Audit of the Armed Forces telecommunications key ICT project

Defence Group

Key facts

The Armed Forces telecommunications key ICT project (TC A) aims to provide the Armed Forces' system network with data transport and voice communications. In six procurement steps, troops are to be re-equipped and the new system replaced by 2035. The procurement volume is around CHF 1.6 billion, of which CHF 786 million in credits has been approved.

The Swiss Federal Audit Office (SFAO) audited the TC A project for the fourth time.¹ The focus was on the replacement of the integrated telecommunications system and potential synergies with the Federal Office for Civil Protection (FOCP).

In addition, the SFAO audited the implementation of five recommendations made in the audit reports mentioned.

The project management and supervision are target-oriented and thus allow the commissioned procurement steps to be implemented. The project environment is difficult, which has resulted in delays, higher costs and the reworking of plans. There are challenges in setting up test infrastructures that have not yet been planned but are necessary for the system tests with the new digitalisation platform (NDP). There is also a need for clarification as regards potential synergies with MSC.

External influences are leading to higher expenses and costs

The Armed Forces Staff ensures the planning of the investment volume as a line task. It has commissioned the TC A project to carry out individual procurement steps. Four of the six planned procurement steps were commissioned, and two of these have already been completed. The Joint Operations Command and armasuisse are implementing the project in a targeted way using close monitoring and management. Internal reporting and reports to the Federal Council and Parliament are plausible and clear.

External influences such as inflation and material availability, as well as the ongoing procurements, are causing extra costs and delays. The project must plan and finance the integration of its subsystems into the Armed Forces NDP and the establishment of an integral test infrastructure. The TC A project planning is currently being reworked.

The audit reports on the Armed Forces telecommunications key ICT project (audit mandates 16613, 17619 and 19258) are available on the SFAO website.

The procurement award was formally correct, but carried high technical risks and still carries financial risks

The functional procurement for the replacement of the integrated telecommunications system was performed correctly in a selective procedure. The contract was awarded to RUAG Schweiz AG (RUAG), for an award sum of around CHF 81 million. However, the reasoning behind the award is not entirely clear. Following the award, armasuisse and RUAG jointly implemented a risk reduction phase without any competition.

Product quality was increased by making the requirements more precise. However, two cost estimates by RUAG revealed additional costs of more than CHF 60 million for investment and licences. armasuisse managed to gradually bring these costs back down to the award amount by reprioritising the requirements and renegotiating. Nonetheless, there is a growing risk that developments which have already been paid for will be cross-financed via licensing costs. Contractual arrangements should be put in place to counter this risk.

An additional effort is needed to establish the envisaged system network

| | The TC A project |
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| is also a key element of this endeavour. The NDP serves as the of networks and applications, which allows the architecture rules. | • |
| The planned network tests are a key prerequisite. They can be used to demonstrate the | |
| end-to-end functionality of the NDP and the | applications. These network |
| tests require an integral test environment, but this has not | yet been fully designed or fi- |

In this system network, civilian infrastructures (especially mobile communication networks) are becoming ever more important. Designs for jointly used civilian telecommunication infrastructures do not yet exist. To this end, the requirements for the future systems must be inferred from the TC A project. The same applies to the planned MSC at the FOCP.

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