Lessons from a Billion-Dollar Project Failure
Kachina Shaw, December 2012

One billion dollars. Zero results. Those are the basics of a cancelled software modernization project at the Air Force. And since it was your taxpayer money, and you deserve to know, I’ll just go ahead and tell you that nobody was fired or demoted as a result of this fiasco. Air Force leadership did not “feel it was necessary.”

Slide Show

Why IT Projects Fail

Early warning signs to help you recognize and address problems before catastrophic failure occurs.

While it seems that it’ll be worth far less than the billion dollars that was spent on the ill-planned project, what we will get is a fairly detailed evaluation of everything that went wrong. And more detail should be forthcoming if requested Congressional briefings on the project take place. Federal governmental agencies have gotten quite good at this type of report, which you would think would lead to fewer failed projects. You might also think that an organization that so successfully applies governance and risk management to the protection of the U.S. could translate those skill sets into information technology project management. You would be wrong.

Back in 2005, the Enterprise Resource Planning (ERP) project began to take shape, with a $628 million contract for Computer Sciences Corp. (CSC) to update the Air Force’s logistics systems with Oracle software. The project was dubbed the Expeditionary Combat Support System (ECSS), and was to be a significant contributor to a Department of Defense goal to be in line with Congressional auditability requirements by 2017. According to the Air Force Times, bickering over the suitability of the Oracle commercial off-the-shelf (COTS) software prevented much work from proceeding until 2007. When work did begin, even with that delay, it did so without a master plan or schedule of deadlines.

Speaking about the decision to cancel the project, Air Force Director of System Integration Brig. Gen. Kathryn Johnson submitted that five major problems contributed to the project’s failure:

- Lack of a master schedule
- Acquisition strategy changes
- Infrastructure changes mid-project that caused delays
- CSC
- Oracle

When CSC was awarded its contract, it was given responsibility for developing operational requirements. Seven years later, CSC is being criticized for not having the capacity to carry out that portion of its tasks sufficiently, and new procedures within the Department of Defense have been put in place to prevent that responsibility from being placed outside DoD agencies in future projects.

Ironically, according to the New York Times, a 2011 report from the nonprofit Institute for Defense Analyses on software modernization projects such as the ECSS within the federal government said that one of the main concerns with all such projects was that they would fail because of a lack of one accountable leader who would be given and exercise the authority to enforce any organizational changes necessary for project implementation and success.

Additionally, the financial decision to cancel the project was made when Air Force leadership determined that another billion dollars and eight more years would produce one-quarter of the planned system capabilities. The New York Times reports that in the three years leading up to the cancellation, the project was restructured three times, and shorter deadlines were added, but failed to turn the ECSS around.

In its communication to Secretary of Defense, the U.S. Senate called the situation “one of the most egregious examples of mismanagement in recent memory,” a statement that is likely often used by that body, but hard to argue with in this case.

The Air Force will now attempt to meet its 2017 auditability goals using existing legacy systems.