



DEPARTMENT OF THE NAVY

CHIEF INFORMATION OFFICER
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WASHINGTON, DC 20350-1000

2 February 2001

MEMORANDUM FOR DISTRIBUTION

Subj: MINIMUM CRITERIA FOR FUNDING INFORMATION TECHNOLOGY (IT) INVESTMENTS

Ref: (a) DON CIO memo of 28 Mar 00, Subj: DON Information Technology (IT) Portfolio Model

(b) DON CIO memo of 12 May 00, Subj: Supplemental Guidance for Preparation and Submission of the FY 2002 Information Technology (IT) and National Security Systems (NSS) Budget Estimates/Exhibits for the Department of the Navy (DON) Budget Review

Reference (a) reiterated Department of Navy (DON) policy regarding the requirement to base IT investment funding decisions on specified minimum selection criteria and also notified addressees of the availability of the DON IT Investment Portfolio Model, a tool designed to assist organizations in the decision-making process. The minimum decision criteria for funding approval are: (1) quantified savings/cost avoidances (supported by return-on-investment (ROI) or net present value (NPV) calculations) or measures which quantify performance improvements; (2) relevancy to mission or business area goals or objectives; and (3) risk. As discussed in reference (a), this requirement applies to IT resources classified as "development or modernization" funding as described in reference (b) (i.e., all investment appropriation funding and Navy Working Capital Fund (NWCF) capital budget authority) and to expense appropriation (or NWCF) funded services acquired from the Navy/Marine Corps Intranet (NMCI) contract.

For NMCI, the PEO (IT) previously developed a business case analysis (BCA) which addressed the above minimum decision criteria. In that regard, questions have arisen concerning the extent to which claimants must apply the minimum criteria for services acquired from the NMCI contract. Since the current NMCI BCA covers all DON approved "steady state" service level requirements for voice, video and data services (to include all desktop computing devices; common desktop and server software, file, print & email servers; local and metropolitan area networks; long haul services; help desk and desk-side support; and training), these do not require additional justification. Furthermore, no additional analysis is required on the part of claimants for NMCI services obtained off the contract that simply duplicate pre-NMCI capabilities. However, if the services to be acquired from the NMCI contract represent increased capability above the steady state level (either in terms of number or "mix" of seats) at significantly increased cost, claimants must document the need for the increased capability against the minimum criteria even though sufficient funds may be available to fund the requirement. This also applies if the increased capability results in an unfunded requirement either for NMCI or for a program displaced by NMCI. Copies of such supporting documentation should be made available if requested by higher authority.

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INVESTMENTS

The Investment Practices Integrated Product Team (IPT) is in the process of revising the DON IT Investment Portfolio Model to incorporate NMCI considerations into the decision-making tool. While use of the Portfolio Model is optional, it does incorporate the minimum selection criteria discussed above as well as other criteria pertinent to the decision-making process. If the Portfolio Model is not used, it is stressed that funding decisions must be supported by other documentation which addresses the minimum decision criteria. Questions regarding the DON IT Investment Portfolio Model may be directed to Ms. Joeneicy Lewis (703-602-6274) of the Office of the DON CIO.



D. E. Porter

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