



DEPARTMENT OF DEFENSE
6000 DEFENSE PENTAGON
WASHINGTON, DC 20301-6000

September 29, 2005

CHIEF INFORMATION OFFICER

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
UNDER SECRETARIES OF DEFENSE
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF
DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF
DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTOR, PROGRAM ANALYSIS AND EVALUATION
DIRECTOR, FORCE TRANSFORMATION
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTOR, JOINT STAFF
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Accelerating The Use Of Information Technology (IT)/National
Security Systems (NSS) Commercial-Off-The-Shelf (COTS)
Software And Services

Reference: ASD (NII) Memorandum, subject as above, 25 June 2004.

Referenced memorandum directed the components to identify an initial baseline of commercial software and services beginning with FY04. This is a follow-up to that memorandum.

FY05 reporting is due by November 15, 2005. Request that Sections 1, 2, 3, 4, and 5 of the template in Part C be completed by each Component CIO. After the November 2005 report, the DoD CIO will determine the requirement for future years and include this reporting in the DoD Directive and Instruction system.

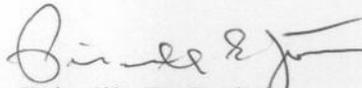
Recognizing that each Component is different, I am not mandating a single approach to increase the use of commercial IT/NSS software and services. Rather, each Component should decide on the approach best suited to them.



The attachments provide definitions, a process, and a reporting template for Component CIOs to use.

My POC for this action is Mr. Colin Baird, (703) 602-0980 x112, colin.baird.ctr@osd.mil. Please provide him your POC for this action by October 3, 2005.

A Net-Centric DoD Software Asset Management (SAM) capability is being developed that will be a key enabler to accomplishing a detailed COTS software inventory. In anticipation of this capability, Components are being directed to develop a plan to institutionalize a SAM capability and include funding for this capability in their FY08 Program Objectives Memorandum (POM). A SAM kick-off meeting will be held in the 1st Qtr FY06. Request that each Component provide their primary point of contact for software asset management, not later than October 14, 2005, to Mr. Robert Smith, (703)602-0980 x126, robert.smith@osd.mil.



Priscilla E. Guthrie
Deputy Assistant Secretary of Defense
(Deputy CIO)

Attachments:
As stated

Commercial Off-The-Shelf (COTS) IT/NSS Software and Services Baseline and Measurement Process

A. PURPOSE

This process supports references (a)-(n) by establishing procedures for the development, management and control of a DoD IT/NSS Software and Services Baseline and a measurement system. This metric will allow DoD to determine progress toward meeting the goal of increasing the use of commercial software and services in DoD. The metric will enable the Department leaders and managers to determine the current status of commercial IT/NSS software and services, plan for increasing their use, and measure progress toward achieving the DoD goal.

In the future a Net-Centric Software Asset Management (SAM) capability will be a key enabler to accomplishing a DoD COTS inventory. Component support is critical in making this capability net-centric from its initiation. Accordingly, Component published SAM data must conform to the DoD Discovery Metadata Specification located at <http://diides.ncr.disa.mil/mdregHomePage/mdregHome.portal>.

The initial SAM data set, to be published in FY06, will be limited to 44 data elements related to: Microsoft Windows Operating Systems, Microsoft Office Suites, Network Associates Anti-virus, Symantec Norton Anti-virus, and Oracle Database products.

A detailed memorandum will be forthcoming from ASD(NII) outlining the DoD SAM net-centric approach. The Components will be required to submit a Component SAM plan to the DoD SAM office in early FY06. It is expected that each Component SAM plan will cover: goals, objectives, software asset management processes, monitoring and control management, performance metrics, risk management, configuration control, resource requirements & training, schedule, and a concept of operation for a SAM net-centric capability.

B. APPLICABILITY AND SCOPE

This COTS IT/NSS Software and Services Baseline and Measurement process:

1. Applies to the Office of the Secretary of Defense (OSD), the Military departments (including the National Guard and Reserve), the Organization of the Joint Chiefs of Staff (OJCS), the Unified and Specified Commands, the Inspector General of the Department of Defense (IG, DoD), the Defense Agencies, and non-appropriated fund activities (hereafter referred to collectively as "DoD Components").
2. Covers all IT/NSS software reported in the IT53s (see Part B).
3. Applies to all IT/NSS services reported in the IT53s (see Part B).

4. Covers commercial/non-commercial IT/NSS software that is in acquisition or is operational (e.g., legacy).

C. DEFINITIONS

Definitions are provided in Part B.

D. BASELINE AND MEASUREMENT PROCESS

1. Each Component will establish and report a baseline of its commercial IT/NSS software assets, its non-commercial IT/NSS software assets, its commercial IT/NSS services and its non-commercial IT/NSS services beginning on November 15, 2004 and each year thereafter.
 - a. The baseline will be developed and maintained at the system/program level, at a Component summary level, and will be reported by Mission Area domain in accordance with DoD IT Portfolio Management policy and guidance. Only the summary level is required to be reported to OSD/NII, unless more specific information is requested. Four elements of the baseline will be maintained: (1) commercial IT/NSS software; (2) non-commercial IT/NSS software; (3) commercial IT/NSS services; and, (4) non-commercial (i.e., organic) IT/NSS services.
 - b. The baseline will cover only the budget represented in IT 53 Exhibits.
2. Baselines will be strictly controlled and closely reviewed.
 - a. Each Component CIO will develop and implement a configuration control process for managing and controlling the baseline over time.
 - b. The DoD CIO will establish policy, procedures and criteria for the configuration control process at the Component and enterprise levels, and review and approve Component configuration control processes, as required.
3. Using the Baseline information, Component CIO's will measure and report the increase [decrease] in the use of COTS IT/NSS software and commercial services from year to year.
4. For this year's reporting cycle, on November 15, 2005 each Component CIO will complete and submit parts 1, 2, 3, 4 and 5 of Part C.
5. Components that have not submitted baseline data for FY04 are required to provide data for both FY04 and FY05. Components that have supplied FY04 data are required to provide FY05 data only.

6. IT/NSS Baseline and Measurement information will be reported to the Office of the Deputy CIO in the format provided at Part C to Mr. Colin Baird, (703) 602-0980 x112, Colin.baird.ctr@osd.mil.

E. EFFECTIVE DATE AND IMPLEMENTATION

This COTS IT/NSS Software and Services Baseline and Measurement Process policy is effective immediately.

Attachments:

Part A. References

Part B. Special Terms and Definitions

Part C. Commercial IT/NSS Software and Services Template

PART A
REFERENCES

References:

- a. ASD Memorandum "Accelerating The Use Of Commercial Off-The-Shelf (COTS) Information," June 25, 2004.
- b. Technology (IT) Software and Services DoD Directive 5000.1, "The Defense Acquisition System," May 12, 2003
- c. DoD Instruction 5000.2, "Operation of the Defense Acquisition System," May 12, 2003
- d. Clinger-Cohen Act (CCA) of 1996 (Public Law 104-106)
- e. Executive Order 13011, "Federal Information Technology," July 17, 1996
- f. OMB Circular A-130, Transmittal Memorandum #3, "Management of Federal Information Resources," February 8, 1996
- g. Secretary of Defense Memorandum, "Implementing of Subdivision E of the Clinger-Cohen Act of 1996 (Public Law 104-106)," June 2, 1997
- h. The Federal Acquisition Streamlining Act (FASA) of 1994
- i. ASD(C3I) Memorandum: "Approval of Commercial Off-The-Shelf Information Technology/National Security Systems Software Action Plan," April 8, 2003
- j. Management Initiative Decision Memorandum (MID) 905 Commercial Off The Shelf Information Technology / National Security Systems (IT/NSS)Software Action Plan, April 8, 2003
- k. Management Initiative Directive (MID) 905 "Net Centric Business Transformation and E-Government", December 24, 2002
- l. President's Management Agenda
- m. DoD Strategic Plan / Quadrennial Defense Review (QDR)
- n. DoD Financial Management Regulation, Volume 2B, Chapter 18, June 2002

PART B
SPECIAL TERMS AND DEFINITIONS

1. Automated Information Systems. A collection of functional user and automatic data processing personnel, procedures, and equipment (including automatic data processing equipment (ADPE)) that is designed, built, operated, and maintained to collect, record, process, store, retrieve, and display information.

2. Commercial Item. For the purpose of this memorandum, COTS means:
 - (1) Any item, other than real property, that is of a type customarily used by the general public or by non-governmental entities for purposes other than governmental purposes, and-
 - (i) Has been sold, leased, or licensed to the general public; or
 - (ii) Has been offered for sale, lease, or license to the general public;

 - (2) Any item that evolved from an item described in paragraph (1) of this definition through advances in technology or performance and that is not yet available in the commercial marketplace, but will be available in the commercial marketplace in time to satisfy the delivery requirements under a Government solicitation;

 - (3) Any item that would satisfy a criterion expressed in paragraphs (1) or (2) of this definition, but for-
 - (i) Modifications of a type customarily available in the commercial marketplace; or
 - (ii) Minor modifications of a type not customarily available in the commercial marketplace made to meet Federal Government requirements. Minor modifications mean modifications that do not significantly alter the nongovernmental function or essential physical characteristics of an item or component, or change the purpose of a process. Factors to be considered in determining whether a modification is minor include the value and size of the modification and the comparative value and size of the final product. Dollar values and percentages may be used as guideposts, but are not conclusive evidence that a modification is minor;

 - (4) Any combination of items meeting the requirements of paragraphs (1), (2), (3), or (5) of this definition that are of a type customarily combined and sold in combination to the general public;

 - (5) Installation services, maintenance services, repair services, training services, and other services if-
 - (i) Such services are procured for support of an item referred to in paragraph (1), (2), (3), or (4) of this definition, regardless of whether such services are provided by the same source or at the same time as the item; and

- (ii) The source of such services provides similar services contemporaneously to the general public under terms and conditions similar to those offered to the Federal Government;
 - (6) Services of a type offered and sold competitively in substantial quantities in the commercial marketplace based on established catalog or market prices for specific tasks performed under standard commercial terms and conditions. This does not include services that are sold based on hourly rates without an established catalog or market price for a specific service performed. For purposes of these services-
 - (i) "Catalog price" means a price included in a catalog, price list, schedule, or other form that is regularly maintained by the manufacturer or vendor, is either published or otherwise available for inspection by customers, and states prices at which sales are currently, or were last, made to a significant number of buyers constituting the general public; and
 - (ii) "Market prices" means current prices that are established in the course of ordinary trade between buyers and sellers free to bargain and that can be substantiated through competition or from sources independent of the offerors.
 - (iii) "Services" include outsourced processes that may support multiple Domains, in which case it will be reported under the lead Business Mission Area Domain responsible for the process or function.
 - (7) Any item, combination of items, or service referred to in paragraphs (1) through (6) of this definition, notwithstanding the fact that the item, combination of items, or service is transferred between or among separate divisions, subsidiaries, or affiliates of a contractor; or
 - (8) A non-developmental item, if the procuring agency determines the item was developed exclusively at private expense and sold in substantial quantities, on a competitive basis, to multiple State and local governments.
3. Information Technology (IT). In accordance with SEC. 5002 of the Clinger-Cohen Act, (A) the term 'Information Technology' with respect to an executive agency 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, transmission, or reception of data or information by the executive agency. For purposes of the preceding sentence, equipment is used by the executive agency if the equipment is used by the executive agency directly or is used by a contractor under a contract with the executive agency which (i) requires the use of such equipment, or (ii) requires the use, to a significant extent, of such equipment in the performance of a service or the furnishing of a product. (B) The term 'information technology' includes computers, ancillary equipment, software, firmware, and similar procedures, services (including support services), and related resources. (C) Notwithstanding paragraphs (A) and (B), the term 'information technology' does not include any equipment that is acquired by a Federal contractor incidental to a Federal contract.

4. Major Software Upgrade. Redesign or addition of more than one-third of the software.
5. National Security Systems (NSS). In accordance with SEC. 5142 of the Clinger-Cohen Act, the term 'national security systems' means any telecommunications and information systems operated by the Department of Defense—the functions, operation, or use of which (1) involves intelligence activities; (2) involves cryptologic activities related to national security; (3) involves the command and control of military forces; (4) involves equipment that is an integral part of a weapon or weapons systems; or (5) is critical to the direct fulfillment of military or intelligence missions. Subsection (5) in the preceding sentence does not include procurement of automatic data processing equipment or services to be used for routine administrative and business applications (including payroll, finance, logistics, and personnel management applications).
6. Software Asset Management (SAM). A SAM process (or framework) is a system of policy/methodology, training, and technology used in establishing and maintaining enterprise-wide Software Asset Management. It is used to capture and integrate the physical, financial and contractual data to support and optimize the management functions that are necessary for effectively managing and optimizing a software portfolio. The SAM Process will provide a comprehensive approach to managing the Department's commercial-off-the-shelf (COTS) software assets. Certain government-off-the-shelf (GOTS) software assets may also be included in those cases where the COTS software license is tied to the GOTS software.

PART C

COTS IT/NSS Software and Services Template

Component Name

1. Results for FY 2005 are:

- <\$000>for commercial IT/NSS software
- <\$000>for non-commercial IT/NSS software
- <\$000>for commercial IT/NSS services
- <\$000>for non-commercial IT/NSS services

Core Business Mission Area:

Financial Management

- a. <\$000>for commercial IT/NSS software
- b. <\$000>for non-commercial IT/NSS software
- c. <\$000>for commercial IT/NSS services
- d. <\$000>for non-commercial ITINSS services

Material Supply & Service Management

- a. < \$000>for commercial IT/NSS software
- b. <\$000>for non-commercial IT/NSS software
- c. < \$000>for commercial IT/NSS services
- d. <\$000>for non-commercial IT/NSS services

Human Resources Management

- a. <\$000>for commercial IT/NSS software
- b. <\$000>for non-commercial IT/NSS software
- c. <\$000>for commercial IT/NSS services
- d. <\$000> for non-commercial IT/NSS services

Real Property & Installations Lifecycle Management

- a. <\$000> for commercial IT/NSS software
- b. <\$000>for non-commercial IT/NSS software
- c. <\$000>for commercial IT/NSS services
- d. <\$000> for non-commercial IT/NSS services

Weapons System Lifecycle Management

- a. < \$000> for commercial IT/NSS software
- b. < \$000> for non-commercial IT/NSS software
- c. < \$000> for commercial IT/NSS services
- d. < \$000> for non-commercial IT/NSS services

Enterprise Information Environment Mission Area:

Communications

- a. < \$000> for commercial IT/NSS software
- b. < \$000> for non-commercial IT/NSS software
- c. < \$000> for commercial IT/NSS services
- d. < \$000> for non-commercial IT/NSS services

Computing Infrastructure

- a. < \$000> for commercial IT/NSS software
- b. < \$000> for non-commercial IT/NSS software
- c. < \$000> for commercial IT/NSS services
- d. < \$000> for non-commercial IT/NSS services

Core Enterprise Services

- a. < \$000> for commercial IT/NSS software
- b. < \$000> for non-commercial IT/NSS software
- c. < \$000> for commercial IT/NSS services
- d. < \$000> for non-commercial IT/NSS services

Information Assurance

- a. < \$000> for commercial IT/NSS software
- b. < \$000> for non-commercial IT/NSS software
- c. < \$000> for commercial IT/NSS services
- d. < \$000> for non-commercial IT/NSS services

National Intelligence Mission Area:

- a. < \$000> for commercial IT/NSS software
- b. < \$000> for non-commercial IT/NSS software
- c. < \$000> for commercial IT/NSS services
- d. < \$000> for non-commercial IT/NSS services

Warfighter Mission Area:

Battlespace Communication Systems

- a. < \$000> for commercial IT/NSS software

- b. < \$000> for non-commercial IT/NSS software
- c. < \$000> for commercial IT/NSS services
- d. < \$000> for non-commercial IT/NSS services

Battlespace Awareness

- a. < \$000> for commercial IT/NSS software
- b. < \$000> for non-commercial IT/NSS software
- c. < \$000> for commercial IT/NSS services
- d. < \$000> for non-commercial IT/NSS services

Focused Logistics

- a. < \$000> for commercial IT/NSS software
- b. < \$000> for non-commercial IT/NSS software
- c. < \$000> for commercial IT/NSS services
- d. < \$000> for non-commercial IT/NSS services

Force Application

- a. < \$000> for commercial IT/NSS software
- b. < \$000> for non-commercial IT/NSS software
- c. < \$000> for commercial IT/NSS services
- d. < \$000> for non-commercial IT/NSS services

Force Protection

- a. < \$000> for commercial IT/NSS software
- b. < \$000> for non-commercial IT/NSS software
- c. < \$000> for commercial IT/NSS services
- d. < \$000> for non-commercial IT/NSS services

Force Management

- a. < \$000> for commercial IT/NSS software
- b. < \$000> for non-commercial IT/NSS software
- c. < \$000> for commercial IT/NSS services
- d. < \$000> for non-commercial IT/NSS services

Training

- a. < \$000> for commercial IT/NSS software
- b. < \$000> for non-commercial IT/NSS software
- c. < \$000> for commercial IT/NSS services
- d. < \$000> for non-commercial IT/NSS services

2. Measures

Note: the "previous fiscal year" refers to the fiscal year immediately prior to the last fiscal year. For example, if this fiscal year is 05, then the last fiscal year is 04 and the previous fiscal year is 03...

- a. The percent increase/ (decrease) for commercial IT/NSS software from the previous fiscal year to the last fiscal year is < % >.
- b. The percent decrease/ (increase) for non-commercial IT/NSS software from the previous fiscal year to the last fiscal year is < % >.
- c. The percent increase/ (decrease) in commercial IT/NSS services from the previous fiscal year to the last fiscal year is < % >.
- d. The percent decrease/ (increase) in non-commercial IT/NSS services from the previous fiscal year to the last fiscal year is < % >.

3. Key Actions and Major Accomplishments

We have taken the following key actions to promote the use of commercial IT/NSS Software and services:

<List of Key Actions>

Specific examples of our major accomplishments are:

<Brief Description of Major Accomplishments>

4. Plans

- a. The plans to continue to increase the use of COTS software and commercial services are:

<Major planned actions or activities >

- b. The estimated targets for % increases in commercial software for this fiscal year and the next four fiscal years are FY, FY+1, FY+2, W+3, FY+4).
- c. The estimated targets for % increases in commercial services for this fiscal year and the next four fiscal years are FY, FY+1, FY+2, FY+3, FY+4).

5. Confirmation

I confirm that during the last fiscal year <Component name> increased its use of COTS IT/NSS software and its use of commercial services in its acquisition programs and operational systems. Our goal is for a further increase this fiscal year of <%>in software and <%>in services.

During the last fiscal year <Component name> did not increase its use of COTS IT/NSS Software and/or its use of commercial services in its acquisition programs and operational systems due to the following reasons: <articulation of reasons>. Our goal is for an increase of <%>this year in software and <%>in services.

Component CIO Title,

Signature,

Date