

GAO Highlights

Highlights of [GAO-14-400T](#), a testimony before the Subcommittee on Readiness and Management Support, Committee on Armed Services, U.S. Senate

Why GAO Did This Study

The federal government reportedly plans to spend at least \$82 billion on IT in fiscal year 2014. Of that, Defense plans to spend over \$39 billion—\$5.5 billion on classified systems, \$9 billion on acquisitions, and \$25 billion on operations and maintenance. Given the scale of such planned outlays and the criticality of many of these systems to the security and defense of the nation, it is important that these Defense investments are acquired on time and within budget and that they deliver expected benefits.

GAO has previously reported and testified that federal IT projects too frequently fail and incur cost overruns and schedule slippages while contributing little to mission-related outcomes. Further, GAO has highlighted several examples of Defense investments that have not delivered results within planned cost and schedule estimates. Numerous best practices and administration initiatives are available for agencies that can help them improve the oversight and management of IT acquisitions.

GAO is testifying today on how best practices and IT reform initiatives can help Defense better manage major acquisitions and legacy investments.

What GAO Recommends

GAO has previously made numerous recommendations to OMB and federal agencies, including Defense, on key aspects of IT acquisition management, as well as the oversight and management of these investments. Defense generally agreed but has not fully implemented these recommendations.

View [GAO-14-400T](#). For more information, contact David A. Powner at (202) 512-9286 or pownerd@gao.gov.

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INFORMATION TECHNOLOGY

Leveraging Best Practices and Reform Initiatives Can Help Defense Manage Major Investments

What GAO Found

Information technology (IT) acquisition best practices have been developed by both industry and the federal government to help guide the successful acquisition of investments. For example, GAO recently reported on nine factors that were considered as critical to successful acquisitions (see table).

Common Critical Success Factors

Program officials were actively engaged with stakeholders
Program staff had the necessary knowledge and skills
Senior department and agency executives supported the programs
End users and stakeholders were involved in the development of requirements
End users participated in testing of system functionality prior to formal end user acceptance testing
Government and contractor staff were consistent and stable
Program staff prioritized requirements
Program officials maintained regular communication with the prime contractor
Programs received sufficient funding

Source: GAO analysis of agency data; see [GAO-12-7](#).

One key IT reform initiative undertaken by OMB to improve transparency is a public website, referred to as the IT Dashboard, which provides detailed information on about 700 major IT investments at 27 federal agencies, including ratings that are to reflect the level of risk facing an investment on a scale from 1 (high risk) to 5 (low risk). In October 2012, GAO reported that the Department of Defense (Defense) did not rate any of its investments as high risk on the Dashboard, despite significant cost, schedule, and performance issues reported by GAO and others. As such, GAO recommended that Defense ensure that its risk ratings reflect available investment performance assessments. Defense concurred; nonetheless, the Dashboard currently shows that for Defense's 93 major investments, 81 are low or moderately low risk (green), 12 are medium risk (yellow), and none are moderately high or high risk (red). GAO also recently reported that OMB and selected agencies have held multiple reviews of selected investments that are failing or not producing results. Included in these reviews was the Expeditionary Combat Support System, an investment eventually canceled after Defense had spent about one billion dollars on it.

To better manage the department's existing IT systems and ensure their efficient, cost effective operation, Defense is consolidating the department's almost 2,000 reported data centers which could lead to billions in savings, according to the department. The department is also continuing to identify duplicative spending as part of an OMB initiative known as PortfolioStat, which, among other things, requires agencies to conduct annual reviews of its IT investments and make decisions on eliminating duplication. The department estimates \$3.2 to \$5.2 billion in savings through fiscal year 2015 and an additional \$1.3 to \$2.2 billion in efficiencies per year beginning in fiscal year 2016. With a continued focus on this important effort, including obtaining support for estimated cost savings, Defense can realize significant benefits through the elimination of duplicative and inefficient IT investments.