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U.S. Army May Cut More Than \$100 Million From Boeing Program

By Brendan McGarry and Gopal Ratnam - Apr 1, 2011

The U.S. Army plans to stop funding research and development of digital radios, a program now run by [Boeing Co. \(BA\)](#), and instead will seek commercial off-the-shelf equipment, an Army official said.

“We want to get out of the business of building radios,” Colonel Jim Carpenter, networks division chief for the Army, said in an interview. “We can’t afford to pay \$300,000” apiece for the Joint Tactical Radio System’s Ground Mobile Radios built by Chicago-based Boeing, Carpenter said.

The Army still needs the programmable radios, which process data as well as voice, for tanks, troop carriers and armored vehicles “but we’re not going to pay \$300,000 per radio,” he said.

Instead, the Army will publish its requirements and ask companies to conduct their own research and development and meet the service’s needs, Carpenter said.

Boeing spokeswoman Cheryl Sampson declined to comment and referred questions to the Pentagon.

The Joint Tactical Radio System was conceived in 1997 as a family of radios that would work across the four military services and be able to carry voice, data and images using interchangeable software-driven frequencies. The program, now estimated at \$38 billion, was restructured in 2005 amid delays and cost overruns.

Development costs of the ground-mobile version of the JTRS built by Boeing have increased by 69 percent to \$1.69 billion, according to the Government Accountability Office’s March 29 [report](#) on Pentagon weapons. The development phase of the program needs another \$128 million, the GAO said. The overall program cost is estimated by the Pentagon at \$19.1 billion.

Off-The-Shelf Strategy

The Army plans to use the same off-the-shelf strategy for other components of the Joint Tactical Radio System and the service's Warfighter Information Network - Tactical, or WIN-T, a network that connects the smaller battlefield networks, Carpenter said.

"Everything is fair game now," he said.

The next phase of research and development of the WIN-T, by [Falls Church](#), Virginia-based [General Dynamics Corp. \(GD\)](#), will require more than \$1 billion, according to the GAO.

Companies such as Melbourne, Florida-based [Harris Corp. \(HRS\)](#) and Neuilly-Sur-Seine, France-based [Thales SA \(HO\)](#) already have developed and supply some radios to the U.S. military based on stated needs without receiving Pentagon funding for radio development.

New Business Model

The Army's move to have suppliers fund the development is a "different business model that industry has to adjust to," Lewis Johnston, vice president of advanced programs at Thales Communications Inc., the U.S. arm of the company, said in a phone interview. "We may have to allocate more independent research and development dollars or reprioritize our research to develop these products."

Under the new approach, the Army may have to accept what is commercially available or pay companies to modify radios to meet specific military needs, Johnston said.

Thales supplies the Army with a version of the hand-held JTRS compliant radio developed on its own in addition to being a partner with General Dynamics on the hand-held radio program.

Boeing will have to determine if it can make a return on investment without the Army's funding for research and development, Greg Giaquinto, a senior analyst at Forecast International Inc., an aerospace and defense consulting firm in Newtown, Conn., said in a phone interview.

"If there are technological challenges, they're going to need research and development dollars to iron out those technical challenges," he said.

As part of its new plan, the Army intends to hold periodic tests and will invite suppliers of radio and network equipment to bring gear that meets the military's published requirements to the proving grounds, Carpenter said.

“Once we select the ones that we think have legs to the future that need to part of the network, we’ll then take those and put them underneath a program,” Carpenter said.

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