Diminishing Manufacturing Sources and Material Shortages (DMSMS) and Parts Management Overview

Presented To:

DOD Standardization Conference

March 14, 2007

Outline

- **Organization / Policy**
- **Problem Statement**
- **DOD Activities**
- **Services Involvement**
- **Supporting our Allies**
- **Partnering with Industry**
- **Concept of the Operation**
- **AIA – OSD Tiger Team**
- **Way Ahead**

July 23, 2005 Policy Memorandum including Charter

Subject: Diminishing Manufacturing Sources and Materiel Shortages (DMSMS)
Working Group Charter

On August 16, 2004, the Total Life Cycle Systems Management (TLCSM) Executive Council was directed to address the challenges of obsolescence within DOD Weapon Systems, a problem we also describe and is widely known as Diminishing Manufacturing Sources and Material Shortages (DMSMS). Where pro-active DMSMS management efforts are employed, the impact on readiness and the spending to achieve it is mitigated; where the management efforts are merely reactive, DMSMS impacts on readiness and the associated spending are harmful.

Since that time, positive steps have been taken to facilitate the achievement of the business objectives in the aforementioned directive. Among them are the following:

1. Issued the DMSMS Guidebook for Program Mangers, available on the Defense Acquisition University (DAU) website at http://acc.dau.mil.

2. Made available web-based and instructor-led training modules in support of the Continuous Learning Credits Program at DAU.
3. Established an organization that oversees the development of the DMSMS Center of Excellence (COE) to ensure the COE's products and services meet the requirements of the DMSMS Community worldwide.

There is more work required, and the attached charter creates a formal organization to ensure successful DMSMS management. Working Group membership includes representatives from other government departments and agencies because we share a common challenge and desire to share in the development of solutions to DMSMS obstacles. This Working Group is the centralized focal point for DMSMS mitigation planning, policy, and guidance for DoD.

I urge your support of the DOD DMSMS Working Group so that our strategic goals in this important area will be achieved.

Kenneth J. Krieg

DOD DMSMS Organization

OSD Leadership

Mr. Jack Bell, DUSD / L&MR

Mr. Jim Hall, ADUSD (L&MR) / LPP

Mr. Greg Saunders, Director DSPO

DOD DMSMS WG Membership

Service/Agency Voting Members

- Army – Mr. Fred Dimeo
- Navy – Mr. Eric Grothues
- Marine Corps – Ms. Kelly Gibson
- Air Force – Ms. Traci Kendrick
- DLA – Mr. Alex Melnikow
- OSD/DSPO – Mr. John Becker

Advisory Members

Associate Members

Industry Liaison

Academia

DOD DMSMS WG Committees

Outreach

Common Use Tools

Conference

Data Interoperability

OEM Participation
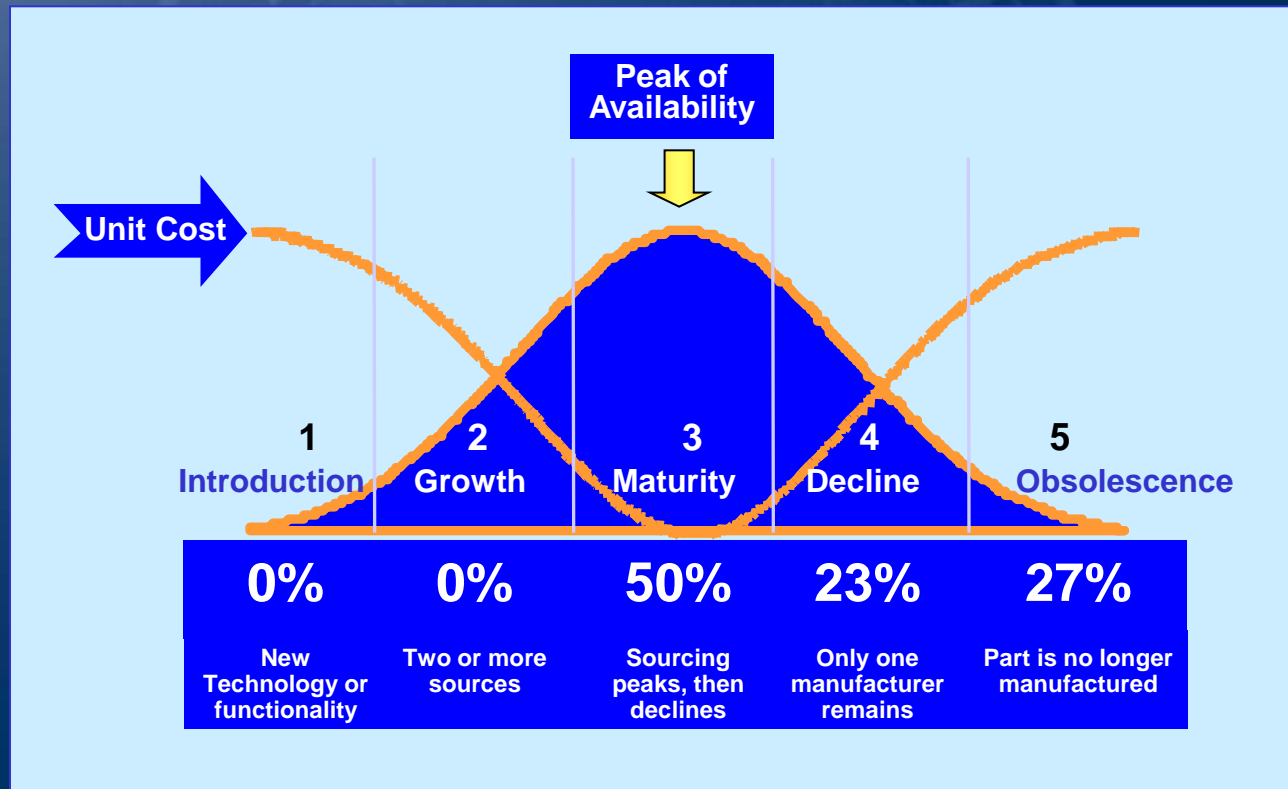
Policy Environment

- **Key language we invoke:**
  - **DODD 5000.1 and .2. Directs programs to be pro-active.**
  - **DAG: Para 5.2.1.5. "…Successful parts management addresses diminishing manufacturing sources and material shortages…"**
  - **PBL Guide: page 14 mentions DMSMS by name as an item of concern to be managed pro-actively.**

We are working now to elevate the policy language from DMSMS to Parts Management.

Why Manage DMSMS

- **Current Status of a Sample of Components in our inventory from a Legacy Avionics Program (27%)**
- **Observation: 1996 Obsolescence ranged from 10% to 20%, today 20% to 30%**

Peak of Availability

Unit Cost

1 Introduction	2 Growth	3 Maturity	4 Decline	5 Obsolescence
0%	**0%**	**50%**	**23%**	**27%**
New Technology or functionality	Two or more sources	Sourcing peaks, then declines	Only one manufacturer remains	Part is no longer manufactured

Current Status Source: i2 TACTRAC (March 28, 2005)
Observation Source: ARINC (June 28, 2006)

Why it is Important

- **<u>Benefit to government</u> is an annual savings of $1-$10 BILLION spent on NRE to resolve micro-electronic problem parts via one of the Engineering Solutions.**

- **<u>Benefit to Primes</u> is improved profitability through cost reduction. A dollar of cost reduction is like $20 in sales revenue.**

We can only spend a dollar once. Every extra dollar on Sustainment robs a dollar from Acquisition and/or Transformation.

DOD Facilitation Activities

- **Modernizing Government/Industry Data Exchange Program (GIDEP)**
  - **Shared Data Warehouse (SDW)**
  - **DMSMS Knowledge Sharing Portal (DKSP)**
  - **Data Interoperability with Allies**
- **Assist Visits**
- **Outreach-training and awareness**
- **DMSMS Guidebook -- SD-22 dated Nov 1, 2006**
- **Common Use Tools -- Need/Want industry help**
- **Policy Initiatives Being Considered**

DMSMS efforts being leveraged to implement the

Life-Cycle Parts and Components Knowledge Sharing Portal

Services Involvement

- **Be Proactive In The Management Of Their Parts**
  - **Be able to provide evidence they are being so**
- **Share Case Resolution Data By Supporting The SDW Enterprise**
  - **Obsolescence Data Repository (ODR)**
  - **Case Management Module**
  - **Metrics Tool**
  - **Contribute to Internal Benchmark**

- **Identify And Recommend Changes To Common Policies**

- **Share Contract Language That Is Effective In Achieving Our Objectives**

- **Establish Respective Performance Based Logistics (PBL) Language To Mitigate DMSMS Risk**

Supporting Our Allies

Data Interoperability Committee

- **Common platforms or systems**
- **Program management (champion) on both sides of the pond.**
- **FMS Case office support**
- **Willingness to work information assurance on both sides**
- **Looking for pilot projects.**
  - **Data exchange. Fits into larger efforts--PLCSM.**
  - **Line up IT infrastructure**
  - **Share fiscal responsibility**

Partnering with Industry

Sharing Data Using IT Capability Furnished by the Government

- **Bills Of Material**
  - **GIDEP-- DKSP**
- **Case Resolution Data**
  - **GIDEP -- SDW / ODR**
- **Production Discontinuance Alerts**
  - **GIDEP**
- **Preferred Parts Lists**

OEM's will be participating on the Common Use Tools Committee to support the implementation of the Life-Cycle Parts and Components Knowledge Sharing Portal (LCPC-KSP)
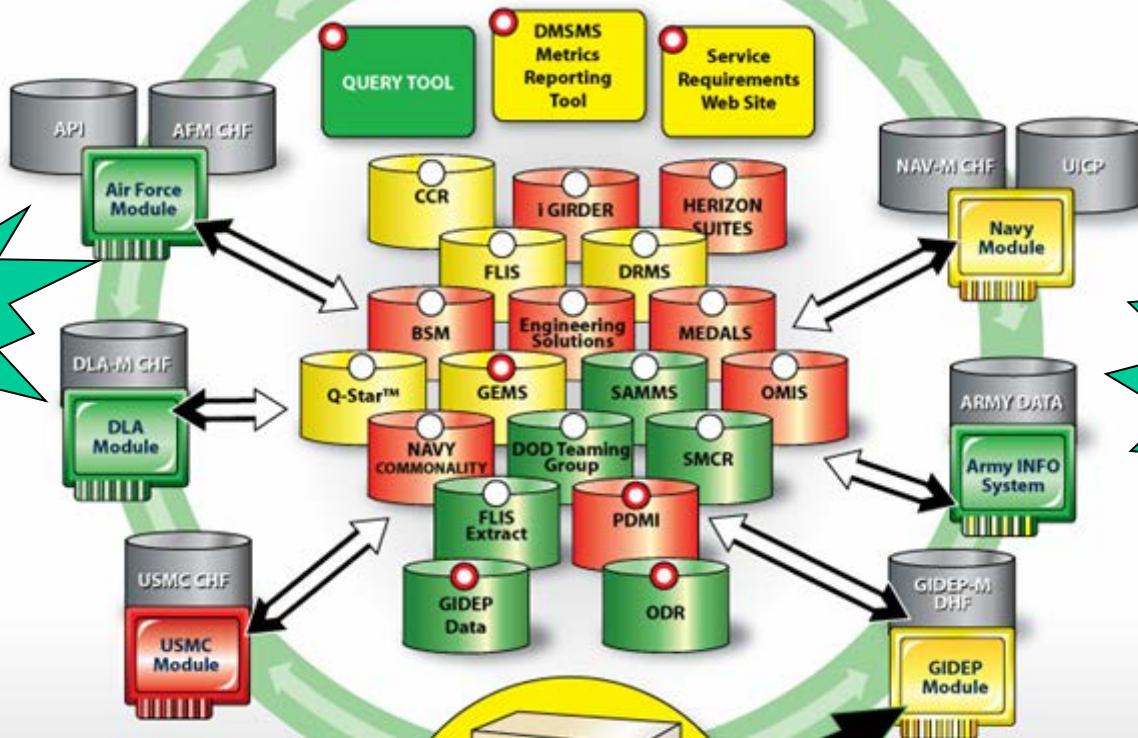
Concept of Operation

An Element of the New and Improved GIDEP

AIA - OSD Tiger Team

- **Helping us to devise a way ahead**
  - **Devise pilot projects to achieve goals on slide #11.**
  - **Looking for policy recommendations**
  - **Identify where there are problems in complying**
  - **Devise a method to track progress**

- **Start with Lockheed, Raytheon, Boeing, NGC and Bell who have all made verbal commitments to support this approach.**

Way Ahead

- **Road show**
  - **Vision for DMSMS collaboration**
  - **Invite OEM participation: START**
  - **POC's devise / Implement pilots**
- **PMRIPT Integration**
  - **Parts Selection is key**
  - **Sharing additional information**
  - **Leverage GIDEP**
  - **Common use tools and data sources**