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Challenges Facing Defense's

Corporate Information Management Initiative

Statement of
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Before the
Subcommittee on Readiness
Committee on Armed Services
House of Representatives

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Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss Corporate Information Management, or CIM--the Department of Defense's (DOD) ambitious initiative to reengineer its business practices and make better use of information technology, both now and in the future. We have recently issued two reports that address this important initiative.[1]

CIM's importance lies not only in its potential to offer significant savings through improved business practices, but also in its potential to revolutionize and streamline the use of Defense's information resources. The Department has frequently found itself with many systems performing similar jobs. For example, it currently has over 30 systems just to pay its civilian employees. In addition, we have issued numerous reports over the last few years that criticize various systems development efforts-- systems cost more than expected, are delivered late, and provide less capability than anticipated. Concerned, understandably, about the proliferation of so many redundant and sometimes ineffective systems, and with the goal of improving its business position

[1]Defense ADP: Corporate Information Management Savings Estimates Are Not Supported (GAO/IMTEC-91-18, Feb. 22, 1991), and Defense ADP: Corporate Information Management Initiative Faces Significant Challenges (GAO/IMTEC-91-35, April 22, 1991).

through better use of information technology, the Deputy Secretary of Defense launched CIM in late 1989.

CIM merits this committee's continuing attention for a number of reasons. The Department spends over $9 billion a year for automated information systems. Moreover, these systems control business operations costing many times this amount. In this time of federal budget tightening there is a tremendous need to reduce expenses throughout government. The Defense Department is being asked to make major budgetary reductions, and the CIM initiative offers opportunities to reduce not only the Department's information technology expenses but, more important, its overall costs of doing business. In addition, Defense is reorganizing and reexamining CIM in light of problems encountered in its first year. The time is opportune, then, for a dispassionate look at the entire initiative.

CIM's GOALS, AND INITIAL ACTIONS TO ACHIEVE THEM: DIFFICULTIES SOON BECAME APPARENT

CIM seeks to help DOD over the long-term (1) implement new or improved business methods through the use of modern technology--for example, how it pays its civilian employees or manages its $100-billion inventory--and create more uniform practices for common functions, and (2) improve the standardization, quality, and consistency of data from Defense's multiple automated information

systems to meet common functional requirements. In the near term,
CIM is intended to eliminate or reduce the duplicative design,
development, operation, and maintenance of information systems that
perform the same functions.

In the fall of 1989, DOD established an Executive Level Group of
industry and senior Defense experts to provide overall guidance for
CIM, plus an interservice organization of management oversight and
working groups to implement it. Included were eight functional
work groups, as well as senior-level committees to oversee the work
groups' progress.

The functional work groups--covering areas such as civilian
personnel, contract payment, and materiel management--were charged
with proposing more effective business practices, common data
standards and, ultimately, standardized information systems for
their respective functions. The groups are studying Defense's
current business practices and present base of information
systems; Defense originally expected the groups to need 1-2 years
to come up with a strategy for producing standard practices and
systems. Once a group completes its work--and none has--an
additional 6-8 years could be needed to develop the standard
system.

Over the past year, Defense has encountered difficulties in three areas: organizational stability, functional group progress, and near-term elimination of redundant systems.

Organizational Stability Lacking

Last November the Secretary transferred responsibility for CIM and all other information management and technology policies from the Comptroller's office to the Assistant Secretary of Defense for Command, Control, Communications, and Intelligence. This was done to integrate Defense computing, telecommunications, and information management, and to establish a new organization to implement CIM. The reorganization, now almost complete, created new positions and offices for CIM, but retained the functional work groups. Given these changes and the ambitiousness of CIM's goals, it will be important for Defense to stabilize its new organization, develop management continuity, and establish clear lines of authority and accountability for achieving specific CIM goals. Further, to ensure that financial management requirements are met and appropriate internal controls are included in the development of standard systems, the Assistant Secretary will need to coordinate closely with the Comptroller's office.

Functional Work Groups Progressing Slowly

The functional work groups are faced with a daunting task. The materiel management function alone includes the following activities: weapons system program management, requirements determination, budgeting and funding, maintenance management, war reserve requirements, requisition processing, stock control and distribution, engineering and technical support, and numerous contracting duties. In addition, the groups have followed a complex approach that uses process and data models--an approach that may have merit, but that tends to be slow and labor-intensive. Further, the groups have reported that they do not possess the necessary expertise to prepare a strategy for standardization, as they were charged with doing. Last, the Secretary's office has not yet determined how or when additional functional areas will be studied for standardization. These issues need to be resolved as quickly as possible.

Near-term Elimination of Redundant Systems Uncertain

Finally, the military services have been reluctant to abandon their own system development efforts because CIM is not expected to produce standard systems for 8-10 years. The Office of the Secretary of Defense estimated that CIM would save $2.2 billion over the next 5 years by eliminating duplicate systems and implementing standard systems. Accordingly, to encourage the

services to identify and eliminate such duplication, it reduced the services' budgets for fiscal years 1991 through 1995 by $2.2 billion. Yet, as we reported earlier this year, Defense had no analysis to support the estimated savings.[2] Further, it is misleading to consider the savings achievable until Defense clearly shows how and when standard systems will be implemented, and how the nearly 400 systems it is currently developing or enhancing will fit within the CIM framework. Clearly, eliminating redundant systems in the near term requires an approach that serves present-day needs while DOD defines and implements improved Defense practices for the next century.

Defense is examining whether interim systems could be established. These systems would support Defense-wide requirements for specific functional areas until a standard system could be developed. According to Defense officials, such a system could be one currently in use or nearly developed by one of the services. It is also examining the potential for building upon, and ultimately deriving its standard systems from, these interim systems. Of course, care must be taken to ensure that long-term goals are not sacrificed to perpetuate existing systems.

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[2]GAO/IMTEC-91-18, Feb. 22, 1991.

DETAILED CIM STRATEGY NEEDED

Because of Defense's massive size and deeply rooted business processes, accomplishing CIM's goals will take many years. Although the Department has taken some positive steps, much remains to be done. In particular, Defense's organization and plans for achieving CIM have been evolving, yet from this point forward it is essential that it stabilize its organization and communicate a detailed strategy--with specific long-term and short-term components--to guide CIM's implementation. At a minimum, such a strategy should address two key areas.

-- First, how and when the functional groups will complete their current work, including provisions for providing adequate technical expertise and streamlining the process being used. It should also address how and when other areas for standardization will be addressed.

-- Second, how the mutual commitment and support of the Office of the Secretary of Defense and the military services will be obtained. Approaches for obtaining this support include developing sound criteria for curtailing redundant information systems and extending the Secretary's funding control over services' system development activities beyond the current fiscal year.

This strategy, which would address both the long-term vision and near-term operations--is essential if improvements are to be

realized. For both the long and short terms, specific plans and milestones need to be committed to. It is important to understand what needs and goals must be met in 6, 12, or 24 months, and who will be responsible and accountable for meeting them. Such a strategy will provide a benchmark against which to assess CIM's progress, and will allow the initiative to transcend changes in administrations. Without it, we question whether CIM can progress beyond being simply a good idea.

Defense has pointed to the CIM effort as the means by which many of its longstanding financial management problems will be corrected. However, as previously noted, CIM is a long-term effort which will likely not provide major near-term improvements in the quality and reliability of Defense financial information.

In summary, CIM holds great promise--and we, along with DOD, are hopeful that this promise will be achieved. Careful attention to how the Department should function in the next century, combined with the use of modern information technology, will help assure that a 21st-century Defense Department is as modern and responsive as possible. Along the way, we must be sure that short-term planning and implementation of information systems in the next decade likewise has the benefit of careful, deliberate oversight.

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This concludes my statement, Mr. Chairman. We will be happy to respond to any questions you or other members of the Subcommittee may have at this time.