



Highlights of [GAO-07-51](#), a report to congressional addressees

Why GAO Did This Study

The Navy Marine Corps Intranet (NMCI) is a 10-year, \$9.3 billion information technology services program. Through a performance-based contract, the Navy is buying network (intranet), application, and other hardware and software services at a fixed price per unit (or “seat”) to support about 550 sites. GAO prepared this report under the Comptroller General’s authority as part of a continued effort to assist Congress and reviewed (1) whether the program is meeting its strategic goals, (2) the extent to which the contractor is meeting service level agreements, (3) whether customers are satisfied with the program, and (4) what is being done to improve customer satisfaction. To accomplish this, GAO reviewed key program and contract performance management-related plans, measures, and data and interviewed NMCI program and contractor officials, as well as NMCI customers at shipyards and air depots.

What GAO Recommends

GAO is making recommendations to the Secretary of Defense aimed at implementing effective program performance management, expanding measurement and understanding of service level agreement performance, effectively managing customer satisfaction improvement efforts, and deciding whether overall performance to date warrants program changes. In commenting on a draft of this report, DOD agreed with GAO’s recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-07-51.

To view the full product, 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.

INFORMATION TECHNOLOGY

DOD Needs to Ensure That Navy Marine Corps Intranet Program Is Meeting Goals and Satisfying Customers

What GAO Found

NMCI has not met its two strategic goals—to provide information superiority and to foster innovation via interoperability and shared services. Navy developed a performance plan in 2000 to measure and report progress towards these goals, but did not implement it because the program was more focused on deploying seats and measuring contractor performance against contractually specified incentives than determining whether the strategic mission outcomes used to justify the program were met. GAO’s analysis of available performance data, however, showed that the Navy had met only 3 of 20 performance targets (15 percent) associated with the program’s goals and nine related performance categories. By not implementing its performance plan, the Navy has invested, and risks continuing to invest heavily, in a program that is not subject to effective performance management and has yet to produce expected results.

GAO’s analysis also showed that the contractor’s satisfaction of NMCI service level agreements (contractually specified performance expectations) has been mixed. Since September 2004, while a significant percentage of agreements have been met for all types of seats, others have not consistently been met, and still others have generally not been met. Navy measurement of agreement satisfaction shows that performance needed to receive contractual incentive payments for the most recent 5-month period was attained for about 55 to 59 percent of all eligible seats, which represents a significant drop from the previous 9-month period. GAO’s analysis and the Navy’s measurement of agreement satisfaction illustrate the need for effective performance management, to include examining agreement satisfaction from multiple perspectives to target needed corrective actions and program changes.

GAO analysis further showed that NMCI’s three customer groups (end users, commanders, and network operators) vary in their satisfaction with the program. More specifically, end user satisfaction surveys indicated that the percent of end users that met the Navy’s definition of a satisfied user has remained consistently below the target of 85 percent (latest survey results categorize 74 percent as satisfied). Given that the Navy’s definition of the term “satisfied” includes many marginally satisfied and arguably somewhat dissatisfied users, this percentage represents the best case depiction of end user satisfaction. Survey responses from the other two customer groups show that both were not satisfied. GAO interviews with customers at shipyards and air depots also revealed dissatisfaction with NMCI. Without satisfied customers, the Navy will be challenged in meeting program goals.

To improve customer satisfaction, the Navy identified various initiatives that it described as completed, under way, or planned. However, the initiatives are not being guided by a documented plan(s), thus limiting their potential effectiveness. This means that after investing about 6 years and \$3.7 billion, NMCI has yet to meet expectations, and whether it will is still unclear.