



Highlights of [GAO-06-564T](#), a testimony before the Subcommittee on Tactical Air and Land Forces, Committee on Armed Services, House of Representatives

Why GAO Did This Study

The Future Combat System (FCS) is a networked family of weapons and other systems in the forefront of efforts by the Army to become a lighter, more agile, and more capable combat force. When considering complementary programs, projected investment costs for FCS are estimated to be on the order of \$200 billion.

FCS's cost is of concern given that developing and producing new weapon systems is among the largest investments the government makes, and FCS adds significantly to that total. Over the last 5 years, the Department of Defense (DOD) doubled its planned investments in such systems from \$700 billion in 2001 to \$1.4 trillion in 2006. At the same time, research and development costs on new weapons continue to grow on the order of 30 to 40 percent.

FCS will be competing for significant funds at a time when federal fiscal imbalances are exerting great pressures on discretionary spending. In the absence of more money being available, FCS and other programs must be executable within projected resources.

Today, I would like to discuss (1) the business case needed for FCS to be successful and (2) our recent recommendations to DOD and matters for congressional consideration regarding the FCS program.

www.gao.gov/cgi-bin/getrpt?GAO-06-564T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Paul Francis at (202) 512-2811 or francisp@gao.gov.

DEFENSE ACQUISITIONS

Improved Business Case Key for Future Combat System's Success

What GAO Found

There are a number of compelling aspects of the FCS program, and it is hard to argue with the program's goals. However, the elements of a sound business case for such an acquisition program—firm requirements, mature technologies, a knowledge-based acquisition strategy, a realistic cost estimate, and sufficient funding—are not yet present. FCS began product development prematurely in 2003. Since then, the Army has made several changes to improve its approach for acquiring FCS. Yet today, the program remains a long way from having the level of knowledge it should have had before starting product development. FCS has all the markers for risks that would be difficult to accept for any single system, much less a complex, multiprogram effort. These challenges are even more daunting in the case of FCS not only because there are so many of them but because FCS represents a new concept of operations that is predicated on technological breakthroughs. Thus, technical problems, which accompany immaturity, not only pose traditional risks to cost, schedule, and performance; they pose risks to the new fighting concepts envisioned by the Army.

Last month, we made recommendations to the Secretary of Defense to take several actions, prior to DOD's long-term commitment to the program, to improve the FCS business case and establish knowledge-based measures to guide oversight of FCS progress. These recommendations detailed specific steps DOD should take leading up to a major milestone review of the program in 2008 when the program is expected to have achieved the level of knowledge it should have had in 2003. We believe it is at this point the program should be reviewed as to whether it has established enough of a solid business case to continue. While DOD concurred with the intent of our recommendations, it did not agree to limit its commitment to the FCS program or to do much beyond what it had already planned to do. This concerns us. As a result, we have also raised to Congress several matters for consideration to ensure that FCS has a sound business case before future funding commitments are made. We believe the actions we have recommended to DOD and the matters for consideration we have presented to Congress are necessary to improve the prospects for FCS success and to protect the government's ability to change course if the program does not progress as the Army plans.