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Highlights

INFORMATION TECHNOLOGY

DOD Needs to Leverage Lessons Learned from Its Outsourcing Projects

Why GAO Did This Study

Given the magnitude of its reported spending on information technology (IT) services—more than $6.2 billion in fiscal year 2001—it is critical that the Department of Defense (DOD) adopt effective practices for acquiring IT services.

GAO researched leading commercial practices for the outsourcing of IT services, and, in November 2001, published a framework consisting of seven phases that span the full range of activities that are performed during the outsourcing of those services (this is an acquisition in which a client organization transfers responsibility for performing services to an external provider).

GAO was asked to determine (1) the extent to which selected DOD projects for outsourcing IT services use leading commercial practices as specified in GAO's framework and (2) whether DOD is sharing lessons learned from its IT outsourcing projects across the department.

What GAO Recommends

GAO is making recommendations to the Secretary of Defense aimed at leveraging lessons learned across the department from its components' IT outsourcing experiences.

DOD agreed that capturing lessons learned related to IT outsourcing initiatives is important and stated that it intends to explore a variety of mechanisms to do so. DOD's plans are consistent with our recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-03-371.

To view the full report, including the scope and methodology, click on the link above. For more information, contact Randolph C. Hite at (202) 512-3439 or hiter@gao.gov.

What GAO Found

The projects in GAO's review substantially used leading commercial practices as specified in GAO's framework for outsourcing IT services. Specifically, the agencies fully implemented 88 percent of the practices (not including practices not applicable to a particular project). This framework consists of practices organized into seven phases: (I) determine sourcing strategy, (II) define operational model, (III) develop the contract, (IV) select the provider(s), (V) transition to provider(s), (VI) manage the performance of the provider(s), and (VII) ensure services are provided. The figure below shows the percentage of practices that were implemented in each phase.

Although DOD has acted on gathering and disseminating lessons learned and commercial leading practices related to general acquisition issues, its actions have generally not been focused on outsourcing or on sharing the lessons learned from IT services outsourcing across the department. By not systematically capturing and disseminating such information across the department, DOD is losing the opportunity to leverage the knowledge gained on IT services projects like those in GAO's review. Lessons learned that are pragmatic and easily accessible would give DOD managers a more informed understanding of important issues to be addressed when making outsourcing decisions, as well as the factors to be considered to help ensure the success of these endeavors.

Percentage of Practices Implemented, by Phase
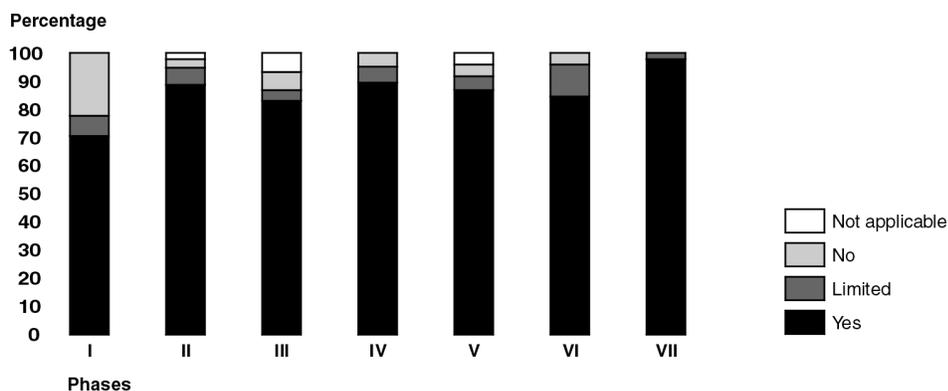
Source: GAO.

Note: Not applicable—The practice was not relevant to the project's particular circumstances. No—The agency did not implement the practice. Limited—The agency fully implemented some but not all aspects of the practice and did not take alternative actions that fully satisfied the practice. Yes—The agency fully implemented the practice or took an alternative action that fully satisfied its intent.