Value Engineering Tools for Contractor Support

Dwayne Porter
Castings and Forgings
614-692-8857/DSN 850-8857

Steve Gomez
Value Engineering Proposals
614-692-7308/DSN 850-7308
Agenda

- Castings & Forgings Assistance Tools
- Value Engineering Change Proposals (VECP’s)
- Replenishment Parts Purchase or Borrow (RPPOB)
- Sustaining Engineering (SE)
- Additional VM Programs Managed at DSCC
- New Initiatives
- Summary
- Value Engineering Program Points of Contact
DSCC Casting and Forging Assistance Tools
MetaL FACT

Maritime & Land Forging And Casting Team
DSCC’s MetaLFACT Team

• Provides casting & forging assistance
• MetaLFACT is comprised of Government and Industry representation
• MetaLFACT is a resource available to the following
  • DSCC Personnel: Product Specialists, Buyers, Planners
  • Engineering Support Activities (ESAs)
  • Contractors/Suppliers
    • With active DSCC contracts (w/Contracting Officers’ approval)
    • Bidding on open DSCC solicitations
• Tools to provide assistance
Cast Tooling Database

www.defensetooling.com

- Population
  - 120 companies
  - 18,600 tooling records

- Utilized by Supply Centers

- Assist defense contractors in finding tooling
  - 50% success rate of matching inquiries to patterns/suppliers

- Company notified each time gov’t buying parts for which they have tooling

- $1.5 million in orders directed to participants each month
Success Stories

Linking DLA Needs to Capable Metalcasters

- Latch Bar Assembly: Sole Sourced
- Prior contract: 15,000 @ $47.49/ea.
- Foundry bids direct: 12,000 @ $37.50/ea.
- Contract award for 16,000: $159,840 in cost savings

Linking Defense Contractors to Foundries with Tooling

- Detent Lever Bracket: Aluminum Sand Casting
- Previous Buy June 1985: Contractor no longer exists
- DLA Solicitation on May 2008: Qty. 161
- Contractor inquiry through Tooling Database Website
- Tooling located at foundry
- Contractor bid and awarded
Casting Suppliers Database

www.defensecastingsuppliers.com

- Online directory of metalcasters serving the defense industry
- Utilized by government and defense contractors
- 256 Registered Metalcasters
  - All Processes & Materials
- Casting bid solicitations matched to plant capabilities

Casting Processes

- Sand: 180
- Investment: 64
- Perm. Mold: 66
- Diecast: 79
- Other: 66

Casting Materials

- Aluminum: 209
- Copper-Based: 119
- Steel: 68
- Iron: 99
- Other NF: 109
Foundry Toolkit for Gov’t Business

www.defensecastingtoolkit.com

- Online source assists suppliers to
  - Learn DLA e-commerce processes
  - Establish required supplier accounts
    - View solicitations
    - Access tech data packages
    - Submit quotes
  - Understand procurement process
  - Locate pre- and post-award assistance
- Find Business Opportunities
Identifying Opportunities

Defensecastingtoolkit.com/partsearch.htm

- Part search database
- Online source assists foundries to:
  - Quickly identify casting NSN’s
  - Associate ‘prospect list’ with DIBBS user account
  - Determine anticipated demand
- Leverages CAST-IT, DSCR & DSCC databases
- 7,000+ casting NSN’s
- Routinely updated
National Forging Tooling Database (NFTD)

• Purpose
  – Rapidly locate forging dies for legacy weapon systems

• Benefits
  – Web base database
    • Locates forging dies and suppliers
    • Widely accessible through Haystack Gold
  – Reduces ALT and PLT
  – Avoids costs of designing/building new dies
    • Huge benefit for small order sizes
  – Sustainable beyond the life of the FAST Program
Navigating NFTD

• Log into Haystack Gold
• Search for part on main screen by NIIN
• If tooling exists, select the NFTD link
Navigating NFTD

- Alternate Method: Log into Haystack Gold
- Select the Database drop-down menu
- Select “Other Databases”, then “Forging/Tooling”
Navigating NFTD

• Search by Part Number or NSN
Navigating NFTD

• Click on “Details”
Navigating NFTD

- Screen shows last known location of tooling
- Contact company to verify the existence, condition, and availability of the tooling.
Forging Industry Association Website

http://www.forging.org

- Locate Forge Shops
- Submit Request for Quotes (RFQs)
Find a Forging Source Using FIA Website

- Search for a forge based on process, location, or type of metal being procured
Submit RFQ Through FIA Website

- Fill out all required fields and submit.
- RFQ will notify 118 FIA members.
Value Engineering Change Proposals

VECPs
Value Engineering Change Proposals

• Contractual method to share savings
  • Improve DoD supplies and/or equipment
  • Savings shared between Contractor and DoD
  • Described in FAR Clause 52.248.1

• Improvements include any price savings
  • Processes
  • Materials
  • Manufacturing techniques
  • Other
Rules and Tools

- VECP clause in all DSCC contracts > $25K
- Clause can be added by modification
- VECP can only be received on an instant contract
- Typical share ratio: 50/50
- Collateral lifecycle savings may be negotiated
Replenishment Parts Purchase or Borrow Program

RPPOB
Why RPPOB

- **Statutory Requirement**
  - Defense Procurement Reform Act of 1984
    - Public Law 98-525, Section 1216(a)
    - Codified at Title 10 U.S.C. 2320(B)

- **Promote full and open competition**

- **Develop new sources**
  - Sole Source
  - Limited Competition Items
RPPOB Methods

- **Direct Purchase**
  - Contractor buys at Standard Unit Price (SUP)
  - Item is not returned

- **Bailment**
  - Item loaned at SUP
  - SUP held in Trust by DFAS
  - SUP monies returned
    - If item is returned in “A” condition

- **View of Part**
  - Contractors may inspect part in a designated area
RPPOB – What it is Not

• Not intended to proof their manufacturing

• Not available on solicitations/contracts when:
  - In accordance with a specification
  - In accordance with a drawing

• Not to test a competitor’s part

Purpose: Develop New Sources
RPPOB Process

• Contractor request received
• Item reviewed as an RPPOB candidate
• Contact with ESA for approval to bail out
• Contractor provides monies and signs the agreement
• Item directly sent to Contractor
• Contractor provides alternate offer data package
• Data package sent to ESA for final approval
• System updated with approval
Benefits of RPPOB

- **Break Sole Source**
  - Average 30-40% in procurement savings
- **Provide additional sources on limited source items**
- **Provide source for obsolete items**
- **Reduce cost through enhanced competition**
- **Potential for Unlimited Rights Technical Data Packages (TDPs)**

**Increased Competition = Lower Cost to Taxpayers**
Sustaining Engineering Program

SE
Sustaining Engineering

- Improve/upgrade DLA-managed items
  - New technology
  - Quality/reliability improvements
  - Ease of maintenance improvements
  - Improve logistics footprint
- Save money!!
- Relatively new program at DSCC
  - Initiated in Jan 04
  - Focus on Land and Maritime items
Sustaining Engineering

- Proposals solicited from all services
- Proposals evaluated by DSCC team
  - Value Management Team lead
  - Weapon System Support Manager (WSSM)
  - Cognizant Maritime/Land Application Team
    - Engineer/technical
    - Product Assurance
    - Buyer
- Selections funded/implemented in order of
  - Date of receipt
  - Weapon system support impact
  - Overall best value to customer
- Accepted proposals funded by DSCC
  - Coordinated with ESA
  - Funds available FY09: $5M
Project Selection Criteria

- DLA/DSCC managed item
- Minimum ROI of 10:1
  - Lifecycle savings
- Make positive impact
  - Operational readiness
  - ALT/PLT
  - Item demand
  - Unit price
- Reduce field maintenance actions
- Improve competitive position
  - Availability of tech data
  - Increase sources of supply
Aviation Ground Power Unit (AGPU) Exhaust

NSN 2990-01-325-1868

• AGPU used by Army Aviation
• Redesign AGPU exhaust to eliminate heat traps and improve fuel consumption.
• Benefits include:
  • Increased turbine life cycle
  • Reduced maintenance actions
  • Lower fuel costs
  • Gov’t owned Technical Data Package
  • Reduced field demands
• Project proposed and managed by Aerospace Ground Support Equipment Directorate at Redstone Arsenal

Investment: $736K
ROI: 23:1
Project Savings: $16.8M
M224 Mortar

NSN 1005-00-903-0933

- Revise drawings/TDP’s for 28 DSCC managed NSN’s used in M224
  - All approved ECP’s
  - Current tolerancing/dimensioning conventions (ANSI Y14.5)
  - Current process specifications for materials, platings, and coatings
- Benefits include:
  - Complete gov’t owned TDP’s
  - Improved competition
  - Reduced deviation/waiver requests
  - Reduced procurement support costs/lead times
- Project proposed and managed by Benet Laboratory, the design control activity for M224

Investment: $92K
ROI: 31:1
Project Savings: $1.2M
Additional Value
Management Programs
Managed at DSCC
Additional VM Programs

Price Challenge Program

- Responsive to customer suspicion of overpricing
- Determine value using tech data, buy history, and similar items
- Provide recommendation when overpricing is discovered
- Corrective action taken to improve pricing or recover funds

Should Cost Program

- Engineering Intrinsic Value Cost Estimate
  - Materials and labor
  - Testing
  - Packaging
  - Manufacturing Charges
  - Overhead and Profit
- Assists Contracting Officers during procurement negotiations
Additional VM Programs

Reverse Engineering
- Performed using Gov’t resources
- Items ordered from Gov’t stock
- Identifies physical, material, mechanical, and environmental properties
- Test requirements identified/determined
- Technical Data Package developed for use in full and open competitive acquisition

Organic Manufacturing
- Utilize manufacturing capacity of government labs/arsenals when private industry cannot meet our needs
- **Public** (organic) and **Private** sources cannot compete against each other for awards!
  - Exceptions:
    - **Price**: quoted price is formally determined to be unacceptable
    - **Delivery**: quoted delivery time frame does not meet our requirements.
New Initiatives
NI ST Pilot Program

• National Institute of Standards (NI ST)
  – Nationwide network of not-for-profit companies
  • Provide technical consultants to small business
    – Solve manufacturing/material problems
    – Lean Six Sigma
• Wants to expand to include business opportunities
  – Match opportunities to companies in network
• Goal: Use NI ST to develop new sources
  – Hard to buy items
  – Sole source items
• DSCC will provide
  – Training on doing business with DLA
  – Samples, tech data, and/or photos
  – Funding for reverse engineering efforts
Component Optimization for Ground Systems (COGS)

- Pilot Program funded by TARDEC at TACOM
  - Congressional add money
- What is COGS?
  - Identifies all component and material requirements
  - Develops design and manufacturing alternatives
    - Utilize most cost effective processes
- TARDEC requested DSCC participation
  - DSCC provides NSNs for evaluation
    - DSCC managed NSNs with TACOM as ESA
    - Focus on high dollar and hard to buy NSNs
    - DSCC participates in technical evaluation
- Benefits
  - Gov’t owned TDP
  - Approval process short since ESA is team member
MRAP Support

• Focused support to Land Supply Chain
  – Eliminating duplicate NSNs
  – Reviewing/correcting technical data

• Current focus on “Sources Sought” synopsis
  – Seeking actual MRAP parts manufacturers
  – Synopsis for each MRAP OEM

• Copies available at Sourcing Booth (#841)
Summary

- DSCC’s Value Management Office provides support
  - Government
  - Customers
  - Suppliers
- Our focus
  - Provide solutions on problem parts
  - Reduce acquisition and support costs
- For further information
  - Contact attached P.O.C.’s
  - Visit our booths: #841, #842, and #941

Overall Goal: Support the Warfighter
Points of Contact

VM Program Manager: Dave Szczublewski
614-692-8854 / DSN 850-8854 / david.szczublewski@dla.mil

VEB Team Chief: Dan Krist
614-692-3320 / DSN 850-3320 / daniel.krist@dla.mil

VEE Team Chief & VECP: Don Howell
614-692-8837 / DSN 850-8837 / donald.howell@dla.mil

Castings & Forgings: Dwayne Porter
614-692-8857 / DSN 850-8857 / dwayne.porter@dla.mil

RPPOB: Daniel Bonner
614-692-4203 / DSN 850-4203 / daniel.bonner@dla.mil

Sustainment Engineering & VECP: Mark Cutler
614-692-4939 / DSN 850-4939 / mark.cutler@dla.mil

Organic Manufacturing: Jeff Culbertson
614-692-8833 / DSN 850-8833 / jeffery.culbertson@dla.mil

Price Challenge & Should Cost Teams: Andy Utz
614-692-8758 / DSN 850-8758 / andrew.utz@dla.mil