THE UNDER SECRETARY OF DEFENSE
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WASHINGTON, DC 20301-3010

ACQUISITION,
TECHNOLOGY
AND LOGISTICS

June 23, 2011

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

SUBJECT: Directive-Type Memorandum (DTM) 11-009, Acquisition Policy for Defense Business Systems (DBS)

References: See Attachment 1

Purpose. In accordance with the authority in DoD Directive (DoDD) 5134.01 (Reference (a)) and the guidance in DoDD 5000.01 (Reference (b)), this DTM:

- Establishes policy requiring the use of the Business Capability Lifecycle (BCL) model as the acquisition process for DBS, and assigns responsibilities and provides procedures for meeting BCL and DBS requirements. The principles of BCL can be applied at the increment or at the release level - BCL provides the framework for structuring the definition, development, testing, production, deployment, and support of DBS. This model is a guideline and tailoring, consistent with statute and sound business practice, is encouraged.

- Incorporates and cancels Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)) memorandums (References (c) and (d)).

- Is effective upon its publication to the DoD Issuances Website; it shall be incorporated into DoD Instruction (DoDI) 5000.02 (Reference (e)). This DTM shall expire effective January 1, 2012.

Applicability. This DTM applies to OSD, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the DoD (hereinafter referred to collectively as the "DoD Components").

Definitions. See Glossary.

Policy. It is DoD policy that:

- BCL is the overarching framework for the planning, design, acquisition, deployment, operations, maintenance, and modernization of DBS, in accordance with section 2222(f) of title 10, United States Code (U.S.C.) (Reference (f)). BCL facilitates DBS acquisition by providing a process tailored to the unique requirements of business systems.

- BCL shall apply to each DBS modernization with a total cost over $1,000,000.

- The BCL acquisition business model and this DTM take precedence over applicable sections of Reference (e). Where applicable to DBS, certain sections of Reference (e) are referenced within this DTM and shall continue to apply.

- When a Major Automated Information System (MAIS) DBS employs an incremental acquisition approach, all functional capabilities associated with a given increment shall be reflected in any resultant Acquisition Program Baseline (APB) (cost, performance, and schedule) and must be achievable within 5 years from when funds were first obligated. For all DBS that are not MAIS or otherwise designated, they must achieve Initial Operating Capability within 5 years from Milestone (MS) A. Delivery of capability within an increment (e.g., releases, sub-phases, software drops) must be based on technologies that have been determined to be mature at the MS B decision review. Functional capabilities that are not supported by adequate cost estimates, mature technologies, etc., shall be deferred to subsequent program increment(s).

Responsibilities. For all DBS that meet the MAIS threshold or have been designated special interest or other Major Technology Investment Program shall be subject to OSD oversight. For all DBS that do not meet the MAIS threshold or have not been otherwise designated as special interest or other Major Technology Investment Program, the Heads of the

DoD Components shall provide oversight of their acquisition processes and procedures, which shall be consistent with applicable statutes, regulations, and this DTM.

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

Releasability. This DTM is approved for public release and is available on the Internet on the DoD Issuances Website at http://www.dtic.mil/whs/directives.

Ashton B. Carter
Under Secretary of Defense
for Acquisition, Technology and Logistics

Attachments:
As stated

ATTACHMENT 1

REFERENCES

(a) DoD Directive 5134.01, "Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L))," December 9, 2005
(b) DoD Directive 5000.01, "The Defense Acquisition System," May 12, 2003
(c) Under Secretary of Defense for Acquisition, Technology, and Logistics Memorandum, "Business Capability Lifecycle (BCL) Refinement and Implementation and Extension of Enterprise Risk Assessment Methodology (ERAM)," May 18, 2007 (hereby cancelled)
(d) Under Secretary of Defense for Acquisition, Technology, and Logistics Memorandum, "Acquisition of Major Automated Information Systems (MAIS) Business Programs Operating Under the Enterprise Risk Assessment Methodology (ERAM)," July 18, 2007 (hereby cancelled)
(e) DoD Instruction 5000.02, "Operation of the Defense Acquisition System," December 8, 2008
(f) Sections 186, 2222 (a)(1)(B), 2222(f), 2222(g), 2366(a), 2366(b), 2445(a) and 2445(c) of title 10, United States Code
(g) DoD Instruction 5105.18, "DoD Intergovernmental and Intragovernmental Committee Management Program," July 10, 2009
(h) Directive-Type Memorandum 08-020, "Investment Review Board (IRB) Roles and Responsibilities," January 26, 2009
(i) Section 811 of Public Law 109-364, "John Warner National Defense Authorization Act for Fiscal Year 2007," October 17, 2006
(j) DoD Instruction 8410.02, "NetOps for the Global Information Grid (GIG)," December 19, 2008
(k) Part 1236 of title 36, Code of Federal Regulations
(l) Office of Management and Budget Circular A-130
(m) Chairman of the Joint Chiefs of Staff Instruction 3170.01G, "Joint Capabilities Integration and Development System," March 1, 2009
(n) Sections 203, 204(b) and 205 of Public Law 111-23, "Weapon Systems Acquisition Reform Act of 2009," May 22, 2009
(o) Sections 11103, 11313, and 11317, and subtitle III of title 40, United States Code (also known as "The Clinger-Cohen Act of 1996")
(p) Directive-Type Memorandum 09-027 "Implementation of the Weapon Systems Acquisition Reform Act of 2009", December 4, 2009
(q) Defense Business Transformation Agency, "DoD IT Defense Business Systems Investment Review Process: Guidance," January 2009[1]
(r) Defense Acquisition University, "Defense Acquisition Guidebook"[2]
(s) DoD Instruction 8500.2, "Information Assurance (IA) Implementation," February 6, 2003
(t) DoD 5000.04-M-1, "Cost and Software Data Reporting (CSDR) Manual," April 18, 2007
(u) DoD Directive 4630.05, "Interoperability and Supportability of Information Technology (IT) and National Security Systems (NSS)," May 5, 2004

[1] http://www.bta.mil/products/IRB-Guidance-2009.pdf
[2] http://dag.dau.mil

(v) Section 4321 et seq. of title 42, United States Code, "National Environmental Policy Act"
(w) Executive Order 12114, "Environmental Effects Abroad of Major Federal Actions," January 4, 1979
(x) American National Standards Institute (ANSI)/Electronic Industries Alliance (EIA) 748-A-1998 (R2002), August 28, 2002
(y) Section 811 of Public Law 106-398, "Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001," October 30, 2000
(z) Section 806 of Public Law 109-163, "National Defense Authorization Act for Fiscal Year 2006," January 6, 2006
(aa) Section 3601(4) of title 44, United States Code

ATTACHMENT 2

PROCEDURES

1. ROLES AND RESPONSIBILITIES

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

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

c. IRBs. The IRBs shall be responsible for advising the MDA. For DBS that do not meet the MAIS threshold, the DoD Components shall establish or employ decision bodies with similar responsibilities. Required acquisition decision documentation shall be submitted to the IRB membership no later than 30 calendar days prior to the IRB. IRBs shall review:

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

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

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

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

(1) Establish mandatory procedures for assigned programs.

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

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

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

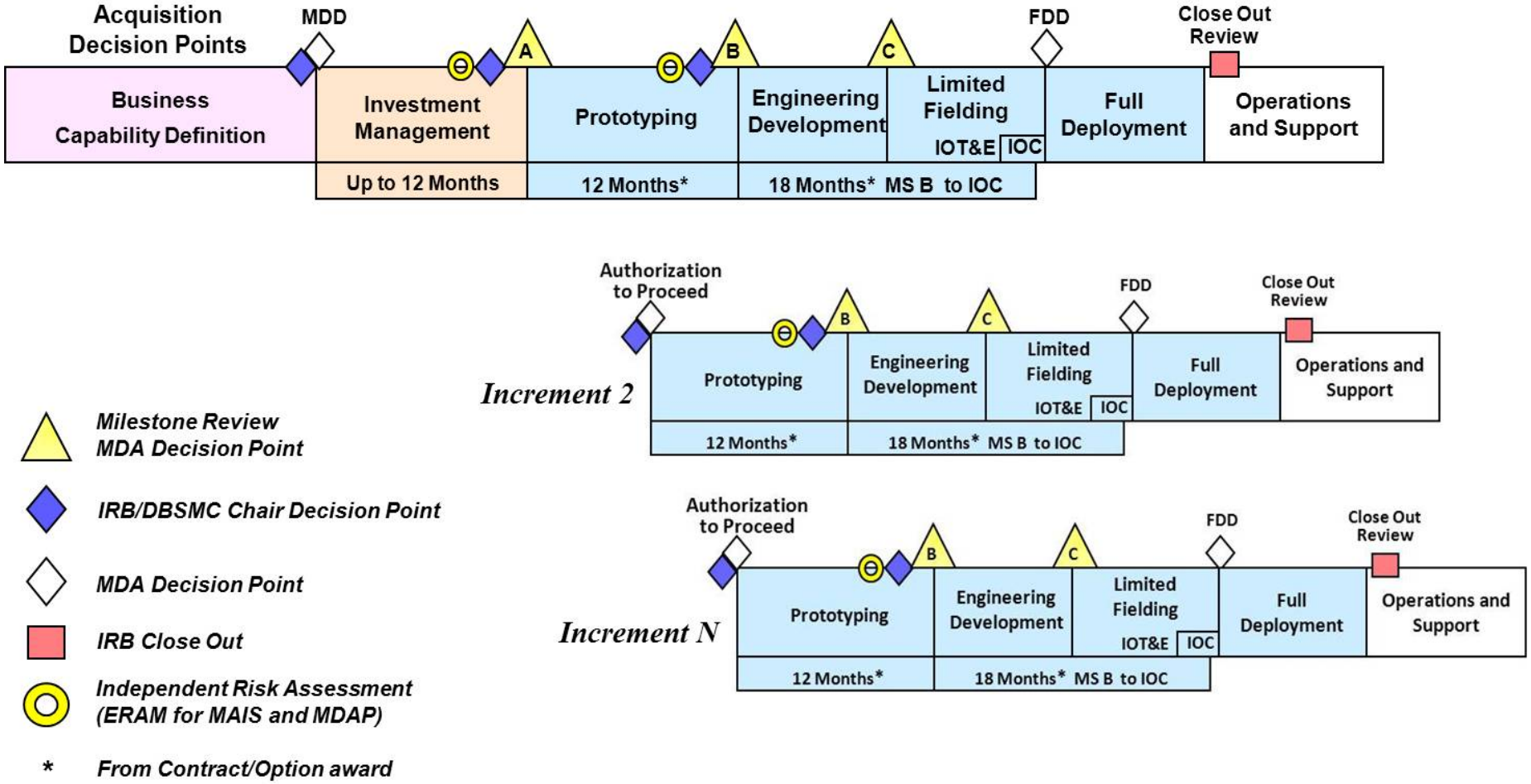
f. Functional Sponsor. The Functional Sponsor shall be responsible for ensuring all necessary funding is identified and obtained for all phases throughout the DBS life cycle. Additionally, the Functional Sponsor shall ensure that BPR has been performed in accordance with section 2222(a)(1)(B) of Reference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

2. INCREMENTAL APPROACH. An approved business need that requires a materiel solution shall be divided into discrete, fully-funded, and manageable increments to facilitate development and implementation. Each increment shall be a useful and supportable operational capability that can be developed, tested, produced, deployed, and sustained. The principles of BCL can apply at the increment and at the release level. Thus, there may be multiple releases within an increment. Multiple increments may also be approved concurrently if they have well defined and approved requirements, are fully funded, have appropriate entrance and exit criteria, and the MDA's Authorization to Proceed (ATP) is documented in an Acquisition Decision Memorandum (ADM). To facilitate rapid and responsive development, no more than 12 months shall normally elapse between the Materiel Development Decision (MDD) and MS A. Following MS A, no more than 12 months shall normally elapse between the initial contract or option award and MS B. Following MS B, no more than 18 months shall normally elapse between contract or option award and the Full Deployment Decision (FDD). FDD is the final decision made by the MDA authorizing an increment of the program to deploy software for operational use in accordance with section 2445a of Reference (f). Exceptions must be reviewed by the responsible IRB and approved by the MDA. The MDA shall not grant a MS A decision if Initial Operating Capability (IOC) cannot be achieved within 5 years and in no event shall FDD occur later than 5 years from when funds were first obligated for the program in accordance with section 811 of Public Law 109-364 (Reference (i)).

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

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

Figure. BCL Acquisition Business Model



a. Business Capability Definition (BCD) Phase

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

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

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

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

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

2. Identifies boundaries and constraints across functional responsibilities.

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

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

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

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

7. Identifies the record retention lifecycle of the information system in accordance with part 1236 of title 36 (Reference (k)) and with the Office of Management and Budget Circular A-130 (Reference (l)).

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

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

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

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

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

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

(g) The Functional Sponsor shall develop an AoA Study Plan.

1. The AoA Study Plan shall be coordinated with the IRB and approved within 30 calendar days by the DCAPE for DBS MAIS and MDAP, or the appropriate DoD Component official for DBS that do not meet the MAIS threshold.

2. The AoA Study Plan shall comply with the DCAPE-approved AoA Study Guidance and be submitted to the responsible IRB Chair prior to the MDD.

b. Investment Management (IM) Phase

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

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

(3) Phase Description

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

(b) At the MDD, the Functional Sponsor shall present the business need described in the Problem Statement and the DCAPE (for MAIS and MDAP), or the appropriate DoD Component official (for DBS that do not meet the MAIS threshold), shall present the approved AoA Study Guidance and AoA Study Plan to the MDA. The MDA shall specify the acquisition entry phase and designate the next milestone. The MDA decision shall be

documented in an ADM to which the approved AoA Study Guidance and AoA Study Plan shall be attached. An MS A decision, if required, shall normally be scheduled to occur within 12 months of approval of the MDD and, if possible, much earlier.

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

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

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

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

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

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

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

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

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

1. Sign the Business Case.

2. Approve the Program Charter.

3. Provide the MDA with a written statement (CAE Compliance Memorandum) that the proposed materiel solution is compliant with all applicable statutes and regulations, including those specified in Tables 1-3 of Attachment 3.

4. Describe any issues applicable to the milestone decision.

5. Recommend approval of the milestone by the MDA.

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

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

(4) Additional Phase Considerations

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

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

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

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

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

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

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

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

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

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

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

(l) The DCAPE shall develop an independent cost estimate (ICE) for all MDAPs. The DCAPE shall also develop the ICE for DBS MAIS when the USD(AT&L), the DCMO, or the DoD CIO is the MDA and a critical change has occurred as defined in section

2445(c) of Reference (f). The DCAPE shall review DoD Component cost estimates, cost analysis and economic analysis conducted for DBS MDAP and MAIS. DoD Components shall provide the DCAPE requested information in a timely manner as in accordance with section 5.c of DTM 09-027 (Reference (p)) to enable the DCAPE to meet the responsibilities for developing an ICE and the responsibilities described in sections 5.d and 5.e of Reference (p). The DCAPE shall provide an independent assessment of the completeness and accuracy of the AoA, cost analysis and economic analysis for the MDA. As a matter of policy, the DCAPE shall independently assess the economic analysis to support the DoD CIO CCA confirmation action.

c. Prototyping Phase

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

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

(3) Phase Description

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

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

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

(d) For each subsequent increment, the PM and Functional Sponsor shall update the Business Case, obtain DBSMC certification approval as required by section 2222(a)(1)(B) of Reference (f) for funding the increment, and submit the updated Business Case and DBSMC certification approval memorandum to the MDA for review. The MDA shall review and approve the updated Business Case before providing ATP with the Prototyping Phase for the increment under review. The MDA shall document the ATP in an ADM. Following

ATP, no more than 12 months shall normally elapse between contract or option award and MS B unless approved by the MDA and documented in the ADM.

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

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

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

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

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

(j) The PM shall compile an MS B acquisition decision package and submit it to the responsible IRB (or, for DBS that do not meet the MAIS threshold, the DoD Component equivalent review group) for review. This package shall include an updated Business Case including DOT&E and DDT&E joint approval of the test sections of the Business Case, and DSE approval of the systems engineering sections of the Business Case (for MAIS and MDAP); the DBSMC certification approval memorandum; the CAE Compliance Memorandum (for MAIS and MDAP); independent risk assessment (ERAM or the DoD Component equivalent as appropriate) findings and associated program risk mitigation plans; and other documents identified in Tables 1-3 of Attachment 3.

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

(4) Additional Phase Considerations

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

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

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

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

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

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

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

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

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

(f) A Technology Readiness Assessment (TRA) shall not normally be required for a DBS. The MDA shall determine as early as possible, though no later than MS A, if a TRA is required and, if so, provide direction in an ADM.

d. Engineering Development Phase

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

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

(3) Phase Description.

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

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

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

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

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

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

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

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

(4) Additional Phase Considerations.

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

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

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

e. Limited Fielding Phase

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

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

(3) Phase Description.

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

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

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

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

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

(4) Additional Phase Requirements.

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

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

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

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

f. Full Deployment Phase

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

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

(3) Phase Description.

(a) The Full Deployment Phase begins at the FDD. At the FDD, the MDA shall review the Business Case, the IOT&E results and DOT&E recommendations (for

DBS on OSD T&E oversight), and the requirements of Tables 1-3 of Attachment 3 to determine whether the capability is ready to proceed to full deployment. The MDA decision shall be documented in an ADM.

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

(4) Additional Phase Requirements.

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

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

g. O&S Phase

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

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

(3) Phase Description.

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

(b) Lifecycle sustainment planning and execution shall seamlessly span a system's entire life cycle, from IM to disposal. It shall translate business capability and performance requirements into tailored product support to achieve specified and evolving lifecycle product support availability, maintainability, sustainability, scalability, reliability, and affordability parameters. It shall be flexible and performance-oriented, reflect an incremental approach, and accommodate modifications, upgrades, and re-procurement.

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

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

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

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

ATTACHMENT 3

STATUTORY AND REGULATORY REQUIREMENTS FOR DBS

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

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

		APPLICABLE TO		
INFORMATION REQUIRED	WHEN REQUIRED	BELOW MAIS	MAIS	MDAP
Business Case	MS A Updated for: • MS B • MS C • FDD • ATP	This policy	This policy	This policy
Summaries of this information shall be included in the Business Case:[1]				
1. AoA (MS A)		S	S	S
2. Cost Estimate[2] (Mandatory for MAIS; as required by CAE for MDAP) (MS A and MS B)		R	R	R
3. Economic Analysis (EA) (MS A and MS B) In accordance with DoDI 7041.3		N/A	S	S
4. Market Research (MS A)		S	S	S
5. Acquisition Approach		N/A	R	S
a. Data Management Strategy (MS A, MS B, MS C, and FDD)		S	S	S
b. Information Support Plan (ISP) (MS B and MS C)		R	R	R
c. Consideration of Technology Issues (MS A)		S	S	S
d. Lifecycle Sustainment Plan (MS A, MS B, MS C, and FDD)		R	R	R

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

		APPLICABLE TO		
INFORMATION REQUIRED	WHEN REQUIRED	BELOW MAIS	MAIS	MDAP
e. Systems Engineering Plan (MS A, MS B, MS C)		N/A	R	S
f. Technology Development Strategy, Including Net-Centric Data Strategy (MS A)		N/A	R	S
g. A test plan shall be approved by the DOT&E and DDT&E and included in the Business Case (MS A, MS B, MS C, and FDD); OSD OT&E oversight programs only.		R	S	S
ADM	MDD MS A MS B MS C FDD ATP	R	R	R
Acquisition Information Assurance Strategy (DoDI 8500.2, Reference (s))	MS A MS B MS C FDD	R	R	R
APB	MS B MS C (updated as necessary) FDD	R	R	S
AoA Study Guidance (DCAPE for MDAP and MAIS or the appropriate DoD Component official for DBS that do not meet the MAIS threshold)	60 calendar days prior to MDD for MAIS and MDAP	R	R	S
AoA Study Plan	Prior to MDD	R	R	R

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

		APPLICABLE TO		
INFORMATION REQUIRED	WHEN REQUIRED	BELOW MAIS	MAIS	MDAP
Assessment and Certification of a Critical Change to the Defense Committees[3]	Not later than 60 calendar days after receiving a MAIS Quarterly Report indicating a critical change[4, 5]	N/A	S	S
Business Process Reengineering	MDD MS A MS B	S	S	S
CAE Compliance Memorandum	MS A MS B	N/A	R	R
Certification of Compliance with Section 2222 of Reference (f) / BEA (All programs above $1 million in modernization costs)	Prior to obligation of funds MS A MS B MS C FDD	S	S	S
CCA (Reference (o)) Compliance (All DBS) (See Attachment 4)	MS A MS B MS C FDD	S	S	S

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

		APPLICABLE TO		
INFORMATION REQUIRED	WHEN REQUIRED	BELOW MAIS	MAIS	MDAP
DoD Component CIO Confirmation of CCA (Reference (o)) Compliance	MS A MS B MS C FDD	R	R	R
DoD CIO Confirmation of CCA (Reference (o)) Compliance	MS A MS B MS C FDD	N/A	S	S
Cost Analysis Requirements Description (CARD) (Includes Contractor Cost Data Report (CCDR) and Software Resources Data Report (SRDR) (see Table 2). CARDs shall be prepared according to the procedures in Enclosure 7 of Reference (e)) (See DoD 5000.04-M-1 (Reference (t))	MS A MS B MS C FDD	N/A	R[6]	R
Determination of Contract Type Section 2366(b) of Reference (f)	MS B	N/A	N/A	S
EVM (As required based on contract type (see Table 3))	At contract award and throughout contract performance	R	R	R
ERAM Assessment	MS A MS B	N/A	R	R

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

		APPLICABLE TO		
INFORMATION REQUIRED	WHEN REQUIRED	BELOW MAIS	MAIS	MDAP
ICE[2]	MS A MS B MS C FDD	N/A	S	S
IT and National Security System (NSS) Joint Interoperability Test Certification (DoDD 4630.05 (Reference (u))	FDD	R	R	R
MDA Program Certification (sections 2366(a) and 2366(b) of Reference (f))	MS A MS B	N/A	N/A	S
MAIS Annual Report to Congress	Annually after the first occurrence of any of these events: MDA designation, MS A, or MS B; due 45 calendar days after the President's Budget is submitted to Congress	N/A	S	S
MAIS Quarterly Report[7]	Quarterly following initial submission of a MAIS Annual Report	N/A	S	S

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

		APPLICABLE TO		
INFORMATION REQUIRED	WHEN REQUIRED	BELOW MAIS	MAIS	MDAP
Notice of MAIS Cancellation or Significant Reduction in Scope	60 calendar days prior to an MDA decision to cancel or significantly reduce the scope of a fielded or post-MS C MAIS program	N/A	S	S
Notification of a Significant Change to the Defense Committees[3]	Not later than 45 calendar days after receiving a MAIS Quarterly Report indicating a significant change[4, 5]	N/A	S	S
Operational Test Agency Report of OT&E Results (OSD OT&E oversight programs only)	MS C FDD	N/A	R	S
Operational Test Plan (OSD OT&E oversight programs only)	Prior to start of OT&E	N/A	R	S
PIR	FDD	S	S	S
PDR Report	MS B	N/A	N/A	S
Post-PDR Assessment	MS B	N/A	N/A	S

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

		APPLICABLE TO		
INFORMATION REQUIRED	WHEN REQUIRED	BELOW MAIS	MAIS	MDAP
Program Charter	MS A Updated at MS B	R	R	R
Program Deviation Report	Immediately upon a program deviation	R	S	S
Programmatic Environment, Safety, and Occupational Health Evaluation (Including section 4321 of title 42 U.S.C and Executive Order 12114 (References (v) and (w)) Compliance Schedule for systems requiring hardware.) To be included in System Engineering Plan.	MS B MS C FDD	S	S	S
Spectrum Supportability Determination and DD Form 1494, "Application for Equipment Frequency Allocation" (available on the Internet at http://www.dtic.mil/whs/directives/infomgt/forms/eforms/dd1494-1.pdf) (All programs below MDAP that use electromagnetic spectrum. Generally does not apply to DBS.)	MS A MS B MS C	R	R	S
TRA (Required for MDAP if not using COTS technology; MDA determines whether TRA is required for MAIS and below.)	MS B	This policy	This policy	R

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

Notes:

1. Statute and regulations require the development of certain documents through rigorous analysis. These documents must be developed and summaries of the information they contain are included in the Business Case. Individual documents are not expected to be coordinated and approved at the OSD level unless necessary to fulfill statutory or other duties (e.g., DCAPE, General Counsel) or as otherwise specified. The Functional Sponsor shall provide complete copies of any document summarized in the Business Case upon request of the responsible officials.

2. The DCAPE shall conduct the ICE for all MDAP. The DCAPE shall conduct the ICE for MAIS when the USD(AT&L) is the MDA and a critical change has occurred as defined in section 2445(c) of Reference (f). For other MAIS, the appropriate Service cost center or Defense Agency equivalent shall conduct a cost estimate , which shall be reviewed by the DCAPE. The DoD Component cost estimate shall be based on an independent cost analysis.

3. For MAIS and MDAP, the senior DoD official responsible for the program shall obtain USD(AT&L) coordination on significant change notifications before submitting them to the congressional defense committees. The USD (AT&L), not later than 45 calendar days after receiving a report of significant changes to a program, shall notify the congressional defense committees in writing.

4. Section 2445(c) of Reference (f) defines a significant change as a schedule change that will cause a delay of more than 6 months but less than a year; an increase in the estimated development cost or full life-cycle cost for the program of at least 15 percent, but less than 25 percent; or a significant, adverse change in the expected performance of the MAIS to be acquired. A critical change occurs when the system has failed to achieve FDD within 5 years after funds were first obligated for the program[8]; a schedule change will cause a delay of 1 year or more; the estimated development cost or full life-cycle cost for the program has increased 25 percent or more; or a change in expected performance will undermine the ability of the system to perform the functions anticipated.

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

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

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

7. This written report shall identify any variance in the projected development schedule, implementation schedule, life-cycle costs, or key performance parameters (KPP) for the MAIS from such information as originally submitted in the first MAIS Annual Report to Congress for this program. 8. For MAIS programs that submitted a MAIS Annual Report to Congress in 2008, the critical change criterion to achieve FDD within 5 years has already been established in accordance with the then-applicable law.

Table 2. Regulatory Contract Reporting Requirements

REPORT REQUIRED	WHEN REQUIRED
CCDR	• All major contracts[1] and subcontracts, regardless of contract type, for acquisition category (ACAT) I and IA programs and pre-MDAP and pre-MAIS programs subsequent to MS A approval, valued at more than $50[2] million (then-year dollars). • Not required for contracts priced below $20 million (then-year dollars). • The CCDR requirement on high-risk or high-technical-interest contracts priced between $20 and $50 million is left to the discretion of the DoD PM with approval by the DCAPE. • Not required under these conditions provided the DoD PM requests and obtains approval for a reporting waiver from the DCAPE: procurement of commercial systems or of non-commercial systems bought under competitively awarded, firm fixed-price contracts, as long as competitive conditions continue to exist.
SRDR	• All major contracts and subcontracts, regardless of contract type, for contractors developing and/or producing software elements within ACAT I and IA programs and pre-MDAP and pre-MAIS programs subsequent to MS A approval for any software development element with a projected software effort greater than $20 million (then-year dollars). • The SRDR requirement on high-risk or high-technical-interest contracts priced below $20 million is left to the discretion of the DoD PM with approval by the DCAPE.

Notes:

1. For cost and software data reporting (CSDR) purposes, the term “contract” (or “subcontract”) may refer to the entire stand-alone contract, to a specific task or delivery order, to a series of task/delivery orders, to a contract line item number, or to a series of line item numbers within a contract. The intent is to capture data on contractual efforts necessary for cost-estimating purposes irrespective of the particular contract vehicle used.

2. For CSDR purposes, contract value shall represent the estimated price at contract completion (i.e., initial contract award plus all expected authorized contract changes) and be based on the assumption that all contract options shall be exercised.

Table 3. EVM Implementation Policy

REQUIREMENTS	WHEN REQUIRED
For Cost or Incentive Contracts[1] Greater Than or Equal to $50 Million[2]	
• Compliance with EVM system guidelines in ANSI/Electronic Industries Alliance (EIA)-748[3]	At contract award and throughout contract performance
• EVM system formally validated and accepted by cognizant contracting officer	At contract award and throughout contract performance
• Contract Performance Report (DI-MGMT-81466A)	Monthly
• Integrated Master Schedule (DI-MGMT-81650)	Monthly
• Integrated Baseline Reviews	Within 180 calendar days after contract award, exercise of options, and major modifications
For Cost or Incentive Contracts[1] Greater Than or Equal to $20 Million[2] but Less Than $50 Million[2]	
• Compliance with EVM system guidelines in ANSI/EIA-748[3] (no formal EVM system validation)	At contract award and throughout contract performance
• Contract Performance Report (DI-MGMT-81466A) (tailoring recommended)	Monthly
• Integrated Master Schedule (DI-MGMT-81650) (tailoring recommended)	Monthly
• Integrated Baseline Reviews	Within 180 calendar days after contract award, exercise of options, and major modifications
For Cost or Incentive Contracts[1] Less Than $20 Million[2]	
• At the discretion of the PM based on cost-benefit analysis	
For Firm Fixed-Price Contracts[1] Regardless of Dollar Value	
• Limited use–must be approved by the MDA based on a Business Case analysis	

Notes:1. The term "contracts" includes contracts, subcontracts, intra-government work agreements, and other agreements. "Incentive" contracts include fixed-price incentive.

2. Application thresholds are in then-year dollars.

3. ANSI/EIA-748 = American National Standards Institute (ANSI)/Electronic Industries Alliance (EIA) Standard 748-A-1998, (Reference (x)).

ATTACHMENT 4

IT CONSIDERATIONS FOR DBS

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

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

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

(2) The DoD Component CIO confirms CCA compliance.

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

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

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

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

3. OPERATIONAL CAPABILITY LIMITATION. If an information system described in subsection (c), having received MS A approval, has not achieved initial operational capability within 5 years after the date of such approval, the system shall be deemed to have undergone a critical change in program requiring the evaluation and report required by section 2445(c)(d) of Reference (f).

4. DBSMC CERTIFICATION APPROVAL. For DBS acquisition programs that have modernization funding exceeding $1,000,000, the MDA shall not grant any MS, FDD, or their

equivalent and the authority to obligate funding shall not be granted until the certification in paragraph (a) of section 2222 of Reference (f) has been approved by the DBSMC.

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

ACTIONS REQUIRED TO COMPLY WITH SUBTITLE III OF THE CCA (REFERENCE (O))	APPLICABLE PROGRAM DOCUMENTATION[1]
1. Make a determination that the acquisition supports core, priority functions of the DoD.[2]	Business Case, Program Charter
2. Establish outcome-based performance measures linked to strategic goals.[2]	Business Case, APB approval
3. Redesign the processes that the system supports to reduce costs, improve effectiveness, and maximize the use of COTS technology.[2]	Business Case, Program Charter
4. Determine that no private sector or Government source can better support the function.	Business Case, Program Charter
5. Conduct an AoA.	Business Case (AoA)
6. Conduct an EA that includes a calculation of the return on investment.	Business Case (EA)
7. Develop clearly established measures and accountability for program progress.	Business Case (APB)
8. Ensure that the acquisition is consistent with Global Information Grid (GIG) policies and architecture, to include relevant standards (References (j) and (x)).	APB (Net-Ready KPP, Business Case (ISP (Information Exchange Requirements)))
9. Ensure that the program has an information assurance strategy that is consistent with DoD policies, standards, and architectures[2]	Acquisition Information Assurance Strategy
10. Ensure, to the maximum extent practicable, that modular contracting has been used, and that the program is being implemented in phased, successive increments, each of which meets part of the mission need and delivers measurable benefit, independent of future increments.	Business Case
11. Register mission-critical and mission-essential systems (see Glossary) with the DoD CIO.[2]	DoD IT Portfolio Repository

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

Notes:
1. The system documents cited are examples of the most likely but not the only references for the required information. If other references are more appropriate, they may be used in addition to or instead of those cited. References should include page(s) and paragraph(s), where appropriate.
2. These actions are also required to comply with section 811 of Public Law 106-398 (Reference (y)).

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

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

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

GLOSSARY

PART I. ABBREVIATIONS AND ACRONYMS

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

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

U.S.C. United States Code

PART II. DEFINITIONS

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

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

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

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

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

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

close-out review. A close-out review provides important user feedback and enables understanding of how well a recently completed increment meets the needs of users before finalizing the requirements for subsequent increment(s). A close-out review is held with the responsible IRB and includes a PIR report.

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

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

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

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

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

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

Mission-Critical Information System. A system that meets the definitions of "information system" and "NSS" in the CCA (Reference (o)), the loss of which would cause the stoppage of warfighter operations or direct mission support of warfighter operations. (The designation of mission-critical shall be made by a DoD Component Head. A financial management IT system shall be considered a mission-critical IT system as designated by the Under Secretary of Defense (Comptroller) (USD(C)/Chief Financial Officer (CFO), DoD.) A "mission-critical IT system" has the same meaning as a "mission-critical information system."

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

Other Major Information Technology Investment Program. In accordance with section 2445a of Reference (f):

(1) An investment that is designated by the USD(AT&L), or a designee of the USD(AT&L), as a "pre-Major Automated Information System" or "pre-MAIS" program.

(2) Any other investment in automated information system products or services that is expected to exceed the MAIS threshold but is not considered to be a major automated information system program because a formal acquisition decision has not yet been made with respect to such investment.

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

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

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