Department of Defense
INSTRUCTION

SUBJECT: Information Technology Portfolio Management Implementation

References: (a) DoD Directive 8115.01, "Information Technology Portfolio Management," October 10, 2005
(b) DoD Directive 5144.1, "Assistant Secretary of Defense for Networks and Information Integration/DoD Chief Information Officer ASD (NII)/DoD CIO)," May 2, 2005
(c) Section 11101 of title 40, United States Code (formerly Division E of the Clinger-Cohen Act of 1996)
(d) Office of Management and Budget Circular No. A-130, "Management of Federal Information Resources," as amended
(e) through (s), see Enclosure 1

1. PURPOSE

This Instruction implements policy established in Reference (a) and, under the authority established in Reference (b), describes responsibilities for the management of DoD information technology (IT) investments as portfolios within the DoD Enterprise (to include Mission Areas, Subportfolios, and Components) that focus on improving DoD capabilities and mission outcomes consistent with References (c) and (d), and DoD Directive 8000.1 (Reference (e)).

2. APPLICABILITY AND SCOPE

2.1. This Instruction applies to:

2.1.1. The Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the Department of Defense (hereafter referred to collectively as the "DoD Components").

2.1.2. The Warfighting Mission Area (WMA), Business Mission Area (BMA), DoD portion of Intelligence Mission Area (DIMA), the Enterprise Information Environment (EIE) Mission Area (EIEMA), and any new DoD mission areas established to manage IT portfolios.

2.1.3. All current and planned DoD IT investments that are part of the Global Information Grid (GIG) per Reference (e) and DoD Directive 8100.1 (Reference (f)).

2.2. Nothing in this Instruction shall alter the Intelligence responsibilities, functions, and relationships specified in DoD Directive 5143.01 (Reference (g)).

3. DEFINITIONS

Terms used in this Instruction are defined in Enclosure 2.

4. POLICY

This Instruction implements the policies established in Reference (a) and describes procedures for managing DoD IT investments as portfolios.

5. RESPONSIBILITIES

5.1. The Assistant Secretary of Defense for Networks and Information Integration/Department of Defense Chief Information Officer (ASD(NII)/DoD CIO) shall ensure that DoD Components are in compliance with this Instruction and may also issue DoD Publications to supplement the policies and procedures contained herein.

5.2. The Under Secretary of Defense for Intelligence (USD(I)), in coordination with the ASD(NII)/DoD CIO and other Mission Area Leads, shall define responsibilities and procedures to:

5.2.1. Address investments having integrated funding from both Defense and National Intelligence sources.

5.2.2. Coordinate DoD IT portfolio matters with the Office of the Director of National Intelligence.

5.2.3. Recommend changes to DIMA scope or governance to improve integration or reduce potential redundancies.

5.3. The ASD(NII)/DoD CIO; the Under Secretary of Defense for Acquisition, Technology, and Logistics; the Under Secretary of Defense (Comptroller); and the Chairman of the Joint Chiefs of Staff, in coordination with the Mission Area Leads, shall collaboratively develop additional guidance for integration of IT portfolio management (PfM) activities into the

processes governed by Chairman of the Joint Chiefs of Staff Instruction 3170.01E, DoD Directive 7045.14, and DoD Directive 5000.1 (References (h), (i), and (j)).

    5.4. Other responsibilities assigned by Reference (a) shall be carried out using the procedures identified in this Instruction.

6. PROCEDURES

The following procedures address the overall IT PfM process and its activities. Enclosures 3 through 9 provide additional details for each IT PfM activity.

    6.1. The DoD IT Portfolio Management Process

        6.1.1. Achieving the goals of the Department of Defense requires a fundamental change in the way IT is managed in the Department. Historically, IT resources have been managed and acquired as stand-alone systems rather than as integral parts of a net-centric capability. This has had the effect of allowing duplicative investment in systems or platforms that deliver the same or similar capabilities, limiting the ability to share information or fully incorporate Doctrine, Organization, Training, Materiel, Leadership, Personnel and Facilities (DOTMLPF) factors. Managing portfolios of capabilities aligns IT with the overall needs of the warfighter, as well as the intelligence and business activities which support the warfighter. In support of Enterprise, Mission Area, and Subportfolio concepts, goals, measures, and integrated architectures, this Instruction describes the fundamental concepts necessary to align IT with National Security and defense outcomes.

        6.1.2. Since publication of the Transformation Planning Guidance in 2003 (Reference (k)), the Department has moved at an accelerating pace toward capabilities-based planning, resource allocation, and acquisition, based on the principles of joint interoperability and network-centric warfare. The Joint Capabilities Integration and Development System (JCIDS) (Reference (h)) restructured the requirements generation process to focus on warfighting capability gaps and redundancies, and institutionalized functional analyses to determine the best mix of forces and investments based on cost and operational effectiveness. The Planning, Programming, Budgeting and Execution (PPBE) process added a new emphasis on the use of performance metrics based on outputs and return on investment. The Defense Acquisition System (DAS) guidance was updated to integrate better with the JCIDS process, develop roadmaps for capabilities, adopt industry best practices, and establish a knowledge-based approach which requires program managers to attain the right knowledge at critical junctures so they can make informed program decisions throughout the acquisition process. The DoD IT PfM process continues this evolution from emphasis on individual systems to overall mission capability. As with any evolution, the maturity and completeness of IT PfM practices within the Department will develop over time.

        6.1.3. Consistent with the Office of Management and Budget (OMB) Capital Planning and Investment Control guidance under Reference (d), the Department of Defense shall use four continuous integrated activities to manage its portfolios -- analysis, selection, control, and

evaluation. The overall process is iterative, with results being fed back into the system to guide future decisions. Figure 1 shows the major portfolio activities, their key products and outcomes, and their relationships to the DoD decision processes.
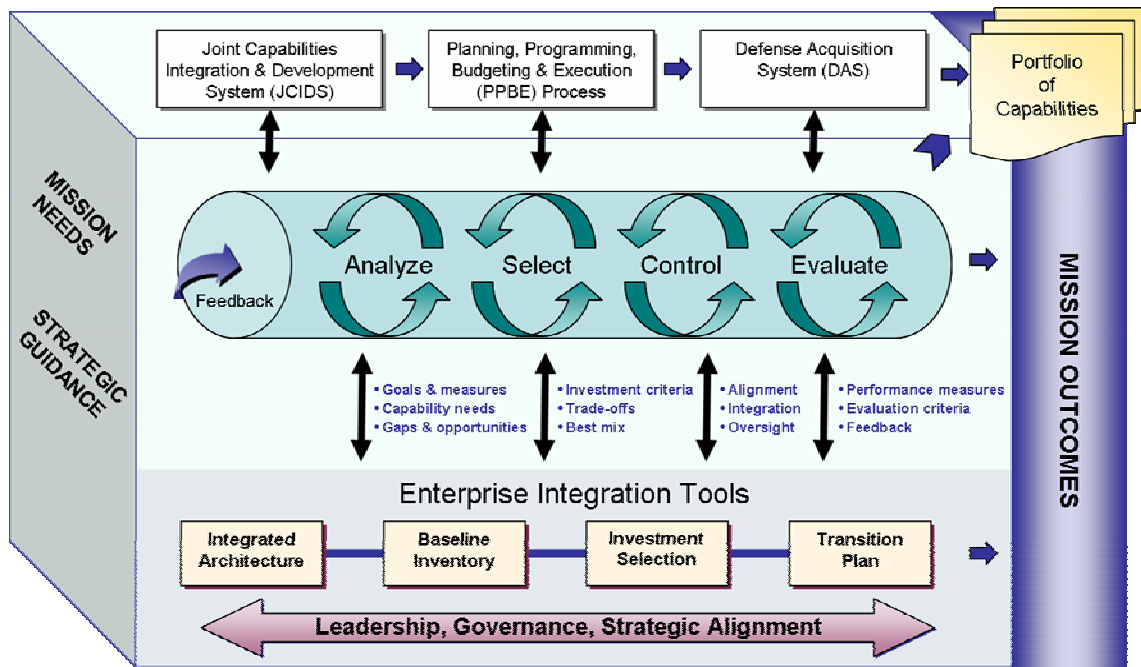

Figure 1. IT Portfolio Management Decision Support Interactions

6.1.3.1. Analysis is the activity in which Mission Area Leads and Subportfolio Authorities, in collaboration with Components, establish performance goals, identify gaps and opportunities, provide for continuous improvement, and explore functional and technical options as documented in current capabilities and future integrated architectures. The Analysis activity addresses the critical front-end requirements for strategic planning, performance and results management, benchmarking, elimination of unnecessary functions, process improvement, and definition of capabilities and gaps. It creates a directional foundation for the other activities. Reference (c) requires that analysis be performed. Enclosure 3 provides processes and procedures for Analysis.

6.1.3.2. Selection is the activity that identifies the best mix of investments within available resources to meet integrated Enterprise, Mission Area, Subportfolio, and Component strategic goals. Portfolio selection decisions are made using integrated architectures, transition plans, technical criteria, and programmatic trade-offs to satisfy performance measures and achieve desired outcomes. Enclosure 4 provides processes and procedures for Selection.

6.1.3.3. Control is the activity focused on acquiring the capabilities selected for the portfolio. It consists of acquisition and oversight activities at the portfolio level that complement and supplement traditional single-system, single-platform acquisition and oversight activities. Mission Area Leads and Subportfolio Authorities shall conduct periodic reviews of the programs

and systems within their purview to ensure acquisitions continue to meet selection criteria and architectural goals, and remain consistent with transition plans. These periodic reviews should consider how developing system functionality meets or contributes to corresponding capability performance goals, and how changes in the expected performance of each investment impact the portfolio performance and capability. Enclosure 5 provides processes and procedures for Control.

      6.1.3.4. Evaluation is the activity focused on measuring and assessing the outcomes of portfolio investments to determine whether expected benefits were achieved. Primary mechanisms for evaluation are post-implementation reviews (see OMB Circular A-11 (Reference (l))) and other operational assessments (e.g., after-action reports from military exercises). Evaluation results feed back into the other activities of IT PfM to guide all investment decisions and recommendations. Mission Area and Subportfolio Authorities lead the evaluation of outcomes and are primarily responsible for seeing that planned benefits are attained. Enclosure 6 provides processes and procedures for Evaluation.

      6.1.4. IT PfM is a key enabler of information sharing. In accordance with DoD Directive 8320.2 (Reference (m)), portfolio management enables data sharing across Components, supports cross-Component communities of interest, and ensures data sharing agreements are implemented by the respective Components. These activities should maximize return on investment for the enterprise by reusing accessible data rather than recreating existing data.

      6.1.5. IT PfM is an ongoing, collaborative, cross-cutting, and flexible process, performed by stakeholder teams representing all life-cycle activities (e.g., capabilities, resources, acquisition, operations, deactivation, and retirement/reutilization or demilitarization) that is driven by mission outcomes. IT PfM practices shall interface with, and be incorporated into, the Department's principal decision support processes -- JCIDS, PPBE, and DAS (see Figure 1). IT PfM will leverage existing decision support processes and decision bodies whenever possible.

   6.2. <u>Governance & Interfaces</u>

      6.2.1. The Department's IT PfM process provides a balanced strategy for making decisions and recommendations based on enterprise strategic planning, integrated architectures, and outcome-based performance measures to achieve desired mission capabilities. Effective implementation of the IT PfM strategy requires a robust governance structure, enabled by consistent, repeatable processes at all levels to foster greater management efficiency, better communications and effective collaboration. The IT PfM governance process leverages existing DoD processes and authorities to ensure collections of related IT capabilities and services are managed as portfolios to maximize their contribution to the Enterprise.

      6.2.2. IT PfM governance authorities are exercised in two distinct ways – through management process guidance and investment program oversight. According to Reference (a), IT investments must be planned, justified, and managed as part of a portfolio of related IT capabilities using the IT PfM process prescribed by ASD(NII)/DoD CIO and Mission Area Leads. However, IT PfM governance authority to effect changes to specific IT investments is manifested through the existing JCIDS, PPBE, and DAS processes. While the DoD CIO and

Mission Area Leads provide governance to directly oversee and enforce the processes through which IT PfM activities are implemented, their influence over specific IT investment decisions depends on close working relationships with their counterparts in the JCIDS, PPBE, and DAS governance structure, as depicted in Figure 2.
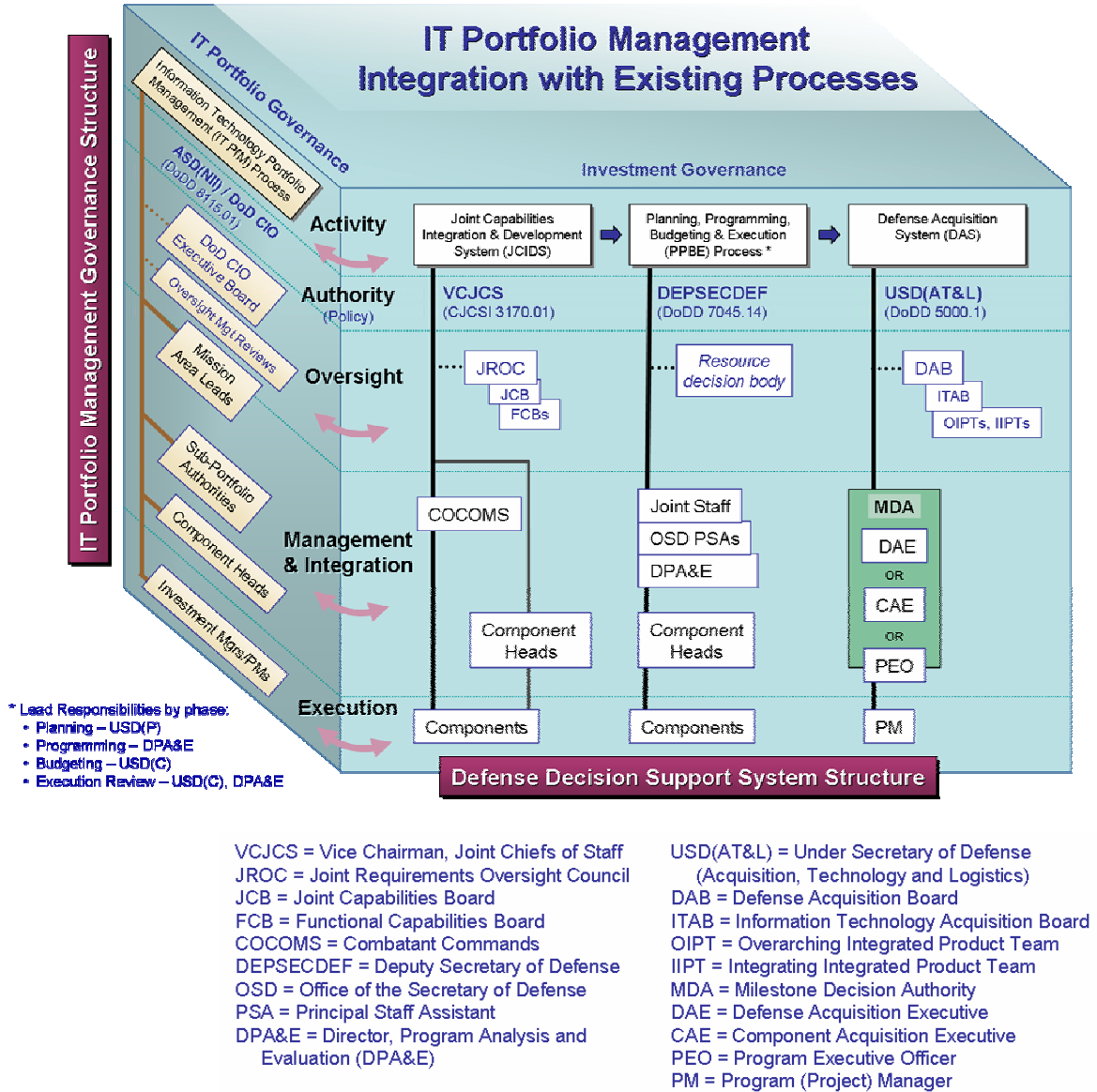

Figure 2. IT Portfolio Management Integration with Existing Processes

6.2.3. IT Portfolio Management Process Guidance

      6.2.3.1. Portfolios of IT investments are managed at the Enterprise, Mission Area, Subportfolio, and Component levels as depicted in Figure 3. Investments at all levels must consider DOTMLPF processes, leading practices, and culture. The full benefits of IT cannot be realized if IT is isolated from these other factors.
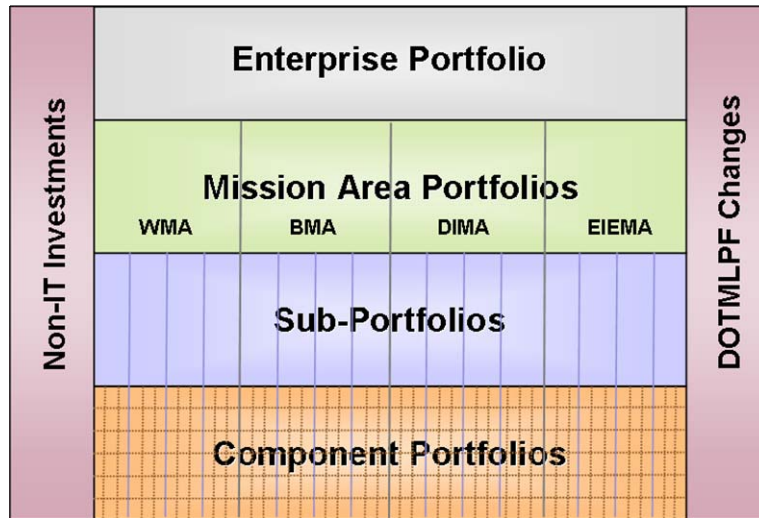

Figure 3. IT Portfolios

      6.2.3.2. The corresponding governance structure for the IT PfM process is depicted on the left side of Figure 2. All participants are ultimately responsible to the DoD CIO for implementation of portfolio processes described in this Instruction.

      6.2.3.3. The Enterprise level includes all DoD Components. The Secretary of Defense establishes DoD Enterprise strategic direction. The DoD CIO oversees implementation of this Instruction, leads a cross-Mission Area governance forum, -- the CIO Executive Board (Department of Defense Chief Information Officer Executive Board Charter (Reference (n))) -- and ensures conflicts or disagreements among Mission Areas or Components are adjudicated.

      6.2.3.4. The Mission Areas represent the major capability areas of the Department, including interfaces to other National Security activities. Primary responsibilities of Mission Area Leads are to: establish subportfolios within each Mission Area, establish strategic direction for the Mission Area that aligns to the Enterprise strategic plan (i.e., the Quadrennial Defense Review (QDR) Report) and GIG Integrated Architecture and guidance; and provide guidance to the subportfolios. The Mission Area Leads review subportfolios to ensure they are aligned to Mission Area guidance and are integrated across the Mission Area. A Mission Area Transition Plan guides the implementation of capabilities across the Mission Area. (This Instruction does not distinguish between a Transition Plan and a Roadmap—either term may be used). The Transition Plan should also address the transition to shared data in accordance with the DoD Data Strategy (Reference (o)). In concert with the other IT portfolio governance authorities

depicted in Figure 2, Mission Area Leads oversee their Mission Areas to ensure strategic direction is implemented.

6.2.3.5. Subportfolios align to Enterprise-wide and Mission Area vision, goals, capabilities, concepts, outcome measures, and integrated architectures. Subportfolio Authorities extend and supplement Enterprise and Mission Area direction and guidance consistent with the Mission Area architecture, investment strategies, and a Transition Plan. Component portfolio investments are reviewed at the Subportfolio and Mission Area levels for their compliance with guidance and criteria. Each Subportfolio Authority reviews Component parts of the Subportfolio to determine alignment of programs and budgets, and makes recommendations through the Mission Area Leads to the Principal Staff Assistants (PSAs) to continue, modify, or terminate programs or to initiate new starts to fill gaps. Subportfolio Authorities will normally select a subset of investments within their portfolio for direct oversight based on dollar thresholds, special interests and other factors. Responsibilities for monitoring the remaining investments may be delegated to the Components. Delegation shall be accompanied by appropriate guidance and reporting criteria to ensure a sufficient level of oversight.

6.2.3.6. Mission Area Leads and Subportfolio Authorities manage their internal processes and influence external processes in other mission areas and subportfolios with which they exchange information. All Mission Area and Subportfolio requirements should be harmonized and consolidated so that each Mission Area Lead and Subportfolio Authority can understand the totality of the DoD requirements they are responsible for during the selection and implementation of their portfolio. Mechanisms shall be in place to ensure that cross-Mission Area requirements have been addressed in portfolios. IT portfolios and subportfolios also include functionally aligned non-DoD systems used anywhere within the Department of Defense that are sponsored by other Departments or coalition/allies. Mission Area Leads must assign DoD sponsors for those systems to ensure DoD equities are addressed in the IT PfM process.

6.2.3.7. Component portfolio plans, programs, and budgets shall be aligned to Mission Area and Subportfolio guidance. Components manage their subsets of portfolios using strategic plans, expected capabilities, integrated architectures, and investment strategies consistent with this guidance. To the extent possible, Components should use the same management processes applied at the Mission Area, Subportfolio, and cross-Mission Area levels. Conflicts should be identified to the appropriate governance forum.

6.2.3.8. The DoD CIO, DoD Chief Financial Officer (CFO), and Mission Area Leads along with other stakeholders, shall conduct annual Portfolio Oversight Management Reviews, aligned with the PPBE cycle, to gain a broad understanding of each Mission Area and Subportfolio and its adherence to financial management criteria, GIG criteria, and Clinger-Cohen Act criteria specified in Reference (c). Key issues such as alignment to integrated architectures, elimination of duplicative systems, and investment justification are addressed in these high level reviews. The results shall be documented and will be made available to the JCIDS, PPBE, and DAS processes for appropriate action.

6.2.4. <u>Portfolio Investment Oversight</u>

6.2.4.1. IT investments are considered along with all other investments through the Department's three principal decision support systems (JCIDS, PPBE, and DAS). The key governance relationships are depicted on the face of the cube in Figure 2. The IT PfM process does not supersede the existing authorities and policies in References (h), (i), and (j). However, Mission Area Leads may highlight interface issues or recommend updates to JCIDS, PPBE, and DAS requirements.
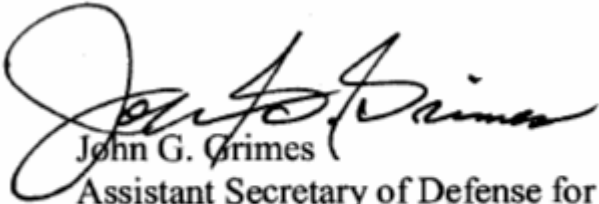
6.2.4.2. The DoD CIO, Mission Area Leads, and Subportfolio Authorities work with their JCIDS, PPBE, and DAS counterparts to ensure that IT investments comply with portfolio guidance. Ultimately, as the Department completes its transition to a capabilities-based planning framework, investment reviews and deliberations will take place at the "portfolio of capabilities" level with individual program reviews supplementing and complementing the portfolio reviews. In the meantime, IT investment oversight will lead the way by formally adding a portfolio dimension to existing processes. Investments are not only judged individually, but also on the value, uniqueness, and cost-effectiveness of the IT capabilities they contribute to as part of the overall portfolio. Advice and recommendations from the Mission Area Lead and Subportfolio Authority are a fundamental part of the decision process.

6.2.4.3. IT PfM recommendations are implemented and enforced using traditional documents such as Program Objective Memorandums' guidance, Program Decision Memorandums, Program Budget Decisions (PBDs), Joint Requirements Oversight Council Memorandums, Acquisition Decision Memorandums (ADMs), and Program Change Proposals. Enterprise, Mission Area, and Component guidance recommendations will also be considered for inclusion in the Strategic Planning Guidance by the Under Secretary for Policy; the Joint Programming Guidance by the Director, Program Analysis and Evaluation; and the Intelligence Community Planning and Programming Guidance by the USD(I).

6.2.5. Enclosure 7 provides additional guidance and details about IT PfM governance. Enclosure 8 provides detailed processes for Oversight Management reviews. Enclosure 9 provides additional guidance and details about shared oversight when more than one Mission Area has oversight cognizance.

7. <u>EFFECTIVE DATE</u>

This Instruction is effective immediately.

John G. Grimes
Assistant Secretary of Defense for
Networks and Information Integration /
DoD Chief Information Officer

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    E2. Definitions
    E3. Analysis
    E4. Selection
    E5. Control
    E6. Evaluation
    E7. Governance
    E8. Oversight Management Reviews
    E9. Shared Oversight

E1. ENCLOSURE 1

REFERENCES, continued

(e) DoD Directive 8000.1, "Management of DoD Information Resources and Information Technology," February 27, 2002

(f) DoD Directive 8100.1, "Global Information Grid (GIG) Overarching Policy," September 19, 2002

(g) DoD Directive 5143.01, "Under Secretary of Defense for Intelligence (USD(I))," November 23, 2005

(h) Chairman of the Joint Chiefs of Staff Instruction 3170.01E, "Joint Capabilities Integration and Development System (JCIDS)," May 11, 2005

(i) DoD Directive 7045.14, "The Planning, Programming and Budgeting System (PPBS)," May 22, 1984

(j) DoD Directive 5000.1, "The Defense Acquisition System," May 12, 2003

(k) Department of Defense Transformation Planning Guidance, April 2003[1]

(l) Office of Management and Budget Circular A-11, "Preparation, Submission and Execution of the Budget," Revised November 2, 2005

(m) DoD Directive 8320.2, "Data Sharing in a Net-Centric Department of Defense," December 2, 2004

(n) Department of Defense Chief Information Officer Executive Board Charter, as amended, July 7, 2005[2]

(o) Department of Defense Net-Centric Data Strategy, May 9, 2003[3]

(p) Defense Acquisition Guidebook, current edition[4]

(q) Quadrennial Defense Review Report, February 6, 2006[5]

(r) Department of Defense Performance and Accountability Report, current edition[6]

(s) Government Accountability Office, "Assessing Risks and Returns: A Guide for Evaluating Federal Agencies' IT Investment Decision-Making," (GAO/AIMD-10.1.13) Version 1, February 1997

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1 The DoD Transformation Planning Guidance is available at:
  http://www.oft.osd.mil/library/library_files/document_129_Transformation_Planning_Guidance_April_2003_1.pdf

2 The DoD CIO Executive Board Charter is available at:
  http://www.dod.mil/cio-nii/docs/DoD_CIO_ExecutiveBoardCharter.pdf

3 The DoD Data Strategy is available at: http://www.dod.mil/cio-nii/docs/Net-Centric-Data-Strategy-2003-05-092.pdf

4 The Defense Acquisition Guidebook is available at: http://akss.dau.mil/dag/

5 The QDR Report , which also serves as the DoD Strategic Plan, is available at:
  http://www.defenselink.mil/pubs/pdfs/QDR20060203.pdf

6 The DoD Performance and Accountability Report available at: http://www.dod.mil/comptroller/par

E2. ENCLOSURE 2

DEFINITIONS

E2.1. Business Mission Area. The BMA ensures that the right capabilities, resources, and materiel are reliably delivered to our warfighters: what they need, where they need it, when they need it, anywhere in the world. In order to cost-effectively meet these requirements, the DoD current business and financial management infrastructure - processes, systems, and data standards - are being transformed to ensure better support to the warfighter and improve accountability to the taxpayer. Integration of business transformation for the DoD business enterprise is led by the Deputy Secretary of Defense in his role as the Chief Operating Officer of the Department.

E2.2. DoD portion of Intelligence Mission Area. The DIMA includes IT investments within the Military Intelligence Program and Defense component programs of the National Intelligence Program. The USD(I) has delegated responsibility for managing the DIMA portfolio to the Director, Defense Intelligence Agency, but USD(I) retains final signature authority. DIMA management will require coordination of issues among portfolios that extend beyond the Department of Defense to the overall Intelligence Community.

E2.3. Enterprise Information Environment Mission Area. The EIEMA represents the common, integrated information computing and communications environment of the GIG. The EIE is composed of GIG assets that operate as, provide transport for, and/or assure local area networks, campus area networks, tactical operational and strategic networks, metropolitan area networks, and wide area networks. The EIE includes computing infrastructure for the automatic acquisition, storage, manipulation, management, control, and display of data or information, with a primary emphasis on DoD enterprise hardware, software operating systems, and hardware/software support that enable the GIG enterprise. The EIE also includes a common set of enterprise services, called Core Enterprise Services, which provide awareness of, access to, and delivery of information on the GIG. (As defined in Reference (a).)

E2.4. Portfolio. The collection of capabilities, resources, and related investments that are required to accomplish a mission-related or administrative outcome. A portfolio includes outcome performance measures (mission, functional, or administrative measures) and an expected return on investment. "Resources" include people, money, facilities, weapons, IT, other equipment, logistics support, services, and information. Management activities for the portfolio include strategic planning, capital planning, governance, process improvements, performance metrics/measures, requirements generation, acquisition/development, and operations. (See Section 7.8.3.6. of the Defense Acquisition Guidebook (Reference (p)) for more information about performance measures.)

E2.5. <u>Subportfolio</u>. A subdivision of a portfolio that represents a common collection of related or highly dependent information capabilities and services. For the purposes of this Instruction, the terms subportfolio, domain, and Core Business Mission Area have the same meaning.

E2.6. <u>Warfighting Mission Area</u>. The WMA provides life cycle oversight to applicable DoD Component and Combatant Commander IT investments (programs, systems, and initiatives). WMA IT investments support and enhance the Chairman of the Joint Chiefs of Staff's joint warfighting priorities while supporting actions to create a net-centric distributed force, capable of full spectrum dominance through decision and information superiority. WMA IT investments ensure Combatant Commands can meet the Chairman of the Joint Chiefs of Staff's strategic challenges to win the war on terrorism, accelerate transformation, and strengthen joint warfighting through organizational agility, action and decision speed, collaboration, outreach, and professional development.

ENCLOSURE 2

E3. ENCLOSURE 3

ANALYSIS

E3.1. Analysis is the activity in which Mission Areas and Subportfolios, in collaboration with Components, establish performance goals; identify gaps and opportunities; assess risks; provide for continuous improvement; and explore functional and technical options as documented in current capabilities and future integrated architectures. There are many ways to categorize IT investments during Analysis (and Selection). Traditional practices focus on individual programs. However, the capability focus of portfolio management rises above the constraints of specific solutions and existing programs to focus on "what" is needed rather than the "how" it is delivered. For example, IT may be grouped into categories such as Net-Centric; needing modification to become Net-Centric; legacy assets that must be maintained until phase-out; and systems to be terminated. Such groupings enable senior leaders to exercise strategic management over many investments without having to review each one separately and help guide multiple systems to provide needed capabilities. To the extent possible, Components should use the same management processes as the Mission Area, Subportfolio, and cross-Mission Area levels. Conflicts should be identified to the appropriate governance forum. Successful analysis is characterized by:

E3.1.1. Key stakeholder participation, teamwork, and collaboration.

E3.1.2. Measurable strategic outcome goals for results-based management.

E3.1.3. Use of baselines and metrics to facilitate strategic management of portfolios.

E3.1.4. Concepts of operations, operational architectures, and capability requirements with a focus on the long-, mid-, and near-term.

E3.1.5. Robust baselines for portfolios of processes, programs, systems, and outcomes.

E3.1.6. Benchmarks of best practices from industry and Government.

E3.1.7. Integrated analysis of gaps and opportunities, using robust methodologies (e.g., Balanced Scorecard), common assumptions, and advanced analytical tools.

E3.1.8. Approaches that lead to integrated materiel and non-materiel solutions.

E3.1.9. Conformance to legislation, regulation, and DoD guidance.

E3.2. Reference (h) describes processes and procedures for conducting mission analyses. It provides a template that addresses the fundamental elements of analysis. The analysis process may be tailored for use in all Mission Area and Subportfolio management processes.

E3.3. Mission Area Leads and Subportfolio Authorities shall align their vision, goals, and measures of performance with the Department's strategic plan (Reference (q)).

E3.4. In accordance with Reference (h), analysis shall not be limited to IT. This activity examines and assesses all the elements that constitute a DoD capability. These include DOTMLPF, processes, leading practices, and culture. The full benefits of IT cannot be realized if IT is isolated from these other factors.

E3.5. A portfolio baseline shall be established and maintained for each portfolio. It will provide the minimal essential items of information to inform PfM and oversight activities by addressing the definition and scope of the portfolio; vision and goals the portfolio responds to; integrated architectures that the portfolio implements; interdependencies with other portfolios; a description of the governance structure for the portfolio; justification for the portfolio investments showing compliance with appropriate architectures and uniform selection criteria; cost, schedule, and performance baselines; the acquisition strategy; and resource plans and performance outcomes. This document may be combined with the Transition Plan.

E3.5.1. The agents for each program or platform in the portfolio shall be identified in the baseline.

E3.5.2. The cost, schedule, and performance baseline section will include the performance based system used to monitor the achievement of, or deviation from, baseline goals; the original baseline against which progress is measured; the current planned and programmed baseline; variances and latest revised estimates; and corrective actions.

E3.5.3. The selection criteria and scores used to select each portfolio investment shall be attached to the baseline.

E3.6. IT investments are mapped to capabilities, as represented in operational architectures, in order to provide a repeatable, systematic, and analytic framework for review and assessment of their fit to the architecture, and to determine their disposition during the Selection activity. Gaps in current and future capabilities that need to be filled are identified through review and assessment of the architecture. These gaps may be filled by improvements to existing programs; data sharing; new programs; interfaces

between existing programs; and other means such as changes to doctrine, organization, training, leadership, personnel, or facilities.

E3.7. Program sponsors and managers shall brief the Subportfolio Authorities, as required, on their programs as part of the Analysis activity. It is not reasonable for Subportfolio Authorities to review all individual investments in their portfolio; therefore they may delegate oversight to the Components and instead review major programs/systems and aggregate Component portfolios within the functional scope of the Subportfolio. The reviews will cover the major topics in the selection criteria. Such reviews will prepare the Subportfolio Authority to assess the alignment of Component portfolio investments with Subportfolio direction (e.g., strategic vision, goals, measures, integrated architectures, and transition plans) and will help to determine whether to start, continue, modify, or terminate programs during the Selection activity. Reviews afford an interim opportunity to adjust programs to meet warfighter needs and align to integrated architectures and guidance. These reviews shall be mirrored by the Components for their portfolios in the scope of the Subportfolio using the common goals, measures, concepts, integrated architectures, and transition plans which are inherited from the Subportfolio and Mission Area.

E3.8. There are two parts to the Subportfolio review of the Component's portfolio -- portfolio process reviews and program-oriented reviews.

   E3.8.1. The process review focuses on the governance, process, criteria, and procedures used by the Component. This review ensures the Component is adhering to the DoD IT PfM policy. The Mission Area Lead or Subportfolio Authority may issue guidance to rectify issues or problems identified by the process review.

   E3.8.2. The program-oriented review is intended to ensure the Component part of the Subportfolio satisfies Subportfolio goals, measures, concepts, integrated architectures, and transition plans. The Mission Area Lead or Subportfolio Authority may issue recommendations through DoD decision processes to rectify issues or problems identified by the portfolio program review, including recommendations to terminate programs, modify funding, or begin new starts.

E3.9. The Analysis activity shall identify, describe, and explore potential solution options as an input to the Selection activity. New and innovative ideas (e.g., for data sharing) will be generated and assessed against requirements. An initial "To-Be" systems architecture may be developed during this activity, and completed after the Selection activity. Capability performance metrics and goals should consider system functionalities. The JCIDS, integrated architecture, and DAS systems engineering processes should identify consistent performance metrics so that system functionalities can be aggregated in the portfolio and directly measured against capabilities goals. Additional analyses should be performed to fill gaps in performance metrics, if needed.

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Having consistent target and solution performance metrics enables use of advanced portfolio analytic tools in the portfolio analysis, and carries through selection and control, improving the efficiency of the IT PfM process and adding rigor to the results.

ENCLOSURE 3

E4. ENCLOSURE 4

SELECTION

E4.1. This section describes the process for selecting the best mix of investments to realize capabilities and achieve goals, satisfy measures, and comply with integrated architectures and transition plans. It describes guidance for investment review and decision-making criteria. Selection is accomplished through recommendations to continue, modify, terminate, or start programs. The Mission Area and Subportfolio procedures below shall be mirrored at the Component level.

E4.2. Selection provides the basis for trading off investments within and between portfolios. Alternatives explored during the Selection activity include:

E4.2.1. Changes to requirements that are not technically or fiscally achievable.

E4.2.2. Adjustments to programs (e.g., to accelerate the delivery of capability, modify the program to better align to architectures and increase data sharing, or stretch out schedules and resource commitments).

E4.2.3. Termination of programs (e.g., that do not contribute to the mission, are being replaced by other capabilities, do not fit the approved "To-Be" integrated architectures or are not programmatically viable).

E4.2.4. Elimination or reduction of duplicative capabilities, and increase in common or shared capabilities across the Department.

E4.2.5. Increased support for capabilities that contribute to meeting future business and operational challenges and prioritized near-term operational readiness shortfalls as identified through the analysis activity.

E4.2.6. Trade-offs between different elements of DoD capability to meet warfighters' needs, and achieve executable and cost-effective solutions. Priority shall be given to GIG Enterprise Services and commercial off-the-shelf (COTS) software solutions that include leading business practices and processes.

E4.3. The analysis of proposed alternatives will render decisions and recommendations that produce the best overall mix of investments for each portfolio. The mix of investments shall be documented in the Portfolio Baseline and Transition Plan. A business case justification for each shall be included or referenced. The investment proposals are then considered through the normal DoD management processes (e.g., the PPBE). The "To-Be" Systems Architecture and Transition Plan shall reflect all

investment decisions and recommendations (e.g., terminated systems shall have a firm date when their funding ends).

E4.4. Subportfolio Authorities and Component managers shall conduct reviews of selected acquisition programs and of operational systems in the field during Analysis, Selection, and Control (Acquisition). These reviews generally will be held prior to the ranking of alternative investments and selection of the portfolio to gain information needed for ranking and investment decisions. Reviews may also be used to align individual programs with existing portfolio guidance. Ultimately, however, investment decisions rely on a comparison of alternative ways to spend dollars to achieve outcomes. Therefore, one-on-one program reviews only determine how well the program may fit into an investment strategy for the Subportfolio – by themselves they do not establish portfolio investment strategies.

E4.4.1. Due to the large number of programs in a subportfolio it may not be feasible to review all programs individually. Subportfolio Authorities may delegate reviews of individual programs in the portfolio to the Components who manage the programs as appropriate. Subportfolio Authorities shall then review, at least annually, the Components' processes for managing portfolios (e.g., governance, selection criteria), as well as review at a summary level the Components' portfolio of investments.

E4.4.2. The Selection activity depends on results of Analysis activities to provide options and identify the relative merits of proposed Subportfolio investments. Figure E4.1. illustrates, by example, the process of aligning programs/systems to capabilities to form an investment strategy for a portfolio, and developing a Transition Plan to implement the investment strategy.
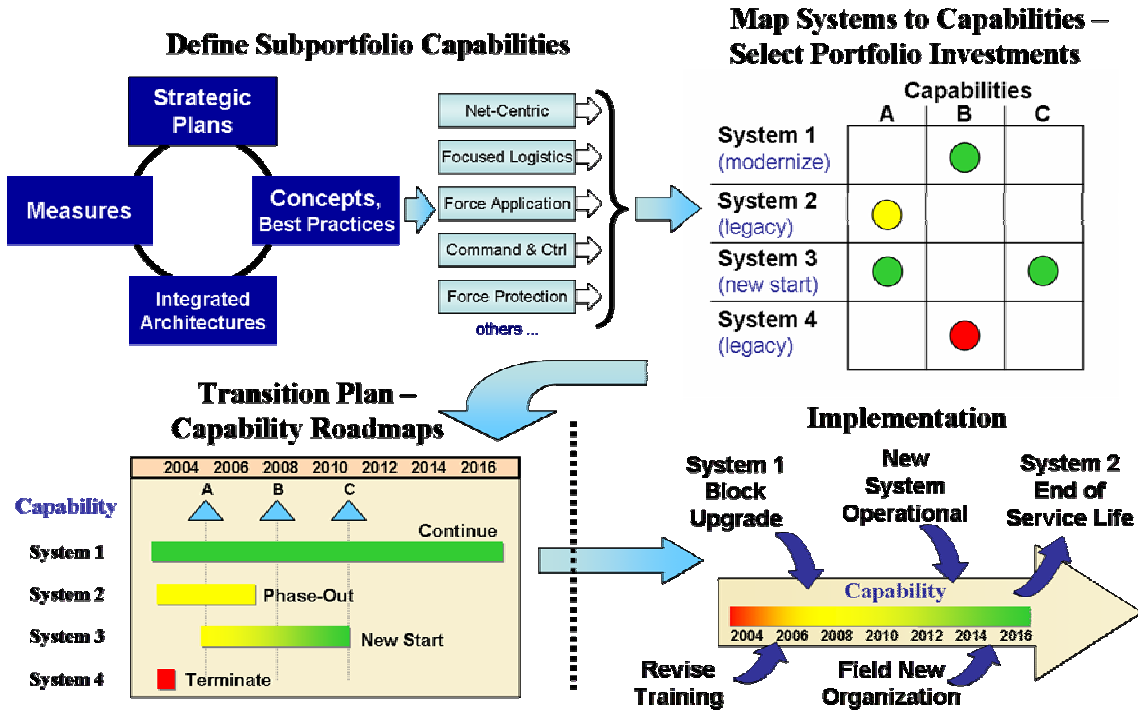
Figure E4.1. Illustration of an Approach to Portfolio Selection and Implementation

E4.4.3. Individual program analyses of alternatives (AoAs), if necessary, will supplement the Subportfolio Selection activity. Criteria used in individual system AoAs shall be consistent with the Subportfolio selection criteria.

E4.5. Mission Area Leads should develop common selection criteria and selection methodology for use within each Mission Area and its Subportfolios. Mission Area Leads should also collaboratively review the criteria for applicability across Mission Areas. For example, EIEMA criteria may be applied by Business, Defense Intelligence, and Warfighting Subportfolios to ensure net-centricity is achieved.

E4.5.1. Common criteria should address strategic objectives, mission outcomes, programmatic factors, Net-Centric compliance, congressional guidance, and guidance from References (c) and (l). The criteria should also reflect the views of the end user (e.g., need for shared data), the functional sponsor, the architect, the financial manager, the CIO, the acquirer, and the tester. The goal is to facilitate comparison of alternatives within and across Mission Areas and Subportfolios to achieve a balanced solution and maximize allocation of defense resources.

E4.5.2. The USD(AT&L) is responsible for issuing criteria with which to select business investments. The Chairman of the Joint Chiefs of Staff is responsible for issuing criteria to select Warfighting Mission Area investments. The USD(I) is

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responsible for developing a set of criteria for the DIMA. The DoD CIO is responsible for common EIE criteria. These uniform criteria will be cascaded down to the Subportfolios with tailoring, as necessary.

E4.5.3. The selection criteria will be accompanied by a common methodology for selecting alternative mixes of investments. Portfolio analysis results will be used to identify the major capability packages and trade-offs that justify the preferred portfolio selection, and will be supplemented as necessary with individual AoAs. Business Case Justifications should also be prepared in accordance with Reference (l). Justifications should be directly traceable to the scoring process and common selection criteria.

E4.5.4. Common criteria should be structured into a Balanced Scorecard that addresses key factors such as: contribution to mission, business case justification, functional alignment, programmatic soundness, and net-centricity. To the degree these elements and criteria have been built-in to the architecture, compliance to the integrated architecture may serve as a "proxy" for compliance to some of these criteria. Scoring may be quantitative and qualitative. The Balanced Scorecard should be linked to the DoD Balanced Scorecard performance goals and measures contained in the Department's most recent Performance and Accountability Report (Reference (r)).

E4.6. Selection may be viewed as four interrelated stages: planning for selection, screening, scoring, and selection decision. The Government Accountability Office Information Technology Investment Evaluation Guide (Reference (s)), provides a detailed template of best practices which can be tailored for use in DoD IT PfM.

E4.6.1. Planning for selection establishes the structure for assessing capability solutions. It defines the Subportfolio and Component choices and options. Traditional program-by-program assessments do not adequately consider trade-offs between programs, opportunities for consolidation and avoidance of duplication, or the need for new investments to enable reengineered processes or fill gaps in capabilities. Therefore, planning within and across subportfolios results in more comprehensive and complete choices. Planning for selection relies heavily upon information from the Analysis activity.

E4.6.2. The second stage of the Selection activity is to screen candidate proposals to narrow the field of choices. If the submitted investment proposals do not support the goals, measures, concepts, integrated architectures, and other key criteria of the Mission Area and Subportfolio, the screening process will pass those projects back for further development by the sponsor or will reject them outright if they cannot be fixed. Existing programs should continue through the entire process. Screening will be performed through self-assessments by the proposal proponent and reviewed by the Subportfolio Authority.

E4.6.3. Scoring IT proposals determines if a compelling business case (Reference (l)) has been made for the IT proposal. This assessment cannot be properly completed

without the requisite technical, cost, schedule, and program data. The Functional Manager documents the business case with assistance from the IT Program Manager (where appropriate) and subject matter experts. In addition to the self-assessment, functional proponents may choose to have an "objective" third party perform an assessment to substantiate the business case. Legacy systems are scored using the same criteria as ongoing and new projects. These systems will often be strong in areas where risky, leading-edge technology projects are weak. Various methodologies exist to score and rank programs to facilitate comparisons among them. However, quantitative methods should be used with care to guide evaluations, and not replace leadership and management judgment.

E4.6.4. Portfolio investments approved by the Subportfolio Authority and reviewed/approved by the Mission Area Lead are forwarded in accordance with policy and procedure for final adjudication through the PPBE.

ENCLOSURE 4

E5. ENCLOSURE 5

CONTROL

E5.1. The Control activity is focused on developing and acquiring the capabilities selected in the portfolio. In traditional DoD terms, it consists of both acquisition and acquisition oversight. The purpose of Control is to ensure that these capabilities will be acquired in conformance with Mission Area and Subportfolio expectations embodied in Joint Capabilities Documents (JCDs) or Initial Capabilities Documents (ICDs), Capability Development Documents (CDDs), Capability Production Documents (CPDs), and integrated architectures, as well as other criteria used to guide the selection of alternatives. Documentation will be developed which lays out the roadmap for IT capabilities to be acquired through multiple programs.

E5.2. Individual program documentation such as Acquisition Program Baselines (APBs) and Acquisition Strategy Reports must be aligned with portfolio transition plans. Portfolio acquisition progress is monitored and course corrections are made to individual programs as necessary to deliver the integrated capabilities described in the Transition Plan. This portfolio process complements and supplements traditional acquisition oversight over individual programs. Control occurs until the IT capability is placed into use.

E5.3. A Portfolio Information Support Plan should be developed, which at a minimum will identify requirements for support from common GIG infrastructure (e.g., communications). A Portfolio Systems Architecture that conforms to the DoD Architecture Framework is required to guide the integration of the portfolio, as well as a Portfolio Technical Architecture that complies with the Net-Centric criteria.

E5.4. Because the Selection activity focuses on the best mix of investments to meet Enterprise, Mission Area, and Subportfolio goals, there may be crucial dependencies between investments that must be implemented during the Control activity. Therefore, transition plans should include strategies for synchronizing and integrating acquisitions to achieve the total required capability over time. An updated Portfolio Baseline and Transition Plan will describe the integrated acquisition schedule and milestones for the programs and projects in the portfolio.

E5.5. Program execution for each IT capability acquired within a subportfolio shall be closely monitored by the Subportfolio Authority against the Transition Plan to ensure that approved mission benefits (e.g., in ICDs or JCDs), cost, schedule, and performance expectations remain attainable and relevant. If these expectations cannot be attained or are projected to be unacceptable within approved APBs, the capability must be

reevaluated by the Subportfolio Authority under the selection criteria. If necessary, capabilities, expectations, planning parameters, and resources may need to be revised or reallocated within the Subportfolio. Deviations from expectations are considered during the yearly Selection activity and influence investment choices.

E5.6. Oversight at the DoD and Component levels should be structured along Subportfolio lines if possible. The Subportfolio Authority may then become a stakeholder in program forums that provide guidance for individual IT capabilities as they are acquired. While this approach is labor intensive, it does provide the greatest depth of understanding as to the progress of the IT capability. Forums that can be used include:

E5.6.1. The Defense Acquisition Board (DAB).

E5.6.2. Acquisition Overarching Integrated Product Teams (IPTs) and Integrating IPTs.

E5.6.3. The Information Technology Acquisition Board (ITAB).

E5.6.4. Another acceptable approach is to set up a feedback mechanism for Components or individual program managers to periodically report status of IT capabilities being acquired to the Subportfolio Authority. Regardless of what method is used, the Subportfolio Authority must remain aware of what is occurring in the portfolio from an acquisition standpoint. The Subportfolio Authority is responsible for recommending adjustments needed to ensure the successful delivery of capabilities within the Subportfolio.

E5.7. Monitoring and control must occur at both the overall portfolio level, subportfolio level, and the individual program level. Individual program information should be consolidated and summarized at the portfolio level to determine if the portfolio as a whole is on track. By highlighting problems at this strategic level, managers can efficiently drill down to individual programs to recommend corrective actions through DoD decision processes. In particular, where elements of the portfolio depend upon one another to deliver a total user capability, this interdependence must be monitored and managed intensively.

E5.8. During the Control activity, IT within a subportfolio is developed and acquired so that it meets warfighter's needs, is synchronized, not unnecessarily duplicative, integrated to deliver total capabilities to users, and is fully compliant with GIG guidance, particularly for the use of Enterprise Services and the implementation of Reference (m).

E5.9. Integrated roadmaps will be developed, and shall be based on integrated architectures. The Department of Defense will use these roadmaps to conduct capability assessments and guide systems development. Results will be used in the Analysis activity and the Selection activity to help define associated investment plans, align resources, and serve as inputs to the Strategic Planning Guidance, Joint Programming Guidance, Program Objective Memorandum development, and Program and Budget Reviews.

E5.10. The Mission Area Leads and Subportfolio Authorities should describe how Net-Readiness, end-to-end interoperability and data sharing, security, and performance will be demonstrated for interdependent systems in the portfolio or across portfolios in accordance with Key Performance Parameters (KPPs) in appropriate CDDs/CPDs.

E6. ENCLOSURE 6

EVALUATION

E6.1. The Portfolio Evaluation activity, which is conducted by the Mission Area Leads and Subportfolio Authorities, along with other oversight authorities, routinely and systematically measures actual contributions of the portfolio to the mission and the effectiveness of the IT PfM process. It provides critical feedback to each of the other IT PfM activities. Primary mechanisms for Evaluation are post-implementation reviews (see Reference (l)), military exercises, operational testing, and lessons-learned about the IT PfM process itself.

E6.2. Evaluation includes the development and application of outcome-based performance measures that are used to guide portfolio development and evaluate performance, as well as periodic portfolio reviews that enable Enterprise, Mission Area, Subportfolio, and other oversight authorities to measure actual contributions of portfolios to the enterprise and the effectiveness of the IT PfM process.

E6.3. Evaluation criteria shall be fundamentally the same as the criteria for selecting the portfolio of investments. Whereas the criteria for Selection are prospective, the criteria for Evaluation are retrospective. In effect, selection criteria set expectations, while evaluation criteria are used to determine the degree to which the expectations have been satisfied.

E6.4. The DoD CIO, with the Mission Area Leads, and in collaboration with the Subportfolio Authorities, will establish and issue a core set of uniformly applied criteria for portfolio evaluation. The criteria may be tailored as appropriate for WMA, BMA, DIMA, and EIE consistent with portfolio selection criteria. These will be:

E6.4.1. Used to evaluate the contribution of the investment to the outcome goal s and architectural targets of the Subportfolio, and the actual cost, schedule, and performance achieved relative to expectations during Selection and Control.

E6.4.2. Made a key part of oversight at all levels as the foundation for demonstrating results.

E6.4.3. Fed back into the Analysis activity to identify additional needs, to the Selection activity to influence investment decisions, and the Control activity to inform decisions on follow-on increments of capability.

E6.4.4. Designed to rely on existing data collections and enterprise-wide management processes (e.g., the JCIDS, PPBE, and DAS) to the maximum extent practicable.

E6.5. The Subportfolio Authorities will develop subportfolio-specific evaluation criteria for their respective subportfolios consistent with the DoD core criteria and their tailored selection criteria.

E6.6. Evaluation also identifies "portfolio process" lessons-learned that can be used in governance to modify or improve the overall IT PfM process to better maximize results and minimize risk.

E7. ENCLOSURE 7

GOVERNANCE

This enclosure provides detailed responsibilities for governance at the Enterprise, Mission Area, Subportfolio, and Component levels.

E7.1. Enterprise Level Activities. The following activities shall be conducted at the Enterprise Level.

E7.1.1. The DoD CIO Executive Board (CIO EB) shall be the cross-Mission Area IT governance forum for the Enterprise IT portfolio. In collaboration with Mission Area Leads, the Chairperson of the Board will define the Board's operational procedures to:

E7.1.1.1. Provide strategic direction for the Enterprise IT portfolio.

E7.1.1.2. Adjudicate issues regarding Mission Area placement of IT investments.

E7.1.1.3. Resolve cross-Mission Area issues, including those related to maximizing consistency among the Mission Areas.

E7.1.1.4. Identify opportunities for IT investments.

E7.1.1.5. Ensure specific IT investment decisions are made in collaboration with counterparts in the JCIDS, PPBE, and DAS governance structures.

E7.1.2. The CIO EB will institutionalize and reuse successful processes across mission areas and subportfolios.

E7.1.3. The members of the CIO EB will identify cross-Mission Area information capabilities and services and recommend a Mission Area for governance.

E7.1.4. Mission Area Leads will assess utility and effectiveness of Enterprise-wide capabilities and services, and provide feedback through the cross-Mission Area procedures established by the CIO EB.

E7.2. Mission Area Activities. Each Mission Area Lead shall address the following activities for Mission Area governance.

E7.2.1. Establish Mission Area vision, goals, desired capabilities, and outcome measures.

E7.2.2. In coordination with other mission areas, define subportfolios, roles, and responsibilities within the Mission Area. Decisions shall consider any related responsibilities designated by previous legislation, regulation, or DoD guidance.

E7.2.3. Identify authorities responsible for Subportfolio governance.

E7.2.4. Establish a governance process and ensure that cross subportfolio issues are resolved. Ensure Subportfolio governance structures and processes within a Mission Area are consistent with other Mission Area governance structures and processes.

E7.2.5. Determine the necessary capabilities for all IT investments managed by all Subportfolios in the Mission Area. Gaps and shortfalls will be addressed using the JCIDS process.

E7.2.6. Establish an inventory of investments in the Mission Area.

E7.2.7. Assign all IT investments to a subportfolio within the Mission Area for IT PfM and capability planning. Investments may support multiple subportfolios or multiple mission areas, but will only be assigned to one subportfolio authority for governance.

E7.2.8. In coordination with the DoD CIO, develop and maintain a Mission Area Architecture consistent with the GIG Integrated Architecture.

E7.2.9. In coordination with other Mission Area Leads, Subportfolio Authorities, and Components, develop and maintain a Mission Area Transition Plan consistent with the Mission Area Architecture.

E7.2.10. Provide guidance for Subportfolio Authorities to develop integrated capability architectures, track capability requirements, and develop transition plans; ensure guidance identifies interfaces to the Department's capabilities identification processes (e.g., JCIDS); and perform a facilitation, coordination, and consolidation role to integrate the IT PfM process across subportfolios.

E7.2.11. Ensure that the Subportfolios' integrated capability requirements, integrated architectures, and transition plans address capabilities that support more than one subportfolio.

E7.2.12. Select the best mix of investments and make recommendations to terminate, sustain, transform, or initiate programs through the DoD decision processes.

E7.2.13. Enable Subportfolios to facilitate information sharing within and across communities of interest (COIs) to support Reference (m).

E7.2.14. Identify the highest priority data sharing needs within their portfolios and identify joint COIs to address each need.

ENCLOSURE 7

E7.2.15. Designate a Component lead for each identified COI.

E7.2.16. Define and include Data Strategy implementation metrics within the portfolio review process in E7.2.18.

E7.2.17. Advocate information sharing, collaboration, and best practices to include the use of COTS products.

E7.2.18. The four Mission Area Leads shall periodically review and assess all Mission Area and Subportfolio governance processes and portfolios to promote best practices and to institutionalize governance of information capabilities and services across the Department. They will conduct these reviews in such a manner as to highlight interfaces to and/or identify possible updates to JCIDS, PPBE, and DAS requirements.

E7.3. Subportfolio Activities. Subportfolios are the primary entity used to manage functionally organized portfolios within the Mission Area and to ensure that mission capabilities are delivered.

E7.3.1. Typical characteristics of a subportfolio include:

E7.3.1.1. A recognized and agreed upon scope in support of the Mission Area.

E7.3.1.2. A grouping of investments that deliver related or highly dependent capabilities or services, or use the same or similar applications to produce data and perform information processing.

E7.3.1.3. Enhanced mission performance through improved coordination, collaboration, and consistency of processes and interfaces among these programs, projects, and systems.

E7.3.2. All Subportfolio Authorities are responsible and accountable to transform their functional processes, implement the integrated architecture, manage their portfolios, and implement Mission Area approved performance goals and measures. The Subportfolio Authority shall evaluate existing systems to see which ones best satisfy user capability requirements, which ones are duplicative, and which ones cost too much to maintain. The Subportfolio Authority may then recommend whether to maintain, upgrade, delete, or replace a legacy system. Each Subportfolio Authority shall address the following governance activities:

E7.3.2.1. Establish a governance structure and process to manage the Subportfolio.

E7.3.2.2. Establish Subportfolio vision, goals, objectives, desired capabilities, and measures of performance consistent with Mission Area guidance.

E7.3.2.3. Represent Subportfolio needs and priorities within the Mission Area; and ensure capability and resource needs are identified in the IT PfM process.

E7.3.2.4. Consult with Component representatives from the respective functional area to ensure all requirements across the Subportfolio are identified for inclusion in the Mission Area Architectures.

E4.3.2.5. Assess gaps, identify duplication of capabilities, and identify and prioritize opportunities for Subportfolio capabilities and services.

E7.3.2.6. Identify and review DoD IT investments within the Subportfolio and assess feasibility to provide IT capability or service using defined net-centric and other Mission Area evaluation criteria.

E7.3.2.7. Recommend the best mix of investments and make recommendations to terminate, sustain, transform, or initiate programs through the Department's decision processes.

E7.3.2.8. Justify Subportfolio capabilities and services using an integrated architecture and transition plan.

E7.3.2.9. Review Subportfolio IT investments within the DoD Components' portfolios for consistency with Mission Area and Subportfolio guidance. Recommend funding changes to the Components and the Mission Area Lead, as appropriate.

E7.3.2.10. In accordance with the DAS processes (Reference (j)), review the performance of all DoD IT investments in the Subportfolio against capability requirements and schedules. Reviews should address compliance with net-centric criteria, DoD net-centric data strategy goals, Mission Area architectures, and other Mission Area evaluation criteria (such as the use of COTS products), and consistency of transition plans with Subportfolio capability planning. Make recommendations to the Milestone Decision Authority.

E7.3.2.11. Maintain an inventory of IT investments in the Subportfolio. The DoD IT Portfolio Repository is the official unclassified source for portfolio information.

E7.3.2.12. Develop a Transition Plan, consistent with the integrated architectures, to transition DoD IT investments in the Subportfolio.

E7.3.2.13. Enable the capabilities needed to form and operate COIs and ensure capabilities are planned and properly assigned.

E7.3.2.14. Identify the highest priority data sharing needs within the Subportfolio and identify joint COIs to address each need to the Mission Area Lead.

E7.3.2.15. Support the Mission Area Lead in designating a Component lead for each identified COI.

E7.3.2.16. Measure and evaluate Data Strategy implementation metrics established by the Mission Area Lead within the portfolio review process, ensure data sharing agreements are implemented by respective Components and that return on investment is maximized for the enterprise by reusing accessible data rather than by re-creating existing data.

E7.3.2.17. Promote the development, registration, and use of metadata including ontologies (organized collections of definitions including relations between the defined terms), taxonomies (classification or hierarchy), and vocabularies.

E7.3.2.18. Consistent with applicable security policies, promote the use of Web-based services to expose or share data from DoD IT programs, projects, systems, and system service contracts.

E7.4. Component Activities. Components shall conduct the following activities:

E7.4.1. Develop integrated architectures that are consistent with Mission Area architectures.

E7.4.2. Provide information on programs, investments, and Component portfolios to Mission Area Leads and to Subportfolio Authorities as required by them to manage their portfolios.

E7.4.3. Perform portfolio activities for those portions of a subportfolio that fall within the Component and are delegated to the Component for IT PfM.

E7.4.4. When serving as a COI lead, review and coordinate on mapping of legacy information assets, initiatives, and Programs of Record to the COI.

E7.4.5. Prioritize and track implementation of data sharing capabilities for COI legacy information assets.

E8. ENCLOSURE 8

OVERSIGHT MANAGEMENT REVIEWS

E8.1. The DoD CIO, the CFO, and Mission Area Leads shall conduct annual Portfolio Oversight Management Reviews. To the maximum extent possible, these reviews will rely on existing governance forums where the DoD CIO and DoD CFO are full participants. Annual Oversight Management Reviews will leverage existing information to the maximum extent possible. This portfolio review and oversight process will seek to ensure that:

E8.1.1. The portfolio meets future operational challenges and effectively promotes Joint operational readiness and addresses operational capability gaps of the joint warfighter as defined by the JCIDS, PPBE, and DAS processes.

E8.1.2. The IT investments that comprise the portfolio are not significantly deviating from established cost, schedule, and performance goals.

E8.1.3. Wherever appropriate, COTS software that embeds best practices and processes is being used.

E8.1.4. Portfolio IT is in compliance with DoD IT policies regarding the Business Enterprise Architecture and GIG architecture and standards, and the use of GIG Enterprise Services.

E8.1.5. Data Management requirements are being met.

E8.1.6. Required information assurance and information security are being achieved.

E8.1.7. The deployed capabilities in the portfolio are being evaluated through post-implementation reviews and operational analyses against established cost and performance goals and the results are being used to influence the selection and control activities.

E8.2. The Oversight Management Reviews should be conducted in the second and third fiscal quarters so that the results can influence the development of the Strategic Planning Guidance, Component Program Objective Memorandums, and/or Component Budget Submissions. Annual Subportfolio internal reviews will provide the information needed to prepare for the Oversight Management Review. The first year will be used to establish a baseline and refine processes for future years. The DoD CIO, DoD CFO, Mission Area Leads, and Subportfolio Authorities will work together to tailor the timing and scope of

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yearly Oversight Management Reviews to mesh with the Subportfolio's internal review timing.

E8.3. Management Oversight Reviews will provide a set of recommendations that address the gamut of identified concerns and recommended solutions. The form of the recommendations may be to request issuance of PBDs, ADMs, or other management decision documents. These recommendations will also inform the Selection activity.

E8.4. The results shall be documented and will be made available to the JCIDS, PPBE, and DAS processes for appropriate action. The documents will codify approved course adjustments to the programs and the portfolio as a whole, and normally contain recommendations such as the following:

E8.4.1. The initiation, continuation, modification, or termination of IT investments.

E8.4.2. IT PfM improvements within the Subportfolio or Component.

E8.4.3. DoD-wide improvements to the overall IT management process.

E8.4.4. GIG infrastructure improvements to enable better mission performance.

E8.4.5. Delegations of acquisition authority for individual major IT programs to Component Acquisition Executives.

E9. ENCLOSURE 9

SHARED OVERSIGHT

This enclosure provides the process and responsibilities for shared oversight of information technology investments, where more than one Mission Area has oversight cognizance.

E9.1. When more than one Mission Area has oversight cognizance, one shall be designated as primary, and the others will be secondary, or even tertiary if the situation warrants. These designations shall be made jointly by the affected Mission Areas in consultation with applicable Components. Factors that must be considered include:

    E9.1.1. Where the majority of the system functionality resides;

    E9.1.2. Criticality of the system(s) to achieving the Mission Area mission, goals, outcome measures, and architectures;

    E9.1.3. Degree of interdependency between the system(s) and other systems in each affected Mission Area;

    E9.1.4.Coherency of the resulting portfolios; and

    E9.1.5. The maturity of the Mission Area oversight processes. The results of these designations shall be reflected in the DoD IT Portfolio Repository.

E9.2. Shared oversight decisions, to include investment binning, will be made at the lowest level practicable. Although this will normally be at the sub-portfolio level, issues that cannot be reasonably resolved at this level will be elevated to the next higher level. The expectation is that most, if not all, shared oversight issues can and will be resolved at the Mission Area level or below.

E9.3. Key to effective and efficient shared oversight is continuous and open dialogue, collaboration, and coordination among the Mission Areas having a vested interest. To this end, the Primary Mission Area Lead, or his/her designee, shall:

    E9.3.1. Work with the other affected Mission Areas to develop an integrated set of criteria for shared oversight and, if necessary, to tailor portfolio processes to accommodate different Mission Area approaches to IT PfM;

    E9.3.2. Provide reasonable assurance that the requirements, concerns, and issues of the secondary Mission Area are surfaced and made visible, considered, vetted, or otherwise appropriately dealt with throughout the IT PfM process;

E9.3.3. Coordinate efforts to move the investment through the JCIDS, PPBE, and DAS processes, as well as present the investment to other key decision-making forums; and

E9.3.4. Ensure that certification, approval, and reporting requirements are satisfied.

E9.4. The DoD CIO shall designate a group composed of representatives from the DoD CIO and each Mission Area that will meet periodically, or at the request of a representative, to:

E9.4.1. Address topics of mutual interest or concern;

E9.4.2. Facilitate the resolution of cross-Mission Area issues;

E9.4.3. Devise strategies for interfacing with the Department's key decision-making processes, and surfacing issues in other forums that have an interest in issue resolution and outcomes; and

E9.4.4. Define approaches to foster unity of purpose and effort, consistency, and consensus among Mission Areas. Generally, this group is expected to minimize the need for topics to be raised to the enterprise level. However, in the event they must be raised, the group will be the instrument used to frame, document, and present the topic to the DoD CIO Executive Board.

E9.5. Cross-Mission Area topics will be submitted to the DoD CIO Executive Board, via the Board's Executive Secretariat, and acted upon according to the Boards normal operating procedures.