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NARRATOR: Welcome to CMS IT governance training IT investments vs IT projects. In this short video we're going to describe the difference between IT investments and IT projects so that project team members can understand their responsibilities for approvals and reporting of IT expenditures and efforts.

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NARRATOR: IT investments and IT projects are different ways of accounting for IT expenditures. Both have their own approval and reporting requirements and you'll have to engage with IT governance in different ways for each. Knowing how investments and projects interact help you to know who to contact when and what members of your team should be involved.

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NARRATOR: Per Federal rules, an IT investment is a broad term referring to the expenditure of IT resources such as money, FTEs, or contractor hours in order to address mission delivery or support functions. These are further divided up into terms you are likely familiar with major and non major investments.

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NARRATOR: Purchases that are not their mission delivery nor mission support or rather unnecessary for agencies to function are called standard IT investments. These fall under recognizable categories such as enterprise wide IT security or IT Infrastructure. These are "must haves" for every agency and are not defined by the mission.

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NARRATOR: And investment may consist of a single IT asset or a group of IT assets with related functionality to include both services and equipment. For example, an investment that just be one system which is most common or can involve more than one system and related services.

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NARRATOR: And investment is typically intended for long term use based upon period of time that you anticipate those assets, the last, you know, and that's their life cycle. Projects, however, are more narrow in scope. According to the Project Management Body of Knowledge, or PMBOK, the definition of a project is "a temporary endeavor undertaken to create a unique project service or result."

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NARRATOR: Projects are thus time-bound by the parameters of a specific effort and end upon completion of that work and delivery a particular value at an agile terminology and investment can be equivalent to a product and a project may be akin to an initiative or major effort. To better get a handle on how projects and investments differ, let's look at how they interact.

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NARRATOR: An IT investment is the overarching umbrella for a body of IT work related to keeping a system(s) and/or service functioning. To keep it providing value and reaching the investment's intended outcomes, one or more projects may be undertaken to produce a particular product and/or functionality.

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NARRATOR: An example would be IT development work to upgrade the user interface for a system. The system would be the asset that comprises the Investment, while the user interface upgrade would be the project. The user interface project would have a planned beginning and target end date with a specific outcome, namely resulting in a better user interface for that system.

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NARRATOR: The investment would change insofar as the project changes the expenditure amounts and how well that investment meets the mission due to the value added by the project, but the project itself captures the work being performed. And so a key difference is that once a project is complete it goes away, while the Investment remains until the end of its life cycle

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NARRATOR: and/or unless a deliberate decision is made to stop spending money on those particular assets. Finally, an investment may also have no projects. Operational, day to day costs, such as running a help desk or expenditures for software licenses would be two examples of investments without projects. Now that we understand a bit about the difference between an investment in a project, let's talk about how that applies.

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NARRATOR: First both IT investments and IT projects need CMS IT governance approval. IT investments are approved by CMS's IT Governance Board at the outset by acquisition plan approval and or via funding request and then are evaluated annually or an Annual Operational Analysis.

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NARRATOR: This takes place by OMB stops reporting and the HHS portfolio management tool or folio and changes to the investment may or may not need governance board approval, depending on the stereo.

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NARRATOR: IT projects also require approval, which generally takes place at the point of acquisition plan approval and or by a funding request for any new efforts, our review projects can be entered into folio under the appropriate investment.

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NARRATOR: Next, how do you know if your effort is an investment or project and how to ensure timely approvals? The answer is whether or not you are keeping your Folio information accurate. The CMS IT Investment Management Team can help you differentiate between the two based upon your specifics and will help you ensure each are properly displayed in the Folio so that makes sense to you.

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NARRATOR: The Investment Management Team also works closely with the IT Governance Team and based on your annual operational analysis, can tell you how to ensure your effort has proper approvals prior to funding and/or contract requests, denoted by having an IT Governance Life Cycle ID that is current.

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NARRATOR: To note, having a UIID, or Unique Investment Identifier, which is assigned in Folio for investments, is not the same as having a Life Cycle ID. If you're putting together an acquisition plan or request for additional funding, you'll want to fill out an IT Intake Form to ensure a current Life Cycle ID, as a UIID does not provide approval for specific contract actions or additional funding requests.

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NARRATOR: Project Managers and Product Owners should understand the differences between investments and projects and the specific requirements for each.

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NARRATOR: If you would like to learn more, please visit www.cms.gov/TLC. And if you have questions about this training, please contact IT_Governance@cms.hhs.gov. Thank you.