Case study of the navy marine corps intranet project (nmci)

Abstract

Thiscase studyinvolves study of the largest government undertaking: NMCI (Navy and Marines Intranet) project, undertaken by EDS and analysis of whether it turned out to be a success orfailure. NMCI aims to provide a seamless network to the Navy and Marine Corps, replacing the old legacy applications with new secured architecture.

Preliminary Scope Statement

The purpose of this case study is to analyze whether the Navy Marine Corps Intranet project undertaken by the EDS, which is a business unit of HP'sTechnologySolutions Group (Electronic Data Systems), was a success or failure.

Project Objective- The chief objective of the Navy Marine Corps Intranet project (NMCI), undertaken by EDS, is to provide a seamless network to the US Navy and Marine Corps by replacement of about 200 Navy and Marine Corps Network with a single network (Verton, Huge Navy IT Outsourcing Deal Passes First Hurdle, 2002).

Project Constraints- One of the biggest constraints faced by NMCI is the establishment of a centralized control and integration of the old legacy systems with the new and more secure NMCI architecture.

Assumptions- The project makes a 20% assumption of unforeseen requirements. As per, Joseph Cipriano, the DON's (Department of Navy) Program Executive Officer for Information Technology, the contract was designed to be 80% solution. This enables cooperation among both the parties. The project also assumes that the current connectivity requirements

and operations are maintained throughout the transition and migration periods and in the NMCIenvironment(Clarke, 2001).

Project Requirements- The project undertakes a budget of $ 6. 9 billion, for creation of a seamless network. The shipboard infrastructure, networking gear, network required for the project are provided by Microsoft, Cisco and MCI WorldCom and WAM! NET respectively.

Project Organization- EDS picked up Navy's idea of having one single contractor for computers, server, networks etc. in order to make the project more economical, thus enabling a saving worth $1 billion.

Deliverables- The project assumesresponsibilityof establishing 26 sites across United States and aims to cover more than 400, 000 desktops. The legacy applications are expected to go down from over 60, 000 to less than 10, 000, with a goal of less than 1000 (Verton, Huge Navy IT Outsourcing Deal Passes First Hurdle, 2002). Read also introduction for online reservation system

Early Risks- The greatest concerns of the navy officials and officials is integration of the old legacy systems with the new centralized one and the change management (Verton, Huge Navy IT Outsourcing Deal Passes First Hurdle, 2002).

Authority andAccountability- Raytheon, the defense specialist, is the subcontractor for the project. The navy is of the view that having one contractor responsible for entire system serves very well economically.

Cost Estimates- The entire project is worth about $9 billion. It got an additional $3. 12 billion for an extension for 3 years from 2007 to 2010. The delays caused due to the several reasons, led to expensive setbacks.

Phase II

Analysis and Critique

The Navy Marine Corps Intranet (NMCI) project, undertaken by Electronic Data Communications (EDC) is the biggest government undertaking of its kind. It aims to provide a single seamless network which would provide a centralizedcommunicationto the Navy and Marine. It also aims to integrate the legacy systems with the new secured environment. The NMCI project aimed to connect about 400, 000 desktops into a common network, which would provide a unified communication to all Navy and Marine bases (Calbreath, 2004).

Due to the magnitude of the project, it has been subject to much speculation. Despite of initial claims by the EDS, there have been serious issues. EDS aimed to have 160, 000 seats by 2002 fall, where in reality only 60, 000 seats were likely to be in place by the end of year, as per EDS's program director for Navy Operating Forces (Verton, Huge Navy IT Outsourcing Deal Passes First Hurdle, 2002).

According to Lt. Gen. Edward Hanlon of the Marine Corps, EDS was not fully prepared to implement the contract. The reason could have been lack of insight or not understanding the process. He also observed that the network services were not always available to the users due to which the rate of progress is very slow, which is extremely frustrating for everyone. This slow

rate also poses the danger of reduction in workforce. "'We will lose the government workforce if we don't very soon start to produce the same level of efficiencies that they've had before,' Lengerich said. 'They will leave and you would leave too, if you worked for a business that no longer had efficient processes.' (Onley & McLaughlin, NMCI offcials press for big changes, 2004)"

The delays have been due to several reasons, due to which it has not been an easy ride for the EDS. EDS claimed to have lost about $171 million in the integration process for the U. S. Navy and Marines during the earlier parts of 2004. The project ultimately became more complicated than was earlier anticipated. This is mainly due to the fact that the establishment of the secured network was a challenging task. The replacement of legacy applications proved to be an expensive task due to dismantling of legacy applications and migration of the applications from the Navy inventory and establishment of enterprise hosting system (Rufolo, 2004). The NMCI had not anticipated this. This process of reduction in the number of legacy applications is proved to be a tedious task. Around 100, 000 legacy applications had to be rationalized, validated and migrated if Navy's cost saving goal had to be achieved. In order to enhance the business practices of the Navy and leverage NMCI's leveraging capabilities, the application hosting was an essential task. In order to achieve this, the NMCI contract has been modified by the Navy. This would enable EDS to accept orders for server and network management, security, storage, hardware/software and application hosting services. This would ultimately lead to cost savings (Rufolo, 2004).

There was a reported net loss of about $126 million in the first quarter. However, a profit of $354 million was declared during the previous year,

which helped raise revenue of 8%, thus enabling growth of IT outsourcing services (Perez, 2004). NMCI made some adjustments, like a reorganized account team, which would report directly to the president of EDS and better communication with the Navy.

The results of end user satisfaction surveys, conducted by GAO (U. S. Government Accountability Office), showed that the average satisfaction for the customers, who were end users, commanders and network operators, was 74%, far below the average of 85% (DOD Needs to Ensure That Navy Marine Corps Intranet Program Is MeetingGoalsand Satisfying Customers, 2006). Without customer satisfaction, the Navy would face a very difficult challenge of meeting its goals.

Despite the delays, the end result is highly desirable in terms of management of IT and budget.

Recommendations/Remedies

GAO's report, prepared under the authority of the Comptroller General, reviewed the following: "(1) whether the program is meeting its strategic goals, (2) the extent to which the contractor is meeting service level agreements, (3) whether customers are satisfied with the program, and (4) what is being done to improve customer satisfaction" (DOD Needs to Ensure That Navy Marine Corps Intranet Program Is Meeting Goals and Satisfying Customers, 2006).

The Navy also developed a performance plan in order to measure and report the success of the NMCI project. GAO's analysis further showed that the Navy had met only 15% of the performance targets. A careful study of these

results shows that if the Navy doesn't implement its performance plan, then effective result and management cannot be achieved. The GAO analysis also reveals that the service level agreements of the NMCI is of a mixed nature, with some agreements met, others not consistently met, while still others not met at all.

GAO's analysis also gives suggestions for the Department of Defense, in order to adopt effective practice. By adhering to the suggestions given by GAO, the Department of Defense is more like to get a detailed understanding of significant issues, which will prove beneficial while making outsourcing decisions, along with suggestions to be kept in mind while making such decisions (Information Technology: DOD Needs to Leverage Lessons Learned from Its Outsourcing Projects, 2003).

In order to achieve satisfactory results, effective management practices have to be adopted. The satisfaction agreement must be analyzed from multiple perspectives, must be reduced in number and must be made to a manageable number. Careful evaluation of the original plan has to be done and alterations have to be made and the plan has to be carried out on a priority basis in order to achieve the goal. The officials at EDS informed that the Navy had not anticipated the amount of work involved in the undertaking of the project, due to which it found itself in a vexing position of having to adjust with 2 systems, one which had hosting environment and the other which ran the legacy application, which didn't run on windows 2000 (Verton, Delays, technical problems plague Navys intranet program , 2002). To avoid such situations in future, a common means of communication must be established which would make both Navy and Marine aware of the mistakes

and issues raised by the EDS, and also educate them about the nature of the project. Substantial information must be gathered through intensive research in order to avoid such expensive tasks. The areas of dissatisfaction must be made aware to the decision makers and appropriate steps must be taken to improve customer satisfaction. Care should also be taken to allow modifications which would enable better communication and produce quality work in terms of efficient utilization of budget and cost estimation.

Phase III

NMCI Project in terms of risk identification and management

The NMCI project undertaken by EDC is the biggest government undertaking in the field of outsourcing, with the aim of providing a centralized network, which would provide efficient communication across video, voice and data information exchange, for the Navy and the Marine Corps.

One of the major risks for the project was the replacement of local control with that of a centralized hosting system, in an ongoing transition. This replacement of the old legacy system with the new safer architecture caused concern to the Navy, which took some time to get in terms of the project and see its benefits. "' There are a ton of legacy systems and thousands of applications,' said Grkavac. ' More than even the Navy anticipated.' (Verton, Huge Navy IT Outsourcing Deal Passes First Hurdle, 2002)" The Navy even brought a two star admiral to run the program, in order to ensure that the cultural change occurred. The plan to waive off the pre installation security certification, led to intense criticism from the Navy as they had to wait for

days and sometimes weeks because of remote access failure and security related issues.

However, despite all the planning, the project suffered major setbacks due to technical problems and delay. Instead of replacing 160, 000 seats by the end of 2002 fall, only 60, 000 seats were likely to actually get replaced. Another factor which added to the setback was the CIO's decision to stop deployment until all problems were fixed. The lack of legacy system integration, failure of remote access and security related delays caused further criticism. The authorization to connect to the NMCI sometimes caused delays of weeks. About two thirds of the organization's users were forced to use two separate computers to do their jobs. This is because any application that didn't run on windows 2000 or didn't pass security evaluations would be installed in kiosks that were not connected to the NMCI network. The high cost of the NMCI was also cause of great concern. Due to all this, EDS fell far behind in its schedule to test delays. Due to such large number of legacy applications, the financial situation did not look very good. These delays became the main risk factors in the project as it would eventually cause huge financial loss, delayed timelines and loss of jobs.

NMCI Project in terms of scheduling

The project was launched in October 2000 and was estimated to complete by 2005. But due to the complicated and costly undertaking of the project involving linking of military's complex computer systems, the initially envisioned five year project was extended for two years till 2007.

The integration of the legacy systems took more time as it required more work than was anticipated in the beginning, due to which EDS expected future losses to be wider than previously forecast. " Instead of working to smooth over the differences between 3, 000 computer applications, he said, the contract has grown to 70, 000 applications" (EDS cites losses on military contract: Project costing, 2004).

NMCI Project in terms of budgeting

The project rolled out with a budget of $6. 9 billion. Due to delays, the project faced a loss of $126 million in the first quarter, which was mainly due to a decline in the average seat price (Joyce, 2003). The strategic review of the contract and its balance sheets lead to the belief that the contract might never be profitable for EDS. " EDS " had fallen so far behind due to the testing delays as well as with the increasing number of [legacy] applications found that their financial situation was very rocky," the lobbyist said. ' It is essential for their business case to see these seats roll out as soon as possible. The delays were killing this contract.' (Verton, Delays, technical problems plague Navys intranet program , 2002)"

In 2006, EDS further received $3. 12 billion in addition to the previous contract and would in addition exercise an option for three additional years of NMCI, which would cause an extension to the period of performance from October 2007 to September 2010 (EDS Gets $3. 12B for USMC Navy Intranet Services, 2006).

NMCI Project in terms of project execution

Since the problems were not anticipated at the beginning, timelines were not met. This caused huge financial losses. There were efforts to cover up these setbacks. EDS claimed that the project was undergoing changes but was not in real trouble. " A report published in Computerworld interpreted the e-mail message as indicating the program was in trouble. Not true, said Rick Rosenberg, EDS' program executive for NMCI. ' It was an overzealously written e-mail in an attempt to motivate employees who were going into a 48- to 56-hour work time frame,' Rosenberg said. ' It was an overstated attempt to rally troops.' (Onley, EDS: Despite report, NMCI project's on track, 2002) "

Due to all this mess up, there were huge cuts in the number of people that had been supporting the project. " ' Cutting back 10 people might not sound like much to some people, but in a company with just 65 people, that kind of number has a major impact,' he said. ' We've enjoyed a good relationship with EDS, and we'd like it to continue, but next time we go into a huge job like this, we'll go into it with a little more reservation than we did this time.' (Calbreath, 2004)" Many aspects have to be kept in view while taking a decision on the result of execution of the project. The project execution could have been more efficient, avoiding the painful losses.

Success/Failure

The project was rolled out with great pomp and show with a huge budget entailing several services. However, EDS suffered great losses and delays. The delays were mainly due to unforeseen complicated work, involved in the integration of about 100, 000 legacy applications. The Navy was not aware of the huge magnitude of work involved in this process. Apart from this,

independent subcontractors who were involved with the project jobs due to financial overburden. Despite all the criticism, mess-ups and heavy financial losses, EDS had plans to counter failures with rock solid plans: " Only last month EDS chairman and chief executive officer Michael Jordan said that although the contract was " a mess", the company had a solid plan to take it forward. (Pruitt, 2004)" Thus EDS managed to achieve milestones and success.

According to EDS's official website, it has managed to achieve AOR (Assumption of Responsibility) at more than 1000 networked sites; NMCI has more than 700, 000 users, transitioned more than 351, 000 seats to end state NMCI environment. NMCI and EDS operate nearly 50 classified and unclassified server farms, 3000 enterprise wide servers etc. The list is nearly endless. Thus, after overcoming the initial disasters, EDS has been more or less successful in its undertaking of the NMCI project.

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