

Remarks by
The Honorable Gordon England
Secretary of the Navy
to the NMCI Industry Symposium
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Thank you, Admiral Munns for your introduction.

Better yet, thank you, Admiral Munns, for your service to our Navy and for your dedication to making NMCI a reality. I know it wasn't easy getting plucked out of your submarine community in Italy to come to DC on short notice, but we're going to let you get back to the Fleet in the near future. For those who haven't yet heard, Admiral Chuck Munns was authorized last Tuesday for promotion to a third star and an assignment as Commander, Submarine Forces Atlantic (SUBLANT).

Congratulations and again, thank you. And thanks to all of you here today who are equally committed to this program. Some of you have dedicated careers to seeing a system like NMCI come to fruition, and I truly appreciate all of your support.

It's terrific to be back, below sea level, here in New Orleans. As I recall, this is my 5th trip to the Big Easy and it's always a delight to return.

In case any of you are wondering what the Secretary of the Navy is going to tell a group of NMCI industry and military leaders, it is this: I am here today because, quite simply, I believe in and support this program. I wouldn't be here if I didn't. Although I wasn't the one who initiated NMCI, I have made every effort to make sure it survives and thrives under my tenure. It's too important not to.

NMCI allows the Department to focus its energy where it is most needed - on war fighting - not desktop IT. As Admiral Ernest King, CNO during WWII, commented after meetings with General George Marshall, "I don't know what this logistics is, but I know I want more of it!"

You've likely already heard plenty of numbers this week but here are the numbers that are important to me:

- NMCI is now the largest single network in the world. By the way, the second largest is IBM (319,000 users), the third largest is the UK government (100,000 users; and also outsourced), and the next largest is General Motors (80,000 users; also contracted to EDS).
- NMCI serves 360,000 users on line. In fact, only the Internet itself has more users than NMCI.

- 90% of the Department's shore IT is being run by EDS and over 55% of it has been cut over to the end state.
- It has on-line 4 Network Operation Centers (NOCs), 27 unclassified server farms, and 6 classified server farms - all designed to keep us operating through fires, floods, blackouts, hurricanes and unplanned deployments.
- Over 300 military and professional certifications have been achieved by our NOC-assigned sailors, including our first three Navy Microsoft Certified Systems Engineers (MCSE).
- The NMCI effort has focused us on our applications and pushed us to a much needed reduction of applications - a 90% reduction.

More importantly, though, what these numbers really mean is that we are fundamentally changing the way we think about IT in the Department. We now talk about numbers - things that we can measure and compare; means by which we can gauge progress and assess our efforts against our aims.

Take, for example, costs. One of the things we've discovered is that we were not very good at accounting for IT costs before NMCI. We often didn't even break out IT costs separately; rather, they were included in line item costs. They were generally not accounted for in the IT budget or even known by the claimant budget and CIO offices.

No CEO in business could afford this situation and the Department could no longer afford it either.

Under NMCI, instead of having all of these costs spread across multiple budget lines, some of which were not even funded by our commands, they're now bundled into a monthly seat cost that dramatically improves IT cost visibility.

By the way, I want to dispel a rumor, one of the complaints I hear about NMCI from naval constituents is that they can get the same thing at Best Buy or Circuit City for less. They can't.

NMCI buys everything behind the user's PC. Investments that EDS was required to provide a complete IT service to the Department - local area networks, wide area networks, guaranteed network performance, security, all network support, all help desk support, training, user satisfaction, etc. are all covered by NMCI. This was simply not the case with our legacy networks. If you don't believe this is a valuable and costly service, ask Jeff Heller, the President and COO of EDS - he'll give you an earful. And all of that investment has to perform to the service levels specified in the contract - again, numbers - or we don't pay the full cost. Jeff Heller can give you an earful on that, too. Try getting those service levels with your seat from Circuit City.

The point is, we tried that way for 25 years, and we found out it doesn't work anymore. It may have pleased a lot of individuals but it didn't work for the Department and it was keeping us from effectively managing the business of the Department.

Prior to NMCI, the Navy's IT environment was severely challenged, far more than most. We had basically 28 separate commands budgeting, developing, licensing, and operating IT autonomously. It was inefficient and from the larger Department perspective, produced results that were far from optimal. Remember, more spending and more effectiveness does not necessarily go hand-in-hand.

Our propensity for separate strategies and spending was evident in our thousands of applications, separate security enclaves, multiple E-mail solutions, and more. Our IT cultural boundaries were just as separated. There was no common IT infrastructure or management framework on which we could effectively merge our efforts. The answer was a large and extremely complex project, mostly because the Department is a large and complex entity.

One of the most pressing areas that needed attention was security. It wasn't just that we weren't following our own rules; in many cases we weren't even aware of them.

For example, every DoD network is supposed to do something called DITSCAP, a process by which a command certifies that the applications on its network have been certified and accredited to be there. This policy has been in place since 1997, well before NMCI came into being.

When the Naval Audit Service measured compliance with this requirement a while back on some of our legacy networks, the results were not good. One major command's compliance rate was in the single digits. And those results were just for those applications that the Audit Service could find.

The lack of security was probably the most deficient aspect of our legacy networks. Our legacy IT was insecure because back then, we bought it and built it that way.

NMCI is fixing this problem. It's taking time, money and people - and sometimes our users don't like the compromises that security requires, but security is paramount.

In short, NMCI is replacing our disparate, costly, inefficient shore-based networks and providing a worldwide reach-back capability to deployed operational forces.

Greater efficiencies in the "back end" of the service are allowing modernization in the "front end". It is how you make the back shop more efficient so that we can put more fight in the front end.

Let's talk for just a minute about where we need to go, what's next on the agenda.

Most importantly, we need to continue to work out the "bugs" and fully implement the NMCI network.

From the beginning of the program, we have struggled with schedules. Our initial projections were way too optimistic and both EDS, our prime contractor, and the Department of the Navy did not fully understand the complexity of the task to be accomplished. However, I also need to note that NMCI is one of the few systems of its kind that actually started with a design, a plan and a schedule of what needed to be done.

Before NMCI, the Department of the Navy did not schedule our networks. Rather, we grew them. There's a huge difference. In the past, someone started a network and then added on a capability as technology, funding and the situation allowed. Some of our organizations did a pretty good job in growing their networks, but most did not have the resources.

So, where are we? As I mentioned earlier, we have about 360,000 users on line and somewhat over 55% of the users have cut over to the desired end state.

Today, the DON is paying 85% of the seat price. Obviously, EDS is anxious to receive 100% and we are just as anxious for them to achieve this goal. It is in EDS' interest and in the interest of the Department of the Navy to complete this basic task as soon as possible. For the contractor, it's financially important and for the Navy, it's operationally important.

I do want to comment that the Navy and EDS are in a committed partnership. We agreed to work together almost four years ago, and both of us are still honoring that commitment. The Navy wants EDS to be successful in this program, and certainly EDS wants the Navy to have a successful system. Partnership is about relying on one another, and that is what we are doing.

From my perspective, it's important to complete NMCI so we can better organize and operate the DON to accomplish our mission. NMCI is not the end result. NMCI is an infrastructure that will allow the Department of the Navy to conduct its business more effectively and efficiently.

While NMCI is absolutely crucial to the success of our war fighting and business IT transformation, it only represents a portion of the Department's IT spending.

Think of NMCI as a super highway system that we are building - there are still a number of efforts on-going to put fast cars on that highway system - web enabling, portals, knowledge management, eGovernment solutions and security efforts, to mention some.

All of these elements provide a number of exciting opportunities both for our government professionals and for our private sector partners, but not in the same way as we've done business in the past.

- We're looking for help in solving problems, not just in selecting products, which means that we need practical expertise with enterprise environments.
- We're looking to add capabilities, not components, so we're going to need solutions that work within this framework.
- And we're looking for innovative risk sharing, so all the industry risk isn't solely absorbed by the prime.

By the way, this NMCI has also been the most and best tested Intranet of any. We didn't test any of our existing networks to this extent, and other new networks have not had this degree of inspection. I have seen the latest results and they show we have a good foundation and they provide a guide to helping us improve even more.

The good, the bad and the recommendations in the Operational Test and Evaluation report addresses the entire DoN IT and not just NMCI. The report provides recommendations for future enhancements and reflects a much more sophisticated Naval customer. Customers in the Department of the Navy have seen a glimpse of the future... and they want more!

In summary, I again want to thank everyone here who has dedicated time, energy and talent to making this program successful. In particular, thanks to Admiral Chuck Munns for stepping into the program at a critical time and for personally diverting from his primary career in the Navy.

I also want to thank EDS. EDS has worked through some hard times on the program, and those hard times have resulted in some financial difficulties for their corporation. I do applaud EDS for staying the course and assuring us that this program will meet our expectations.

My own expectation is that NMCI will be a success for both EDS and for the Department of the Navy.

I thank you for letting me join you this morning and to express a few of my views regarding the program. I would be pleased to accept your questions. But first, let's remember the magnificent men and women who serve our Nation around the world and especially in Afghanistan and Iraq. God Bless our men and women in uniform and their families and God Bless America.