



Office, Chief Information Officer/G-6

**DEPARTMENT OF THE ARMY
OFFICE OF THE SECRETARY OF THE ARMY
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WASHINGTON DC 20310-0107**

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MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Guidance for Cost-Benefit Analysis in Support of Rationalization, Migration and Sustainment of Army Enterprise Systems and Applications

1. References:

- a. Memorandum, Department of Defense (DoD) Chief Information Officer (CIO), 15 December 2014, subject: Updated Guidance on the Acquisition and Use of Commercial Cloud Computing Services.
- b. Memorandum, DoD CIO, 23 October 2014, subject: Use of Enterprise Information Technology Standard Business Case Analysis.
- c. Memorandum, Under Secretary of the Army and Vice Chief of Staff of the Army, 30 December 2009, subject: Cost-Benefit Analysis to Support Army Enterprise Decision Making.
- d. Memorandum, Secretary of the Army, 14 March 2011, subject: Consideration of Cost in Army Decision Making.
- e. Memorandum, CIO/G-6, 23 July 2015, subject: Guidance for Migration to, and Use of, Commercial Cloud Service Providers (CSPs).
- f. U.S. Army Cost-Benefit Analysis Guide v3.1, 24 April 2013.

2. Purpose. To provide guidance for conducting cost-benefit analyses (CBA) in support of the rationalization, migration and sustainment of Army enterprise systems and applications, in compliance with reference 1a.

3. Background. The DoD and Army require a comparative analysis of costs and benefits in accordance with the references listed above.

- a. The DoD CIO requires the use of a template to standardize comparative analysis for IT investments and to enable a true life-cycle cost estimate (LCCE) comparison. Furthermore, the DoD CIO encourages the Army to leverage its existing CBA review

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and approval process, and to utilize the CBA template established by the Deputy Assistant Secretary of the Army for Cost and Economics (DASA-CE).

b. Army senior leadership (the Secretary, Under Secretary and Vice Chief of Staff of the Army) directed that any unfunded, new or additional resource requirement be accompanied by a thorough CBA that identifies benefits and costs in order to make the best possible use of limited resources (references 1c and 1d).

4. Scope. This guidance applies to enterprise systems and applications owned by all Army organizations (Headquarters, Department of the Army, Army Commands, Army Service Component Commands and direct reporting units), except those explicitly excluded in reference 1e and acquisition systems that must adhere to the Defense Acquisition System process.

5. Guidance. To comply with DoD CIO and Army policies, all applicable Army organizations are required to conduct a CBA to support the rationalization, migration and sustainment of all enterprise systems and applications. Prior to developing the CBA, organizations must complete rationalization of all enterprise systems and applications in collaboration with domains and mission areas, per reference 1e.

a. All systems/applications across domains and mission areas must be included in the CBA regardless of dollar amount.

b. Organizations are encouraged to group rationalized systems and applications to minimize the number of CBAs. For systems and applications with existing commercial cloud service provider contracts, organizations must contact the Army Application Migration Business Office (AAMBO) and must complete their CBAs prior to executing follow-on option years or renewing the contract.

c. The CBA is a comparative analysis that requires an LCCE for each course of action (COA), using a comprehensive cost element structure (CES), available at https://army.deps.mil/army/cmds/hqda_ciog6_Project/ADCCP/CloudDocRepository/default.aspx. The CES has been tailored for the rationalization, migration and sustainment effort, with more detailed descriptions and specific instructions.

d. In collaboration with all domains and mission areas, organizations must complete required documentation and templates in accordance with the CBA guide published by DASA-CE (reference 1f). CBAs must include LCCEs for killed, migrated and sustained systems and applications for all viable COAs.

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e. The CBA must identify quantifiable and non-quantifiable benefits, with supporting details. It also must be rigorous enough to undergo reviewers' scrutiny and defend a recommended COA, enabling Army leadership to make resource-informed decisions.

f. As required by reference 1e, AAMBO, working with system and application owners, will recommend appropriate hosting environments and provide owners "to be" hosting cost estimates for CBAs.

g. CBAs will be reviewed concurrently by the CIO/G-6 and the DASA-CE to expedite approval. Organizations will submit completed CBAs to the CBA Workflow Tool, found under the Army Cost Management (ACM) Portal at <https://acm.army.mil/>. To get to the tool, users must access the ACM Portal and take the following steps.

(1) If you are a new user, you must register. Otherwise, follow the instructions to sign in.

(2) Once at the ACM Portal, select the CBA Workflow Tool under Apps in the middle section.

(3) Once at the tool, select the "Input New CBA" box and fill out the CBA screen.

(4) Select "CBA to be reviewed by HQDA" for the "type of CBA you are entering" and select "IT Portfolio Management" as the "Decision Forum".

6. This memorandum will be effective immediately upon signature by the CIO/G-6. It will be reviewed and updated as needed to incorporate lessons learned from application migration and to address cybersecurity, Cloud Access Point and other requirements for cloud and non-cloud hosting environments.

7. The CIO/G-6 Policy and Resources Directorate will assist and collaborate with all organizations throughout the process to develop and complete CBAs, and to ensure that they comply with Army and DoD policies and are approved by the CIO/G-6 and the DASA-CE.

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8. The CIO/G-6 point of contact for this guidance is Ms. Debbie Kirkland:
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Chief Information Officer/G-6

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