Department of Defense
DIRECTIVE

SUBJECT: Information Technology Portfolio Management

References: (a) Subtitle III of title 40, United States Code (formerly Division E of the Clinger-Cohen Act of 1996)
   (b) DoD Directive 5144.1, "Assistant Secretary of Defense for Networks and Information Integration/DoD Chief Information Officer (NII)/DoD CIO)," May 2, 2005
   (c) Office of Management and Budget Circular No. A-130, "Management of Federal Information Resources," Revised, (Transmittal Memorandum No. 4), November 28, 2000
   (d) DoD Directive 8000.1, "Management of DoD Information Resources and Information Technology," February 27, 2002
   (e) through (k), see enclosure 1

1. PURPOSE

This Directive establishes policy and assigns responsibilities for the management of DoD information technology (IT) investments as portfolios that focus on improving DoD capabilities and mission outcomes consistent with references (a), (b), (c), (d), and DoD Directive 8100.1 (reference (e)).

2. APPLICABILITY AND SCOPE

This Directive applies to:

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

2.2. The Warfighting Mission Area (WMA), Business Mission Area (BMA), DoD portion of Intelligence Mission Area (DIMA), and Enterprise Information Environment (EIE) Mission Area (EIEMA).

2.3. All current and planned DoD IT investments, including National Security Systems, but excluding IT that is not part of the Global Information Grid (GIG) IT per reference (e).

3. DEFINITIONS

Terms used in this Directive are defined in enclosure 2.

4. POLICY

It is DoD policy that:

4.1. IT investments shall be managed as portfolios to: ensure IT investments support the Department's vision, mission, and goals; ensure efficient and effective delivery of capabilities to the warfighter; and maximize return on investment to the Enterprise. Each portfolio shall be managed using the GIG architecture (reference (e)), plans, risk management techniques, capability goals and objectives, and performance measures.

4.2. Portfolios shall be nested and integrated at the Enterprise, Mission Area, and Component levels. The Enterprise portfolio shall be divided into Mission Area portfolios, which are defined as Warfighting, Business, DoD portion of Intelligence, and EIE. Mission Area and Component portfolios may be divided into subportfolios (e.g., domains) or capability areas that represent common collections of related, or highly dependent, information capabilities and services.

4.3. Portfolios shall be used as a management tool in each of the Department's decision support systems including: the Joint Capabilities Integration and Development System (CJCSI 3170.01E, reference (f)); the Planning, Programming, Budgeting, and Execution System (DoD Directive 7045.14, reference (g)); and the Defense Acquisition System (DoD Directive 5000.1, reference (h)). Mission Area leads shall provide portfolio recommendations to the appropriate officials for consideration in the Department's decision support systems.

4.4. All authorities addressed in Section 5 of this Directive shall manage DoD portfolios by performing the following core functions:

4.4.1. Analysis. Links portfolio objectives to Enterprise vision, mission, goals, objectives, and priorities; develops quantifiable outcome-based performance measures; identifies capability gaps, opportunities, and redundancies; identifies risks; and provides for continuous process improvement.

4.4.2. <u>Selection</u>. Identifies and selects the best mix of IT investments to strengthen and achieve capability goals and objectives for the portfolio and demonstrates the impact of alternative IT investment strategies and funding levels.

4.4.3. <u>Control</u>. Ensures a portfolio is managed and monitored using established quantifiable outcome-based performance measures. Portfolios are monitored and evaluated against portfolio performance measures to determine whether to recommend continuation, modification, or termination of individual investments within the portfolio.

4.4.4. <u>Evaluation</u>. Measures actual contributions of the portfolio against established outcome-based performance measures to determine improved capability as well as to support adjustments to the mix of portfolio investments, as necessary.

4.5. Governance forums shall be leveraged or established to manage portfolios, subportfolios, or capability areas at the Enterprise, Mission Area, and Component levels.

4.6. Portfolios shall be managed according to the E-Government Act (reference (i)), with focus on efforts to minimize duplication of DoD and Government-wide initiatives.

5. <u>RESPONSIBILITIES</u>

5.1. The <u>Assistant Secretary of Defense for Networks and Information Integration/Department of Defense Chief Information Officer</u> (ASD(NII)/DoD CIO) shall:

5.1.1. Establish guidance for managing portfolios based on the policies herein and references (b) and (d).

5.1.2. Establish and lead a cross-Mission Area governance forum for the Enterprise portfolio. This governance forum will provide strategic direction for the Enterprise portfolio, identify opportunities for IT investments, and resolve cross-Mission Area issues.

5.1.3. Ensure that all Mission Area portfolio recommendations are based on architectures that comply with reference (e) and DoD Directive 8500.1 (reference (j)).

5.1.4. Serve as the lead for the EIEMA and manage the portfolio according to this Directive and references (c) and (d) and:

5.1.4.1. Establish the EIEMA portfolio.

5.1.4.2. Issue guidance for managing the EIEMA portfolio and designate responsibilities for EIEMA portfolio management.

5.1.4.3. Leverage or establish a governance forum to oversee EIEMA portfolio activities.

5.1.4.4. Present EIEMA portfolio recommendations to the proper officials in the Department's decision support systems for consideration.

5.1.4.5. Participate in the cross-Mission Area governance forum for the Enterprise portfolio.

5.1.4.6. Participate in the WMA, BMA, and DIMA governance forums.

5.2. The Under Secretary of Defense for Acquisition, Technology, and Logistics shall:

5.2.1. Serve as the lead and manage the BMA portfolio, in coordination with the ASD(NII)/DOD(CIO), the Under Secretary of Defense (Comptroller), and the Under Secretary of Defense for Personnel and Readiness, based on the policies herein and references (d), (e), and Section 2222 of title 10, United States Code (reference (k)):

5.2.1.1. Establish the BMA portfolio.

5.2.1.2. Manage BMA portfolio and designate responsibilities for BMA portfolio management.

5.2.1.3. Leverage or establish a governance forum to oversee the BMA portfolio activities according to reference (k).

5.2.1.4. Present the BMA portfolio recommendations to the proper officials in the Department's decision support systems for consideration.

5.2.1.5. Participate in the cross-Mission Area governance forum for the Enterprise portfolio.

5.2.1.6. Participate in the WMA, DIMA, and EIEMA governance forums.

5.2.2.   Participate in BMA governance forums with the goal of identifying commonality in BMA portfolio management processes and providing solutions that are in the best interest of the Enterprise based on this Directive and reference (k).

5.2.3. Review, approve, and oversee the planning, design, acquisition, deployment, operation, maintenance, and modernization of the BMA portfolio of IT investments with the primary purpose of improving acquisition, logistics, or installations and environment activities consistent with BMA guidance, this Directive, and reference (k).

5.2.4. Ensure the policies herein are incorporated into and integrated with the policies and procedures of the Defense Acquisition System (reference (h)).

5.2.5. Ensure the policies herein are incorporated into the Defense Acquisition University's education and training curriculum, in coordination with the ASD(NII)/DoD CIO.

5.3. The <u>Under Secretary of Defense (Comptroller)/Chief Financial Officer</u>, according to the policies herein and reference (k), shall:

    5.3.1. Participate in BMA governance forums with the goal of identifying commonality in BMA portfolio management processes and providing solutions that are in the best interest of the Enterprise.

    5.3.2. Review, approve, and oversee the planning, design, acquisition, deployment, operation, maintenance, and modernization of the BMA portfolio of IT investments with the primary purpose of improving budgeting, financial management, or strategic planning activities consistent with BMA guidance, this Directive, and reference (k).

    5.3.3. Ensure the policies herein are incorporated into and integrated with the policies and procedures of reference (g).

5.4. The <u>Under Secretary of Defense for Personnel and Readiness</u>, according to policies herein and reference (k), shall:

    5.4.1. Participate in BMA governance forums with the goal of identifying commonality in BMA portfolio management processes and providing solutions that are in the best interest of the Department of Defense.

    5.4.2. Review, approve, and oversee the planning, design, acquisition, deployment, operation, maintenance, and modernization of the BMA portfolio of IT investments with the primary purpose of improving human resource management activities consistent with BMA guidance, this Directive, and reference (k).

5.5. The <u>Under Secretary of Defense for Intelligence</u> shall serve as the Mission Area lead for the DoD portion of the Intelligence portfolio, in coordination with the ASD(NII)/DoD CIO, based on the policies herein and references (d) and (e):

    5.5.1. Establish the DIMA portfolio.

    5.5.2. Issue guidance for managing the DIMA portfolio and designate responsibilities for DIMA portfolio management.

    5.5.3. Leverage or establish a governance forum to oversee the DIMA portfolio activities.

    5.5.4. Present the DIMA portfolio recommendations to the proper officials in Department's decision support systems for consideration.

    5.5.5. Participate in the cross-Mission Area governance forum for the Enterprise portfolio.

    5.5.6. Participate in the WMA, BMA, and EIEMA governance forums.

5.6. The <u>Director of Program Analysis and Evaluation</u>, according to this Directive and references (c) and (g), shall review and issue programming and budgeting guidance that considers Mission Area recommendations to initiate, continue, modify, or terminate funding for IT investments.

5.7. The <u>Heads of the DoD Components</u>, according to the policies herein and references (c), (d), and (k), shall:

    5.7.1. Establish the Component portfolio so that IT investments align to Mission Area, and subportfolio or capability area portfolios as appropriate.

    5.7.2. Issue guidance for managing the Component portfolio and designate responsibilities for Component portfolio management.

    5.7.3. Leverage or establish a governance forum to oversee Component portfolio activities.

    5.7.4. Manage the Component portfolio.

    5.7.5. Ensure Component IT investments are consistent with Mission Area, subportfolio, or capability area portfolio guidance.

    5.7.6. Participate in Mission Area governance forums with the goal of identifying common problems in portfolio management processes and providing solutions that are in the best interest of the Enterprise.

5.8. The <u>Chief Information Officers of the DoD Components</u>, in addition to their responsibilities identified in references (a), (b), and (d) and according to the policies herein, shall:

    5.8.1. Support Component subportfolio and capability area activities.

    5.8.2. Ensure and provide verification to the leads of the Mission Areas and the ASD(NII)/DoD CIO that Component IT investments are consistent with Mission Area, subportfolio, or capability area portfolio guidance. Verification includes ensuring that Component resources are applied to Mission Area, and subportfolio or capability area recommendations that have been approved through the Department's decision support systems consistent with subparagraph 4.3.

    5.8.3. Identify portfolio issues to the relevant governance forum(s).

5.9. The <u>Chairman of the Joint Chiefs of Staff</u>, according to the policies herein and references (c) and (d), shall:

5.9.1. Serve as the lead for the WMA and manage the portfolio according to policies herein.

5.9.1.1. Establish the WMA portfolio.

5.9.1.2. Issue guidance for the WMA portfolio and designate responsibilities for WMA portfolio management.

5.9.1.3. Leverage or establish a governance forum to oversee WMA IT portfolio activities.

5.9.1.4. Present the WMA portfolio recommendations to the proper officials in the Department's decision support systems for consideration.

5.9.1.5. Participate in the cross-Mission Area governance forum for the Enterprise portfolio.

5.9.1.6. Participate in BMA, DIMA, and EIEMA governance forums.

5.9.2. Ensure the policies herein are incorporated into and integrated with the policies and procedures of reference (f).

5.9.3. In coordination with the ASD(NII)/DoD CIO, ensure the policies herein are incorporated into the curriculum of the National Defense University's Information Resources Management College.

6. <u>EFFECTIVE DATE</u>

This Directive is effective immediately.
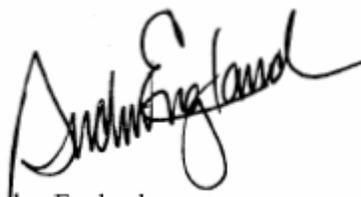
Gordon England
Acting Deputy Secretary of Defense

Enclosures – 2
E1. References, continued
E2. Definitions

E1. <u>ENCLOSURE 1</u>

<u>REFERENCES</u>, continued

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

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

(g) DoD Directive 7045.14, "The Planning, Programming, Budgeting, and Execution System (PPBE)," May 22, 1984, Certified Current as of November 21, 2003

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

(i) E-Government Act of 2002 (Public Law 107-347), December 17, 2002

(j) DoD Directive 8500.1, "Information Assurance (IA)," October 24, 2002

(k) Section 2222 of title 10, United States Code

E2. ENCLOSURE 2

DEFINITIONS

E2.1.1. <u>Capability Area</u>. Collections of similar capabilities that are grouped at a high level in order to support decision-making, capability delegation, and analysis.

E2.1.2. <u>Enterprise</u>. Refers to the Department of Defense, including all of its organizational entities.

E.2.1.3. <u>Enterprise Information Enviroment</u> (EIE). 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.

E.2.1.4. <u>Information Technology (IT) Investment</u>. The development and sustainment resources needed in support of IT or IT-related initiatives. These resources include, but are not limited to: research, development, test, and evaluation appropriations; procurement appropriations; military personnel appropriations; operations and maintenance appropriations; and Defense Working Capital Fund.

E.2.1.5. <u>IT Portfolio</u>. A grouping of IT investments by capability to accomplish a specific functional goal, objective, or mission outcome.

E.2.1.6. <u>IT that is not a part of the Global Information Grid (GIG)</u>. Generally, stand-alone, self-contained, or embedded IT that is not and shall not be connected to the enterprise network. (See reference (e)).

E.2.1.7. <u>Mission Area</u>. A defined area of responsibility with functions and processes that contribute to mission accomplishment.

E.2.1.8. <u>Portfolio Management</u>. The management of selected groupings of IT investments using strategic planning, architectures, and outcome-based performance measures to achieve a mission capability.