



Highlights of [GAO-07-860](#), a report to the Subcommittee on Readiness and Management Support, Committee on Armed Services, U.S. Senate

## Why GAO Did This Study

The Department of Defense (DOD) established a goal to achieve total asset visibility (TAV) over 30 years ago, but to date it has been unsuccessful. GAO was requested to (1) determine whether the Army has a systems strategy for achieving TAV, (2) determine if the Army's business system investment governance structure is consistent with DOD guidance, and (3) evaluate the Army's effort to correct previously reported problems with the Logistics Modernization Program (LMP). GAO obtained an understanding of the Army's efforts to achieve TAV, oversee and manage its business system investments, and address previously reported LMP problems.

## What GAO Recommends

GAO makes five recommendations to DOD and the Army: (1) develop a concept of operations for the Army; (2) develop policies, procedures, and processes to manage investments from a portfolio perspective; (3) establish an independent verification and validation function; (4) require that any future General Fund Enterprise Business System (GFEBS) economic analysis is prepared in accordance with applicable policies; and (5) direct that LMP use an independent system test team. Overall, DOD concurred with the recommendations and stated that it will work diligently to close them.

[www.gao.gov/cgi-bin/getrpt?GAO-07-860](http://www.gao.gov/cgi-bin/getrpt?GAO-07-860).

To view the full product, including the scope and methodology, click on the link above. For more information, contact McCoy Williams at (202) 512-9095 or Keith Rhodes at (202) 512-6412.

# DOD BUSINESS TRANSFORMATION

## Lack of an Integrated Strategy Puts the Army's Asset Visibility System Investments at Risk

### What GAO Found

Supply chain management has been on GAO's high-risk list since 1990. One area that has contributed to this long-standing problem has been DOD's inability to maintain control and accountability over hundreds of billions of dollars of assets. DOD plans to improve its asset management through its business system modernization. In this regard, GFEBS, the Global Combat Support System-Army (GCSS-Army), and LMP are aimed at achieving TAV within the Army. The Army estimates that it will invest approximately \$5 billion to develop and implement these systems. However, this investment is being made without a clear integrated strategy.

- GFEBS, GCSS-Army, and LMP are not being developed in the context of a well-defined Army-wide enterprise architecture. As a result, the Army does not have an informed basis for determining if these systems will fit within the context of future Army business operations and will efficiently and effectively address the Army's long-standing weaknesses associated with the lack of asset visibility.
- The Army lacks a concept of operations that would describe, at a high level, (1) how the three business systems relate to each other in achieving the Army's TAV goal, and (2) how information flows from and through these systems. Moreover, GAO found that the Army's lack of a concept of operations has contributed to its failure to take full advantage of business process reengineering opportunities that are available when using an enterprise resource planning solution.

Without these key foundational elements, the Army is at risk of investing about \$5 billion in business systems and still not achieving DOD's and the Army's goal of TAV.

Furthermore, while the Army has established a governance structure that is consistent with DOD guidance, its processes are still maturing. The Army's governance structure is designed to certify and review individual business systems rather than to evaluate these investments from a portfolio perspective. Such a perspective permits investments to be viewed in a comprehensive manner to help ensure that the organization's missions and objectives are achieved. GAO also found that the Army did not have reliable processes and analyses, such as an independent validation and verification function or economic analyses, to support its oversight of individual business systems. Until the Army's investment processes mature, it runs the risk of investing in business systems that do not provide the desired functionality and efficiency.

Additionally, LMP continues to be plagued by problems that have beset the system since its implementation in July 2003. LMP continues to experience problems with accurately recognizing revenue and billing customers, which can, in part, be attributed to ineffective system testing.