Industrial Capabilities Program
Strategic Sourcing - Effective Utilization

Mr. Luis Villarreal, PE
Program Manager
Warstopper Program Office
March 19-20, 2009
Agenda

• Warstopper Overview
• Supply Chain Intervention
  – Strategic Metal Buffer Pilot
  – Nomex Buffer
• BAA
• Questions
Warstopper
Industrial Preparedness Program

• Purpose
Leverage the industrial base to offset the buy-and-hold war reserve material option and where necessary, make industrial (Warstopper) investments that provide industry's ability to quickly ramp up production and sustain that higher production rate to meet the Warfighter’s needs.

• Criteria
  – Mission Essential or Critical*
  – Low peacetime demand but high wartime demand*
  – Long production lead time*
  – Limited shelf life*
  – Cost effective alternative to War Reserve Inventory**
  * Congressional guidance HR 102-311
  ** DoDI 3110.6 War Reserve Material

• Investment Examples
  – Provide incentives for lean manufacturing initiatives
  – Provide industrial equipment
  – Stage raw material and subcomponents
  – Industrial base maintenance contracts to keep domestic industry alive
  – Supplement vendor’s inventory to guarantee access to commercial inventory
<table>
<thead>
<tr>
<th>Item</th>
<th>Cesium Lamp</th>
<th>Battery</th>
<th>Barriers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Action</td>
<td>Staged raw materials &amp; subassemblies</td>
<td>Staged raw materials &amp; subassemblies</td>
<td>Staged geo-textile (Berry Amendment) and raw steel materials</td>
</tr>
<tr>
<td>Benefit</td>
<td>Reduced Production Lead Time from 360 to 30 days</td>
<td>121% more production in first 90 days</td>
<td>Immediate production and labor ramp-up instead of at 120-days</td>
</tr>
<tr>
<td>WRM Cost Avoidance</td>
<td>$1.2 M</td>
<td>$27.8 M</td>
<td>$35 M</td>
</tr>
<tr>
<td>Cost</td>
<td>0.5M</td>
<td>$2.3 M</td>
<td>$4 M</td>
</tr>
<tr>
<td>ROI</td>
<td>2.2:1</td>
<td>12:1</td>
<td>8.7:1</td>
</tr>
</tbody>
</table>
Warstopper Program Identifies Supply Chain Intervention Points
(Example: Strategic Metal and Repair Part Supply Chain)

Precursor Materials
- Raw ores obtained through commercial or DNSC sell list
- Scarp obtained through commercial or Government recycling (e.g. OOC-ALC pilot initiative or DRMO)

Investment Points

Lead-time Reduction (e.g. five months reductions for raw material; near zero for WRM Inventory)

Increased Flexibility (e.g. specification, product mix)

Reduced Investment Cost (e.g. labor for semi- and finished goods)

Strategic (Warstopper) Investment
(Pilot explores investments in this area)

Tactical (Warstopper) Investment
(Typical Warstopper Investment Area)

Service WRM Investment

Pilot investment is strategically focused before the material is dedicated to a part
Fibers

Spinning (3 vendors) → Weaving & Finishing (9 vendors) → Printing (1 vendor) → Assembler (N vendors)

Vertical Spinning, Weaving & Finishing (2 vendors)

Max capacity 100K garments / mth

Notes:
- Fiber capacity is not an issue, but **immediate surge availability** may be an issue depending on vendor schedule and when DSCP places orders.
- Material fabrication (spinning, weaving, and printing) is the pacing capacity process. More analysis is required to determine which of these 3 sub-processes constrain production.
• DoD Suppliers (both end item and raw material suppliers)
• Offer a solution to production constraints that have limited their ability to meet demand spikes associated with wartime or contingency operations (e.g., OEF/OIF)
• Released: December 22, 2008
• Responses due: March 24, 2009
Questions