



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

Index to File

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APR 3 1980

[Significant Savings Resulting From GAO Accomplishments]

The Honorable Jamie L. Whitten
Chairman, Committee on Appropriations
House of Representatives

Dear Mr. Chairman:

In our recent appropriation hearings before the Subcommittee on Legislative Branch of the House Appropriations Committee, I mentioned that the work of the General Accounting Office results in significant savings to the Government that far exceed our costs. Since our hearing, a very sizable accomplishment of this kind has occurred which I would like to bring to your attention.

The accomplishment involved our review of the Air Force Phase IV computer replacement program which had an estimated life cycle cost of \$4 billion. The Air Force planned to put two new computers at about 105 air bases to replace old out-dated computers now in use there. We advised the House Government Operations Committee and the Air Force that a different plan using one computer instead of two could produce dramatic savings without any loss in operational capability. (The two computers were to be located in the same facility so dispersion was not a consideration.)

By letter of March 28, 1980, which is enclosed, the Secretary of the Air Force advised the Chairman that the program had been redirected to satisfy our concerns and that a cost avoidance of \$800 million would result. This reduction will be realized over several future years.

This assignment was originally started on a broader basis under our general statutory authority. After briefing the staff of the House Government Operations Committee on our preliminary findings, we were asked by that Committee to concentrate on the Phase IV systems review. We did so with the indicated results.

Sincerely yours,

Signed Elmer B. Staats

Comptroller General
of the United States

Enclosure

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DEPARTMENT OF THE AIR FORCE
WASHINGTON, D.C. 20330

ENCLOSURE

OFFICE OF THE SECRETARY

MAR 28 1980



RECEIVED

MAR 28 1980

HOUSE COMMITTEE ON
GOVERNMENT OPERATIONS

The Honorable Jack Brooks
Chairman, Committee on Government Operations
House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

After publication of the House Government Operations Committee report of December 10, 1979, titled "The Department of the Air Force's Phase IV Program Should Be Redirected," I asked the Air Force to completely review the Phase IV Program in light of the Committee's recommendations. Concurrent with the Air Force review, GSA conducted an independent review. Upon completion of these independent reviews, the Air Force worked with the GSA to develop a course of action that would resolve the major concerns raised in the Committee report. In addition to these reviews, I have asked the National Academy of Engineering, in a longer term effort, to review regionalization and determine the basis for functional analysis. I believe the redirection of Phase IV -- which I will outline in detail in this letter -- will satisfy the concerns raised by the General Accounting Office and your Committee.

Redirection of the Phase IV Program will encompass the following:

-- Reduction in the Number of Systems Per Base. There will be a major reduction in the number of bases equipped with two systems. Two systems will be installed at most bases in Europe and the Pacific (to satisfy survivability and mission support requirements) and at a few high priority sites in the United States. The remainder of our bases (approximately 65%) will have one system or be supported by one of at least fourteen regional centers to be operated in the United States. This new approach will reduce the number of computer systems from 227 to 157. The results of the National Academy of Engineering Study may provide opportunities for further regionalization.

-- Manpower Savings. We have identified a minimum of 250 manpower spaces that will be eliminated after installation of the new Phase IV computers. I also believe we can achieve additional manpower savings after we have completed a thorough manpower evaluation of the new Phase IV plan.

-- Facility Program Reductions. We are adjusting our Phase IV facility modification and construction plans. Creation of the new regional centers eliminates the need for major modification or construction of facilities at 16 bases. For those bases with more than one computer system, consolidated data processing facilities will be constructed at all bases within the United States and at some bases in Europe and the Pacific where survivability is not an issue.

-- Purchase of Equipment. We have programmed funds to permit accelerated purchase of Phase IV equipment and minimize lease costs. We now plan to purchase the first set of systems within one year after installation followed by purchase of the remaining system six months after installation. The early purchase approach represents a significant cost avoidance if compared with the lease costs of these systems for 20 years.

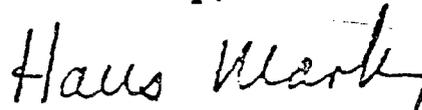
-- System Modernization. Significant improvements in the day-to-day operation of base level data systems will be made concurrent with the implementation of the new Phase IV computers. These improvements include use of modern data base management systems, use of higher order programming languages, reductions creation of punched cards, use of visual display terminals rather than printing terminals, and increased use of generalize retrieval systems. Many of these improvements will be made by the Phase IV contractors during software transition.

-- Functional Analysis. I have directed the Air Force to develop necessary plans and initiate required actions to conduct a detailed functional analysis of base level systems. One contribution to this analysis will be the study of our revised Phase IV plan by the National Academy of Engineering. The results of this Academy review will be available in sufficient time to notify the vendors of any revisions in our hardware installation plans before they prepare their best and final offers for implementation contractor selection. The functional analysis will examine the longer range improvements which are required to support base level operations. Prompt installation of Phase IV computer hardware will not inhibit the implementation of significant functional improvements that may be identified during the functional analysis. We fully understand the need for the functional analysis and agree with the philosophy of OMB Circular A-109. Pending more definite guidance and criteria for the A-109 approach and given the need to promptly replace our obsolete base level systems, we believe it is essential to go forward with this systems upgrade as I have outlined it here.

We will amend the existing request for proposals (RFP) to implement the above plan as soon as possible after the Delegation of Procurement Authority is reinstated by GSA. The amendment to the RFP will be provided to the two Phase IV offerors for their action. Copies will also be provided to the vendors which passed the original source screening. This will ensure that industry has a full understanding of our plans. The recipients of the amendment will be required to advise us within 30 days of their intentions to submit a proposal. If a new vendor decides to bid, we will ask for their proposal within 120 days. We believe it is critical to proceed with the current solicitation using this amendment. Replacing the UNIVAC 1050-II -- which is key to effective supply support to our operational mission requirements -- is urgent.

I expect this program redirection to achieve substantial savings, with total cost avoidances of about \$800 million. OSD has reviewed our revised approach and has agreed to support it through the newly created Life Cycle Management Review process. I believe this redirected Phase IV Program now responds to the major concerns of the Committee and will enable us to move ahead expeditiously with the critical modernization of our base level computer systems. The attachment to this letter describes other actions the Air Force is taking to strengthen its management of the ADP requirements and acquisition process in response to specific recommendations in the Committee report.

Sincerely,



Hans Mark
Secretary of the Air Force

1 Attachment
Response to Committee
Report Recommendations

RESPONSE TO COMMITTEE REPORT RECOMMENDATIONS

- * The National Academy of Engineering will be requested to expand the scope of its review to include a review of the organizational structure supporting ADP management within the Air Force. (Reference: Recommendation Number 4)
- * The Secretariat ADP Review Board -- consisting of the Assistant Secretaries of the Air Force, the General Counsel, and a representative of the Chief of Staff -- is becoming more involved and active in ADP policy development as well as major programs. (Reference: Recommendation Number 4)
- * Management of base level systems will be consolidated with Phase IV under a single computer systems manager strengthening central management of base level operations. (Reference: Recommendation Number 5)
- * Under Phase IV, software standardization will be significantly enhanced through use of higher order languages and data base management systems. In addition, improvements in functional systems software will be implemented after Phase IV hardware installation in full conformance with established software standards. (Reference: Recommendation Number 5)
- * We are altering our previous plans to realign the San Antonio Data Services Center (SADSC). SADSC operations will continue for at least two more years essentially unchanged. During this two year test period, we will ensure that all costs are recovered and optimum systems management is achieved. This will provide a firm basis to evaluate the feasibility of a regional computer service center. (Reference: Recommendation Number 6)