Why GAO Did This Study

LMP is an Army enterprise resource planning system that supports industrial operations conducted by AMC at its life cycle management commands and its maintenance, manufacturing, and storage sites. Increment 1 of LMP was fully deployed in October 2010, and the Army has spent approximately $1.4 billion on LMP through fiscal year 2012. In order to expand the system’s capabilities, the Army plans to deploy a second increment of LMP. The life cycle cost for LMP Increment 1 and Increment 2, from fiscal year 2000 through 2026, is estimated to be over $4 billion. GAO was asked to evaluate AMC’s use of LMP. This report assesses the extent to which (1) LMP supports AMC’s industrial operations and (2) the Army has realized the expected benefits from deploying LMP. GAO reviewed Army documents regarding LMP usage and interviewed officials from AMC headquarters, the LMP product office, and 14 AMC sites that use LMP to conduct their operations.

What GAO Found

The Army Materiel Command (AMC) is using the Logistics Modernization Program (LMP) Increment 1 to support its industrial operations, but additional development is necessary, according to the Army, because the current system does not support certain critical requirements. The Army is in the process of developing Increment 2, which is estimated to cost $730 million through fiscal year 2026, is expected to address these shortcomings. The Army is in the process of developing Increment 2 and expects to complete fielding by September 2016.

The use of LMP Increment 1 has provided the Army some benefits, but whether the expected financial benefits of LMP are being achieved, GAO recommends that the Army develop and implement a process to track the extent of financial benefits realized from the use of LMP during the remaining course of its life cycle. This process should be linked with the LMP performance baseline now being developed by the Army for use at AMC industrial sites. The Army concurred with GAO’s recommendation.

What GAO Recommends

To enable the Army to determine whether the expected financial benefits of LMP are being achieved, GAO recommends that the Army develop and implement a process to track the extent of financial benefits realized from the use of LMP during the remaining course of its life cycle. This process should be linked with the LMP performance baseline now being developed by the Army for use at AMC industrial sites. The Army concurred with GAO’s recommendation.

View GAO-14-51. For more information, contact Zina Merritt at (202) 512-5257 or merrittz@gao.gov.