



Highlights of [GAO-08-822](#), a report to the Subcommittee on Readiness and Management Support, Committee on Armed Services, U.S. Senate

Why GAO Did This Study

GAO has designated the Department of Defense's (DOD) business systems modernization as a high-risk program because, among other things, it has been challenged in implementing key information technology (IT) management controls on its thousands of business systems. The Global Combat Support System-Marine Corps program is one such system. Initiated in 2003, the program is to modernize the Marine Corps logistics systems. The first increment is to cost about \$442 million and be deployed in fiscal year 2010. GAO was asked to determine whether the Department of the Navy is effectively implementing IT management controls on this program. To accomplish this, GAO analyzed the program's implementation of several key IT management disciplines, including economic justification, earned value management, risk management, and system quality measurement.

What GAO Recommends

GAO is making recommendations to the Secretary of Defense aimed at limiting investment in the program and addressing its cost and schedule estimating, risk management, and system quality measurement weaknesses. DOD agreed in full or in part with GAO's recommendations and described ongoing and planned actions intended to address the recommendations.

To view the full product, including the scope and methodology, click on [GAO-08-822](#). For more information, contact Randolph C. Hite at (202) 512-3439 or hiter@gao.gov.

DOD BUSINESS SYSTEMS MODERNIZATION

Key Marine Corps System Acquisition Needs to Be Better Justified, Defined, and Managed

What GAO Found

DOD has not effectively implemented key IT management controls provided for in DOD and related acquisition guidance on this program. If implemented effectively, these and other IT management disciplines increase the likelihood that a given system investment will produce the right solution to fill a mission need and that this system solution will be acquired and deployed in a manner that maximizes the chances of delivering promised system capabilities and benefits on time and within budget. Neither of these outcomes is being fully realized on this program, as evidenced by the fact that its first increment has already slipped more than 3 years and is expected to cost about \$193 million more than envisioned. These slippages and cost overruns can be attributed in part to the management control weaknesses discussed in this report and summarized below. Moreover, additional slippages and overruns are likely if these and other IT management weaknesses are not addressed.

- Investment in the system has not been economically justified on the basis of reliable estimates of both benefits and costs. Specifically, while projected benefits were risk-adjusted to compensate for limited data and questionable assumptions, the cost side of the benefit/cost equation is not sufficiently reliable because it was not derived in accordance with key cost estimating practices. In particular, it was not based on historical data from similar programs and it did not account for schedule risks, both of which are needed for the estimate to be considered accurate and credible.
- Earned value management that the program uses to measure progress has not been adequately implemented. Specifically, the schedule baseline against which the program gauges progress is not based on key estimating practices provided for in federal guidance, such as assessing schedule risks and allocating schedule reserves to address these risks. As a result, program progress cannot be adequately measured, and likely program completion dates cannot be projected based on actual work performed.
- Some significant program risks have not been adequately managed. While a well-defined risk management plan and supporting process have been put in place, the process has not always been followed. Specifically, mitigation steps for significant risks either have not been implemented or proved ineffective, allowing the risks to become actual problems.
- The data needed to produce key indicators of system quality, such as trends in the volume of significant and unresolved problems and change requests, are not being collected. Without such data, it is unclear whether the system is becoming more or less mature and stable.

The reasons for these weaknesses range from limitations of DOD guidance and tools, to not collecting relevant data. Until they are addressed, DOD is at risk of delivering a solution that does not cost-effectively support mission operations and falls short of cost, schedule, and capability expectations.