

**GAO**

**Testimony**

Before the Subcommittee on Government Management,  
Information, and Technology, Committee on Government  
Reform and Oversight, House of Representatives

For Release on Delivery  
Expected at  
1 p.m.  
Tuesday,  
March 21, 1995

**GOVERNMENTWIDE  
INITIATIVES**

**Critical Issues Facing the  
Post-FTS 2000 Program**

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063078/153782

Mr. Chairman and Members of the Subcommittee:

I am pleased to participate in the Subcommittee's hearings on the future of telecommunications for the federal government. Over the past 2 years, the Interagency Management Council (IMC), the General Services Administration (GSA) and other federal agencies, the telecommunications industry, academia, and other interested parties have engaged in vigorous debate over the initiative that will replace the Federal Telecommunications System (FTS) 2000 program currently in place. Today I will discuss the program strategy that the IMC, in conjunction with GSA, has selected for the Post-FTS 2000 initiative.<sup>1</sup>

In our view, GSA and the IMC have done an admirable job of ensuring that all interested parties have opportunities to comment on the Post-FTS 2000 initiative and to help define the strategy selected. However, the proposed strategy still leaves several issues open to further debate by industry and government. We would like to focus specifically on eight critical issues that must be addressed before final Requests for Proposals are released in December.

We identified these issues through our analysis and evaluation of the December 1994 program strategy and supporting documentation. In addition, we interviewed officials at a wide range of federal agencies. We also reviewed comments on the proposed strategy submitted by interested

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<sup>1</sup>The IMC, which was established in 1988, consists of senior government information resources management officials from agencies using FTS 2000. This council provides guidance to GSA officials in administering telecommunications contracts.

parties, and interviewed representatives in the telecommunications and systems integration communities.

## BACKGROUND

The federal government is preparing to put in place a multibillion dollar telecommunications services acquisition program that will carry it into the new millennium. It does so within an environment of tremendous change -- in the telecommunications industry, in underlying services and technologies, and potentially in the regulatory environment. At the same time, virtually every federal department and agency finds itself being challenged as never before to rethink and reengineer how it performs its missions and serves its customers. The Post-FTS 2000 program poses a unique opportunity for the federal government to follow the lead of American businesses by flexibly acquiring and innovatively applying telecommunications services and technologies to improve and transform operations.

The Post-FTS 2000 program, as envisioned, will do more than simply replace the current FTS 2000 program. Rather than taking a one-size-fits-all approach to the increasingly diverse telecommunications marketplace, the Post-FTS 2000 program strategy calls for a more diverse approach, including:

- two or more comprehensive service providers;
- one or more switched data and value-added service providers;

- two or more technical service providers to help user agencies apply telecommunications services and technologies to their missions; and
- a possible wireless communications service provider.

This approach will allow agencies to select from multiple contracts for different telecommunications services. In this way, the proposed strategy may increase competition, permit federal managers to apply an array of modern telecommunications services to meet their needs, and encourage new service providers to enter the market.

#### POST-FTS 2000 PROGRAM STRATEGY LEAVES KEY ISSUES UNRESOLVED

The federal government is faced with increasing demands to become leaner, quicker, and smarter about the way it does business. To meet these demands, the government will have to make use of information technologies as never before. Mr. Chairman, I have no doubt that many of the services provided by Post-FTS 2000 will reflect the way agencies currently do business. But I also have no doubt that change is coming. Telecommunications provide many of the tools needed to streamline operations and deliver services to citizens promptly and efficiently. The Post-FTS 2000 program, by providing the government with an array of needed telecommunications services, can be the key to creating a leaner and more responsive government.

However, notwithstanding the progress made by the IMC and GSA in planning the Post-FTS 2000 program so far, we believe that a number of issues still must be resolved before the release

of the final Requests for Proposals. These issues are key to the government's acquisition of its future telecommunications services, the responsiveness of those services to the government's needs, and the management of its acquisition program.

### Mandatory Use

Currently, FTS 2000 use is mandatory for all federal agencies, unless GSA or the Congress grants a specific exemption. In our discussions to date, we have found that virtually no federal users and few industry officials favor mandatory use for the Post-FTS 2000 program. These officials are concerned, based on their experiences with the current FTS 2000 program, that mandatory use is inherently anticompetitive and results in higher prices. We agree with these concerns.

Although Post-FTS 2000 is not billed as a mandatory-use program, anxiety about this subject remains high for two reasons. First, there is concern that mandatory use might be explicitly imposed in the future as it has been under FTS 2000. This view occurs in part because the Post-FTS 2000 Program Strategy is ambiguous concerning mandatory use. The strategy states that, "User agencies will generally have the right to choose which contract they use to meet their needs," but it is silent concerning situations where user agencies decide to contract for telecommunications services outside of the Post-FTS 2000 program. According to GSA officials, user agencies will have to seek an exemption--as they do now--from using the Post-FTS 2000 contracts to meet their specific telecommunications needs. A second reason for anxiety is that the government must set some minimum revenue guarantees for successful

offerors. Some federal officials worry that their agency will be restricted to a specified vendor in order to meet these minimum revenue guarantees.

We do not believe that agencies should be required to use the services acquired through the Post-FTS 2000 program; rather, it should be mandatory that agencies consider its use where it meets their telecommunications service and cost objectives. We agree with several officials who observed that if Post-FTS 2000 services and prices are truly competitive, then federal agencies will willingly participate in the program. By relying more directly on market forces, this approach could not only yield better services and more competitive prices, but the administrative costs to users associated with implementing price control mechanisms, such as publicly available price caps, would be eliminated. GSA and the IMC will have to carefully consider and wisely balance the objective of agency choice as they establish minimum revenue guarantees for successful offerors.

#### Program Management

The IMC's Acquisition Working Group reported last April that development of a comprehensive government telecommunications management strategy was one of several issues with strategic importance to the success of the Post-FTS 2000 acquisition. The working group called for establishing an effective management structure for governmentwide communications. In testimony before the Senate Committee on Governmental Affairs last May, we endorsed this

key issue, stating that the central management functions for the future FTS must be clearly defined.<sup>2</sup>

Almost 1 year later, however, Post-FTS 2000 program management remains an open issue. The program strategy states that the functions required for the government's management and contract oversight may be accomplished by GSA, by lead agencies or an interagency work group, or through contract support. The government must still determine what management functions are required, and who will be performing them. Also, while the proposed multicontract, multivendor strategy could increase the complexity of Post-FTS 2000, several officials have questioned GSA's ability to manage the program given downsizing efforts under way in that agency.

#### Long-Distance Versus Local Telecommunications Services

At present, the government acquires local telecommunications services separately from long-distance services, and GSA maintains separate offices to manage these efforts. Because of regulatory and technological changes in the telecommunications field, however, maintaining a separate view of local and long-distance services is becoming less practical. The Post-FTS 2000 program strategy states that it is no longer effective, efficient, or reflective of the marketplace to separate long-distance from local telecommunications services. However, the

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<sup>2</sup> Governmentwide Initiatives: Critical Issues Facing the Next Federal Telecommunications System (GAO/T-AIMD-94-114, May 3, 1994).

proposed strategy limits itself to long-distance telecommunications, with no indication of how or when the issues of local services and local access will be addressed.

### Packaging of Services

In choosing to aggregate requirements and package comprehensive services, the IMC and GSA may be limiting opportunities for more specialized telecommunications vendors. Under the proposed program strategy, offerors cannot compete as comprehensive service providers of switched voice, dedicated transmission, video, or multimedia services unless they can offer all of these services, as well as switched data and value-added services and wireless communications services. The proposed strategy may limit opportunities for more specialized vendors who can provide some individual services, but not the comprehensive package identified in the strategy. In addition, users may be precluded from obtaining the best overall prices possible if they are unable to choose among vendors for each service. While requiring vendors to provide comprehensive services may give agencies an opportunity for one-stop-shopping, this approach may not be essential to that goal. Some vendors likely will offer the full range of services identified anyway, giving users the opportunity to select a single source for all needed services.

### Interoperability

The ability of government communications systems to interoperate will become ever more critical as federal departments and agencies increasingly rely upon electronic services to communicate and exchange information within their organizations and with other federal



agencies, private organizations, state and local governments, and private citizens. A lack of interoperability hampers effective government operations by making the communication and exchange of data more difficult and costly for users. Despite the importance of having interoperable telecommunications services, current FTS 2000 users have been frustrated by the lack of interoperability between the video teleconferencing and data communications services furnished by the two service providers.

Last April, the IMC's Acquisition Working Group expressed extreme concern with the government's ability to effectively address this strategic issue. The working group called for developing specific strategies for achieving interoperability. The Post-FTS 2000 program strategy recognizes the importance of interoperability in principle; however, it does not define the government's particular interoperability needs or indicate how those needs will be met.

### Requirements

If the Post-FTS 2000 program is to successfully meet the government's requirements, the government must be able to clearly describe what its operational requirements are. With some exceptions, federal agencies generally do not have a good record of defining how modern telecommunications can be used to meet their needs. For example, the Office of Technology Assessment reported in September 1993 that agencies were not taking full advantage of telecommunications services that were available to them.<sup>3</sup>

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<sup>3</sup> Making Government Work: Electronic Delivery of Federal Services, Office of Technology Assessment (OTA-TCT-578, September 1993).

It is virtually impossible for the government to identify all of its future telecommunications requirements. Nevertheless, if the federal government is to harness the potential of the telecommunications marketplace, it must provide vendors with a clear understanding of its needs, defined in functional rather than technical terms, so that the vendors can gauge the size of this market. Unfortunately, according to GSA officials, agencies have been slow to respond to efforts thus far by GSA to collect this requirements information. Agencies' complete and timely responses to GSA are vital to gauging the government's service needs for the benefit of prospective offerors, as well as establishing reasonable revenue guarantees.

### Security

While establishing a seamless, interconnected infrastructure may improve the government's efficiency and effectiveness, care must be taken to ensure that sensitive personal and corporate information is safeguarded. Although the program strategy briefly mentions that Post-FTS 2000 will have to provide security and privacy for users, it does not describe what levels of security will be made available. GSA and the IMC must develop clear security objectives and requirements for the Post-FTS 2000 environment as their acquisition planning efforts continue.

### Support for National Information Infrastructure

One of the stated objectives of the Post-FTS 2000 program is to support the National Information Infrastructure (NII), the Government Services Information Infrastructure (GSII), and the recommendations of the National Performance Review (NPR). As you know, NII refers to the nation's collection of information systems and technologies--computers,

communications networks, software, and storage technologies--as well as the information that is processed, stored, and transferred. Having identified technology as the engine of economic growth, the administration has set the accelerated development of the NII as a top priority. The NPR, recognizing the lead role information technology has in improving the efficiency and effectiveness of government services, has called for a coordinated plan to deploy a coherent government information infrastructure--a subset of NII--that will evolve with technology and reduce duplication and costs.

Our review thus far indicates that both vendors and government officials disagree as to whether Post-FTS 2000 will support these ambitious NPR and NII objectives. For example, although the Post-FTS 2000 initiative represents a concrete step toward establishing a government services information infrastructure for the 21st century, officials have questioned the lack of direct involvement by the President's Information Infrastructure Task Force in this program. Furthermore, despite increasing interest in establishing a seamless electronic infrastructure to deliver government services, the proposed approach does little to define the role of state and local governments in the federal government's telecommunications strategy. By closely tracking initiatives, such as the Iowa Communications Network pilot project sponsored by Congressman Lightfoot, Post-FTS 2000 program planners may gain some early insights into the interrelationships between federal, state, and local government telecommunications initiatives, thereby ensuring that Post-FTS 2000 acts as an enabler, rather than an inhibitor, of more cost-effective government.

Mr. Chairman, in testimony before the Senate Committee on Governmental Affairs last May, I noted that the single most important question that can be asked about the government's future telecommunications infrastructure is: How can federal agencies best use telecommunications to meet the needs of citizens more efficiently, more effectively, and more responsively? Ten months later, this critical question remains unanswered. Business as usual is no longer acceptable; increased emphasis by the new Congress on reengineering and downsizing government further underscores this point. More important than simply buying cheap communications, the critical challenge facing Post-FTS 2000 planners is to provide managers not only with telecommunications services, but with business solutions that enable them to perform their missions cheaper and better.

The Post-FTS 2000 initiative offers us a unique and timely opportunity to help establish a secure, interoperable information infrastructure that can improve the efficiency and effectiveness of services across all levels of government. Several critical issues must be addressed over the next 9 months, however, in order to better define the vision for that infrastructure. The responsibility for resolving these issues does not rest solely with the program planners at the IMC and GSA who will acquire these services; responsibility also extends to the members of the private sector who will help deliver these services, and ultimately to the agency managers who will use these services to improve their mission performance. We hope--as you do--that the information gathered at these hearings will help bring these issues closer to resolution and will more clearly define the vision of a government services information infrastructure. Once these issues are resolved, the Post-FTS 2000 program will be better

positioned to leverage the power and creativity of the telecommunications marketplace, to make this vision a reality, and to carry the federal government forward into the 21st century.

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

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