review and certification approach that groups DBSs into portfolios (by functions and sub-functions) to promote visibility across the DoD's business mission area (BMA), to eliminate redundancy and enhance interoperability of DBSs, and to foster an end-to-end view that enables integration across the DoD's business enterprise;
- The development and use of Functional Strategies and their alignment to the DoD's strategic goals and priorities;
- The development and use of Organizational Execution Plans that present portfolios of systems, by functional area, for each DoD Component for review, evaluation and certification; and
- The incorporation of the content of both Functional Strategies and Organizational Execution Plans into the BEA.

Scope

This guidance applies to all DoD Components for the certification of covered defense business system funding beginning in FY 2013, whether appropriated or non appropriated. Systems requiring certification include any business system with a total cost in excess of $1M over the period of the current future–years defense program, regardless of type of funding or whether any development or modernization is planned. The processes described in this document are effective immediately so that certifications are in place prior to the start of the new fiscal year.

Requirements to obligate funds in FY 2012 for DBS modernizations already subject to IRB certification and review requirements will continue to be processed under the existing IRB governance and investment management structures. These program reviews and certifications will be conducted using virtual processes to the maximum extent practicable. All remaining FY 2012 certification requests need to be provided to the appropriate IRB by 14 August 2012.

All DBSs covered by the expanded scope of Section 901 that intend to obligate funds in FY 2013 and beyond will be reviewed using the new process beginning in August 2012. It is crucial to note that failure to comply with the certification requirements of Title 10 U.S.C. § 2222 may result in a violation of Title 31 U.S.C. § 1341(a)(1)(A).

This guidance supersedes the *DoD IT Defense Business Systems Investment Review Process Guidance*, dated January 2009. It is not intended to replace policy or instructions related to the Defense Acquisition System (DAS) or the Planning, Programming, Budgeting and Execution (PPBE) process.

3. Investment Management Process

As shown in Figure 2, this section outlines the new Investment Management Process. The process begins with the development of Functional Strategies by the appropriate DoD Principal Staff Assistants that represent the vision for the functional area and outline key goals, objectives and performance measures to track progress. Next, DoD Components will develop their Organizational Execution Plans. Organizational Execution Plans will demonstrate the Components' efforts to align system investments with these Functional Strategies to drive value in the DoD's business IT investment portfolio. An Organizational Execution Plan contains an assembly of investments aligned to an execution strategy that is reviewed and approved by the single IRB. The IRB recommends Organizational Execution Plans to the DBSMC for approval of funds certification. Upon certification, Organizational Execution Plans will become the basis for the ETP and be represented in the BEA. Additionally, the IRB will highlight and define investment priorities within these plans while ensuring integration with the Department's budgeting and acquisition processes.
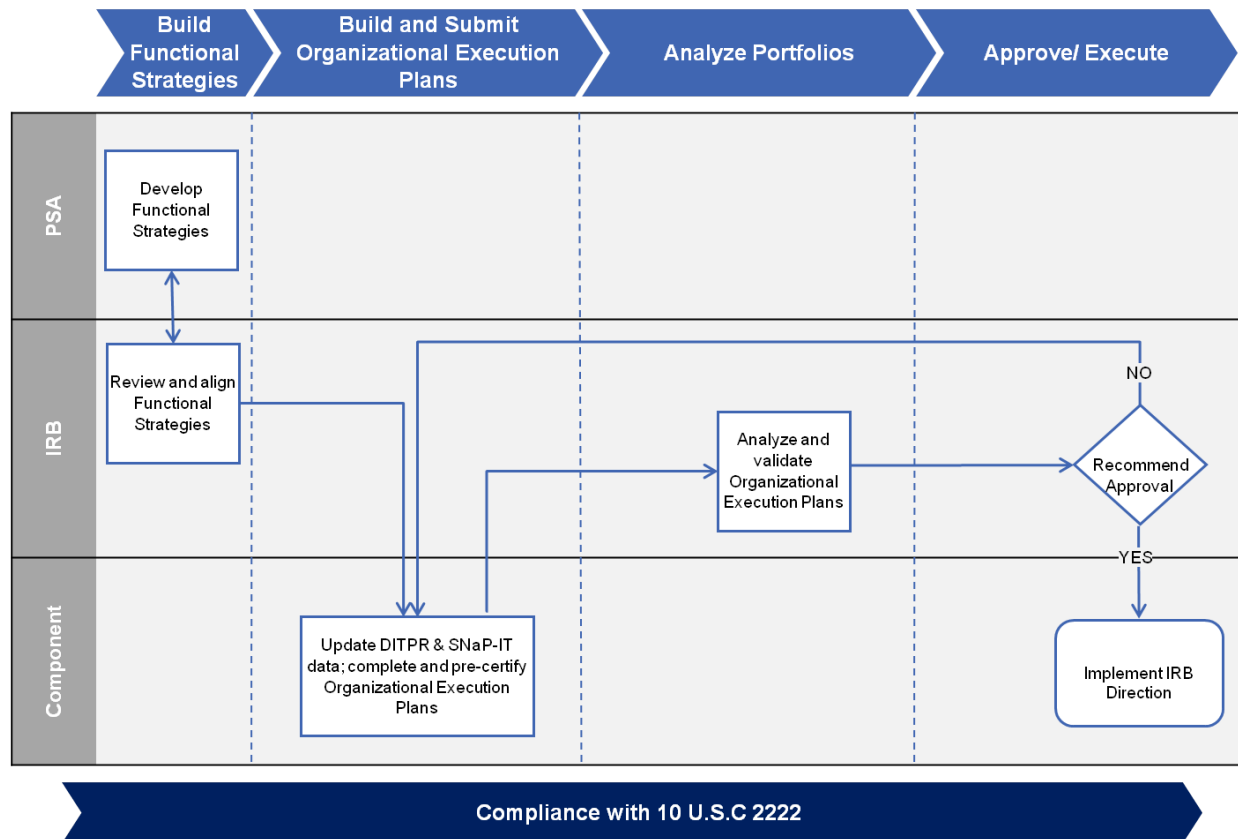

Figure 2 – Investment Management Process Overview

3.1 Functional Strategies

The Functional Strategy is the core document that describes each business area's strategic vision, goals, and targeted outcomes over the next three to five years. It identifies and prioritizes activities and provides guidance to Components as they assemble systems investments into portfolios that link back to the appropriate Functional Strategies. In addition, Functional Strategies should be informed by the strategies for the other DoD business areas in order to ensure integration, alignment and interoperability across the Department.

Functional Strategies will be developed by the appropriate Principal Staff Assistant (PSA) for each of the following business areas:

- Financial Management (USD Comptroller)

- Acquisition (USD Acquisition, Technology and Logistics (AT&L))

- Defense Security Enterprise (USD Intelligence)

- Logistics & Materiel Readiness (USD AT&L)

- Installations & Environment (USD AT&L)

- Human Resources Management (USD Personnel and Readiness)

- Security Cooperation (USD Policy)

- Enterprise IT Infrastructure (DoD Chief Information Officer)

The Enterprise IT Infrastructure Strategy is different from the other functional strategies, given its cross-cutting nature and infrastructure focus. The strategy for Enterprise IT Infrastructure will provide the DoD CIO's requirements to support the Joint Information Environment (JIE) that will be used by all functional areas and Components.

Functional Strategies may be organized to provide guidance across an entire functional area, or, as appropriate, may be organized to provide specific guidance for each specific sub-function within a business area (e.g. Budget as a sub-function of Financial Management). While all Functional Strategies may not be fully mature during this first round of review, initial submissions will help to highlight where additional work is required.

After presentation to the IRB/DBC, Functional Strategies will be documented as adopted for use in developing DoD Component Organizational Execution Plans. The content of these Strategies will be incorporated into the next version of the BEA and will also support BPR efforts, depending on the specific goals and objectives.

Functional Strategy Development

Functional Strategies represent a crucial component of the strategic planning process for the business mission area. They should identify and define sub-functional areas (e.g., for financial management, three sub-functions are identified: budget, financial operations and reporting). As these strategies evolve, functional goals and objectives will become more closely integrated across business areas to present a seamless DoD enterprise business strategy.

Elements

Functional Strategies should contain the following key elements to effectively communicate the desired course of action over the next three to five years. The most critical elements include the Strategic Vision for the business area, goals that will lead to accomplishment of the vision, and desired outcomes for each goal.

Below are the key required elements for each Functional Strategy:

LINKAGE TO STRATEGIC MANAGEMENT PLAN (SMP): This element should demonstrate a clear linkage to DoD business goals as outlined in the SMP.

GOALS: This element outlines the key goals that must be accomplished in order for the business area to achieve its desired vision. Typically, a business area should outline three to four goals and each should be specific, measurable, actionable, realistic, and timely.

OUTCOME STATEMENT(S): This element defines measurable outcomes that are aligned to each goal. Outcomes represent the desired end-state when each goal has been achieved.

PERFORMANCE MEASURES: This element outlines measurable targets to assess progress toward accomplishment of stated goals and outcomes. Multiple performance measures should be identified for each goal to track progress. It is a standard or basis for comparison – an assessment using quantitative data (e.g., cost, production, defect, and time) tracked incrementally over a specified period. Measures can assess performance, financial benefits, and non-financial benefits. Lastly, a baseline for each performance measure should be included along with targets against that baseline and a rationale for the identified targets.

SUB-FUNCTIONAL AREA: This element provides the ability to sub-divide the functional business area into manageable portions, based on BEA operational activities, to better communicate the strategic vision.

ASSUMPTION(S): This element outlines any assumptions made in developing the strategy.

LAWS, REGULATIONS, AND POLICIES: This element identifies key laws, regulations, and/or policies that guide the Functional Strategy. These laws, regulations, and policies shall be represented in the BEA and aligned to sub-functions.

CONSTRAINTS: This element outlines the factors that constrain efficient and effective achievement of outlined goals and objectives. Functional Strategies should challenge existing constraints and emphasis should be placed on removing them through appropriate means.

STANDARDS: This element identifies any required standards to be used as part of the Functional Strategy. Standards should be incorporated into goals and outcomes, and be documented in the next BEA version.

RISKS: This element identifies the potential inability to achieve overall Functional Strategy goals and outcomes. Risk has two components: 1) the probability/likelihood of failing to achieve a particular goal or outcome, and 2) the consequences/impacts of failing to achieve that goal or outcome.

DEPENDENCIES: This element identifies dependencies within the Functional Strategy and with other business areas. This section will evolve over time as Functional Strategies become more integrated.

ENTERPRISE SOLUTIONS AND SYSTEMS: This element should identify any requirement to use an existing enterprise solution or system. The strategy should distinguish whether an enterprise solution is mandatory for use or mandatory for the provision/exchange of information. Future mandatory systems should also be identified for planning purposes. The Strategy should explicitly state if there are no enterprise-level solutions/systems currently identified for that business area. Future proposals for consideration of an enterprise solution or system must include a business case.

A Functional Strategy Template can be found in Appendix D.

3. 2 Organizational Execution Plans

Organizational Execution Plans represent a Component's entire business IT spend plan. They also reflect the Component's portfolio of business IT investments aligned to the Department's Functional Strategies as well as taking into account any other Component imperatives and priorities.

Organizational Execution Plans should be organized by functional area and must, at a minimum:

- Depict alignment to the appropriate Functional Strategies;
- Present a portfolio of applicable Component systems by functional area and sub-function;
- Enable visibility across the DoD and Component's business enterprise at the functional level;
- Represent the Component's plan for enhancing the efficiency and effectiveness of its systems investments;
- Be the basis for funds certification, which will be documented in an Investment Decision Memorandum (IDM);
- Provide views of authoritative data from the Defense Information Technology Portfolio Repository (DITPR) and the Select and Native Programming Data Input Systems for Information Technology (SNaP-IT) as a means to describe current business system investments;
- Be incorporated as an element of the BEA; and
- Represent all business IT spend for a particular Component.

Organizational Execution Plans (see Figure 3 below) must be arranged in a manner that provides the flexibility for an organization to array and present its investments as determined by the appropriate Pre-Certification Authority (PCA) (see "Section 4: Governance"). The PCA provides oversight for the development of the Organizational Execution Plan and approves the plan for submission to the IRB/DBC through issuance of a Portfolio Certification Request. In addition to the certification request, the Organizational Execution Plan includes a Portfolio Briefing and validated system data. Information to support this process will be documented within the Department's authoritative sources, DITPR and SNaP-IT. The appropriate DITPR and SNaP-IT records must be reviewed and updated by 31 July 2012 to ensure the required data elements are accurate and complete. Defense business systems for which the required data has not been entered will be at risk of not receiving funds certification.

In the future, additional authoritative data sources may be used in the evaluation of Organizational Execution Plans, with prior approval from the DCMO. Organizational Execution Plans will be used to generate future versions of the DoD Enterprise Transition Plan
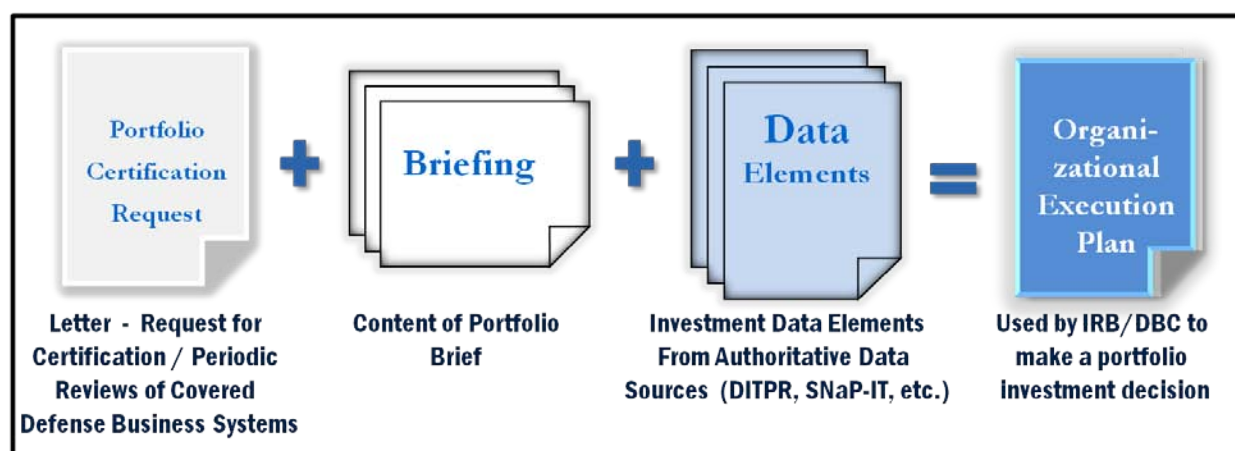
Figure 3 - Organizational Execution Plan Construct

The three elements of the Organizational Execution Plan submission are outlined below in more detail.

Portfolio Certification Request

The Portfolio Certification Request is the document developed by the PCA that asserts compliance with the requirements of Section 901 of the FY2012 NDAA. The Request contains the PCA's memorandum and a comprehensive list of investments that make up the portfolio to be certified. A Portfolio Certification Request memorandum template is provided in Appendix E.

Pre-Certification Authority Determinations

In preparation for the presentation of an Organizational Execution Plan for approval, the PCA must determine that proposed DBS investments:

1. Are in compliance with the BEA—and that BPR efforts have been sufficiently undertaken to ensure that:
    a. The business process supported by the Defense business system is (or will be) as streamlined and efficient as practicable; and
    b. The need to tailor commercial-off-the-shelf systems to meet unique requirements or incorporate unique interfaces has been eliminated or reduced to the maximum extent practicable;

2. Are necessary to achieve a critical national security capability or address a critical requirement in an area, such as safety or security; or

3. Are necessary to prevent a significant adverse effect on a project that is needed to achieve an essential capability, taking into consideration the alternative solutions for preventing such adverse effect.

Determination #1 (above) must always be in addition to determination #2 (or #3). PCAs must also classify DBS investments as "Core" or "Legacy." A Core DBS is an enduring business system with a sunset date greater than 36 months from the date of the DBSMC's approval of funds certification. For a Core DBS, the DoD Component must ensure that the DBS is compliant with all applicable BEA Laws, Regulations, and Policy; Data Standards; and Business Rules. Additionally, Business Process Reengineering efforts must have been sufficiently undertaken as described in Section 3.2 (Pre-Certification Authority Determinations) of this document. A Legacy DBS is a business system with a sunset date that is less than 36 months from the date of the DBSMC's approval of funds certification. A Legacy DBS is presumed compliant with both BPR and BEA requirements provided the sunset date requirement is satisfied.

Organizational Execution Plan Briefing

The briefing provides critical information to support investment decisions. A sample Organizational Execution Plan Brief is provided in Appendix F. At a minimum, the Brief must address the following:

- **Strategic Alignment**: Shows how the Component's Organizational Execution Plan aligns with the projected outcomes of the appropriate Functional Strategy(ies), as well as the goals of the DoD's SMP;

- **Roadmap to the target environment and a corresponding Execution Timeline**: Shows how systems are aligned to the desired end state (including sunset dates as appropriate);

- **Portfolio Distribution**: Includes an array of investments (by functional area and sub-function) and associated budget data (to include proposed Prior Year, Current Year, Current Year + 1 investments and budget data) in alignment with applicable Functional Strategies to enable the DoD's assessment of performance over a specified period of time;

- **Goals, Expected Outcomes and Value**: Demonstrates how stated goals will be achieved and the associated business value;

- **Constraints and Enablers**: Describes laws, policies, regulations, and other (internal and external) guidelines that either inhibit or advance the DoD's ability to reach its desired end state; and

- **Problem Statement (when applicable)**: For new business systems identified in a Component's Organizational Execution Plan, a "problem statement" is required. The problem statement documents that a problem exists, is worth solving, and is the foundation of a Component's business case for the Business Capability Lifecycle (the overarching framework for the planning, design, acquisition, deployment, operation, maintenance, and modernization of DBS in accordance with 10 U.S.C § 2222—as implemented by Directive-Type Memorandum 11-009 of June 23, 2011). The problem statement ensures that a rigorous, up-front analysis has been performed to: understand the business need; ensure the desired outcome has been successfully identified; define measurable success factors (i.e., the criteria for verifying that the problem has been solved); and determine that the business need may be solved with or without a material component.

Enterprise Resource Planning (ERP) system investments, along with other systems that deliver services across multiple business areas, could be depicted as aligning to more than one Functional Strategy. To enable an efficient and effective review of these systems, they should be included in the functional area that most closely aligns to the system's primary business area. Due to the cross-cutting nature and infrastructure focus, the Enterprise IT Infrastructure Functional Strategy should not be the primary functional area for any DBS portfolio. The strategy for Enterprise IT Infrastructure will provide the DoD CIO's requirements to support the Joint Information Environment (JIE) that will be used by all functional areas and Components, but Organizational Execution Plans do not need to have a separate section associated with Enterprise IT Infrastructure.

Data Elements

As the authoritative sources for DoD business information technology (IT) investments, data to support the IRB/DBC will be pulled from DITPR and SNaP-IT. Component system owners are required to ensure that DITPR and SNaP-IT have accurate and complete information for the data elements identified in Appendix G by **31 July 2012** so that the data can be displayed in Organizational Execution Plans. This data will facilitate in-depth analysis that informs the IRB/DBC certification. Data analytics will be performed at the functional level for each Component as well as across Components. DBSs that do not have the data required in Appendix G will be at risk of not receiving funds certification.

FY2013 Organizational Execution Plan Submission Requirements

FY2013 Organizational Execution Plan data must be made available in DITPR and SNaP-IT by **31 July 2012**. The Portfolio Certification Request and Organizational Execution Plan Brief will be submitted to the IRB/DBC via signed email to IRB.Support.Staff@osd.mil by **31 July 2012**. Defense Agencies and other Defense Organizations must submit their Organizational Execution Plans through their appropriate OSD Principal Staff Assistant. Combatant Commands should

submit their Organizational Execution Plans through the Joint Staff. The IRB/DBC will complete FY 2013 Organizational Execution Plan reviews in August and September 2012.

3.3 Organizational Execution Plan Evaluation Process

Organizational Execution Plans will be evaluated for alignment with applicable Functional Strategies and assessed from multiple perspectives such as architecture alignment, business value, cost, interoperability, efficiency, and effectiveness.

Review Criteria

As illustrated in Figure 4, the following criteria will be used by the IRB/DBC to evaluate Organizational Execution Plans for certification:

1. **Compliance:** The IRB/DBC will assess the determination made by the PCA to ensure that each applicable Defense business system is compliant with Section 901 of the FY 2012 NDAA.
2. **Strategic alignment:** The degree of alignment to strategic goals and missions; specifically, to the SMP and the Functional Strategies. In addition, the IRB/DBC will assess the degree to which investments are being managed in accordance with the Capital Planning and Investment Control (CPIC) process and DoD's Better Buying Power guidance.
3. **Utility**: Assess the portfolio's ability to deliver required capabilities for a given function. Demonstrate interoperability with other systems and scalability to support additional users or new features in the future.
4. **Total Cost:** Cost in the context of the DBS's lifecycle phase and the estimated Return on Investment (ROI). Total Cost includes hardware and software procurement, licensing and operation costs; design, development and deployment costs, as well as Help Desk and program support activity.
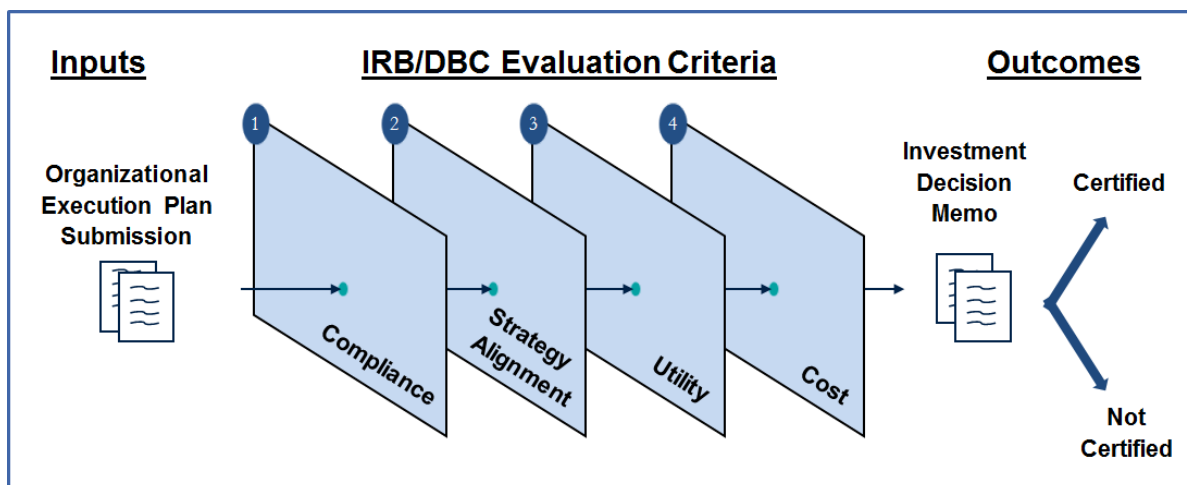

Figure 4 - IRB Evaluation Process

Certification

The IRB/DBC will recommend whether or not to certify funds upon review of an Organizational Execution Plan. Approved Organizational Execution Plans will be the basis for future versions of the DoD ETP and will be incorporated into the BEA. Certification for Organizational Execution Plans shall be captured in an Investment Decision Memorandum (Appendix H) that will stipulate that an Organizational Execution Plan is:

- Certified – Approved for funding but may be subject to condition(s) that restrict the use of funds, a timeline for obligation of funds, or mandatory changes to the portfolio of business systems.

- Not Certified – Not approved, and funding is denied due to misalignment with strategic direction, mission needs, or other deficiencies identified.

As a result of the transition to the new investment review process, the entire business mission area portfolio of DBS will be reviewed between August 15, 2012 and September 30, 2012. Organizations may choose to assert compliance to BEA 8.0 or 9.0.

Enterprise Transition Plan

The Enterprise Transition Plan will be assembled using the Organizational Execution Plans and will serve as the roadmap for reaching the target environment. It will identify the governance and strategic framework that the DoD should use to manage its investments, define specific implementation goals for reaching the target environment and synchronize with the Planning, Programming, Budgeting and Execution (PPBE) process.

3.4 Timeline

Figure 5 depicts the timeline for certification of covered defense business system funding beginning in FY 2013. PSAs will initiate the process by submitting Functional Strategies for IRB/DBC review. Functional Strategies will be reviewed in June. Upon completion of these reviews, DoD Components will then develop Organizational Execution Plans and submit them by **31 July 2012**. System data for each portfolio must be in DITPR and SNaP-IT by **31 July 2012** and displayed in aggregate in the Organizational Execution Plan.
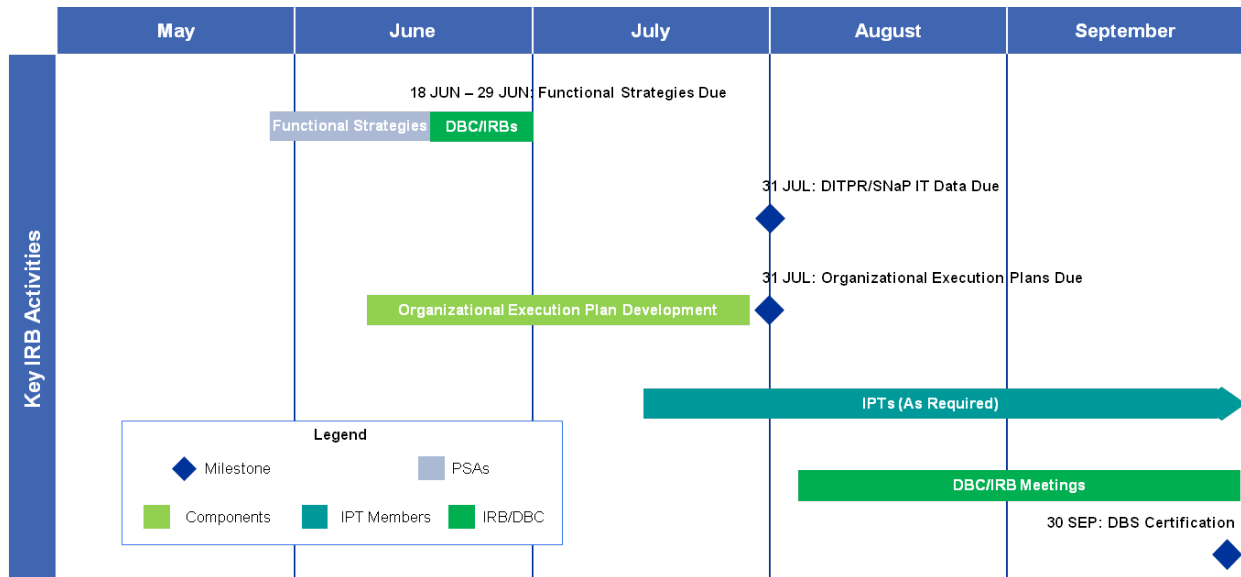

Figure 5 - IRB Guidance Timeline

4.   Governance

Integrated governance will be used to manage the Integrated Business Framework to include the IRB, future releases of the BEA and the Enterprise Transition Plan. Key governance bodies essential to the IRB process are outlined in Figure 6 below.
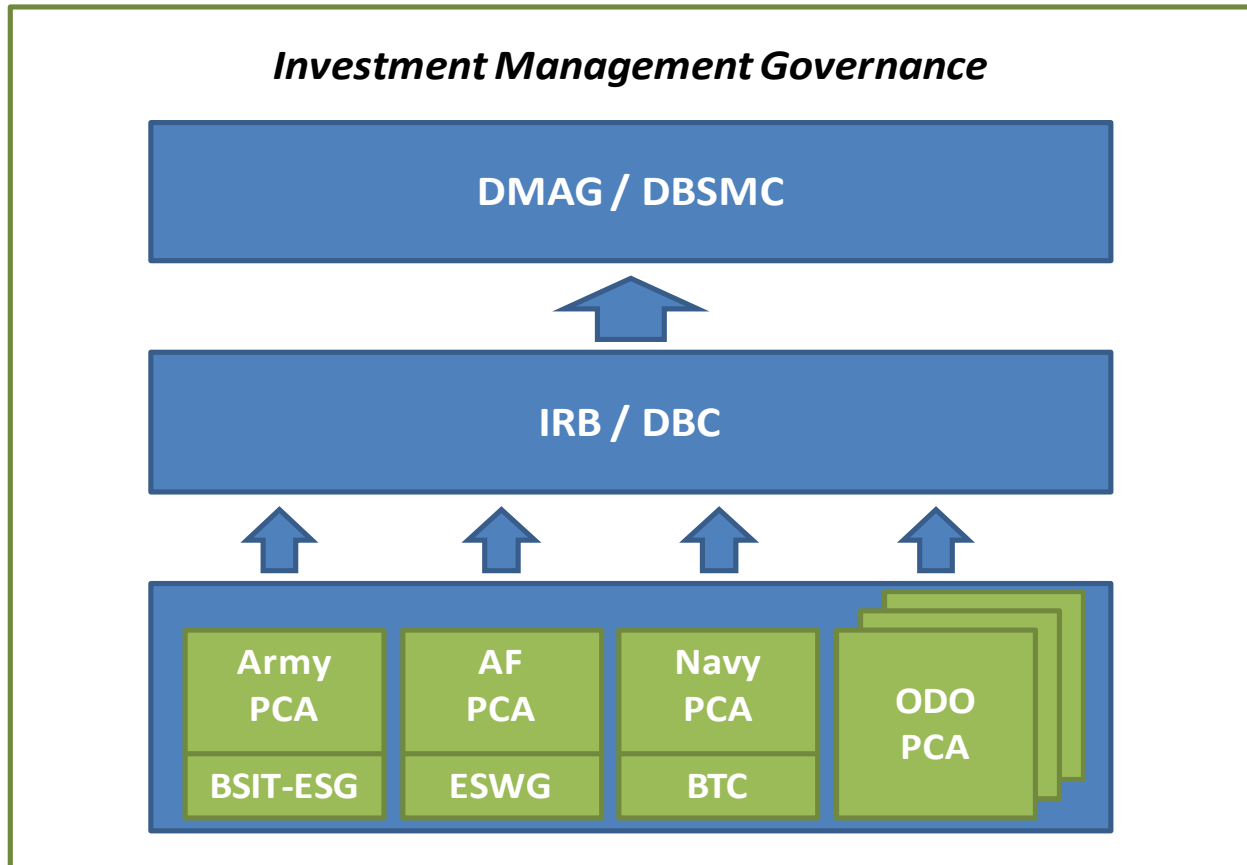
Figure 6 - Governance

<u>Note:</u>
BSIT – ESG: *Business Systems Information Technology Executive Steering Group, the Department of the Army's governance body.*
ESWG: *Enterprise Senior Working group, the Department of the Air Force's governance body.*
BTC: *Business Transformation Council, the Department of the Navy's governance body.*

DMAG / DBSMC

The Deputy's Management Action Group (DMAG) is the Deputy Secretary of Defense's overarching management forum. When the DMAG convenes to conduct business as the DBSMC established under Section 186 of Title 10 United States Code, it will review DBS portfolios.

IRB / DBC

The IRB/DBC, chaired by the Deputy Chief Management Officer, will review the Functional Strategies and approve Organizational Execution Plans. IRB/DBC membership is listed in Table 1.

Table 1 - IRB/DBC Members

IRB Member	IRB Member Title
Chair	DoD Deputy Chief Management Officer (DCMO)
IRB Principal Members	Assistant Secretary of Defense (Acquisition)
	Assistant Secretary of Defense, Logistics & Materiel Readiness (AT&L)
	Deputy Under Secretary of Defense (Installations & Environment)
	Director, Defense Procurement and Acquisition Policy
	Deputy Chief Financial Officer (OUSD, Comptroller)
	Director, Enterprise Services (OUSD, P&R)
	Director of Security (OUSD, Intelligence)
	Chief Operating Officer (OUSD, Policy)
	Office of Joint Chiefs of Staff (J-6)
	Department of Defense Chief Information Officer (DoD CIO)
	Department of the Army DCMO
	Department of the Navy DCMO
	Department of the Air Force DCMO
	Deputy Director, Program Evaluation (CAPE)
	Office of the General Counsel
	Director, Office of Business Transformation (Army)

Pre-Certification Authority (PCA)
The PCA is responsible for review of Organizational Execution Plans at the Component level. PCAs will make a recommendation to the IRB/DBC in the Portfolio Certification Request memorandum, which is submitted to the IRB/DBC for review with the Organizational Execution Plans.

IPTs
Integrated Product Teams (IPTs) will be established by the IRB/DBC Chair as required.

5.   Roles and Responsibilities

Vice Chair, Defense Business Systems Management Committee (DBSMC)

Section 332 of the FY 2005 NDAA established the DBSMC and the investment review process to provide investment management oversight and control for the acquisition, modernization and sustainment of Defense business systems. The DBSMC approves IRB certifications for obligation of funds for Defense business systems. The Deputy Chief Management Officer is the Vice Chair of the DBSMC and is responsible for approving Defense business systems certifications; therefore, the DCMO will issue an Investment Decision Memorandum approving Organizational Execution Plans on behalf of the DBSMC.

IRB/DBC Chair

The DCMO serves as Chair of the IRB/DBC. The Chair:
- Convenes meetings;
- Reviews Functional Strategies and approves Organizational Execution Plans;
- Determines the target environment and approves content to be added to the BEA;
- Establishes Integrated Product Teams (IPTs), as required; and
- Serves as liaison between the DBC/IRB and the DMAG.

IRB/DBC Members

The IRB/DBC will review the Functional Strategies and Organizational Execution Plans (presented by the respective PSAs and PCAs), along with the analysis from IPTs, if required. After the review, the IRB/DBC will make recommendations to the IRB/DBC Chair. Their recommendations will focus on details surrounding the planning, design, acquisition, development, deployment, operation, maintenance, modernization, and project cost benefits and risks of all covered DBSs within the portfolio. When the review process is complete, the IRB/DBC will make one of two recommendations:

1) Certified – The Organizational Execution Plan is approved for funding but may be subject to condition(s) that restrict the use of funds, a timeline for obligation of funds, or mandatory changes to the portfolio of business systems.

2) Not Certified – The Organizational Execution Plan is not approved, and funding is denied due to misalignment with strategic direction, mission needs, or other deficiencies identified.

Pre-Certification Authority

The PCA is the senior accountable official that is responsible for ensuring compliance with investment review policies prescribed by the Component and this guidance. For each Military Department, the PCA is the respective Chief Management Officer. For Defense Agencies, the PCA is the Agency Director. The Combatant Commanders serve as the PCA for their respective Combatant Commands. For any system developed by an OSD organization or by an "Other

Defense Organization" (excluding Defense Agencies), the appropriate OSD Principal Staff Assistant is the PCA.

PCAs are responsible for certification submission, review, and presentation of Organizational Execution Plans. PCAs will ensure that requests are submitted and presented to the IRB/DBC with complete, current, and accurate documentation within prescribed deadlines and will recommend funds certification to the IRB/DBC. Organizational Execution Plan certification and periodic review requests must comply with laws, regulations, and policy, such as Clinger Cohen Act, BEA, BPR, etc. Validation of pre-certification will be documented via a Portfolio Certification Request in the form of a PCA-issued memorandum (Appendix E), which will outline the portfolio's composition, capabilities, and alignment to applicable Functional Strategies, the SMP, and the Enterprise Transition Plan.

In the Fall of 2012, additional guidance will be considered to address the ability of a PCA to realign funds (under a certain threshold) to address emerging changes within an Organizational Execution Plan. Any authority to realign funds would still have to conform to existing guidance for submitting reprogramming actions as required.

Conclusion

In this period of limited funds, the Department's imperative to transform its business operations is more urgent than ever before. DoD business operations must be as efficient as possible to maximize available resources for critical operational needs of the Warfighter. This Guidance is intended to ensure that the Department continues to treat its business system investments with the firmness of purpose and discipline that the Taxpayer and Warfighter deserve.

This new process and refined governance structure will help to streamline, align and enhance investment decisions. The use of aligned and well understood Functional Strategies, coupled with well articulated Organizational Execution Plans and the use of authoritative data to promote sound analysis, will help to accelerate DoD's transition to its target business environment. This new investment management process will also ensure that each investment is an appropriate use of taxpayer dollars, aligns to the Department's vision and architecture, and also helps us to achieve our shared goal of delivering agile, effective and efficient business solutions that support and enable our warfighters.

Appendix A: 10 U.S.C. § 2222

10 USC Section 2222
TITLE 10 - ARMED FORCES Subtitle A - General Military Law
PART IV - SERVICE, SUPPLY, AND PROCUREMENT CHAPTER 131 - PLANNING AND COORDINATION

"§ 2222. Defense business systems: architecture, accountability, and modernization

"(a) CONDITIONS FOR OBLIGATION OF FUNDS FOR COVEREDDEFENSE BUSINESS SYSTEM PROGRAMS.— Funds available to the Department of Defense, whether appropriated or non-appropriated, may not be obligated for a defense business system program that will have a total cost in excess of $1,000,000 over the period of the current future-years defense program submitted to Congress under section 221 of this title unless—

      "(1) the appropriate pre-certification authority for the covered defense business system program has determined that—

            "(A) the defense business system program is in compliance with the enterprise architecture developed under subsection (c) and appropriate business process re-engineering efforts have been undertaken to ensure that—

                "(i) the business process supported by the defense business system program is or will be as streamlined and efficient as practicable; and

                "(ii) the need to tailor commercial-off-the-shelf systems to meet unique requirements or incorporate unique requirements or incorporate unique Interfaces has been eliminated or reduced to the maximum extent practicable;

            "(B) the defense business system program is necessary to achieve a critical national security capability or address a critical requirement in an area such as safety or security; or

            "(C) the defense business system program is necessary to prevent a significant adverse effect on a project that is needed to achieve an essential capability, taking into consideration the alternative solutions for preventing such adverse effect;

      "(2) the covered defense business system program has been reviewed and certified by the investment   review board established under subsection (g); and

      "(3) the certification of the investment review board under paragraph (2) has been approved by the Defense Business Systems Management Committee established by section 186 of this title.

"(b) OBLIGATION OF FUNDS IN VIOLATION OF REQUIREMENTS.—The obligation of Department of Defense funds for a covered defense business system program that has not been certified and approved in accordance with subsection (a) is a violation of section1341(a)(1)(A) of title 31.

"(c) ENTERPRISE ARCHITECTURE FOR DEFENSE BUSINESS SYSTEMS.—

      (1) The Secretary of Defense, acting through the Defense Business Systems Management Committee, shall develop—

            "(A) an enterprise architecture, known as the defense business enterprise architecture, to cover all defense business systems, and the functions and activities supported by defense business systems, which shall be sufficiently defined to effectively guide, constrain, and permit implementation of interoperable defense business system solutions and consistent with the policies and procedures established by the Director of the Office of Management and Budget; and

            "(B) a transition plan for implementing the defense business enterprise architecture.

      "(2) The Secretary of Defense shall delegate responsibility and accountability for the defense business enterprise architecture content, including unambiguous definitions of functional

processes, business rules, and standards, as follows:

"(A) The Under Secretary of Defense for Acquisition, Technology, and Logistics shall be responsible and accountable for the content of those portions of the defense business enterprise architecture that support acquisition, logistics, installations, environment, or safety and occupational health activities of the Department of Defense.

"(B) The Under Secretary of Defense (Comptroller) shall be responsible and accountable for the content of those portions of the defense business enterprise architecture that support financial management activities or strategic planning and budgeting activities of the Department of Defense.

"(C) The Under Secretary of Defense for Personnel and Readiness shall be responsible and accountable for the content of those portions of the defense business enterprise architecture that support human resource management activities of the Department of Defense.

"(D) The Chief Information Officer of the Department of Defense shall be responsible and accountable for the content of those portions of the defense business enterprise architecture that support information technology infrastructure or information assurance activities of the Department of Defense.

"(E) The Deputy Chief Management Officer of the Department of Defense shall be responsible and accountable for developing and maintaining the defense business enterprise architecture as well as integrating business operations covered by subparagraphs (A) through (D).

"(d) COMPOSITION OF ENTERPRISE ARCHITECTURE.—The defense business enterprise architecture developed under subsection (c)(1)(A) shall include the following:

"(1) An information infrastructure that, at a minimum, would enable the Department of Defense to—

"(A) comply with all applicable law, including Federal accounting, financial management, and reporting requirements;

"(B) routinely produce timely, accurate, and reliable business and financial information for management purposes;

"(C) integrate budget, accounting, and program information and systems; and

"(D) provide for the systematic measurement of performance, including the ability to produce timely, relevant, and reliable cost information.

"(2) Policies, procedures, data standards, performance measures, and system interface requirements that are to apply uniformly throughout the Department of Defense.

"(3) A target defense business systems computing environment, compliant with the defense business enterprise architecture, for each of the major business processes conducted by the Department of Defense, as determined by the Chief Management Officer of the Department of Defense.

"(e) COMPOSITION OF TRANSITION PLAN.—The transition plan developed under subsection (c)(1)(B) shall include the following:

"(1) A listing of the new systems that are expected to be needed to complete the defense business enterprise architecture, along with each system's time-phased milestones, performance measures, financial resource needs, and risks or challenges to integration into the business enterprise architecture.

"(2) A listing of the defense business systems existing as of September 30, 2011 (known as 'legacy systems') that will not be part of the defense business enterprise architecture, together with the schedule for terminating those legacy systems that provides for reducing the use of those legacy systems in phases.

"(3) A listing of the legacy systems (referred to in subparagraph (B)) that will be a part of the target

defense business systems computing environment described in subsection (d)(3), together with a strategy for making the modifications to those systems that will be needed to ensure that such systems comply with the defense business enterprise architecture, including time-phased milestones, performance measures, and financial resource needs.

"(f) DESIGNATION OF APPROPRIATE PRE-CERTIFICATION AUTHORITIES AND SENIOR OFFICIALS.—

(1) For purposes of subsections (a) and (g), the appropriate pre-certification authority for a defense business system program is as follows:

"(A) In the case of an Army program, the Chief Management Officer of the Army.

"(B) In the case of a Navy program, the Chief Management Officer of the Navy.

"(C) In the case of an Air Force program, the Chief Management Officer of the Air Force.

"(D) In the case of a program of a Defense Agency, the Director, or equivalent, of such Defense Agency, unless otherwise approved by the Deputy Chief Management Officer of the Department of Defense.

"(E) In the case of a program that will support the business processes of more than one military department or Defense Agency, an appropriate pre-certification authority designated by the Deputy Chief Management Officer of the Department of Defense.

"(2) For purposes of subsection (g), the appropriate senior official of the Department of Defense for the functions and activities supported by a covered defense business system is as follows:

"(A) The Under Secretary of Defense for Acquisition, Technology, and Logistics, in the case of any defense business system the primary purpose of which is to support acquisition, logistics, installations, environment, or safety and occupational health activities of the Department of Defense.

"(B) The Under Secretary of Defense (Comptroller), in the case of any defense business system the primary purpose of which is to support financial management activities or strategic planning and budgeting activities of the Department of Defense.

"(C) The Under Secretary of Defense for Personnel and Readiness, in the case of any defense business system the primary purpose of which is to support human resource management activities of the Department of Defense.

"(D) The Chief Information Officer of the Department of Defense, in the case of any defense business system the primary purpose of which is to support information technology infrastructure or information assurance activities of the Department of Defense.

"(E) The Deputy Chief Management Officer of the Department of Defense, in the case of any defense business system the primary purpose of which is to support any activity of the Department of Defense not covered by subparagraphs (A) through (D).

"(g) DEFENSE BUSINESS SYSTEM INVESTMENT REVIEW.—(1) The Secretary of Defense shall require the Deputy Chief Management Officer of the Department of Defense, not later than March 15, 2012, to establish an investment review board and investment management process, consistent with section 11312 of title 40, to review and certify the planning, design, acquisition, development, deployment, operation, maintenance, modernization, and project cost benefits and risks of covered defense business systems programs. The investment review board and investment management process so established shall specifically address the requirements of subsection (a).

"(2) The review of defense business systems programs under the investment management process shall include the following:

"(A) Review and approval by an investment review board of each covered defense business system program before the obligation of funds on the system in accordance with the requirements of subsection (a).

"(B) Periodic review, but not less than annually, of all covered defense business system

programs, grouped in portfolios of defense business systems.

"(C) Representation on each investment review board by appropriate officials from among the Office of the Secretary of Defense, the armed forces, the combatant commands, the Joint Chiefs of Staff, and the Defense Agencies, including representation from each of the following:

"(i) The appropriate pre-certification authority for the defense business system under review.

"(ii) The appropriate senior official of the Department of Defense for the functions and activities supported by the defense business system under review.

"(iii) The Chief Information Officer of the Department of Defense.

"(D) Use of threshold criteria to ensure an appropriate level of review within the Department of Defense of, and accountability for, defense business system programs depending on scope, complexity, and cost.

"(E) Use of procedures for making certifications in accordance with the requirements of subsection (a).

"(F) Use of procedures for ensuring consistency with the guidance issued by the Secretary of Defense and the Defense Business Systems Management Committee, as required by section 186(c) of this title, and incorporation of common decision criteria, including standards, requirements, and priorities that result in the integration of defense business systems.

"(h) BUDGET INFORMATION.—In the materials that the Secretary submits to Congress in support of the budget submitted to Congress under section 1105 of title 31 for fiscal year 2006 and fiscal years thereafter, the Secretary of Defense shall include the following information:

"(1) Identification of each defense business system program for which funding is proposed in that budget.

"(2) Identification of all funds, by appropriation, proposed in that budget for each such program, including—

"(A) funds for current services (to operate and maintain the system covered by such program); and

"(B) funds for business systems modernization, identified for each specific appropriation.

"(3) For each such program, identification of the appropriate pre-certification authority and senior official of the Department of Defense designated under subsection (f).

"(4) For each such program, a description of each approval made under subsection (a)(3) with regard to such program.

"(i) CONGRESSIONAL REPORTS.—Not later than March 15 of each year from 2012 through 2016, the Secretary of Defense shall submit to the congressional defense committees a report on Department of Defense compliance with the requirements of this section. Each report shall—

"(1) describe actions taken and planned for meeting the requirements of subsection (a), including—

"(A) specific milestones and actual performance against specified performance measures, and any revision of such milestones and performance measures; and

"(B) specific actions on the defense business system programs submitted for certification under such subsection;

"(2) identify the number of defense business system programs so certified;

"(3) identify any covered defense business system program during the preceding fiscal year that was not approved under subsection (a), and the reasons for the lack of approval;

"(4) discuss specific improvements in business operations and cost savings resulting from successful defense business systems programs; and

"(5) include a copy of the most recent report of the Chief Management Officer of each military

department on implementation of business transformation initiatives by such department in accordance with section 908 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Public Law 110–417; 122 Stat. 4569; 10 U.S.C. 2222 note).

''(j) DEFINITIONS.—In this section:

''(1) The term 'defense business system' means an information system, other than a national security system, operated by, for, or on behalf of the Department of Defense, including financial systems, mixed systems, financial data feeder systems, and information technology and information assurance infrastructure, used to support business activities, such as acquisition, financial management, logistics, strategic planning and budgeting, installations and environment, and human resource management.

''(2) The term 'covered defense business system program' means any defense business system program that is expected to have a total cost in excess of $1,000,000 over the period of the current future-years defense program submitted to Congress under section 221 of this title.

''(3) The term 'enterprise architecture' has the meaning given that term in section 3601(4) of title 44.

''(4) The terms 'information system' and 'information technology' have the meanings given those terms in section 11101 of title 40.

''(5) The term 'national security system' has the meaning given that term in section 3542(b)(2) of title 44.''.

Appendix B: Key Terms

Term	Definition
Alignment	Linkage to higher-level goals and strategies. Also, consonance and integration across related activities.
Baseline	An as-is reading of all measures constitutes a baseline (included in the Functional Strategy). Targets are set against that baseline. Periodic measures are captured and compared to the baseline to assess performance, financial benefits, and non-financial benefits, or look at results of changes.
Business Enterprise Architecture	In accordance with 10 U.S.C. § 2222 (c), the BEA is the enterprise architecture developed to cover all defense business systems, and the functions and activities supported by defense business systems, which shall be sufficiently defined to effectively guide, constrain, and permit implementation of interoperable defense business system solutions and consistent with the policies and procedures established by the Director of the Office of Management and Budget. The BEA is the DoD's blueprint for improving DoD business operations and the reference model for IRB/DBC funds certification. Per 10 U.S.C. § 2222 (d), the defense BEA developed shall include the following: "(1) An information infrastructure that, at a minimum, would enable the Department of Defense to — "(A) comply with all applicable law, including Federal accounting, financial management, and reporting requirements; "(B) routinely produce timely, accurate, and reliable business and financial information for management purposes; "(C) integrate budget, accounting, and program information and systems; and "(D) provide for the systematic measurement of performance, including the ability to produce timely, relevant, and reliable cost information. "(2) Policies, procedures, data standards, performance measures, and system interface requirements that are to apply uniformly throughout the Department of Defense.
Capital Planning and Investment Control	Section 2222 (g) of Title 10, United States Code requires the DoD to establish an Investment Management Process for DBS review consistent with Title 40 USC Section 11312 CPIC. CPIC is an IT portfolio-driven management process for ongoing identification, selection, control and evaluation of investments. This process attempts to link budget activities and agency strategic priorities with achieving specific IT program modernization outcomes.

Term	Definition
Core	Enduring systems with a sunset date greater than 36 months of the date of the certification request and an identified replacement system.
Covered Defense Business System Program	Any DBS program that is expected to have a total cost in excess of $1 million over the period of the current future-years defense program (FYDP), as described in 10 U.S.C. § 2222 (j)(2).
Defense Business Council	The senior governance forum for the effective management of the DoD Business Mission Area, to include performing the roles and responsibilities of the Investment Review Board (10 U.S.C. § 2222 (g)), providing portfolio analysis and process integration, and recommending portfolio certification to the DMAG/DBSMC.
Defense Business System	An information system, other than a national security system, operated by, for, or on behalf of the DoD, including financial systems, mixed systems, financial data feeder systems, and IT and information assurance infrastructure, used to support business activities, such as acquisition, financial management, logistics, strategic planning and budgeting, installations and environment, and human resource management (10 U.S.C. § 2222 (j)(1)).
DoD Components	Office of the Secretary of Defense, the Military Departments, 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 of the Department of Defense
Functional Strategy	Functional Strategies are developed by the PSA and describe business functions, outcomes, measures and standards. Functional Strategies will be used to drive BEA content, which is the DoD's blueprint for improving DoD business operations and the reference model for IRB/DBC funds certification. The Functional Strategy is the core document that creates the unique business position of the organization and is supported by the activities that it plans to achieve. It prioritizes and identifies the enterprise's pressing needs while providing tactical strategic direction for a defined business function. It enables outcome-driven investment decisions that enhance the business operations within a functional area in synchronization with other functional areas. Functional Strategies must align with the SMP and will also help to refine and enhance future versions of the SMP.
Integrated Business Plan	Functional Strategies coupled with Organizational Execution Plans will comprise the Integrated Business Plan. (See Figure 1)
Investment Decision Memorandum	The memorandum signed by the IRB/DBC Chair that stipulates the certification decision of the portfolio.
Legacy	Any system with a sunset date within 36 months of the date of the certification request. Legacy systems are not required to undertake efforts to assert BEA compliance but must identify a sunset date and the system(s) it is being replaced by. Legacy systems are not allowed to obligate modernization

Term	Definition
	dollars.
Measures	A measure is a standard or basis for comparison – an assessment using quantitative data (e.g. cost, production, defect, time) or sometimes qualitative data, tracked incrementally over a specified period. Measures can assess performance, financial benefits, and non-financial benefits, or look at results of changes made from implementation of new policy or practice. Each measure should be explained (as appropriate) and linked to an outcome. An appropriate measure demonstrates the viability of a desired solution. Measures should reflect consideration of cost to measure and the estimated value for that measurement. An as-is reading of all measures should be included in the Functional Strategy as a baseline; targets against that baseline and rationale for the targets should complete the picture.
Organizational Execution Plan	The Organizational Execution Plan is the means through which the DoD Components propose how they will deliver the DoD's business priorities. A completed plan will demonstrate how, through sound investment management, a DoD Component's streamlined portfolio of systems will support the business areas and sub-functions contained within the BMAs. The plan is divided into sections that address each Functional Strategy. The plan is intended to be the assembly of business system investment requests from which the IRB/DBC recommends funds certification to the DMAG/DBSMC.
Target Defense Business Systems Computing Environment	Defines the environment in which a Defense business system, a network, or a Component operates. The environment includes physical, administrative, and personnel procedures as well as communication and networking relationship with other defense business systems. This environment will include all the end-to-end processes that are conducted by DoD, and will be compliant with the BEA.

Appendix C: Acronyms and Abbreviations

Acronym	Definition
AT&L	Acquisition, Technology & Logistics
BCL	Business Capability Lifecycle
BEA	Business Enterprise Architecture
BPM	Business Process Management
BPR	Business Process Re-engineering
BSIT-ESG	Business Systems Information Technology Executive Steering Group
BTC	Business Transformation Council
CPIC	Capital Planning and Investment Control
DAS	Defense Acquisition System
DBC	Defense Business Council
DBS	Defense Business System
DBSMC	Defense Business Systems Management Committee
DCMO	Deputy Chief Management Officer
DMAG	Deputy's Management Action Group
DoD	Department of Defense
DITPR	Defense Information Technology Portfolio Repository
ERP	Enterprise Resource Planning
ESWG	Enterprise Senior Working Group
ETP	Enterprise Transition Plan
FY	Fiscal Year
FYDP	Future-Years Defense Program
GAO	Government Accountability Office
IDM	Investment Decision Memorandum
IPT	Integrated Product Team
IRB	Investment Review Board
IT	Information Technology
ITIM	Information Technology Investment Management
MilDep	Military Department
NDAA	National Defense Authorization Act
ODCMO	Office of the Deputy Chief Management Officer

Acronym	Definition
ODO	Other Defense Organizations
PCA	Pre-Certification Authority
PSA	Principal Staff Assistant
QDR	Quadrennial Defense Review
ROI	Return on Investment
SMP	Strategic Management Plan
SNaP-IT	Select and Native Programming Data Input Systems for Information Technology
USC	United States Code

Appendix D: Functional Strategy Template

Title Page
_ [insert Function name]_Functional Strategy
June XX, 2012

[Insert Page Break]

Table of Contents

[Insert Page Break]

Executive Summary
The Executive Summary is intended to completely summarize the Functional Strategy guidance document in a one page format. This section should be able to stand alone providing an "executive" view of the guidance

[Insert Page Break]

Introduction and Background
Introduces the functional strategy document

Purpose
Describes the purpose of the document
Definition
Defines the business area and sub-functions (if applicable)
Achievements to Date
Discuss current and on-going successful initiatives related to the Functional Strategy, and major accomplishments to date
Challenges
Outlines the challenges that the Functional Area currently faces including external pressures, regulations, etc.
Dependencies
Identify dependencies with and impacts to other Functional Strategies
Standards
Identify the standards and the requirements that must be met to achieve the Functional Strategy. If applicable, the Functional Strategy should address any requirement to use an existing enterprise solution or system

[Insert Page Break]

Mission and Vision

Mission
The Function's Mission informs the reader what the function is required to accomplish.

Vision
Provides clear guidance and direction, outlines what the function wants to be and concentrates on the future. Note: A good vision is essential as it serves four important purposes:
• Provides a guide for making decisions by clarifying the general direction for change and defining the "future state" of the organization
• Forms the foundation for identifying the performance measures which can be used to provide feedback on the progress of the initiative

Alignment to DoD SMP
Discuss how the Vision, Mission, Goals and Outcomes of the Functional Strategy align to the DoD SMP

[Insert Page Break]

Goals and Initiatives
Outline the main goals and initiatives the Functional Area should strive to achieve and perform
Goal 1
Provide a brief description of the goal
Outcome Statement
Outline anticipated improvements and recognized value of goals and initiatives
Performance Measures
Discuss measures related to each goal and initiative to measure success of implementation
Assumptions and Constraints
Outline any assumptions or constraints that affect the function's ability to execute on its vision.
Goal 2
Provide a brief description of the goal
Outcome Statement
Outline anticipated improvements and recognized value of goals and initiatives
Performance Measures
Discuss measures related to each goal and initiative to measure success of implementation
Assumptions and Constraints
Outline any assumptions or constraints that affect the business area's ability to execute on its vision.

[Insert Page Break]

Risks and Mitigation Strategies
Risks
Document the risks associated with the ability to achieve the goals and priorities outlined for the Functional Strategy
Mitigation Strategies
Outline activities that can be performed to mitigate against risks occurring

[Insert Page Break]

APPENDIX - - -: Applicable Laws, Regulations, and Policies
This appendix is a collection of the relevant laws, regulations or policies that will guide the business area's efforts in achieving the goals outlined in the main body of the document.

Appendix E: Portfolio Certification Request Memorandum - Template

DEFENSE BUDGET AGENCY
300 MERIDIAN STREET
INDIANAPOLIS, IN 46201

BUDGET IN TECHNOLOGY

MEMORANDUM FOR DEFENSE BUSINESS COUNCIL CHAIRPERSON

SUBJECT: Pre-Certification Authority (PCA) Portfolio Certification Request for the Defense
Business Agency (DBA) Organizational Execution Plan

       As the PCA for the Defense Business Agency's Organizational Execution Plan, request
authority to obligate $119.600M for Fiscal Year (FY) 2013 (Development/Modernization
$82.100M, Current Services $37.510M) as detailed in the attachment. This investment in the
portfolio is required to execute to the FY 2013 Financial Management Functional Strategy.

       I verify that: the Defense Business Systems (DBS) in the Organizational Execution Plan
are included in the DBA Technology Transition Plan and Enterprise Transition Plan (ETP); the
information contained in the Defense Information Technology Portfolio Repository (DITPR) for
the DBS included in the Organizational Execution Plan has been updated and is verified to be
complete and accurate as of July 31, 2012; the budget data in the Select & Native Programming
Data Input System for Information Technology (SNaP-IT) is verified to be complete and
accurate as of July 31, 2012; and an Economic Viability Analysis (ROI Calculation) was
completed for each DBS and reviewed by the program's cost authority who also concurs with the
financial metrics recorded in DITPR.

       I reviewed the DBS programs contained in this Organizational Execution Plan and
determined each program meets the conditions identified under Section 2222 (1) (a) of Title 10.
My determinations are identified in the attachment under the heading of "NDAA Compliance."

       During previous certifications, conditions were placed on DBA's portfolio. Attached is a
listing of these conditions and their current status.

       I recommend approval of this request. All required documentation has been forwarded
for your review. My point of contact for questions about this submission is Mr Joseph B.
Doehnuits, who may be reached at 317-555-9999 or email at jbdoehnuits@dba.mil.

DATA FOR ILLUSTRATION PURPOSE ONLY

John F. Dushelle, SES
Pre-Certification Authority

Attachments:
1. Financial Management Portfolio Listing
2. Financial Management Portfolio Condition Status Report

ATTACHMENT 1: FINANCIAL MANAGEMENT PORTFOLIO
DEFENSE BUDGET AGENCY ORGANIZATIONAL EXECUTION PLAN FOR FY2013

Component	System/Acronym	DITPR ID	FY		NDAA Compliance			Cert ($M) by Fund Type		Certification Request ($M) Total
					A					
					BEA	BPR	B or C	DM	CS	
DBA	SPOTTE	18761	2013	A	Y	Y	Neither	$ 3.056	$ 7.215	$ 10.271
DBA	DFBS	20145	2013	A	Y	Y	Neither	$ 17.294	$ 5.787	$ 23.081
DBA	FINAID	17222	2013	C	N	N	Adverse Impact	$ 1.000		$ 1.000
DBA	NEWGEN_PPBE	20004	2013	A	Y	Y	Neither	$ 2.760	$ 3.000	$ 5.760
DBA	SFI	18333	2013	A	N	Y	Neither	$ 2.793		$ 2.793
DBA	DDBS	25124	2013	A	Y	Y	Neither	$ 6.681		$ 6.681
DBA	FBMS	24881	2013	A	Y	Y	Neither	$ (2.474)	$ 8.250	$ 5.776
DBA	BUDSYS	20178	2013	A	Y	N	Neither	$ 2.500	$ 2.355	$ 4.855
DBA	SECURE_BDGT	18891	2013	B	N	N	Critical Capability	$ 9.750		$ 9.750
DBA	MMS	22349	2013	C	N	N	Adverse Impact	$ 12.225		$ 12.225
DBA	SAFESYS	19824	2013	C	N	N	Adverse Impact	$ 3.500		$ 3.500
DBA	OPSBUD	21701	2013	A	Y	Y	Neither	$ 16.900	$ 10.900	$ 27.800
DBA	TRI_FIS	20180	2013	C	N	N	Adverse Impact	$ 6.110		$ 6.110
PORTFOLIO TOTAL:	13 SYSTEMS							$ 82.095	$ 37.507	$ 119.602

[Note: Fund Type are Development/Modernization (DM) and Current Services (CS)]

DATA FOR ILLUSTRATION PURPOSE ONLY

ATTACHMENT 2: FINANCIAL MANAGEMENT PORTFOLIO CONDITION STATUS REPORT
DEFENSE BUDGET AGENCY ORGANIZATIONAL EXECUTION PLAN FOR FY2013

Component	System/Acronym	DITPR ID	FY	Condition	Placed	Required By	Status	Completed
DBA	SPOTTE	18761	2013	WAWF: Under the Manage Receipt and Acceptance Condition, contractors shall submit payment and receiving reports in electronic form via WAWF. See Defense Federal Acquisition Regulation Supplement (DFARS) Clause: 252.232.7003 for exceptions. SPOTTE must provide an implementation plan for enabling this capability.	10/1/2010	6/30/2011	Funding issue caused delay in completing the work on this condition.	5/10/2012
DBA	NEWGEN_PPBE	20004	2013	BPR: Within 60 days, the NEWGEN_PPBE program and its functional proponent will jointly work with the BPR Assessment Team to design performance measures and targets that better measure the outcomes of increased financial accountability and decreased cost.	4/16/2012	6/16/2012	Measures and targets were designed and tested.	6/1/2012
DBA	FBMS	24881	2013	An updated BEA 9.0 SFIS Checklist and an updated list of systems being replaced and when (if applicable) should be submitted nlt June 18, 2012.	3/23/2012	6/18/2012	Checklist submitted and approved.	7/12/2012

DATA FOR ILLUSTRATION PURPOSE ONLY

Appendix F: Sample Organizational Execution Plan Brief

Strategic Alignment

Strategy	Portfolio Strategic Alignment Description
Strategic Management Plan (SMP)	Execute the FIAR strategy and plans to achieve audit readiness by FY 2017
	By FY 2012, the DoD will achieve a commercial payment/improper payment of 0.11 percent or less
	By FY 2013, the DoD will complete 16 interim FIAR Plan milestones, which include validations of entities where ERPs have been integrated, MDAPs, FBwT Reconciliations, and Existence and Completeness
Functional Strategy	Achieve audit readiness for material FM processes by FY2015
	Improve FM process controls to reduce improper payments
	Implement ERP solutions and consolidate legacy systems
Component Strategic Plan	Achieve audit readiness in accordance with the FIAR timeline
	Collect performance measures to baseline and assess improvements in improper payment
	Identify and validate systems to be subsumed by ERPs

Department of Defense   3

Roadmap to Target Defense Business System Computing Environment

Department of Defense   4

Portfolio Distribution

Total Defense Business System Budget: $

Total Lifecycle Cost

FY12 Budget ($M) by Funding Type

Activities

- Activity1
- Activity 2
- Activity 3

Number of Defense Business Systems by Activity

- Activity 1
- Activity 2
- Activity 3

Department of Defense 5
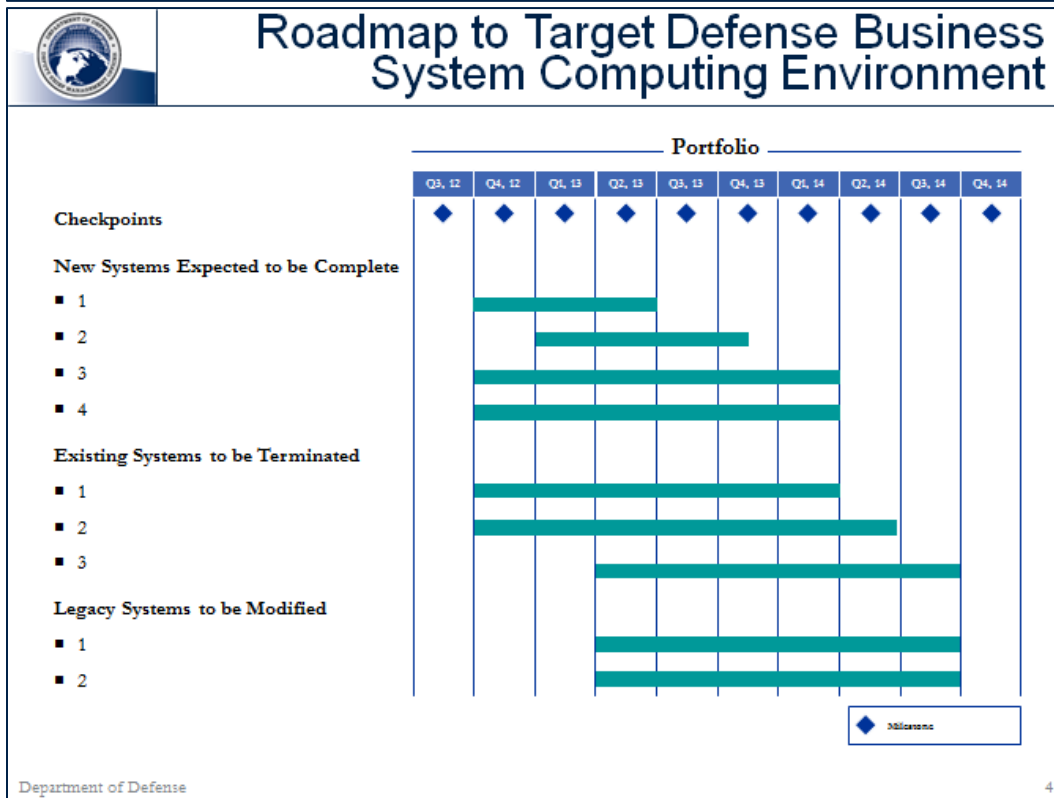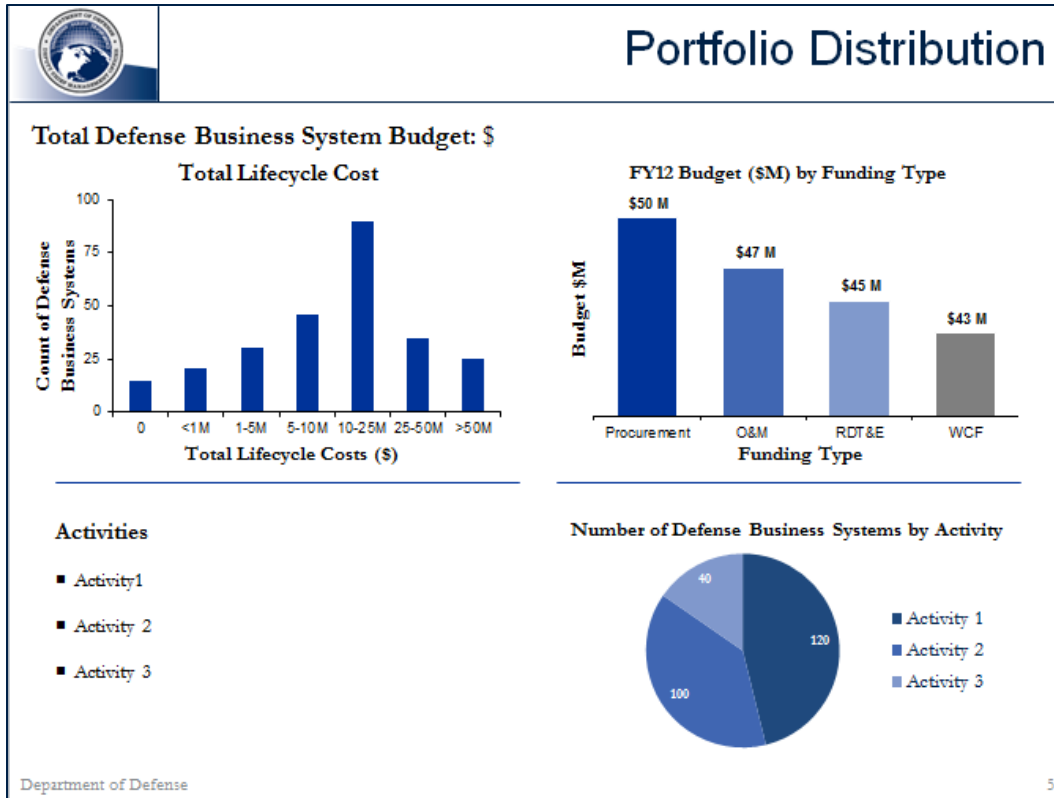
Goals, Expected Outcomes and Value

Goals	Expected Outcome	Value
Goal 1	Goal 1 Expected Outcome	Goal 1 Value
Goal 2	Goal 2 Expected Outcome	Goal 2 Value
Goal 3	Goal 3 Expected Outcome	Goal 3 Value

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Constraints and Enablers

Constraints

Constraint	Impact
Constraint 1	Impact 1
Constraint 2	Impact 2
Constraint 3	Impact 3

Enablers

Enablers	Plan to Utilize
Issue 1	Plan 1
Issue 2	Plan 2
Issue 3	Plan 3

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Problem Statement (as applicable)

- Includes problem statements, required per the Business Capability Lifecycle
- A problem statement defines a business need, the value of meeting that need, and the approach to solving an existing problem, etc

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Appendix G: Mandatory Data Elements

DITPR Data Element	Description (Sample Data)	DITPR FORM
System Name	Official Name. *If a family of systems, include all members of family and relationships in Associated Systems below*	CORE
Acronym	Official acronym	CORE
DITPR ID	Number	CORE
SNaP-IT BIN (authoritative key from SNaP-IT)	Number Only one DBS can be matched with a BIN. No override codes allowed	CORE
Description	Complete description of system	CORE
Component/Owner	DBS System Owner	CORE
Sub-Organization (Sub-Component)		CORE
Associated Systems	Identification of association between individual systems, including the specific type of relationship. For example: child system, parent system, family of systems, system of systems, interfaces with, etc.	CORE
POC	Include Point of Contact Information (POC Name, email and telephone) 1. PM 2. Functional Sponsor 3. MDA 4. PEO	POC
Pre-Certification Authority (PCA) for DBS Program	Identify the appropriate PCA: 1. CMO Air Force; 2. CMO Army; 3. CMO Navy; 4. Defense Agency Director or equivalent; 5. Designated by DCMO (Specify)	POC CERTIFICATION
Using Components	1. Components/Commands that <u>use</u> the DBS (Select all applicable from list) 2. Stakeholder Count; Number of Components/Commands that use the DBS	CORE IRB processes will calculate the number of stakeholders from the number of entries in this field.

DITPR Data Element	Description (Sample Data)	DITPR FORM
Total Users	Number of users (e.g. 1,000, 500)	CORE
*Business Function	*As best describes system role:* • Financial Management • Acquisition • Defense Security Enterprise • Logistics &Materiel Readiness • Installations & Environment • Human Resources Management • Security Cooperation • Enterprise IT Infrastructure	CORE
**Transition Plan State	(1) Legacy (will be sunset within 36 months of certification date) (2) Core (will continue to operate beyond 36 of certification date)	CORE
Lifecycle Phase: Start Date	(1) Material Solution Analysis (BCL: Business Capability Definition and Investment Management, up to MS-A) (2) Technology Development (BCL: Prototyping, after MS-A and before MS-B) (3) Engineering & Manufacturing Development (BCL: MS-B to MS-C) (4) Production & Deployment (BCL: MS-C through Full Deployment (FDD)) (5) Operations & Support	LIFECYCLE
Lifecycle Phase: End Date	(1) Material Solution Analysis (BCL: Business Capability Definition and Investment Management, up to MS-A) (2) Technology Development (BCL: Prototyping, after MS-A and before MS-B) (3) Engineering & Manufacturing Development (BCL: MS-B to MS-C) (4) Production & Deployment (BCL: MS-C through Full Deployment (FDD)) (5) Operations & Support (Sunset/Retirement/ Decommission Termination Date)	LIFECYCLE
*Use Modified COTS?	Yes or No	CORE
System Alignment With the BEA	Mapping to applicable BEA elements • Capabilities • OV5 System Operational Activities • OV-6C Processes	ARCHITECTURE

DITPR Data Element	Description (Sample Data)	DITPR FORM
	• SV4 Functions	
**Use SNaP-IT budget for Certification request amount	(Y/N) The amount requested for certification by the IRB/DBC is equal to the budget information in SNaP-IT. (*Important - See Note 1 below*)	CERTIFICATION

**Certification Request - Type and Amount of Funding (*To be completed on DITPR Cert or IRB Interest screen*)	Certification Requests include the following fields. A separate entry is required for each type of funding included in the certification request. (*Important - See Note 1 below*)
	• Certification Request Amount ($M), for the period of the FYDP, beginning with FY13.
	• **Type of Funding
	   o RDT&E – Research, Development, Test and Evaluation
	   o Procurement
	   o DWCF – Defense Working Capital Fund
	   o O&M – Operations and Maintenance
	   o DERF
	   o MILCON
	   o MILPERS
	   o Family Housing
	   o Others – Specify
	   o DEF HLTH PROG
	   o NAF - Non-Appropriated Funds
	   o CW
	• **Dev/Cur – Specify if this funding is intended to be used for development/modernization or for current services
		CERTIFICATION
		
		CERTIFICATION
		
		CERTIFICATION

**Number of Interfaces to Other Systems	Specify number of interfaces to external systems. Select from drop-down list of range of values.	MISSION CRITICALITY
BEA Version	BEA version used for compliance	CERTIFICATION
**BEA Compliant	(Y/N) In order to be considered compliant with the BEA, a DBS must demonstrate compliance with all applicable BEA Laws, Regulations, and Policy; Data Standards; Business Rules; and SFIS requirements in accordance with the "DoD BEA Compliance Guidance."	CERTIFICATION

DITPR Data Element	Description (Sample Data)	DITPR FORM
**BPR Performed	(Y/N) Sufficient BPR has been performed to ensure: 1) The business process supported by the DBS is (or will be) as streamlined and efficient as practicable; and 2) The need to tailor COTS systems to meet unique requirements or incorporate unique interfaces has been eliminated or reduced to the maximum extent practicable.	CERTIFICATION
**Critical Capability / Adverse Impact	(Critical Capability / Adverse Impact / Neither) The DBS is: 1) Necessary to achieve a critical national security capability or address a critical requirement in an area, such as safety or security; or 2) Necessary to prevent a significant adverse effect on a project that is needed to achieve an essential capability, taking into consideration the alternative solutions for preventing such adverse effect; or 3) Neither 1) or 2) above.	MISSION CRITICALITY

SNaP-IT Data Element	Description (Sample Data)
SNaP-IT Budget Identification Number (BIN)	Number - The Unique Identifier of an IT Investment (SNaP-IT Primary Key)
DITPR-ID (authoritative key from DITPR)	Number
Budget ID	Text - Indicates the actual budget submission of the resource record (e.g., FY13PB, FY14PB etc.)
Resources Organization Code	Text - The DoD Financial Management Structure (FMS) component codes. (also used as Program Element (PE) suffix)
Resource Organization	Text - The organization acronym that corresponds to the Resources Organization Code.
Resource Bureau	Text - Identifies the Bureau of the resource record (Army, Navy,

SNaP-IT Data Element	Description (Sample Data)
	Air Force, or Defense-wide)
Funding Source	Text - Identifies the resource record as DoD base budget or Other Contingency Operations (OCO)
Treasury Code	Text - Identifies the Treasury Code for the resource record.
APPN	Text - The appropriation title that corresponds to the Treasury Code.
APPN Group	Text - Identifies an appropriation grouping for corresponding Treasury Codes (RDT&E, Procurement, Operations, DWCF etc.)
BA Code	Text - Identifies the Budget Activity code for the resource record.
BA Title	Text - The BA title that corresponds to the BA Code.
PE	Text - Identifies the Program Element for the resource record.
PE Title	Text - The PE title that corresponds to the PE Code.
BLI Code	Text - Identifies the Budget Line Item code for the resource record.
BLI Title	Text - The BLI title that corresponds to the BLI Code.
FYDP Budget for: - PY-1 & Prior - PY-1 - CY - BY - BY+1 - BY+2 - BY+3 - BY+4 - BY+5 & Beyond	Number - Required for Life-cycle Cost (LCC) - Required for Life-cycle Cost (LCC)
DM/CS	Text - Identifies the resource record as Development and Modernization (DM) or Current Services (CS)

SNaP-IT Data Element	Description (Sample Data)
Investment Stage	Text - Identifies the acquisition stage (Planning, Acquisition, or Maintenance) of the resource record. - Identifies if the resource record pays for government Full Time Equivalents (FTE)

* New Data Element
** Modified Data Element
Note 1:
- DBS for which the requested certification amount is equal to the corresponding IT Budget value in SNaP-IT should indicate "Y" for "Use SNaP-IT budget for Certification request amount" and should NOT complete the IRB Interest Certification amounts in DITPR
- DBS that do not currently have a separate record in SNaP-IT may:
  - o Establish a SNaP-IT entry for the DBS with corresponding BIN in DITPR {**Preferrred**} **or**
  - o As an interim measure for FY13 DBS Certification, complete the "IRB Interest Certification" in DITPR with the the requested funding values
- DBS for which the certification request amount is not the same as the corresponding IT Budget value in SNaP-IT should:
  - o If the certification request amount is less than the IT President's Budget amount:
    - ▪ Complete the IRB Interest Certification in DITPR or
    - ▪ Correct/update the information in SNaP-IT
  - o **Certification requests may not exceed the budget amount documented in SNaP-IT**

Appendix H: Investment Decision Memorandum – Sample

DEPUTY CHIEF MANAGEMENT OFFICER
9010 DEFENSE PENTAGON
WASHINGTON, DC 20301-9010

MEMORANDUM FOR PRECERTIFICATION AUTHORITY

SUBJECT: Component Portfolio Investment Decision Memorandum (IDM)

REFERENCES:
(a)   IRB Guidance dated _____.
(b)   Section 2222 of the FY2010 NDAA as codified in 10 U.S.C. 2222.

Purpose:

This IDM establishes the budget portfolio for the Component Portfolio. The Pre-Certification Authority is **[Insert Name]**.

Decisions:

- The component portfolio is hereby approved

- In accordance with references (a) and (b) the Component Portfolio is authorized to obligate $[Insert Dollar Amount] for the investments identified in enclosure (1).

Tasking/Action Items:

- Identify a plan of action and milestones to sunset the **[Insert Name of Systems]** systems identified by the Pre-Certification Authority as legacy capability to be replaced by the **[Insert Name(s) of Replacement System(s)]**.

- Within 60 days submit an updated problem statement for treasury disbursement to the IRB for review and approval.

- Create a Business Process Re-engineering (BPR) team to re-engineer the business processes for research and development funds distribution.

Discussion:

The Core systems identified in the Component Portfolio are critical to achieving the Department's business goal to align business system investments into portfolios. The Pre-Certification Authority actions to date will help the Department achieve its goal to organize into portfolios however identified legacy systems must be sunset by 2017 to meet the function's business goals.

Point of Contact: My point of contact for this effort is **[Insert Name]**, Office of the Deputy Chief Management Officer at (703) 555-1212 or **[Insert Email Address]**.

Defense Business Council Chair