

Why GAO Did This Study

The Department of the Navy (DON), a major component of the Department of Defense (DOD), has launched its Next Generation Enterprise Network (NGEN) program to replace the Navy Marine Corps Intranet (NMCI) program. NGEN capabilities, such as secure transport of voice and data, data storage, and e-mail, are to be incrementally acquired through multiple providers. As planned, the first increment is expected to provide comparable NMCI capabilities, additional information assurance, and greater DON network control, at a cost of about \$50 billion through fiscal year 2025. Given the size, importance, and complexity of NGEN, GAO was asked to determine whether DON has sufficiently analyzed alternative acquisition approaches and has a reliable schedule for executing the program, and whether program acquisition decisions have been performance- and risk-based. To do this, GAO reviewed the NGEN analysis of alternatives, integrated master schedule, and key milestone decisions.

What GAO Recommends

GAO is recommending that DOD limit further investment in NGEN until it conducts an interim review to reconsider the selected acquisition approach and addresses issues discussed in this report. In its comments, DOD stated that it did not concur with the recommendation to reconsider its acquisition approach; GAO maintains that without doing so, DOD cannot be sure it is pursuing the most cost-effective approach.

View [GAO-11-150](#) or key components. For more information, contact Valerie C. Melvin at (202) 512-6304 or melvinv@gao.gov.

INFORMATION TECHNOLOGY

Better Informed Decision Making Needed on Navy's Next Generation Enterprise Network Acquisition

What GAO Found

DON did not sufficiently analyze alternative acquisition approaches for NGEN because the alternatives analysis contained key weaknesses, and none of the alternatives assessed match the current acquisition approach. Specifically, the cost estimates for the respective alternatives were not reliable because they were not substantially accurate, and they were neither comprehensive nor credible. Further, the operational effectiveness analysis, the other key aspect of an analysis of alternatives, did not establish and analyze sufficient measures for assessing each alternative's ability to achieve program goals and deliver program capabilities. Moreover, the acquisition approach that DON is actually pursuing was not one of the alternatives assessed in the analysis, and it is riskier and potentially costlier than the alternatives analyzed because it includes a higher number of contractual relationships. According to program officials, the analysis reflects the most that could be done in the time that was available to complete it, and they do not view the alternative selected as materially different from the assessed alternatives, even though it is about \$4.7 billion more costly. (See table for comparison of alternatives.)

Comparison of NGEN Alternative Approaches

	Status quo	Alt. 2	Alt. 3 variant	Alt. 3	Current approach
Contractual relationships	3	3	10	15	21
Estimated cost ^a	\$10.3	\$10.8	\$10.8	\$10.7	\$15.6
Relative risk	Least	More	Greater	Greatest	Undetermined

Sources: DON data (status quo and alternatives 2, 3 variant, and 3); GAO analysis of DON data (current approach).

^aFiscal year 2011-2015 in billions.

DON does not have a reliable schedule for executing NGEN. Only two of the four subschedules that GAO reviewed, each of which help form the master schedule, adequately satisfied any of the nine practices that are associated with developing and maintaining a reliable schedule. These weaknesses have contributed to delays in key program milestones. During the course of GAO's review, DON stated that action was taken to address some, but not all, of these weaknesses. According to program officials, schedule estimating was constrained by staffing limitations.

NGEN acquisition decisions were not always performance- and risk-based. In particular, the program was approved in the face of known performance shortfalls and risks. For example, the program was approved at a key acquisition review despite the lack of defined requirements, which was recognized as a risk that would impact the completion of other key documents, such as the test plan. This risk was later realized as a critical issue. According to program officials, the decisions to proceed were based on their view that they had sufficiently mitigated known risks and issues.

Collectively, these weaknesses mean that DON does not have a sufficient basis for knowing that it is pursuing the best approach for acquiring NGEN capabilities and the program's cost and schedule performance is unlikely to track to estimates.