Public-sector ERP (enterprise resource planning) software projects historically have experienced some of the industry's most dramatic cost overruns and delays, a fact that a new report by the U.S. Government Accountability Office brings into sharp relief.

The GAO report (http://gao.gov/assets/590/589796.pdf), issued March 30, provides updates on the status of ongoing ERP projects (http://www.pcworld.com/businesscenter/article/228403/is_open_source_up_to_par_just_ask_the_dod.html) by the U.S. Department of Defense and is a follow-up to an October 2010 GAO report on military ERP systems. DoD officials provided updates for the new report, describing the systems' state as of Dec. 31, according to the GAO. The information wasn't independently validated by GAO officials.

Many of the projects are years behind schedule and significantly over budget, including one that is expected to rack up nearly 10 times its initial cost, according to the report.

That effort, the Marine Corps' Global Combat Support System, "is intended to provide the deployed warfighter with enhanced capabilities in the areas of warehousing, distribution, logistical planning, depot maintenance and improved asset visibility," according to the GAO's report.

It was started in September 2003 with a planned "full deployment" date of November 2009, but now there is no such date scheduled, the report states.

GCSS originally had a cost estimate of US$126 million, but that has ballooned to $1.1 billion, according to the report.

"The increase in the life-cycle cost estimate is primarily attributed to the difficulty of developing a technical solution for GCSS-MC use in a deployed environment and changes in DOD logistics policies that resulted in fielding additional requirements," it states.

Meanwhile, the Navy Enterprise Resource Planning System project was started in July 2003 with a planned completion date of fiscal 2011, according to the report. But now full deployment is set for August 2013, and estimated costs are US$2.7 billion, up from the original $1.9 billion.

Navy ERP program officials blamed those rising costs on "(1) the 2 year schedule slippage; (2) an increase in demand for on-site support and stabilization activities; and (3) the addition of new compliance requirements, such as evolving business enterprise architecture requirements," according to the report.

The Air Force's Expeditionary Combat Support System, which is supposed to modernize the organization's supply chain and will replace more than 200 legacy systems, is expected to be done in September 2017 instead of this fiscal year, the report adds.
Estimated costs have gone from US$3 billion to $5.2 billion. ECSS officials recently announced that two pilot programs would be scrapped and that the overall project would undergo a restructuring.

But other military ERP projects appear to be fairly on track, according to the GAO report.

The General Fund Enterprise Business System, which is "intended to provide a transaction-driven general ledger for the Army's general fund," is scheduled for full deployment in July, with its anticipated costs holding steady at $1.4 billion, according to the report. It was begun in 2004 and originally set for completion in fiscal 2011.

Overall, though, "these numbers tell a damning story about the DoD's ERP efforts," said Michael Krigsman, CEO of consulting firm Asuret and an expert on IT project failures.

Krigsman cautioned that the report's figures may not tell the whole story, noting that in a number of cases, the reported expenditures on a project don't seem to match up in a logical way with the timelines. "Clearly, detailed audits should be performed to untangle the details and get at the truth," he said.

Another expert also had a measured response to the report's findings.

"Cost growth and delays are par for the course on projects like this and -- if the unvalidated numbers can be trusted -- some of them may be in OK shape given the change justifications, mostly conceivably valid, that have been given," said Brooks Hilliard, a consultant and expert witness who has testified extensively in litigation involving troubled software projects, via email.

"For the most part, the ones that seem to be in the most trouble are those that were initiated five or more years ago," Hilliard added. "But this doesn't necessarily mean the Obama administration projects are better or in less trouble, only that there's less info about them because they are younger and, if they are in trouble, the sponsors are more able to hide it."

On the other hand, newer ERP projects are more likely to have Web-based components, and "therefore might be less expensive, easier to manage, and less likely to go off track," he added.

Audits are a must if the government is serious about improving the success rate of ERP projects, Krigsman added. "You'd have to go back and audit each project individually to figure out what happened and then look across projects to see the common threads," he said. "Then you could make changes. You can't start from the top and make a sweeping change because you don't know what's going on."

Validating the figures was outside the scope of the report, which had a fairly short turnaround time, said Asif Khan, director of financial management and assurance at the GAO.

"There's always a data reliability question on the numbers we get from DoD itself," Khan said. "But these numbers are consistent with information that was provided to us [in 2010]."

Still, "these numbers can show just a partial picture, not a complete picture," he added. For example, a project may appear to be on schedule, but that may be because some of the planned features weren't implemented, Khan said.

The GAO does plan to conduct audits on the DoD's ERP projects, but the timing of those efforts depends on when each of them becomes audit-ready, he said.
Questions loom over this area as well. In another report released last week, the GAO examined how implementation issues with several military ERP projects could hurt the DoD's intention to achieve audit readiness by 2017. DoD officials have stated that the ERP systems themselves are critical to gaining that status, according to the GAO.

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