

AUDIT

Audit of the Armed Forces telecommunications key project

Defence Group

KEY FACTS

The Armed Forces telecommunications (TC A) key project aims to modernise the Swiss Armed Forces' communications infrastructure. By 2035, it is intended to replace the telecommunications equipment in the Armed Forces' system network. Six procurement phases are planned for TC A, with a total investment and personnel expenditure of around CHF 1,920 million. As of 30 June 2025, total costs of around CHF 543.8 million had been incurred.

TC A includes, among other things, the active sub-projects "Mobile Communications Replacement" (EmK) and "Integrated Military Telecommunications System Replacement" (Ersa IMFS). In the EmK project, quality problems and delivery difficulties have led to new planning and potentially higher costs, provided that the current quantity structure is maintained. At the same time, the drafting of the procurement contract for the Ersa IMFS project has been delayed. Due to the delays and additional costs, the Swiss Federal Audit Office (SFAO) examined whether the contracts and the associated steering instruments were appropriately designed. The contract volume with the supplier Elbit amounts to CHF 377 million including VAT, while the awarded contract sum with RUAG MRO Holding AG (RUAG MRO) for Ersa IMFS amounts to around CHF 81.1 million; the framework agreement for Ersa IMFS was ultimately concluded with a defined cost ceiling of CHF 78.5 million.

The audit showed that the steering instruments for the contracts in the PMC project have been improved. However, challenges with the supplier remain, resulting in fundamental uncertainties regarding performance, deadlines and costs. The upcoming acceptance tests should provide clarity in this regard and form the basis for the next steps. In the Ersa IMFS project, armasuisse and the Cyber Command are continuing to work on finalising the procurement contract. The outstanding issues relating to the transition to an agile approach and collaboration with RUAG MRO need to be clarified as a matter of urgency. If it is not possible to stabilise relations in the long term, further delays and additional costs cannot be ruled out.

The contractual situation with Elbit must be stabilised urgently

Problems with product quality and delivery logistics caused by the supplier Elbit led to delays in the EmK project. Although the situation had improved slightly by the time of the audit, Elbit still needed to demonstrate the required product quality in the planned acceptance tests scheduled for October 2025 to February 2026. As long as this hurdle remains, the impact on the success of the project, the deadlines and the costs remains unclear. In the meantime, the Armed Forces have reviewed their requirements for new radio equipment based on new findings. The Armed Forces intends to align the EmK project with the sensor, communications, command and control (SNFW) network. armasuisse will revise the planning with Elbit based on the findings from the acceptance tests with an addendum to the procurement contract.

The procurement contract with RUAG MRO must be concluded quickly so as not to jeopardise the timely development of the other military systems

Following the award of the contract to RUAG MRO in June 2021, no draft procurement contract is yet ready for signing for the Ersa IMFS project. Armasuisse had to postpone the deadline for finalising the contract several times due to fundamental differences between itself and RUAG MRO regarding the project volume and licence fees. The planned deadline for concluding the contract at the end of 2024 could not be met, resulting in additional costs of around CHF 2.6 million compared to the awarded contract sum. armasuisse and the Cyber Command were only able to resolve the commercial differences with RUAG MRO in March 2025 with the help of the General Secretariat of the Department of Defence, Civil Protection and Sport (GS-DDPS) in its role as owner

representative. RUAG MRO will provide the Ersä IMFS systems exclusively for the Swiss Armed Forces, thus underlining its role as a strategic partner. RUAG MRO is also waiving licence fees and profit margins for the basic package. For its part, the Armed Forces have simplified the solution and reduced the number of system components in order to comply with the awarded contract value. The implementation process will now also be aligned with the Cyber Command's agile approach. With this approach, RUAG MRO is implementing the development work in closely spaced stages in close collaboration with the Cyber Command. The aim is to deliver partial services earlier and make them available to the Armed Forces. At the same time, the Cyber Command wants to reduce the risk of having a solution that is not suitable and armasuisse must reflect the agile approach in the contract structures accordingly. The existing framework agreement for the development of the New Digitalisation Platform (NDP) serves as a template for the elements of agile collaboration. However, further delays and risks to a swift completion have arisen in this contract drafting process. In order not to jeopardise the timely development of other new military systems, the services in the Ersä IMFS project must be contractually agreed and launched without further delay.

The approach to contract drafting and future collaboration with RUAG MRO does not yet sufficiently reflect the spirit of partnership. This is not only reflected in the sluggish progress in drawing up the procurement contract: there is also a lack of requirements for long-term collaboration, for example with regard to operational contributions in all situations or guaranteed access to expertise and human resources. The Cyber Command must first define these for RUAG MRO with regard to the new Ersä IMFS systems and regulate them contractually together with armasuisse.