DEFENSE INFORMATION SYSTEMS AGENCY
P.O. BOX 4502
ARLINGTON, VIRGINIA 22204-4502

DISA INSTRUCTION 610-225-3 2 October 2006

INFORMATION SERVICES

Information Technology (IT) Portfolio Management

1. **Purpose**. This Instruction prescribes policy and assigns responsibilities for information technology (IT) portfolio management for DISA. It also details the portfolio management core activities and program review process.

2. **Applicability**. This Instruction applies to DISA activities.

3. **Authority**. This Instruction is published in accordance with DoD Directive 8115.01, Information Technology Portfolio Management, 10 October 2005.

4. **Scope.** This Instruction applies to all IT investments including IT services, programs, and projects that may fall into the following portfolio management mission areas of warfighting, business, and enterprise information environment, as established and defined by the Secretary of Defense. This Instruction also applies to IT investments funded by appropriated funds and/or the Defense Working Capital Fund (DWCF).

5. **Definitions**. Definitions are provided in enclosure 1.

6. **General.** Portfolio management is the management of selected groupings of IT investments using integrated strategic planning, integrated architectures, measures of performance, risk management techniques, transition plans, and portfolio investment strategies. The core activities associated with portfolio management are analysis, selection, control, and evaluation.

7. **Policy**. In order to focus on improving capabilities and mission outcomes while ensuring support of the DISA vision, mission, and goals, management of IT investments as portfolios shall comply with DoD Directive 8115.01 (authority document). Portfolios shall be managed using integrated strategic planning, integrated architectures, measures of performance, risk

management techniques, transition plans, and portfolio investment.

7.1 Development or modernization expenditures for DISA business systems greater than 1 million dollars will comply with the DoD enterprise architecture (EA), be certified by the DoD Investment Review Boards (IRBs), and be approved by the Defense Business System Management Committee (DBSMC). DISA business system investments certified by the IRBs will be reviewed at least annually by DISA prior to the IRB annual review, and DISA business systems not requiring IRB certification will be reviewed at least annually by DISA.

7.2 Decisions on making, modifying, or terminating IT investments shall be assessed using the Agency IT Investment Criteria, approved by the Corporate Board, available on the DISA Enterprise Data & Global Exchange (EDGE); EA; and DoD Directive 8115.01 (authority document). Agency IT investments will be monitored by a corporate level balanced scorecard.

8. **Management**. The Director, DISA, is the IT Portfolio Manager for DISA. IT portfolio management may be delegated to the Vice Director or the Chief Information Officer (CIO). The IT Portfolio Manager ensures IT investments are consistent with mission area, subportfolio, or capability area portfolio guidance. In accordance with DoD 8115.01, the Director, DISA, or an authorized designee of the Director, accomplishes the following actions:

8.1 Manages the Agency portfolio in order for IT investments to align with mission areas and subportfolio or capability area portfolios, as appropriate.

8.2 Issues guidance for managing the Agency portfolio and designates responsibilities for Agency portfolio management.

8.3 Leverages an existing governance forum or establishes a new governance forum to oversee Agency portfolio activities.

8.4 Ensures DISA IT investments are consistent with mission area, subportfolio, or capability area portfolio guidance.

8.5 Participates 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 Agency.

9. **Responsibilities.**

9.1 **Principal Directors of Strategic Business Units, Directors and Chief of Shared Services Units, Directors of Program Executive Offices, Direct Reports, and Special Advisors, Headquarters, DISA, and Commanders of DISA Combatant Command Field Offices.** These individuals will ensure all IT business system investments are assessed, developed, and aligned within IT portfolios by Mission Area domains.

9.2 **Director for Strategic Planning and Information (SPI).** The Director, SPI, will:

9.2.1 Conduct regular IT portfolio management reviews with the Chief Financial Executive (CFE) to assess the state and relevancy of the IT portfolio for the Agency.

9.2.2 Chair the IT Portfolio Management Integrated Project Team (PMIPT) to evaluate the Agency’s business system IT investments.

9.2.3 Ensure business system IT investments are consistent with the Agency’s EA and information assurance (IA) requirements.

9.2.4 Evaluate IT business systems using procedures integrating both IT and business knowledge.

9.2.5 Enforce sound, organization-specific IT investment decisions.

9.2.6 Perform special reviews of projects that have not met predetermined performance standards.

9.2.7 Develop and maintain the Agency’s IT portfolio management system using portfolio management software.

9.2.8 Validate data accuracy and currency of Agency IT investments in the Defense Information Technology Portfolio Registry (DITPR) with Agency Program Managers.

9.2.9 Ensure investment information is available on demand to Corporate Board members.

9.2.10 Ensure historical IT system inventory records are maintained for future selections and assessments.

9.2.11 Ensure use of a structured development process for new IT proposals.

9.2.12 Ensure the Corporate Board approves the Agency IT investment criteria, based on Agency missions, goals, strategies, EA, and corporate priorities.

9.2.13 Ensure the Agency IT investment criteria are distributed throughout the Agency.

9.2.14 Provide for review of the IT portfolio assessment process by the Corporate Board and ensure the Agency prioritizes its full portfolio of IT investments using the DISA IT investment criteria.

9.2.15 Collect baseline data for the organization’s current IT investment management processes.

9.2.16 Plan and implement strategic change to Agency business processes based on the capabilities of identified information technologies.

9.2.17 Conduct mission area portfolio analysis based on inputs from domain portfolio owners.

9.2.18 Analyze and prioritize the full portfolio of IT investments using the Agency IT investment criteria.

9.2.19 Assign investment proposals to a portfolio category and/or domain.

9.2.20 Capture and develop lessons learned and improvement recommendations about the investment process and individual investments in a written product or knowledge base, and distribute to decisionmakers.

9.2.21 Define and collect comprehensive IT performance measurement data from domain owners through the use of the balanced scorecard.

9.2.22 Develop and implement investment process and portfolio improvements.

9.2.23 Propose incremental improvements to Agency IT investment management processes.

9.2.24 Periodically analyze IT investments using the IT assessment criteria for succession and identify succession candidates for cancellation.

9.2.25 Analyze investment interdependency within the IT portfolio and provide continuation, cancellation, or expansion recommendations to the Corporate Board.

9.2.26 Ensure comparable external best-in-class IT investment management processes are identified and benchmarked.

9.2.27 Incorporate strategic changes to business processes based on the capabilities of identified information technologies.

9.3 **Chief Financial Executive (CFE).** The CFE will:

9.3.1 Perform periodic resource reviews of programs to ensure financial activities meet internal and external requirements.

9.3.2 Brief the IT budget to the Office of Management and Budget (OMB) and the Office of the Secretary of Defense (OSD) on new initiatives, program growth, and problematic issues concerning Agency programs.

9.3.3 Submit reclama justification material on IT budget decrements for the Senate, House, OMB, and OSD staffs.

9.3.4 Provide IT budget guidance to the financial management (FM) community.

9.3.5 Submit an annual letter to OSD indicating Agency exhibit 300 requirements and any subsequent changes to those requirements in accordance with Office OMB Circular No. A-11, Section 300 – Planning, Budgeting, Acquisition, and Management of Capital Assets.

9.3.6 Provide training to the FM community on the SNAP-IT and exhibit 300 databases so a business case scores in the top rank of 41 to 50.

9.3.7 Jointly sign with the CIO a Statement of Compliance memorandum for the exhibit 300 submission to indicate the accuracy and completeness of the exhibit to the primary budget material and Clinger-Cohen Act requirements.

9.3.8 Perform special reviews of IT projects that have not met predetermined performance standards with the CIO and the Chief Acquisition Executive (CAE).

9.3.9 Ensure appropriate corrective actions for each underperforming IT project are defined, documented, and understood by the appropriate oversight organization, the domain portfolio owner, and the project manager.

9.3.10 Work with the CIO in prioritizing the full portfolio of IT investments using the Agency IT investment criteria.

9.3.11 Update and maintain the IT budget, documenting all appropriated and DWCF resources associated with the full IT portfolio ensuring consistency with official budget and execution documents.

9.3.12 Ensure all elements of the IT portfolio are discretely identified in DISA resource systems.

9.3.13 Ensure IT portfolio resources are properly documented and consistent with appropriations law.

10. **Program and Project Manager Duties**. Program and Project Managers provide support to mission area and domain portfolio owners by executing cost, schedule, and performance controls on their assigned programs and projects. Program and Project Managers will:

10.1 Ensure appropriate corrective actions for each underperforming project are defined, documented, and agreed to by the quarterly review board and domain portfolio owner.

10.2 Ensure corrective actions are implemented and tracked until the desired outcome is achieved.

10.3 Identify and define the business needs and specific users for each IT project.

10.4 Coordinate with users to participate in project management throughout the information life cycle of a project.

10.5 Provide the quarterly review board and the domain portfolio owner the primary cause of underperforming projects or programs within a portfolio.

10.6 Develop an action plan designed to remedy the identified cause(s) of underperforming projects or programs within a portfolio.

10.7 Brief program IT investment assessment to CFE and CIO at regular program reviews using the Agency IT investment criteria.

10.8 Ensure programs or projects under their direction are consistent with the Agency EA and included in the DISA IT portfolio.

10.9 Enter and maintain the currency and accuracy of their IT system information in the DITPR.

11. **Execution.** Portfolios shall be managed using a continuous cycle of analysis, selection, control, and evaluation.

11.1 **Analysis.** Analysis of IT investments determines linkages between IT investments, mission area portfolios, Agency vision and mission, corporate strategies, goals, objectives, priorities, and capabilities. Additionally, analysis determines how linkages will be achieved and measured, identifies gaps and opportunities, and pinpoints risks. Analysis also facilitates continuous process improvement and determines strategic direction for mission area activities and processes.

11.1.1 Analysis is conducted by the designated Agency portfolio manager with support from domain portfolio owners, IT program managers, and IT project officers.

11.1.2 All IT investments will be assessed using the Agency IT investment criteria. This assessment will indicate how well each IT investment supports the Agency's vision and mission, corporate strategies, goals, objectives, priorities, and capabilities. Investments will be ranked against all other proposed and existing IT investments in order to set priority for continued funding.

11.2 **Selection**. The selection process produces the best mix of IT investments to strengthen and achieve Agency corporate strategies, goals, and objectives. Selection is made by the DISA Corporate Board based on IT portfolio reviews of all DISA IT investments. Final IT selection approval authority rests with the Director or Vice Director.

11.3 **Control**. Existing IT investments must be controlled and monitored using established quantifiable performance measures. Domain portfolio owners, program managers, and project leads will assist in controlling IT investments by monitoring cost, schedule, and performance.

11.4 **Evaluation.** Evaluation of the Agency IT investment portfolio will occur during regular program reviews.

11.4.1 Evaluations will consider the current ranking of each IT investment based on the Agency IT investment criteria within the Agency mission area portfolio and domain portfolio structure, and recommend continuance or cancellation.

11.4.2 Recommendations to continue or cancel an investment will be presented regularly to the Corporate Board by the CIO. Final approval to continue or cancel rests with the Director or Vice Director.

12. **Program Reviews.** Program reviews are led by the CIO with support from CFE and provide a regular and systematic evaluation of the Agency IT portfolio. Program reviews will accomplish the following:

12.1 Monitor the performance of each investment in the IT portfolio using the Agency IT investment criteria and ranking each individual IT investment against all IT investments.

12.2 Ensure quantitative and qualitative investment data are collected, evaluated, and analyzed during the portfolio investment reviews. Provide selection recommendations to the Corporate Board for final approval.

12.3 Ensure funding recommendations for new IT proposals are consistent with Agency corporate strategies, priorities, and the Agency EA.

13. **Related Guidance.** DISA leaders, managers, and contractors engaged in IT portfolio management must be aware of related guidance. Per DoDD 8115.01 (authority document), Agency component portfolios are to be managed according to the E-Government Act of 2002 (Public Law 107-347, 17 December 2002), with a focus on efforts to minimize duplication of DoD and Government-wide initiatives. The documents listed in enclosure 2 provide guidance on different aspects of federal IT programs.

FOR THE DIRECTOR:

2 Enclosures a/s

MARK S. BOWMAN
Brigadier General, USA
Chief of Staff

OPR: SPI
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DEFINITIONS

Capability Area. Collections of similar capabilities that are grouped at a high level in order to support decisionmaking, capability delegation, and analysis.

Domain Portfolio Owners. The DISA domain portfolio owners are the organization elements within DISA that manage IT investments.

DoD Information Technology Portfolio Registry (DITPR). Online database operated and maintained by the Assistant Secretary of Defense for National Information Infrastructure [ASD(NII)] that contains programmatic information on systems.

Enterprise. Refers to the Department of Defense, its organizations, and related agencies.

Enterprise Information Environment (EIE). The common, integrated computing and communications environment of the Global Information Grid (GIG). The EIE is composed of GIG assets that operate as, or that assure, local area networks, campus area networks, tactical networks, operational area networks, metropolitan area networks, and wide area networks. The EIE is also composed of GIG assets that operate as, or that assure, end user devices, workstations, and servers that provide local, organizational, regional, or global computing capabilities. The EIE includes all software associated with the operation of EIE assets and the development environments and user productivity tools used in the GIG. The EIE includes a common set of enterprise services, called Core Enterprise Services, which provide awareness of, access to, and delivery of information on the GIG.

Global Information Grid (GIG). The globally connected, end-to-end set of information capabilities, associated processes, and personnel for collecting, processing, storing, disseminating, and managing information on demand to warfighters, policymakers, and support personnel.

Information Assurance (IA). Information operations that protect and defend information and information systems by ensuring their availability, integrity, authentication, confidentiality, and nonrepudiation. This includes providing for restoration of information systems by incorporating protection, detection, and reaction capabilities.

Information Life Cycle. The stages through which information passes, typically characterized as creation or collection, processing, dissemination, use, storage, and disposition.

Information System. A discrete set of information resources organized for the collection, processing, maintenance, use, sharing, dissemination, or disposition of information.

Information Technology (IT). Any equipment or interconnected system or subsystem of equipment that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information by the DoD component. For purposes of the preceding sentence, equipment is used by a DoD component if the equipment is used directly by the DoD component or is used by a contractor under a contract with the DoD component that requires the use of such equipment or requires the use, to a significant extent, of such equipment in the performance of a service or the furnishing of a product. The term “information technology” includes computers, ancillary equipment, software, firmware and similar procedures, services (including support services), and related sources. It also includes the National Security System (NSS). Notwithstanding the above, the term “information technology” does not include any equipment that is acquired by a federal contractor incidental to a federal contract.

Information Technology Investment Board (ITIB). The Corporate Board functions as the IT Investment Board. The members have final approval authority for IT portfolio investment decisions and ensure funding decisions for new IT proposals are in accordance with the IT portfolio management process.

Information Technology (IT) Performance Measurement. The assessment of effectiveness and efficiency of IT in support of the achievement of an organization’s missions, goals, and quantitative objectives through the applications of outcome-based, measurable, and quantifiable criteria, compared against an established baseline, to activities, operations, and processes.

Information Technology (IT) Portfolio. A grouping of the IT capabilities, IT systems, IT services, IT system support services (e.g. IT required to support and maintain systems), management, and related investments required to accomplish a specific functional goal. Decisions to make, modify, or terminate IT investments shall be based on the GIG integrated architecture, mission area goals, risk tolerance levels, potential returns, outcome goals, and performance.

Investment. The commitment of funds with a view to minimizing risk and safeguarding capital.

Mission Area. A defined area of responsibility with functions and processes that contribute to mission accomplishment.

Mission Area Portfolios. The mission area portfolios are managed by the mission area executives (MAEs) within SPI. The mission area portfolios include domain portfolios.

Portfolio Owner. The DISA portfolio owner is the Director, DISA. This function may be delegated to the Vice Director or Chief Information Officer (CIO).

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INFORMATION TECHNOLOGY (IT) PROGRAM MANAGEMENT DOCUMENTS

Public Law 108-375, Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005, Subtitle D - Information Technology, Section 332, Defense Business Enterprise Architecture, System Accountability, and Conditions for Obligation of Funds for Defense Business System Modernization.

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

Government Accountability Office Document GAO/AIMD-10.1.13, Assessing Risks and Returns: A Guide for Evaluating Federal Agencies IT Investment Decision-making, February 1997. http://www.gao.gov/special.pubs/ai10113.pdf

Government Accounting Office Executive Guide, GAO-04-394G, Information Technology Investment Management: A Framework for Assessing and Improving Process Maturity, March 2004. http://www.gao.gov/new.items/d04394g.pdf

Office of Management and Budget Circular No. A-11, Section 300 – Planning, Budgeting, Acquisition, and Management of Capital Assets.

Office of Management and Budget Circular No. A-130, Management of Federal Information Resources, Revised, (Transmittal Memorandum No. 4), 28 November 2000.

Department of Defense Directive 5000.1, The Defense Acquisition System, 12 May 2003.

Department of Defense Directive 7045.14, The Planning, Programming, Budgeting, and Execution System (PPBE), 22 May 1984, certified current as of 21 November 2003.

Department of Defense Directive 8000.1, Management of DoD Information Resources and Information Technology, 27 February 2002.

Department of Defense Directive 8500.1, Information Assurance (IA), 24 October 2002.

Federal Acquisition Regulation Part 7, Acquisition Planning, Part 39, Acquisition of Information Technology, Revised, 4 August 2006.

Department of Defense Financial Management Regulation (FMR), Volume 2B, Chapter 18, Information Technology Resources and National Security Systems, June 2004.

Under Secretary of Defense for Acquisition, Technology and Logistics Memorandum, Investment Review Process Overview and Concept for Operations for Investment Review Boards, 2 June 2005.

Assistant Secretary of Defense for National Information Integration Memorandum, Department of Defense (DoD) Information Technology Portfolio Registry (DITPR), 17 March 2005.

DISA Director's Policy Letter 2005-1, Enterprise Architecture (EA), 12 January 2005.

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