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Highlights

DEFENSE LOGISTICS

Actions Needed to Improve Implementation of the Army Logistics Modernization Program

Why GAO Did This Study

The Logistics Modernization Program (LMP) is an Army business system that is intended to replace the aging Army systems that manage inventory and depot repair operations. Through 2009, the Army obligated more than $1 billion for LMP. LMP was originally scheduled to be completed by 2005, but after the first deployment in July 2003, the Army delayed fielding because of significant problems. The Army has since decided to field the system in two additional deployments: the second deployment occurred in May 2009, and the third deployment is scheduled to occur in October 2010. GAO was asked to evaluate the effectiveness of the Army's management processes in enabling the second deployment sites to realize the full benefits of LMP.

What GAO Recommends

In order to improve the third deployment of LMP, GAO is recommending that the Secretary of the Army direct the Commanding General, Army Materiel Command, to (1) improve testing activities to obtain reasonable assurance that the data used by LMP can support the LMP processes, (2) improve training for LMP users, and (3) establish performance metrics to enable the Army to assess whether the deployment sites are able to use LMP as intended. The Army concurred with our recommendations.

What GAO Found

The Army's management processes that were established prior to the second deployment of LMP were not effective in enabling the second deployment sites to realize the full benefits of LMP. When LMP becomes fully operational at the second deployment locations, the Army expects that it will significantly enhance depot operations. However, the Army was unable to ensure that the data used by LMP were of sufficient quality to enable the depots to perform their day-to-day missions after LMP became operational. As a result of these data quality issues, depot personnel had to develop and use manual work-around processes until they could correct the data in LMP, which prevented the Army from achieving the expected benefits from LMP. Data quality issues occurred despite improvements made by the Army to address data issues experienced during the first deployment of LMP because the Army's testing strategy did not provide reasonable assurance that the data being used by LMP were accurate and reliable. Instead, the Army's testing efforts focused on whether the software was functioning, but did not assess whether the data used by the depots to perform their repair missions were of sufficient quality to work in LMP. According to depot officials, the data problems are being corrected as they are identified. Additionally, the Army's training strategy did not effectively provide LMP users the skills necessary to perform their new tasks. Users at the depots stated that the training they received did not provide a realistic environment that showed them how to perform their expected duties, and did not always match their new responsibilities. However, users at the depots also stated that they had received additional training that resolved the issue. The Army also lacked a comprehensive set of metrics with which to measure the success of LMP implementation. GAO's previous work has shown that successful performance measures should be aligned throughout the organization and cover the activities that an entity is expected to perform. However, the Army did not have common metrics with which to measure success during the second deployment, and the Army's scorecard for measuring LMP implementation focused on the software, but did not assess whether the depots were able to perform their work using LMP as envisioned. Despite these challenges, LMP has provided the Army some benefits, and officials at the second deployment sites provided examples of how LMP had improved their day-to-day operations, for example, through the increased visibility of assets.

The third deployment of LMP is scheduled to occur in October 2010, and will involve more commands, occur at locations across the globe, and affect more users than the previous deployments. LMP program management officials stated that they are taking steps to address the issues discussed in this report for the third deployment and are adjusting plans related to data testing and training. However, because these plans are being developed, GAO was unable to verify that the problems have been resolved. Without correcting these issues prior to the third deployment, the Army is likely to face similar, or potentially greater, problems that prevent it from realizing the full benefits of LMP.

_____**United States Government Accountability Office**