



Highlights of [GAO-04-253T](#), a report to Subcommittee on Strategic Forces, Committee on Armed Services, U.S. Senate

# DEFENSE ACQUISITIONS

## Improvements Needed in Space Systems Acquisition Policy to Optimize Growing Investment in Space

### Why GAO Did This Study

The Department of Defense is spending nearly \$18 billion annually to develop, acquire, and operate satellites and other space-related systems. The majority of satellite programs that GAO has reviewed over the past 2 decades experienced problems that increased costs, delayed schedules, and increased performance risk. In some cases, capabilities have not been delivered to the warfighter after decades of development.

DOD has recently implemented a new acquisition policy, which sets the stage for decision making on individual space programs. GAO was asked to testify on its assessment of the new policy.

### What GAO Recommends

GAO did not make recommendations in its testimony. However, it reiterated a previous recommendation that DOD modify its policy to separate technology development from product development. DOD disagreed with our earlier recommendation because it believes that the modification would slow down acquisitions, increase risks, and keep DOD from taking advantage of cutting edge technology. Our past work, however, has consistently shown that time and risk are reduced and capability is increased when programs begin with knowledge that technologies can work as intended.

[www.gao.gov/cgi-bin/getrpt?GAO-04-253T](http://www.gao.gov/cgi-bin/getrpt?GAO-04-253T).

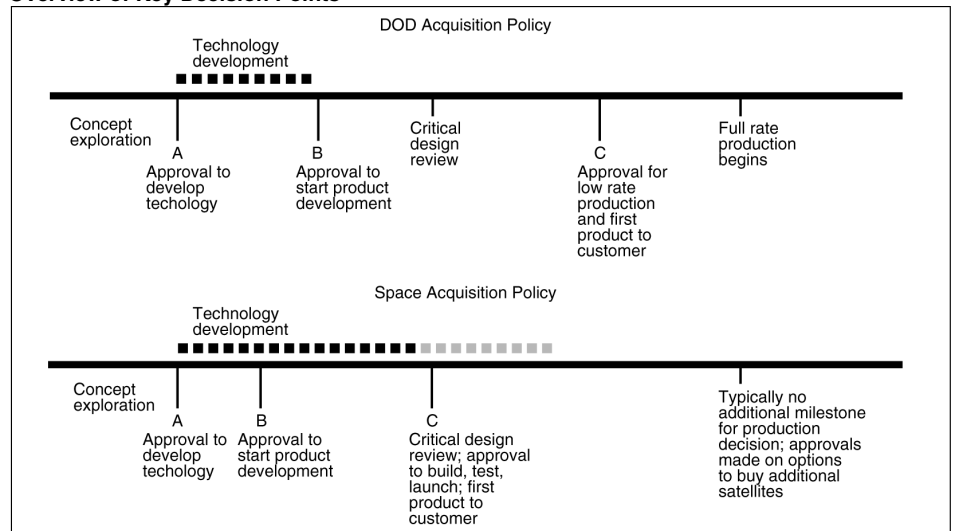
To view the full product, including the scope and methodology, click on the link above. For more information, contact Katherine Schinasi or Bob Levin at (202) 512-4841 or [schinasi@gao.gov](mailto:schinasi@gao.gov) or [levinr@gao.gov](mailto:levinr@gao.gov).

### What GAO Found

Similar to all weapon system programs, we have found that the problems being experienced on space programs are largely rooted in a failure to match the customer's needs with the developer's resources—technical knowledge, timing, and funding—when starting product development. In other words, commitments were made to satellite launch dates, cost estimates, and delivering certain capabilities without knowing whether technologies being pursued could really work as intended. Time and costs were consistently underestimated. DOD has recognized this problem and recently revised its acquisition policy for non-space systems to ensure that requirements can be matched to resources at the time a product development starts. The space community, however, in its newly issued policy for space systems, has taken another approach.

As currently written, and from our discussions with DOD officials about how it will be implemented, the policy will not result in the most important decision, to separate technology development from product development to ensure that a match is made between needs and resources. Instead, it allows major investment commitments to be made with unknowns about technology readiness, requirements, and funding. By not changing its current practice, DOD will likely perpetuate problems within individual programs that require more time and money to address than anticipated. More important, over the long run, the extra investment required to address these problems will likely prevent DOD from pursuing more advanced capabilities and from making effective tradeoff decisions between space and other weapon system programs.

### Overview of Key Decision Points



Source: GAO.