



DEPARTMENT OF THE ARMY  
OFFICE OF THE ASSISTANT SECRETARY  
FINANCIAL MANAGEMENT AND COMPTROLLER  
109 ARMY PENTAGON  
WASHINGTON DC 20310-0109

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SAFM-CE

MEMORANDUM FOR THE DEPARTMENT OF THE ARMY

SUBJECT: Rough Order of Magnitude (ROM) Guidance

1. References:

a, Army Directive 2017-34 (Acquisition Reform Initiative #7: Improving Cost Estimation and Resourcing) dated 17 November 2017.

b, Automated Cost Estimating Integrated Tools Memorandum date 15 April 2004

2. Army Directive 2017-34 directs the Assistant Secretary of the Army (Financial Management and Comptroller) (ASA (FM&C)) validate ROM estimates, conducted by the Program Executive Officer or Program Manager, to support development of the course of actions and the Initial Capability Document for the Army Requirements Oversight Council (AROC) and Milestone Development Decision Army Systems Acquisition Review Council (ASARC) decisions. To further this mission, the Deputy Assistant Secretary of the Army (Cost and Economics (DASA-CE) has developed ROM Guidelines to aid in the validation. These ROM Guidelines will serve as interim guidance until an update to the Army Cost Analysis Manual is complete. Once complete, the Army Cost Analysis Manual will supersede the attached ROM estimates guidelines.

3. My point of contact for this memorandum and the attached ROM Guidelines is Mr. Nicholas Cesare, [nicholas.a.cesare2.civ@mail.mil](mailto:nicholas.a.cesare2.civ@mail.mil) 703-697-1565.

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SUBJECT: Rough Order of Magnitude (ROM) Guidance

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## Rough Order of Magnitude Guidelines

A Rough Order of Magnitude (ROM) estimate should only be utilized for decision making purposes when limited specific information about a system, project or program is available and only high-level requirements have been identified. These estimates are typically based on analogies to historical programs and often utilize subject matter expert (SME) opinion.

In order to aid the timeliness of a ROM validation, below are guidelines that shall be followed:

- All ground rules and assumptions shall be included with the estimate.
- The estimate shall document the type of dollars the results are in: constant dollars (Base Year) or current dollars (Then Year).
- The estimate shall be decomposed to a product or process oriented work breakdown structure which reflects the lowest level of available, relevant data. Guidance on a work breakdown structure can be found in MIL-STD 881 or the Army Cost Analyst Manual.
- If the effort spans multiple years, the estimate shall be time phased and the rationale behind the time phasing of the estimate shall be documented.
- SME inputs should be specified at the lowest level input as possible (inputs should be in hours, labor skill mix, materials, etc.-- not total cost).
- The estimate shall include documentation of the application of SME cost and technical inputs, which shall include a summary of how the SME arrived at the input.
- When analogous programs/systems within DoD and/or Industry are utilized they shall be identified and source data shall be provided as part of the documentation.
- All of the estimates' elements that utilize SME input shall be documented with the SME's name, organization, job title, email, and telephone number.
- The estimate shall be developed in Automated Cost Estimating Integrated Tools (ACEIT) (IAW reference b) or MS Excel with formulas where applicable; inputs, calculations, and estimating methods must be made available for review.
- The estimate can be presented as a range if there is a high level of uncertainty. Guidance on how to apply cost risk and uncertainty analysis can be found in the Joint Agency Cost Schedule Risk and Uncertainty Handbook dated 12 March 2014.