



DEPARTMENT OF THE NAVY  
OFFICE OF THE SECRETARY  
1000 NAVY PENTAGON  
WASHINGTON DC 20350-1000

SECNAVINST 5230.14  
DON CIO  
9 November 2009

SECNAV INSTRUCTION 5230.14

From: Secretary of the Navy

Subj: INFORMATION TECHNOLOGY PORTFOLIO MANAGEMENT  
IMPLEMENTATION

Ref: (a) DoD Directive 8115.01 of 10 Oct 05  
(b) DoD Instruction 8115.02 of 30 Oct 06  
(c) Office of Management and Budget Circular No. A-130,  
Management of Federal Information Resources  
(d) DoD Directive 8000.01 of 10 Feb 09  
(e) DoD Directive 7045.14 of 22 May 84  
(f) CJCSI 3170.01G  
(g) through (x), see enclosure (1)

Encl: (1) References (continued)  
(2) Definitions  
(3) Acronyms  
(4) Department of the Navy IT Portfolio Management  
Governance Structure

1. Purpose

a. Issue Department of the Navy (DON) policy and procedures that implement references (a) and (b) for the management of information technology (IT)/national security systems (NSS) investments as portfolios across the DON enterprise that focuses on improving DON capabilities and mission outcomes consistent with references (c) and (d). Hereafter, use of the term "IT" includes NSS per section 3524 of title 40, United States Code (U.S.C.).

b. Establish standard operating procedures that leverage the existing decisional processes of Planning, Programming, Budgeting, and Execution (PPBE) (reference (e)), Joint Capabilities Integration and Development System (JCIDS) (reference (f)), and Defense Acquisition System (DAS) (reference (g)), to ensure that IT investments are managed collectively as capabilities that yield economies of scope and scale; are integrated with the full compliment of investment programs in the PPBE process; and, support current strategic guidance and policies.

## 2. Applicability and Scope

### a. This instruction applies to:

(1) All DON commands, activities and management offices that control, fund, operate or manage IT investments regardless of security classification and acquisition category (ACAT) or non-ACAT designation.

(2) All DON IT investments under the warfighting mission area (WMA), business mission area (BMA), intelligence mission area (IMA), the enterprise information environment (EIE) mission area (EIEMA), and any new mission areas (MAs) established to manage IT investments.

(3) All current and planned DON IT investments that are part of the Global Information Grid (GIG) per reference (d).

b. Nothing in this instruction shall alter the responsibilities, functions, and relationships specified in references (h) and (i).

## 3. Background

a. Achieving net-centric capability requires a fundamental change in the way the Department manages its IT investments. Beginning in 2003, with the publication of reference (j), the Department has moved at an accelerated pace toward a capabilities-based planning, resource allocation and acquisition based on the principles of joint interoperability and network-centric warfare. The JCIDS restructured the requirements generation process to focus on warfighting capability gaps and redundancies, and institutionalized functional analysis to determine the best mix of forces and investments based on cost and operational effectiveness. Within DON, the Navy utilizes the Navy Capabilities Development Process (NCDP) (reference (k)), and the U.S. Marine Corps (USMC) utilizes the Marine Corps (MC) Expeditionary Force Development System (EFDS) (reference (l)), in addition to JCIDS to accommodate the development of requirements. The use of the term JCIDS as used throughout this instruction also encompasses the use of NCDP and the MC EFDS processes. Furthermore, DoD has implemented a capability portfolio management (CPM) approach (reference (m)) to be used for planning and implementing joint capabilities development.

Reference (n) capitalized on the CPM process and references (a) and (b) in developing the WMA IT portfolio management (PfM) approach for joint capability investments.

b. The PPBE process added a new emphasis on the use of performance metrics based on outputs and return on investment for all investments. The integration of IT investments with the PPBE process is essential to the PfM process. The Department's defense acquisition process guidance in references (g) and (o) were updated to better integrate with the JCIDS process, develop roadmaps for capabilities, adopt industry best practices, and establish a knowledge-based approach. These practices and approaches strengthen the acquisition process and enhanced the program manager's (PM) ability to make informed decisions throughout the acquisition process. The DON IT PfM process continues this evolution from emphasis on individual systems to creating portfolios of capabilities that meet both mission and Department priorities. The maturity and completeness of the Department's IT PfM process and practices will continue to evolve over time.

4. Definitions and Acronyms. Terms used in this instruction are defined in enclosure (2). Acronyms used in this instruction are defined in enclosure (3).

5. Policy. This instruction implements the policies established in reference (a) and describes procedures in accordance with reference (b) for managing DON IT investments as portfolios.

6. Responsibilities

a. Department of Navy Chief Information Officer (DON CIO) shall:

(1) Establish policies and guidance for implementation of the DON IT PfM process in accordance with references (a) and (b).

(2) Oversee implementation of this instruction via the mission area leads (MALs) to ensure that functional area managers (FAMs), operating commands, and management offices comply with the policies and procedures herein.

(3) Issue other publications to supplement the policies and procedures contained herein.

b. The Information Executive Committee (IEC), established by reference (p), will serve as the cross-MA IT governance board for enterprise level IT PFM issues and promote consistent processes across MAs and FAMs. The DON IEC will execute the following:

(1) Provide strategic direction for the enterprise IT portfolio.

(2) Provide oversight on enterprise level IT programs.

(3) Resolve cross-MA and enterprise issues.

(4) Identify opportunities for IT investments.

(5) Ensure specific IT investment decisions are made consistent with JCIDS (NCDP, MC EFDS), PPBE, and DAS governance structures, as well as the architecture standards.

(6) Promote successful processes across MAs and FAMs.

(7) Lead a cross-MA governance forum for the enterprise portfolio. Leverage the governance forum to oversee the MA portfolio activities with the goal of identifying commonality in PFM criteria for providing standardization within and across the MA(s).

(8) Raise unresolved IT issues to the appropriate Secretary of the Navy (SECNAV) senior governance council, such as the Business Transformation Council (BTC) (reference (q)) for adjudication.

c. The following DON organizations will execute MAL responsibilities for IT PFM:

(1) BMA. The Deputy Under Secretary of the Navy for Business Operations and Transformation (DUSN (BO&T)) shall lead and manage the overall IT PFM activities of the BMA. The DON Deputy CIO (DDCIO) for Navy and USMC and FAMs shall support DUSN (BO&T) in execution of this function.

(2) EIEMA. DON CIO shall serve as the overall lead for IT PFM EIEMA. The DDCIO (Navy) will be the Service lead for managing the Navy's IT PFM EIEMA requirements and DDCIO (USMC) will be the Service lead for managing the USMC's IT PFM EIEMA requirements.

(3) WMA for Navy. Deputy Chief of Naval Operations, Information Dominance (CNO (N2/6)) shall serve as the Service lead for managing the Navy's WMA IT PFM requirements.

(4) WMA for USMC. Commanding General (CG) Marine Corps Combat Development Command (MCCDC) shall serve as the Service lead for managing the USMC's WMA IT PFM requirements.

(5) DON IMA. Deputy Under Secretary of the Navy for Plans, Policy, Oversight and Integration (DUSN (PPOI)) shall serve as the MAL for managing the Department's IMA IT PFM requirements. CNO (N2/6) and USMC Director, Intelligence shall be the Service leads in support of DUSN (PPOI).

(6) Other. MALs shall execute the following:

(a) Serve as the Department's lead for their respective MA IT portfolio reporting to the IEC, as applicable, and manage the portfolio based on this instruction and the policies and procedures in references (a), (b), (c), (d), (g) and (o).

(b) Establish MA vision, goals, desired capabilities, and outcome measures.

(c) Develop and issue guidance for managing the MA portfolio.

(d) Collaborate with the FAMS to develop and issue a core set of MA criteria for the portfolio select and evaluate phases. Established criteria should maximize the use of existing data collections and enterprise-wide management processes (e.g., the JCIDS (NCDP, MC EFDS), PPBE, and DAS).

(e) Review, approve, and oversee the MA portfolio of IT investments to ensure consistency with the MA guidance, this instruction, and references (g) and (o).

9 November 2009

(f) Coordinate efforts to move the IT investments through JCIDS, PPBE, and DAS, as well as coordinating the presentation of the IT investment to other key decision-making forums for funding and management.

(g) Ensure that all MA portfolio recommendations are based on architectures that comply with references (d), (g), (i), and (r) and the Department's Transformation Plan.

(h) Define FAM roles and responsibilities within the MA. Decisions shall consider any related responsibilities designated by previous legislation, regulation, or DON policy guidance.

(i) Collaborate with the FAMS to ensure that the best mix of investments are selected and make recommendations to terminate, sustain, transform, or initiate programs through the DON decisional processes.

(j) Establish a governance forum and ensure that cross functional area (FA) issues are reviewed and resolved.

(k) Ensure that the FAMS maintain an inventory of all IT investments in their respective FA using DoD IT Portfolio Repository-DON (DITPR-DON), DON Applications and Database Management System (DADMS) and Naval Information Technology Exhibits/Standard Reporting (NITE/STAR) as the official sources for unclassified portfolio information, regardless of whether the investment is under development and/or operational. For classified investments ensure, through the responsible FAM, that investments are registered and maintained in the DoD Secure Internet Protocol Router (SIPRNET) IT registry.

(l) Collaborate with the FAMS on the assignment of each IT investment to a primary FA for management and capability planning. Investments supporting multiple FAs will only be assigned to one FAM for governance.

(m) Implement MA architectures, as part of the DON Enterprise Architecture (EA), which are consistent with the DoD/DON Business Enterprise Architecture (BEA) and GIG integrated architecture.

(n) Formulate an MA transition plan based on the FA transition plans.

(o) Collaborate with the FAMS and the DON Community of Practices to develop segment reference architectures, track capability requirements, and develop FAM transition plans.

(p) Ensure that the FAMS' integrated capability requirements, segment reference architectures, and transition plans address capabilities that support more than one FA.

(q) Participate in the cross-MA governance forum for the enterprise portfolio.

(r) Facilitate information sharing within and across communities of interest (COIs) to support reference (n).

(s) Coordinate with the FAMS to identify the highest priority data sharing needs within their portfolios and identify joint COIs to address each need.

(t) Designate a FAM lead for each identified COI.

(u) Advocate information sharing, collaboration, and best practices to include the use of commercial off-the-shelf (COTS) products.

(v) Periodically review and assess all the MA and FAM governance processes.

(w) Assess utility and effectiveness of enterprise-wide capabilities and services, and provide feedback through the DON IEC.

(x) When serving as the primary MA lead for IT investments with shared oversight (i.e., cross-MA impact), maintain open and continuous dialogue and collaboration/coordination among MAs with vested interest to include:

1. Work with the other affected MAs to develop an integrated set of criteria for shared oversight, and if necessary, tailor portfolio processes to accommodate different MA approaches to IT PFM.

2. Provide assurance that the requirements, concerns, and issues of the other MAs are surfaced and made visible, considered, vetted, or otherwise appropriately addressed throughout the IT PFM process.

d. SECNAV, Navy and USMC FAMs, identified in reference (i), will serve as the IT portfolio manager for their respective FA. SECNAV, Navy and USMC FAMs shall execute the responsibilities outlined in reference (i) and the following IT PFM responsibilities:

(1) Develop and manage an IT FA portfolio based on this instruction, MA guidance, and the policies and procedures in references (a) and (i).

(2) Develop a FAM transition plan to support the DON Enterprise Transition Plan.

(3) Review, approve, oversee, and provide concurrence to DON commands and activities on their IT investments within FA, and ensure that the investments are consistent with MA guidance, FAM transition plan, and references (g), (i) and (o) to ensure that the Department achieves best value for resources programmed and executed.

(4) Present FA investment recommendations (as applicable) to the proper officials (e.g., MALs, Deputy Chief of Naval Operations, Integration of Capabilities and Resources ((CNO (N8)), Deputy Commandant Marine Corps (DCMC), Program and Resources (P&R), etc.) in the Department's decisional support systems for consideration.

(5) Ensure that the FA of IT investments are consistent with the goals and objectives in the current DON Information Management (IM)/IT Strategic Plan published by DON CIO.

(6) Develop FAM-specific evaluation criteria for their respective FA portfolio that is consistent with the DON core criteria.

(7) Establish a governance structure and process to manage their FA portfolio.

(8) Establish FA vision, goals, objectives, desired capabilities, and measures of performance consistent with MA guidance.

(9) Represent FA requirements and priorities within the MA and ensure capability and resource requirements are identified and coordinated with the resource sponsor(s) (RS) and the MALs during the PFM process.

(10) Regularly consult with command representatives to ensure requirements across the FA are identified for inclusion in the MA architectures (e.g., BEA).

(11) Assess gaps, identify duplication of capabilities, and identify and prioritize opportunities for FA capabilities and services.

(12) Identify and review FA investments and assess the capability using defined net-centric and other MA/FA criteria.

(13) Recommend the best mix of investments and make recommendations to terminate, sustain, transform, or initiate programs through the MAL and the Department's decisional support processes, i.e., JCIDS, DAS and PPBE.

(14) Justify FA capabilities using an integrated architecture and the FAM transition plan.

(15) Recommend funding adjustments through the PPBE, as appropriate.

(16) Review the performance of all FA investments against capability requirements, costs, and schedules. Reviews must address compliance with net-centric criteria, DoD/DON net-centric data strategy goals, MA architectures, transition plans, and other MA/FA criteria (such as the use of COTS products). Make recommendations to the MA and milestone decision authority (MDA), as appropriate.

(17) Maintain an inventory of FA investments in DITPR-DON, DADMS and NITE/STAR, i.e., the official sources for unclassified portfolio information. Data on classified investments will continue to be registered and maintained in the DoD SIPRNET IT Registry.

(18) Participate in the MA governance forum to oversee the portfolio activities with the goal of identifying commonality in PfM criteria for providing standardization within and across MA(s).

(19) Serve as the designated lead or member on COI(s) to ensure that capabilities needed are planned and properly assigned.

(20) Identify the highest priority data sharing needs within the FA and identify joint COI(s) to address each need to the MAL.

(21) For multi-agency and joint IT investments, collaborate with the MAL and applicable joint program management office for coordination and execution on program direction.

(22) Ensure that IT investments under the BMA comply with the designated requirements for Defense Business System certification and annual reviews.

e. RS shall review, assess and approve or disapprove IT investments recommended for inclusion by the MALs and FAMS in sponsor program proposals (SPPs) during the programming phase (i.e., Program Objective Memorandum (POM)) of the PPBE process in accordance with reference (e).

f. CNO (N8) shall review and approve (or recommend approval to the Chief of Naval Operations (CNO) or Vice Chief of Naval Operations, as appropriate) Navy IT capabilities, key performance parameters and other performance attributes in accordance with reference (g). Exercise centralized coordination, validation and approval of Navy investment requirements submitted by the RS during the programming phase (i.e., POM) of the PPBE in accordance with reference (e). CNO (N8) has authority to assign an organization as the validation authority for requirements submitted by the RS in SPPs. The RS's output/recommendations shall be assessed by the validation authority to determine the utility of recommended IT investments within the CNO (N8) portfolio.

g. The DCMC (P&R) shall exercise centralized coordination, validation and approval of USMC investment requirements submitted by the RS during the programming phase (i.e., POM) of the PPBE process in accordance with reference (e).

h. The Assistant Secretary of the Navy, Financial Management and Comptroller (ASN (FM&C)) shall exercise centralized coordination, pricing validation and approval of DON IT resources reported by the budget submitting offices (BSOs) during the budgeting and execution phases of the PPBE process in accordance with references (e) and (h).

i. MDA shall monitor and provide decisional direction on IT investments from program approval through full rate production in accordance with reference (g) during the control and evaluate phases of PFM.

j. Commanders, CGs and commanding officers shall establish an IT PFM process that complies with the policies and procedures contained in this instruction and guidance issued by MALs and FAMs identified in subparagraphs 6c and 6d above (as applicable). Commands, activities and management offices, under the above leadership, shall execute the following:

(1) Implement and manage a PFM process consistent with this instruction, MAL and FAM guidance and references (a) and (b).

(2) Assess IT investments using the DON core and the MA/FA criteria.

(3) Implement a command governance structure for the review and approval of IT investments prior to submission to the applicable FAM.

(4) Collaborate with the FAM(s) in the selection and recommendation of the best mix of investments.

(5) Manage their investments consistent with this instruction, MAL/FAM guidance and references (g), (i) and (o).

(6) Implement integrated architectures that are consistent with MAL and FAM transition plans.

9 November 2009

(7) Ensure that IT investments are consistent with the DON IM/IT Strategic Plan and the FAM Transition Plan.

(8) Participate in FAM governance forums, as required.

(9) Ensure that all IT investments are properly registered in DITPR-DON, DADMS and/or NITE/STAR, as applicable, regardless of whether the investment is under development and/or operational.

7. DON IT PFM Process. The following addresses the overall IT PFM process (i.e., analysis, select, control and evaluate) and its activities.

a. IT PFM is a fluid, dynamic, and ongoing process which requires disciplined procedures, executive management involvement, accountability, and focus on delivering capabilities, as well as managing costs, schedule, risks and returns using quantifiable measures. The overall objective of a structured IT portfolio process is to deliver substantial benefits and operational capabilities to the DON warfighter in a timely manner. More specific objectives are:

(1) Manage IT portfolios based on capabilities.

(2) Facilitate achievement of DON's mission and business objectives.

(3) Analyze and determine redundancy and eliminate duplicative functionality.

(4) Balance potential benefits against costs and risk.

(5) Align proposed investments with strategic and tactical goals specified in the current approved DON IM/IT Strategic Plan published by DON CIO.

(6) Measure performance and net benefit for dollars invested.

(7) Provide continuous feedback to help senior managers make decisions on new or ongoing investments.

(8) Ensure full visibility of all IT investments and cost across the Department.

(9) Prioritize investments.

(10) Ensure compliance with regulations and laws.

(11) Conduct annual investment reviews.

b. Additionally, IT PFM ensures that investments:

(1) Are balanced in terms of a set of pre-established selection criteria co-developed by MALs and FAMS that supports strategic direction at all operational levels.

(2) Are effectively managed throughout the investment's life-cycle.

(3) Enable the decision-makers to have visibility of all IT assets within the portfolio and compare competing investments objectively based on their business and functional value.

c. Consistent with the DoD portfolio guidance under reference (b) and the Office of Management and Budget guidance under reference (c), the DON shall use four integrated phases to manage its IT portfolios (i.e., analysis, select, control, and evaluate). Figure 1 below shows the major portfolio activities, their key products and outcomes, and their relationships to the DON JCIDS, PPBE and DAS decisional processes. Investments at all levels must consider doctrine, organization, training, materiel, leadership and education, personnel and facilities, leading practices, and culture in the decisional processes. The full benefits of IT cannot be realized if IT is isolated from these other factors.

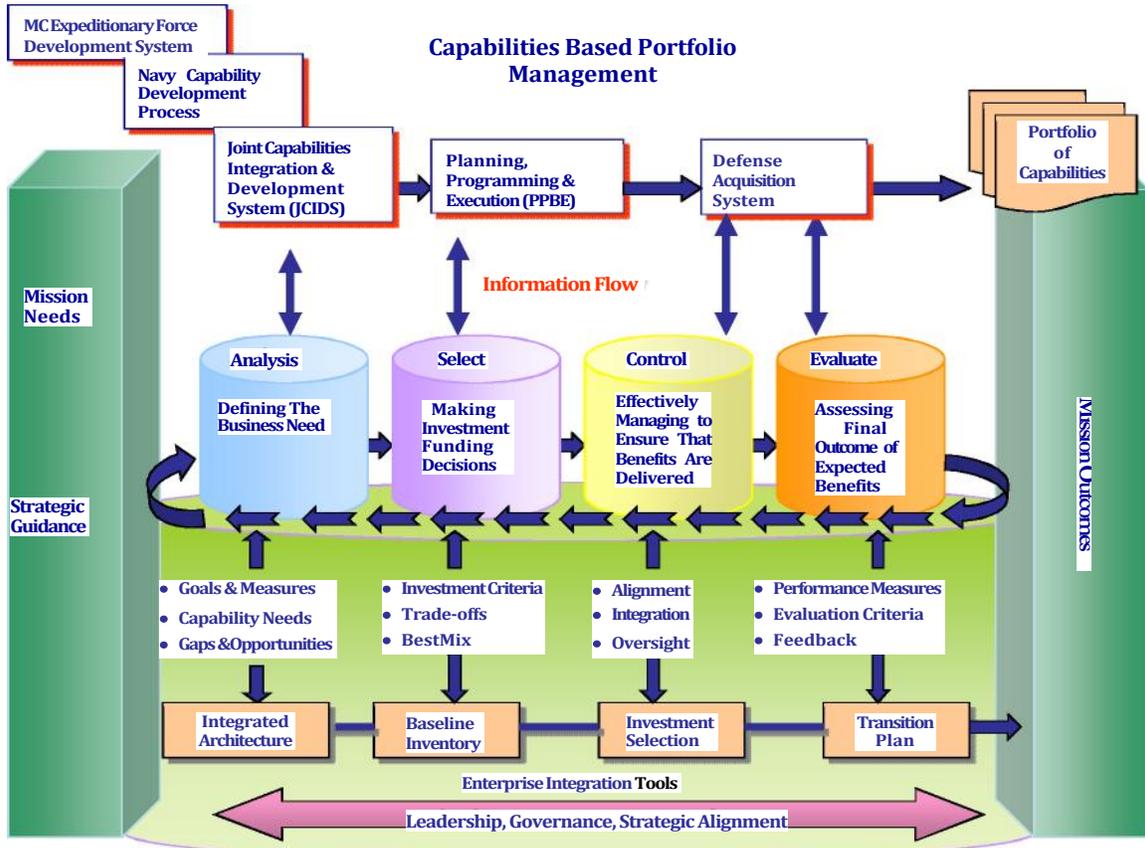


Figure 1 - IT PFM Decision Support

d. As depicted in figure 1 above, the overall process is iterative, with results being used to improve how the Department selects, manages, and uses its IT resources for future investment decisions. These investment decisions are made by commands, FAMS, MALs, and the IEC and SECNAV senior governance decision bodies, as appropriate. The following provides an overview of each of the PFM phases:

(1) Analysis. Analysis of an investment is accomplished through the Department's decisional support systems of JCIDS and DAS. The analysis phase initiates those activities where MALs and FAMS, in collaboration with major commands, assess potential new investments and reassess current investments to identify gaps and opportunities, and explore functional and technical options. The analysis activity addresses the critical front-end capability requirements, aligned with defined architecture standards, and provides an opportunity to focus efforts on refining development of the initial concept for new starts and

reassessing the functional and business value of ongoing operational investments. Analysis creates the directional foundation for the other PFM processes.

(2) Select. The select phase involves identifying the best mix of investments within available resources to meet the enterprise, MA, FA, and command strategic goals. Achieving this requires the application of pre-defined selection criteria to score and prioritize proposed investments (new and ongoing). Scoring factors such as compliance with EAs, transition plans, technical criteria, performance measures, anticipated life-cycle costs, schedule, benefit, and risk are used to assess the functional and business value of each IT investment within the portfolio. The select phase culminates with a decision on which investments are included in each MA portfolio. As is the case with all investments, the actual decision to fund an IT investment in the final analysis is a function of affordability, compliance with architecture standards and the relative importance of the IT investment to mission accomplishment when compared to other investments during the POM and budget phases of the PPBE process.

(3) Control. The control phase focuses on the acquisition and management of IT investments selected for the MA portfolios. The objective of the control process is to ensure, through timely oversight, quality control, and executive review, that IT investments are implemented in a disciplined, well-managed, and consistent manner. This process requires continuous monitoring of product development and acquisition against projected cost, schedule, performance measures, and delivered benefits to ensure that investments are completed within scope, on time, and within budget. During the control phase, decisions to continue, modify, or terminate an investment are based on reviews at key milestones during the program's life-cycle. The focus of these reviews change and expand as the investments move from initial concept or design and pilot through full implementation, or as projected investment costs and benefits change. The reviews do not focus exclusively on cost and schedule concerns but also on ensuring that projected benefits are realized, IT investments are aligned with architecture standards, risks are minimized and managed, and that the investment continues to meet strategic needs. The Department will utilize the established DAS procedures (including the two-pass/six gate reviews) as defined in reference (g) and for space programs, per reference (o), to execute this phase of PFM.

(4) Evaluate. The evaluate phase is the final step in the IT PFM process completing the cycle between the analysis, select and control phases by assessing actual outcomes of costs, schedule and performance benefits against planned including compliance with architecture standards. It also provides the opportunity to assess management performance, as well as assessing the management of the other portfolio phases for the purpose of making improvements. The evaluate phase provides valued feedback to senior decision officials on all aspects of IT investments. Primary mechanisms for evaluation are post-deployment performance reviews for new investments and operational analysis for steady-state (see reference (g)).

## 8. Governance and Interfaces

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

b. The governance structure for the IT PFM process is depicted on the left side of figure 2. All stakeholders addressed in subparagraph 2a(1) are ultimately responsible for implementation and execution of the PFM process described in this instruction.

IT PFM and Other Departmental Decisional Support Systems				
Action	IT Portfolio Governance	Investment Governance		
Process	IT Portfolio Process	JCIDS Process	PPBE Process	DAS Process
Authority	DON CIO: section 2223 of title 10, U.S.C.  Reference (a) Reference (b) Reference (m)  SECNAVINST 5230.14	Joint  Vice Chairman of the Joint Chiefs of Staff  Reference (f) reference (n)  <u>Navy</u> CNO (reference (k))  Marine Corps  Commandant Marine Corps (CMC) (reference (l))	Under Secretary of the Navy (reference (e))  DON CIO  Section 2223 of title 10, U.S.C.  (ASN (FM&C) Financial Management Budget (FMB))	Assistant Secretary of the Navy (Research Development & Acquisition) (ASN (RD&A))  Reference (g)  SECNAVINST 5400.15C  Reference (h)
Oversight	SECNAV Senior Governance Councils  BTC  DON IEC  MA Leads - WMA - BMA - EIEMA - DON IMA  FAMs  USMC-Information Technology Steering Group (ITSG)  Navy-Information Technology Management Council (ITMC)	Navy OPNAVINST 5420.108C  Resources and Requirements Review  Board/Naval Capabilities Board  CNO Executive Board  USMC  Marine Requirements Oversight Council	CNO/CMC-Planning  CNO (N8)/DMC (P&R) - Programming - RS  ASN (FM&C)-FMB DON Budget  - IT Budget ASN (FM&C)-FMB 4 DON CIO-IT Budget  USMC-ITSG	ASN (RD&A)-Component Acquisition Executive/MDA  System Commands/Direct Reporting Program Manager-MDA (as delegated)  Other MDAs-Program Executive Office (as delegated)  Working Integrated Product Teams  USMC ITSG  Navy ITMC
Management and Integration	Deputy CNO (N2/6)  USMC Command, Control, Communications and Computers (C4)	Combatant Commanders (COCOMs)  CNO/CMC	Navy/USMC BSOs	
Execution	Navy/USMC Commands	Navy/USMC Commands	Director, Fiscal Management Division (N82) Navy/USMC BSOs	Navy/USMC PMS

Figure 2 - IT PFM and Other Departmental Decisional Support Systems

c. IT PFM governance authorities are exercised in two distinct ways through management guidance and investment program oversight. Reference (a) requires IT investments to be planned,

justified, and managed as part of a portfolio of related IT capabilities. The Department will accomplish this through the management and oversight responsibilities exercised by designated MALs and FAMS identified in subparagraphs 6c and 6d, as well as leveraging the existing JCIDS, PPBE, and DAS processes. While the MALs and FAMS provide governance to directly oversee and enforce the processes through which IT PFM activities are implemented, the final approval and funding of IT investment decisions depends on close working relationships with their counterparts in the JCIDS, PPBE, and DAS governance structure, as depicted in figure 2 above. Enclosure (4) illustrates the hierarchical IT PFM governance structure for the Department.

9. IT Portfolio Structure

a. DoD IT Portfolio structure can be found at <https://acc.dau.mil/CommunityBrowser.aspx?id=22293>

b. DoD investment portfolios are managed at the enterprise, MA, and sub-portfolio levels as depicted in figure 3.

DoD IT Portfolio Structure				
Enterprise Mission Area Portfolio				
Business Mission Area (BMA)	Warfighting Mission Area (WMA)	DoD Intelligence Mission Area (DIMA)	Enterprise Information Environment Mission Area (EIEMA)	Doctrines, Organization, Training, Material, Leadership, Personnel and Facilities
Subportfolios	Subportfolios	Subportfolios	Subportfolios	
<ul style="list-style-type: none"> <li>• Weapon System Lifecycle Management.</li> <li>• Material Supply and Service Management.</li> <li>• Real Property &amp; installation Lifecycle Management.</li> <li>• Human Resource Management.</li> <li>• Financial Management.</li> </ul>	<ul style="list-style-type: none"> <li>• Battlespace Awareness</li> <li>• Force Application</li> <li>• Force Protection</li> <li>• Net-Centric</li> <li>• Force Management</li> <li>• Joint Training</li> <li>• Command and Control</li> <li>• Focused Logistics</li> </ul>	<ul style="list-style-type: none"> <li>• Analysis and Production</li> <li>• Exploitation</li> <li>• Collection</li> <li>• Dissemination</li> <li>• Enterprise IT</li> <li>• Enterprise Management</li> <li>• Mission Management</li> </ul>	<ul style="list-style-type: none"> <li>• Communications</li> <li>• Computing Infrastructure</li> <li>• Core Enterprise Services</li> <li>• Information Assurance</li> </ul>	

Figure 3 - DoD IT Portfolio Structure

DON FAs Mapped to DoD Subportfolios/Mission Areas			
Business Mission Area (BMA)*	Warfighting Mission Area (WMA)	Intelligence Mission Area (IMA)	Enterprise Information Environment Mission Area (EIEMA)
DoD Subportfolios/DON FAs	DoD Subportfolios/DON FAs	DoD Subportfolios/DON FAs	DoD Subportfolios/DON FAs
<ul style="list-style-type: none"> <li>• <u>Weapon System Lifecycle Management</u> <ol style="list-style-type: none"> <li>1. Acquisition</li> <li>2. Naval Nuclear Propulsion</li> <li>3. Modeling and Simulation</li> <li>4. Scientific and Technical</li> <li>5. Test and Evaluation</li> <li>6. Weapons Planning and Control</li> <li>7. Logistics</li> </ol> </li> <li>• <u>Material Supply and Service Management</u> <ol style="list-style-type: none"> <li>1. Logistics</li> </ol> </li> <li>• <u>Real Property and Installation Lifecycle Management</u> <ol style="list-style-type: none"> <li>1. Logistics</li> </ol> </li> <li>• <u>Human Resource Management</u> <ol style="list-style-type: none"> <li>1. Personnel Management</li> <li>2. Civilian Management</li> <li>3. Legal</li> <li>4. Medical</li> <li>5. Law Enforcement</li> </ol> </li> <li>• <u>Financial Management</u> <ol style="list-style-type: none"> <li>1. Financial Management</li> <li>2. Resources, Requirements &amp; Assessments</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>• <u>Battlespace Awareness</u> <ol style="list-style-type: none"> <li>1. Precise Time and Astronomy</li> <li>2. Meteorology, Oceanography, Geospatial Information and Services</li> </ol> </li> <li>• <u>Force Application</u> <ol style="list-style-type: none"> <li>1. Weapons, Planning and Control</li> <li>2. Information Operations</li> </ol> </li> <li>• <u>Force Protection</u></li> <li>• <u>Force Management</u></li> <li>• <u>Net-Centric</u> <ol style="list-style-type: none"> <li>1. Enterprise Services</li> <li>2. Information Operations</li> </ol> </li> <li>• <u>Joint Training</u> <ol style="list-style-type: none"> <li>1. Personnel Management</li> </ol> </li> <li>• <u>Command and Control</u> <ol style="list-style-type: none"> <li>1. Command and Control</li> </ol> </li> <li>• <u>Focused Logistics</u> <ol style="list-style-type: none"> <li>1. Logistics</li> </ol> </li> <li>• <u>Battlespace Communications Systems (Navy/USMC only)</u> <ol style="list-style-type: none"> <li>1. Command and Control</li> <li>2. Enterprise Services</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>• <u>Analysis and Production</u> <ol style="list-style-type: none"> <li>1. Intelligence</li> <li>2. Information Operations</li> </ol> </li> <li>• <u>Exploitation</u> <ol style="list-style-type: none"> <li>1. Intelligence</li> <li>2. Information Operations</li> </ol> </li> <li>• <u>Collection</u> <ol style="list-style-type: none"> <li>1. Intelligence</li> <li>2. Information Operations</li> </ol> </li> <li>• <u>Dissemination</u> <ol style="list-style-type: none"> <li>1. Intelligence</li> <li>2. Information Operations</li> </ol> </li> <li>• <u>Enterprise IT</u> <ol style="list-style-type: none"> <li>1. Intelligence</li> <li>2. Information Operations</li> </ol> </li> <li>• <u>Enterprise Management</u> <ol style="list-style-type: none"> <li>1. Intelligence</li> <li>2. Information Operations</li> </ol> </li> <li>• <u>Mission Management</u> <ol style="list-style-type: none"> <li>1. Intelligence</li> <li>2. Information Operations</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>• <u>Communications</u> <ol style="list-style-type: none"> <li>1. Enterprise Services</li> <li>2. Information Operations</li> </ol> </li> <li>• <u>Computing Infrastructure</u> <ol style="list-style-type: none"> <li>1. Enterprise Services</li> <li>2. Information Operations</li> </ol> </li> <li>• <u>Core Enterprise Services</u> <ol style="list-style-type: none"> <li>1. Enterprise Services</li> <li>2. Information Operations</li> </ol> </li> <li>• <u>Information Assurance</u> <ol style="list-style-type: none"> <li>1. Enterprise Services</li> <li>2. Information Operations</li> </ol> </li> <li>• <u>Enterprise Administration (Navy/USMC only)</u> <ol style="list-style-type: none"> <li>1. Enterprise Services</li> <li>2. Information Operations</li> </ol> </li> </ul>

Figure 4 - DON FAs Mapped to DoD Subportfolios/Mission Area

\* Note: Includes enterprise services across all BMA functional areas, as applicable.

c. The enterprise level includes investments from all MAs which represent the major capability areas of the Department,

including interfaces to other National Security activities. The FAM transition plans, which provide the FA roadmap for the optimization of IT systems, applications, databases, networks and hardware, will guide the implementation of capabilities across the MA. The transition plans must also address the transition to shared data in accordance with the DoD Data Strategy (reference (s)).

d. The DON FAs represent the breakout of capabilities under each of the DoD sub-portfolios and MAs. FA portfolios must align to enterprise-wide and MA vision, goals, capabilities, concepts, outcome measures, and integrated architectures. FAMS may supplement MAL direction and guidance that is consistent with the DON IT EA and investment strategies.

#### 10. IT Investment Decisional and Oversight Processes

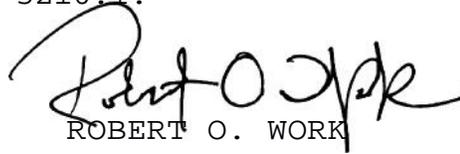
a. IT investments are considered for approval, funding, and management oversight along with other investments through the Department's three principal decision support systems (JCIDS, PPBE, and DAS). The key governance authorities for these decision support systems and their relationships to the PFM governance are depicted in figure 2. The IT PFM processes and procedures do not supersede the existing authorities and policies in references (d), (g) through (i), (m) through (q), and (r) through (t). The IT PFM process compliments and interfaces with these decision support systems by selecting the best valued investments to meet the needed capabilities and making recommendations affecting decisions to continue, modify, or replace IT investments.

b. The DON MALs may raise interface issues and recommend updates to the JCIDS, PPBE, and DAS processes to their DoD counterparts.

c. IT PFM investment recommendations are implemented and enforced through the decisional support systems using traditional documents such as POM guidance, issue papers and program decision memorandums; budget issues and program budget decisions; Joint Requirements Oversight Council memorandums; acquisition decision memorandums; and program change proposals.

SECNAVINST 5230.14  
9 November 2009

11. Records Management. All records created by this instruction, regardless of media and format, shall be managed in accordance with SECNAV Manual 5210.1.



ROBERT O. WORK

Under Secretary of the Navy

Distribution:

Electronic only, via Department of the Navy Issuances Web site  
<http://doni.daps.dla.mil>

**REFERENCES (Continued)**

- (g) SECNAVINST 5000.2D
- (h) SECNAVINST 5430.7Q
- (i) SECNAVINST 5000.36A
- (j) Department of Defense Transformation Planning  
Guidance of Apr 03
- (k) OPNAVINST 3050.23
- (l) MCO 3900.15B
- (m) DoD Directive 7045.20 of 25 Sep 08
- (n) CJCSI 8410.01A
- (o) USD(AT&L)memo, Transition of the Defense Space  
Acquisition Board (DSAB) into the Defense Acquisition  
Board (DAB), of 23 Mar 09
- (p) SECNAV memo, Department of the Navy Information  
Leadership Council, of 18 Jan 01
- (q) SECNAV memo, Department of the Navy (DON) Business  
Transformation Council Charter, of 29 Jun 06
- (r) Defense Acquisition Guidebook of 15 Jun 09
- (s) DoD Directive 8320.02 of 2 Dec 04
- (t) SECNAVINST 5420.188F of 2 Nov 05
- (u) DoD 7000.14-R, Volume 2B, Chapter 18, of Jun 07
- (v) DoD Directive 4630.05 of 5 May 04
- (w) GAO Executive Guide Ver. 1.1 of 03 Mar 04
- (x) Government Performance and Results Act of 1993

## DEFINITIONS

1. Authoritative Data Source. A source of data or information that is recognized to be valid or trusted because it is considered to be highly reliable or accurate or is from an official publication or reference. (Source: reference (i)).

2. Business Enterprise Architecture (BEA). The BEA is the EA for the DoD's business information infrastructure and includes processes, data, data standards, business rules, operating requirements, and information exchanges. The BEA serves as the blueprint to ensure the right capabilities, resources and materiel are rapidly delivered to our warfighters through ensuring accurate, reliable, timely and compliant information across the DoD. (Source: BTA Web site at: <http://www.bta.mil/products/bea.html>)

3. Business Mission Area (BMA). The BMA's objective is to ensure the right capabilities, resources, and materials are delivered to our warfighters: what they need, where they need it, when they need it, anywhere in the world. In order to cost effectively meet these requirements, DON's current business and financial management and infrastructure processes, systems, and data standards are being transformed to ensure better support to the Warfighter and improve accountability to the taxpayer. (Source: reference (b))

4. Defense Acquisition System (DAS). The DAS is the management process that guides all DoD acquisition programs. DoD Directive 5000.01 of 12 May 2003 provides the policies and principles that govern the DAS. DoD Instruction 5000.02 of 8 December 2008, in turn establishes the management framework that implements these policies and principles. The Defense acquisition management framework provides an event-based process where acquisition programs proceed through a series of milestones associated with significant program phases. Details on the milestones and program phases are found in section 3 of the DoD Instruction 5000.02. The instruction also identifies the specific statutory and regulatory reports and other information requirements for each milestone and decision point. (Source: reference (r))

5. DON Applications and Database Management System (DADMS). DADMS is a Web-enabled registry of Navy and USMC systems/applications, and their associated data structures. It is the

authoritative source for DON IT (including NSS) application and database PfM. (Source: DON CIO Web site: <http://www.doncio.navy.mil>)

6. DoD Information Technology Portfolio Repository (DITPR)\_DON. DITPR-DON is the DoD single authoritative data source repository for key information and data regarding IT systems, including NSS. (Source: DON CIO Web site: <http://www.doncio.navy.mil>)

7. Enterprise Architecture (EA). An EA is the explicit description and documentation of the current and desired relationships among business and management processes and IT. It describes the "current architecture" and "target architecture" to include the rules and standards and systems life-cycle information to optimize and maintain the environment which the agency wishes to create and maintain by managing its IT portfolio. The EA must also provide a strategy that will enable the agency to support its current state and also act as the roadmap for transition to its target environment. These transition processes will include an agency's capital planning and investment control processes, agency EA planning processes, and agency systems life-cycle methodologies. The EA will define principles and goals and set direction on such issues as the promotion of interoperability, open systems, public access, compliance with Government Paperwork Elimination Act, end user satisfaction, and IT security. The agency must support the EA with a complete inventory of agency information resources, including personnel, equipment, and funds devoted to information resources management and IT, at an appropriate level of detail. (Source: reference (c))

8. Enterprise Information Environment Mission Area (EIEMA). The EIEMA represents 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 DON enterprise hardware, software operating systems that support the DoD GIG enterprise. The EIE also includes a common set of enterprise services,

called "Core Enterprise Services," which provides awareness of, access to, and delivery of information on the GIG. (Source: reference (b))

9. Enterprise Portfolio. The collective sum of all IT investments across the Department's four MAs. (Source: reference (a))

10. Enterprise Services. A common set of information resource capabilities designed to provide awareness of, access to, and delivery of information. (Source: reference (d))

11. Functional Area (FA). An FA encompasses the scope (the boundaries) of a set of related functions and data for which an Office of the Secretary of Defense Principal Staff Assistant or the Chairman of the Joint Chiefs of Staff (CJCS) has DoD-wide responsibility, authority, and accountability. An FA (e.g., personnel) is composed of one or more functional activities (e.g., recruiting), each of which consists of one or more functional processes (e.g., interviews). (Source: reference (i)).

12. Global Information Grid (GIG). The globally interconnected, end-to-end set of information capabilities, associated processes, and personnel for collecting, processing, storing, disseminating and managing information on demand to warfighters, policy makers, and support personnel. The GIG includes all owned and leased communications and computing systems and services, software (including applications), data, security services, and other associated services necessary to achieve information superiority. It also includes NSS as defined in section 5142 of the Clinger-Cohen Act of 1996. The GIG supports all DoD, National Security, and related Intelligence Community missions and functions (strategic, operational, tactical, and business), in war and in peace. The GIG provides capabilities from all operating locations (bases, posts, camps, stations, facilities, mobile platforms, and deployed sites). The GIG provides interfaces to coalition, allied, and non-DoD users and systems. (Source: reference (d))

13. Information Technology (IT). IT means any equipment or interconnected system or subsystem of equipment that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange,

9 November 2009

transmission, or reception of data or information. It includes computers, ancillary equipment, software, firmware and similar services and related resources whether performed by in-house, contractor, other intra-agency or intergovernmental agency resources/personnel. Both system and non-system IT resources including base level units (communications, engineering, maintenance, and installation) and management staffs at all levels are included in IT resource reporting. (Source: reference (u))

14. IT Investment. 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. (Source: reference (a))

15. Integrated Architectures. An architecture consisting of multiple views or perspectives (operational view, systems view, and technical standards view) that facilitates integration and promotes interoperability across capabilities and among related integrated architectures. (Source: reference (v))

16. Intelligence Mission Area (IMA). The IMA includes IT investments within the Military Intelligence Program of the National Intelligence Program. (Source: reference (b))

17. Joint Capabilities Integration and Development System (JCIDS). The systematic method established by the Joint Chiefs of Staff for assessing gaps in military joint warfighting capabilities and recommending solutions to resolve these gaps. (Source: reference (f))

18. National Security Systems (NSS). NSS includes any telecommunications or information system operated by the United States Government, the function, operation, or use of which involves intelligence activities, cryptologic activities related to national security, or command and control of military forces. NSS also includes equipment that is an integral part of a weapon or weapons system, or is critical to the direct fulfillment of military or intelligence missions. NSS does not include a system that is to be used for routine administrative and

business applications (including payroll, finance, logistics, and personnel management applications). (Source: reference (u))

19. Portfolio. The collection of capabilities, resources, and related investments (i.e., networks, devices, databases, systems, and applications) that are required to accomplish a mission-related or administrative outcome. A portfolio includes outcome performance measures (mission, functional, or administrative measures) and a documented return on investment. "Resources" include people, money, facilities, weapons, IT, other equipment, logistics support, services, and information. (Source: reference (b))

20. Planning, Programming, Budgeting, and Execution (PPBE). PPBE process is the primary vehicle for identifying mission requirements and translating them into budget and personnel resources required to accomplish that mission. PPBE process supports the development of strategies and identification of needs for military capabilities for planning programs; estimating, allocating, and acquiring resources; and other decision processes. Through the evaluation of alternatives, the PPBE process ensures the highest priority requirements are funded. Thorough reviews during each phase of the process ensure that major issues (i.e., mission-readiness, quality-of-life for military personnel, modernization, strategic and legislative priorities and initiatives) have been addressed within the constraints of total resources of the Department. (Source: reference (e))

21. Return on Investment. A financial management approach that is used to explain how well a project delivers benefits in relation to its cost. Several methods are commonly used to calculate a return on investment, including: Economic Value Added, Internal Rate of Return, Net Present Value, Payback, and the use of nominal qualitative measures. (Source: reference (w))

22. Strategic Plan. A document used to align the organization and budget structure with mission priorities and objectives. (Source: reference (x))

23. Subportfolio. A DoD subdivision of a portfolio that represents a common collection of related or highly dependent information capabilities and services. (Source: reference (b))

24. Warfighting Mission Area (WMA). The WMA provides life-cycle oversight to applicable DoD component and COCOM IT investments (programs, systems, and initiatives). WMA IT investments support and enhance the CJCS' joint warfighting priorities while supporting actions to create a net-centric distributed force, capable of full spectrum dominance through decision and information superiority. WMA IT investments ensure combatant commands can meet the CJCS' strategic challenges to win the war on terrorism, accelerate transformation, and strengthen joint warfighting through organizational agility, action and decision speed, collaboration, outreach, and professional development. (Source: reference (b))

**ACRONYMS**

ACAT Acquisition Category  
ASN Assistant Secretary of the Navy  
ASN(RD&A) Assistant Secretary of the Navy  
(Research, Development and Acquisition)  
ASN (FM&C) Assistant Secretary of the Navy (Financial  
Management and Comptroller)  
AT&L Acquisition Technology and Logistics  
BEA Business Enterprise Architecture  
BMA Business Mission Area  
BTC Business Transformation Council  
BSO Budget Submitting Office  
CG Commanding General  
CIO Chief Information Officer  
CJCS Chairman of the Joint Chiefs of Staff  
CJCSI Chairman of the Joint Chiefs of Staff Instruction  
CMC Commandant of the Marine Corps  
CNO Chief of Naval Operations  
COCOM Combatant Commander  
COI Communities of Interest  
COTS Commercial Off-The-Shelf  
CPM Capability Portfolio Management  
DAB Defense Acquisition Board  
DADMS DON Applications and Database Management System  
DAS Defense Acquisition System  
DCMC Deputy Commandant Marine Corps  
DDCIO Department of the Navy Deputy Chief Information  
Officer  
DCMO Deputy Chief Management Officer  
DCNO Deputy Chief of Naval Operations  
DIMA DoD Intelligence Mission Area  
DITPR DoD IT Portfolio Repository  
DoD Department of Defense  
DON Department of the Navy  
DUSN (BO&T) Deputy Under Secretary of the Navy for Business  
Operations and Transformation  
DUSN (PPOI) Deputy Under Secretary of the Navy for Plans,  
Policy, Oversight and Integration  
EA Enterprise Architecture  
EFDS Expeditionary Force Development System  
EIE Enterprise Information Environment  
EIEMA Enterprise Information Environment Mission Area

FA Functional Area  
FAM Functional Area Manager  
FMB Financial Management Budget  
GC General Counsel of the Navy  
GIG Global Information Grid  
IEC Information Executive Committee  
IM Information Management  
IMA Intelligence Mission Area  
IT Information Technology  
ITMC Information Technology Management Council  
ITSG Information Technology Steering Group  
JCIDS Joint Capabilities Integration and Development System  
MA Mission Area  
MAL Mission Area Lead  
MC Marine Corps  
MCCDC Marine Corps Combat Development Command  
MDA Milestone Decision Authority  
NCDP Navy Capabilities Development Process  
NITE/STAR Naval Information Technology Exhibits/Standard Reporting  
NSS National Security System  
OPNAVINST Office of the Chief of Naval Operations Instruction  
Pfm Portfolio Management  
PM Program Manager  
POM Program Objective Memorandum  
PPBE Planning, Programming, Budgeting, and Execution  
P&R Program and Resources  
RS Resource Sponsor  
SECNAV Secretary of the Navy  
SECNAVINST Secretary of the Navy Instruction  
SIPRNET Secure Internet Protocol Router Network  
SPP Sponsor Program Proposal  
U.S.C. United States Code  
USD Under Secretary of Defense  
USMC United States Marine Corps  
WMA Warfighting Mission Area

# Department of the Navy

## IT Portfolio Management Governance Structure

