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GOVERNMENTWIDE  
INITIATIVES

Critical Issues Facing the Next  
Federal Telecommunications  
System

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Mr. Chairman and Members of the Committee:

I am pleased to participate in the Committee's hearings on the future of telecommunications in the federal government. In recent months, the General Services Administration (GSA) and the Department of Defense have embarked on an initiative to consolidate the acquisition of telecommunications services for both the Civil and Defense agencies of the government.

This is an important and positive step. In principle, we support the consolidation initiative and believe that it could be the vehicle for developing a truly integrated, governmentwide telecommunications system. However, the consolidation effort must address a number of significant issues to assure success.

Mr. Chairman, my comments here today are based on our previous reviews of the Federal Telecommunications System (FTS) 2000, Defense communications, and telecommunications policy issues. Specifically, I will discuss

- the progress GSA has made in improving its overall management of FTS 2000;
- Defense's efforts to reinvent the way it manages its communications resources; and,
- the recent decision by GSA and Defense to consolidate communications requirements for the follow-on to FTS 2000.

I will also discuss a number of key issues that the Congress and executive branch agencies will need to consider in planning for a consolidated telecommunications acquisition.

#### BACKGROUND

FTS 2000 is providing voice, data, and video telecommunications services for the federal government through 1998 at an estimated cost of \$10 to \$12 billion. In fiscal year 1993, FTS 2000 cost the government a reported \$547 million. Defense is one of the largest FTS 2000 customers, accounting for around \$84 million in reported yearly revenues. Still, less than 20 percent of Defense's long distance telecommunications traffic is handled by FTS 2000.

FTS 2000 is also a key element of the National Information Infrastructure (NII), which will consist of thousands of interconnected, interoperable telecommunications networks, computer systems, and information databases and services. In the future, the NII, also known as the "information highway," will enable all Americans to access information and convey voice, video, and data to others, all at an affordable price. A component of the NII is the Government Information Infrastructure (GII), which will consist of all the electronic services and systems used to support government operations and provide services to the public.

## FTS 2000 MANAGEMENT HAS IMPROVED

As you know, the FTS 2000 program has provided long distance telecommunications services to federal government users for nearly 5 years. During this time, GSA has improved its overall management of FTS 2000, particularly by obtaining increased agency participation in program management and securing services at rates competitive with commercial rates.

Just 3 years ago, we appeared before the Congress expressing concerns about GSA's management of FTS 2000.<sup>1</sup> First, GSA had become embroiled in controversy concerning its handling of network traffic assignments, which had resulted in one vendor receiving more traffic than was warranted under the contract. Later, GSA's handling of FTS 2000 prices came under scrutiny, when it became apparent that both vendors' prices were well above prevailing commercial rates. At that time, GSA had no effective means to ensure that the government received the best prices for FTS 2000.

Fortunately, the situation since then has improved. Management and organizational changes at GSA have helped to redirect FTS 2000 by providing a central management focus. GSA has also effectively used the Interagency Management Council to assist in developing strategies and policies for ongoing management issues. Further, GSA's management of the Price Redetermination/Service Reallocation process in 1992 resulted in prices that are generally below the lowest known commercial rates. And, although the FTS 2000 contracts have 4 more years to go, GSA has already begun planning for the follow-on to FTS 2000.

## DEFENSE EFFORTS TO IMPROVE COMMUNICATIONS MANAGEMENT

The Department of Defense has also encountered significant problems in managing its communications resources, and it too has several key initiatives underway to address these problems. Defense relies upon a broad range of voice, data, video, and imagery services, delivered to users scattered around the globe through numerous communications media to perform its missions. As such, Defense communications requirements extend not only across the military services and Defense agencies, but outside the Department, embracing commercial business partners through initiatives such as electronic data interchange.

However, as we, Defense's Inspector General, and Defense internal studies have noted over the past several years, the Department

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<sup>1</sup> General Services Administration's Management of FTS 2000 (GAO/T-IMTEC-91-9, Apr. 18, 1991), FTS 2000 Recompetition: Opportunity Exists for Better Prices (GAO/T-IMTEC-92-1, Oct. 22, 1991).

has not yet established the framework needed to efficiently and effectively manage its telecommunications resources. This lack of overall telecommunications systems management encourages diversity among systems, inhibits interoperability, and decentralizes management and resources. Defense's communications are presently characterized by a number of independent subsystems and networks supporting various organizations, functions, and computer applications that lack standardization in procedures, equipment, and training. Further, Defense's telecommunications costs, estimated to range from \$10 billion to \$20 billion annually, lack the visibility and control within Defense programs and budgets necessary for efficiently acquiring and providing communications services throughout the Department.

Defense recognizes that it needs to significantly change the way it acquires and manages its communications resources. In Defense Management Report Decision 968, the Department stated that it must develop an integrated approach to the management and acquisition of communications resources and reduce communications costs. Subsequently, in 1991 the Assistant Secretary of Defense for Command, Control, Communications, and Intelligence adopted the Defense Information System Network (DISN) strategy to consolidate and integrate Defense's existing long-haul networks into a global, end-to-end information network supporting command, control, communications, and intelligence requirements as well as all Defense business areas. As such, DISN must ensure interoperability across the telecommunications networks of both Defense and non-Defense agencies. However, the Department has placed its DISN acquisition efforts on hold until the details of the proposed joint venture are worked out.

#### CONSOLIDATION OF FEDERAL GOVERNMENT NETWORKS

GSA initiated the concept development phase for the follow-on to FTS 2000 in April 1993, culminating in a government/industry conference in October 1993. This conference provided an open forum for discussing technical, management, and policy issues related to the FTS 2000 follow-on initiative. GSA subsequently began work on an acquisition alternatives white paper, which it released last month. This white paper describes eight acquisition alternatives developed for the post-FTS 2000 environment. The next crucial step is to gain consensus on an acquisition approach.

Meanwhile, the Joint Concept Review Committee (JCRC)<sup>2</sup> was formed in early 1994 by GSA and Defense to determine the extent to which

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<sup>2</sup> The JCRC was comprised of representatives from GSA, the Defense Information Systems Agency, the National Communications System, and the departments of Veterans Affairs, Transportation, Agriculture, and Treasury.

the post-FTS 2000, DISN, and Government Emergency Telecommunications Service (GETS)<sup>3</sup> acquisitions could be consolidated. The JCRC found no overwhelming issue or combination of issues that would be an insurmountable obstacle to consolidating military and civilian telecommunications acquisitions. Further, the JCRC identified three areas of strategic importance to the success of a consolidated acquisition:

- minimize the complexity of management and oversight;
- maintain aggressive competition; and,
- ensure the interoperability of systems and services.

Mr. Chairman, as mentioned earlier, we agree in principle with the concept of a joint venture between GSA and Defense. However, it will be an enormous undertaking, and we do not want to minimize the significance of the problems and issues that must be addressed. As such, we concur with the JCRC's three areas of strategic impact but would amplify these with our own areas of concern.

Management: Two levels of management issues must be addressed. First, because planning for such a massive undertaking will be complex, a management structure must be established to address critical topics such as service requirements and acquisition strategy. Steps should also be taken to ensure that well-defined procedures and processes are in place to ensure that mission objectives and requirements are fully defined and that alternatives are considered to determine how to best meet those requirements.

Second, the central management functions for the future FTS must be clearly defined. Currently, management of long-haul telecommunications systems are largely carried out by the Defense Information Systems Agency and GSA's Office of FTS 2000. This structure may or may not be viable for post-FTS 2000 management. The service requirements and the acquisition strategy for the post-FTS 2000 telecommunications system will be key factors in determining the most appropriate structure for managing the new system. It is also imperative that this structure be operationally capable at the point when the transition to the new system occurs.

Requirements: The government's telecommunications requirements will also play a major part in shaping the future communications infrastructure. The government's ability to meet expected agency telecommunication needs, as well as each agency's ability to fulfill mission requirements will hinge on the identification of

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<sup>3</sup> The Office of the Manager, National Communications System is implementing the GETS program to support National Security/Emergency Preparedness requirements.

functional requirements. These requirements must be well defined and describe needs in functional terms. That is, telecommunications requirements must be identified in terms of desired performance characteristics, not just technical or hardware specifications. This will allow a greater range of potential solutions and enhance opportunities for competition among different vendors.

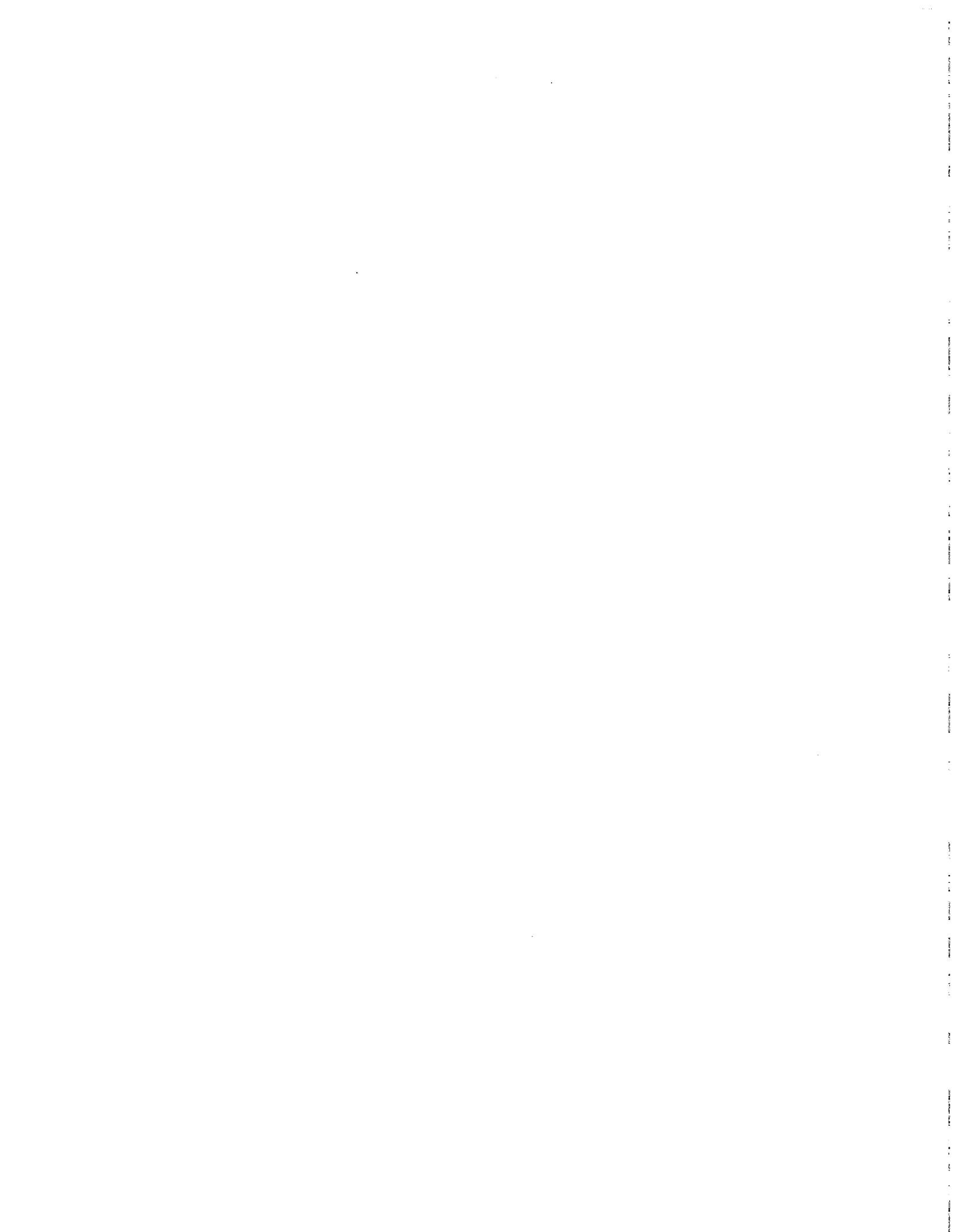
Flexibility: The telecommunications marketplace is incredibly dynamic. Rapid advances in technology, dramatic new uses for enhanced services, and continued changes in regulations create a marketplace where the only certainty is change. As the marketplace changes so will agency needs and demands. FTS plans must remain flexible enough to permit technology and service enhancements over the life of the program.

Mr. Chairman, the single-most important question that can be asked about the future network is this: How can federal agencies best use telecommunications to be more responsive to the citizenry? Indeed, the Administration's recent proposals on the National Information Infrastructure and on the National Performance Review make clear that business as usual will no longer be acceptable; and that government must become more efficient and responsive to the needs of the public.

From more effective service for citizens to more efficient acquisition and management of telecommunications resources, the proposed consolidated acquisition of Civil and Defense requirements offers a unique opportunity to establish the essential infrastructure needed to carry the federal government into the 21st century, and realize the economies and promise of the information age.

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Mr. Chairman, this concludes my statement. I would be pleased to answer any questions you or other Members of the Committee may have at this time.





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