Industrial Capabilities and Warstopper Program

Luis Villarreal

June 27 – 30, 2011
Agenda

• Warstopper Program
  – Warstopper Overview
  – RFI/RFQ Process

• eCAP
  – eCAP Overview
  – Frequently Asked Questions

• IBex
Warstopper Program

Background

**War Stoppers**

Initiated by HR 102-311 (Industrial Preparedness)

- Nerve Agent Antidotes
- Chemical Protective Overgarments
- Chemical Protective Gloves
- Meal, Ready-To-Eat
- Tray Pack Rations
- Meets Criteria of HR 102-311
- Medical Rotational Stocks
- NBC Defense

In Response DoD created Program Element 0708011S, Industrial Preparedness as provided in DoD 7045.7-H
Warfighter Readiness Solutions

Science & Technology
- Innovation in Products

Title III
- Establish Capability

War Reserve Material
- War Reserve items

DMSMS
- Manage obsolescence

Working Capital Fund
- DLA Procurement Solutions

Warstopper
- Industry/Business Solutions
- Mitigate surge constraints

Manufacturing Technology
- Lead Time Reductions
- Lean Manufacturing

DPAS
- Establish Priority
Warstopper Program Criteria

- Mission Essential or Critical*
- Low peacetime demand but high wartime demand*
- Limited shelf life*
- Long production lead time*
- Cost effective alternative to War Reserve Inventory**

* Congressional guidance HR 102-311
** DoDI 3110.60 War Reserve Materiel Policy
Industrial Base Preparedness

How The Program Works (Government Investment):
- Provide lean six-sigma analysis to maximize vendor capacity
- Provide industrial equipment
- Stage raw material, subcomponents, raw material buffers (vendor managed inventory)
- Award industrial base maintenance contracts to maintain vital domestic industry

Past Investment Items:
- Class IX - Batteries
- Operational Rations
- Class II Nomex Fiber
- Medical Readiness
- Nerve Agent Antidote Auto Injector
- Class IV Bastions
- Class IX: Specialty Steel

Mission:
Government Investment needed when readiness demand is higher than the commercial industry is willing to invest.
August 27, 2010 Warstopper Return on Investment Analysis

The Warstopper Program has led to cumulative inventory cost avoidance of over $4.8B through the investment of approximately $699M over the program’s lifetime. After the costs of the investments, the total cost avoidance to DoD is over $4.8B. The resulting ROI is 6.9:1 over the program’s life.
Sample Investments

- **AM2 Matting**: $6.1M invested for long lead time extrusions that increase surge output by 85% in first 180 days.

- **Unitized Group Rations-Express**: $1.8M invested for Government-furnished equipment that increases surge output by 15% in first 180 days.

- **Nomex® Fiber**: $1.37M invested in vendor managed buffer of Nomex fiber that increases surge output of fire retardant items by up to 54% in the first 180 days.

**Benefit To Warfighter**

- Marines attached to the 24th Marine Expeditionary Unit, lay down AM2 matting while in Kandahar Province, Afghanistan.
- A Marine wears a flight suit made of NOMEX®.
- Soldiers pull a tab to activate the UGR-E.
### Operational Investments: Successes

<table>
<thead>
<tr>
<th>Class IX Successes</th>
<th>Bradley Fighting Vehicle (BFV)</th>
<th>Reverse Osmosis Water Purification Sys</th>
<th>Nesatron Chamber</th>
<th>Cesium Lamp (IR Countermeasures)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weapon System(s)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supply Chain</td>
<td>Land</td>
<td>Land</td>
<td>Aviation</td>
<td>Aviation</td>
</tr>
<tr>
<td>Warstopper Investment</td>
<td>Prepositioned long lead-time special steel</td>
<td>Invested in staging of critical parts at distributor (Customer Direct Contract)</td>
<td>Provided an additional Nesatron chamber as GFE to apply coatings to helicopter windshields</td>
<td>Prepositioned raw materials and key subcomponents</td>
</tr>
<tr>
<td>Results of Investment</td>
<td>Reduced PLT from 571 to 77 days; 130% increase in production</td>
<td>Reduced PLT to &gt; 30-days; with initial capability to ship immediately</td>
<td>Doubled capacity to 120 sets per month</td>
<td>360-day PLT reduced to 30-days</td>
</tr>
<tr>
<td>Cost (ROI)</td>
<td>$310K (8.4)</td>
<td>$677K (2.0)</td>
<td>$1.78M (3.0)</td>
<td>$553K (2.2)</td>
</tr>
<tr>
<td>Situation</td>
<td>Surged 1300% above peacetime level</td>
<td>Manufacturing capability lost-hurricane Katrina</td>
<td>Significant backorders existed during OIF/OEF</td>
<td>Service stocks exhausted prior OIF/OEF</td>
</tr>
<tr>
<td>Execution</td>
<td>Race-supported increased overhaul/repair production of BFV transmissions</td>
<td>6-Valve Diaphragm Assembly-kept theater ROWPUs in operation over 12-month period</td>
<td>Investment accelerated the get well dates for project coded backorders</td>
<td>DLA issued order to fill lamp inventory prior to start of OIF – zero wartime backorders</td>
</tr>
</tbody>
</table>
Warstopper RFI/RFQ Overview

- Offers proactive approach for identifying potential areas for Warstopper investments to address readiness concerns

- Gives industry an avenue to identify issues that have limited their capability to meet go-to-war requirements

- RFI responses will be reviewed with potential for future competitive solicitations to pursue warstopper investments

- Cycle will be to request feedback in one FY and if appropriate, issue solicitation and award in the following FY
Lean Six Sigma (LSS) Studies

Data collection tools/ sources:
- Direct observation of specific processes
- Stakeholder interviews/ brainstorming
- SPC/ quality management system data
- Accounting data (labor costs – rework)
- Converting paper records to e-data

Performance Metrics/ KPI:
- Wartime Takt vs. capability by process
- \( \sigma \) Rating
- First pass yield/ Cost of Poor Quality (COPQ)

Current Effective Cycle Time per Tray vs. Takt Time @40% MWR
(Scenario 2: - Assumes Product Runs Avg of 28 Days /Month and 7-day Work Week)

Preliminary analysis of USDA MRE pouch defect data

* Per USDA Operational Rations database as of April 14, 2009.
Supply Chain/ Manufacturing Simulations

Data collection tools/ sources:
- Tailored questionnaires
- Direct observation of specific processes
- Stakeholder interviews/ validation
- DLA requisition/supply data (DORRA/ DLA eMALL)

Performance Metrics/ KPI:
- Daily wartime output
- Average PLT
- Fill rate
- Average working capital
- Average inventory
- # Delivery Orders
- Resource/ process utilization/ % Oper.

Flow chart of simulation information and material flows
Product Level Industrial Base Studies – Focus Areas

1. Capability Analysis

**Objective**: Measure normal/ max surge capability & assess opportunities to improve wartime readiness, e.g. pre-positioned materials/ add. capacity

2. Sustaining Critical Industrial Capabilities

Identify # suppliers that can be sustained based on projected demand and resulting impact on S&S capabilities

3. Acquisition Policy Issues

**Objective**: TBD based on policy issue related to IB. Example: Feedback from suppliers on problems with sourcing clothing components

Data collection tools/ sources:

1. Tailored questionnaires, site visits, DLA requisition/supply data
2. Annual financial statements, fixed/ variable cost data, capability analysis
3. Tailored questionnaires, supplier interviews, FAR, policy discussion documents, Federal Register Notices, DLA buy history, Trade Association websites
**Industry Sector Studies**

**Data collection tools/ sources:**
- Web based survey*
- Focus group review of survey questions (e.g. SMEs/ trade associations)
- DLA buy history (DORRA) and trade association member lists to identify suppliers
- DoC Bureau of Labor Statistics (BLS)
- ITA TradeStats Express
- Census Bureau Annual Survey of Manufacturers (ASM)
- Federal Reserve Industrial Production & Capacity Utilization
- Trade association websites/ data
- U.S. International Trade Commission publications
- Previous surveys, e.g. DoC BIS
- International Trade Commission (ITC)
- Federal Procurement Data System (FPDS-NG)

**Performance Metrics/ KPI:**
- TBD based on study objectives
- Response rate, e.g. 50%
- See back-up slides for sample C&T IB survey objectives

*Some surveys with sensitive questions are better handled anonymously; In addition, survey management capabilities can help increase the response rate by sending out reminder emails to those that haven’t responded. Web based surveys can also utilize skip logic to avoid irrelevant questions*
Value of Studies

**To DLA**
- Deeper understanding of industrial base issues
- Identification of investment opportunities as an alternative to war reserve inventory
- Improved communications with industrial base
- Improved readiness position for critical items

**To Industry**
- Funded resources to complete objective analysis (i.e. LSS or value stream mapping)
- Able to provide a deeper level of data collection than otherwise may be practical
- Potential for DLA funding to resolve a lead-time, material or equipment issue if it improves readiness position
Electronic Capability Assessment (eCAP) Plan
Aaron Craft
**eCAP as Part of LTC Process**

- **Solicitation Opens**
  - Solicitation w/ S&S released (FedBizOps/DIBBS)

- **Solicitation Closes**
  - Supplier follows instruction in solicitation and logs into eCAP
  - Supplier prepares eCAP
  - CAP Summary is a Binding Document Attached to Supplier’s Bid

- **Source Selection**
  - CAP is reviewed to determine surge coverage offered which may be part of source selection criteria

- **Contract Award**
Introduction

• The eCAP application collects a supplier’s:
  – Capability to meet the wartime Surge and Sustainment (S&S) demand, and
  – Industrial base investment opportunities.

• Suppliers self-register to use eCAP and control access to their data

• Suppliers print self-assessment and submit with bid

eCAP is part of the DLA World Wide Web Industrial Capability Program (WICAP)
eCAP - Agenda

• System Login
• Select Solicitation
• CAP Self-Assessment:
  – Capability to deliver Services’ go-to-war requirements
  – Production constraints preventing requirement delivery
  – Opportunities and costs to mitigate constraints
• Self-Assessment Reporting
  – Review
  – Print
  – Submit
• FAQ
eCAP – Select Solicitation

1. START CAP

2. SOLICITATION, OFFER AND AWARD

3. SOLICITATION NO.

SPM7LX-08-R-0011

Prepare CAP
### eCAP – Identify Capability

**Start Capability Assessment**

Begin the process by checking the offered box of the HSNs that you are including in your proposal response. Please check the solicitation to verify surge is part of the evaluation criteria. If no offer for surge will be made, please click save and continue. If a group is provided for, then all items within the group must be fully covered.

<table>
<thead>
<tr>
<th>Offered</th>
<th>HSN</th>
<th>MWR (AL)</th>
<th>Vendor Offered Quantity</th>
<th>Interchange</th>
<th>Provision</th>
<th>Vendor Offered Coverage</th>
<th>Initiative Point For Ramp Up (days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓</td>
<td>0001-009-9009</td>
<td>12 (EA)</td>
<td>50</td>
<td>90%</td>
<td>Production</td>
<td>Yes</td>
<td>4A After Contract Receipt</td>
</tr>
<tr>
<td>✓</td>
<td>0001-009-9054</td>
<td>020 (EA)</td>
<td>12</td>
<td>90%</td>
<td>Production</td>
<td>Yes</td>
<td>4C After Order Receipt</td>
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<tr>
<td>✓</td>
<td>0001-009-9066</td>
<td>32 (EA)</td>
<td>42</td>
<td>40%</td>
<td>Production</td>
<td>Yes</td>
<td>4C After Order Receipt</td>
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<tr>
<td>✓</td>
<td>0001-009-9023</td>
<td>24 (EA)</td>
<td>40</td>
<td>30%</td>
<td>Production</td>
<td>Yes</td>
<td>4C After Order Receipt</td>
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<tr>
<td>✓</td>
<td>0001-009-9051</td>
<td>65 (EA)</td>
<td>75</td>
<td>30%</td>
<td>Production</td>
<td>Yes</td>
<td>4C After Order Receipt</td>
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<td>✓</td>
<td>0001-009-9076</td>
<td>5 (EA)</td>
<td>10</td>
<td>90%</td>
<td>Production</td>
<td>Yes</td>
<td>4C After Order Receipt</td>
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<tr>
<td>✓</td>
<td>0001-909-4706</td>
<td>0 (EA)</td>
<td>0</td>
<td>90%</td>
<td>Production</td>
<td>Yes</td>
<td>4C After Order Receipt</td>
</tr>
</tbody>
</table>

**Instructions**

- Offer Full Quantity
- Yes
- No

**CAP Report**

**Constraints**
eCAP – Constraints

Solution Available

Or

CAP Report
eCAP – Proposed Solution

World Wide Web Industrial Capabilities Assessment Program

Proposed Coverage Management

Investment Management

World Wide Web Industrial Capabilities Assessment Program

Proposed Coverage Management

Investment Management
eCAP – Self-Assessment Report

CAP Summary

Company Name: BearingPoint
CAGE: 54321
Date Completed: 3/18/2009
Completed by: Joe Vendor
 Solicitation Number: SP000000R9999
(Formally PFIN)

Part 1 - S&S Coverage Capability

Additional quantities of an item that must be shipped to DLA for each 30-day period, assuming you receive the order up to the full quantity at the beginning of each period.

<table>
<thead>
<tr>
<th>NSN GROUP</th>
<th>ER</th>
<th>Official Assorted</th>
<th>Official Rejected</th>
<th>Ramp Up Time In Days (ON Model)</th>
<th>End Stock</th>
<th>Inclusion Point For Ramp Up (days)</th>
<th>Onset Time</th>
<th>Provision Method</th>
<th>Limitation</th>
</tr>
</thead>
<tbody>
<tr>
<td>000-00-000</td>
<td>12</td>
<td>EA</td>
<td>20</td>
<td>30</td>
<td>0</td>
<td>0</td>
<td>N/A</td>
<td>0</td>
<td>Standard Supply</td>
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<tr>
<td>000-00-000</td>
<td>24</td>
<td>EA</td>
<td>40</td>
<td>30</td>
<td>0</td>
<td>0</td>
<td>N/A</td>
<td>0</td>
<td>Standard Supply</td>
</tr>
<tr>
<td>000-00-000</td>
<td>60</td>
<td>EA</td>
<td>70</td>
<td>30</td>
<td>0</td>
<td>0</td>
<td>N/A</td>
<td>0</td>
<td>Provision</td>
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<tr>
<td>000-00-000</td>
<td>10</td>
<td>EA</td>
<td>12</td>
<td>30</td>
<td>0</td>
<td>0</td>
<td>N/A</td>
<td>0</td>
<td>Inventory</td>
</tr>
<tr>
<td>000-00-000</td>
<td>00</td>
<td>EA</td>
<td>42</td>
<td>30</td>
<td>0</td>
<td>0</td>
<td>N/A</td>
<td>0</td>
<td>Labor, Capital</td>
</tr>
</tbody>
</table>

Part 2 - Description of Constraints

The Offeror certifies that the constraint is factual.

<table>
<thead>
<tr>
<th>Category</th>
<th>Constraint Description</th>
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</thead>
<tbody>
<tr>
<td>Standard Supply</td>
<td>Standard Supply constraint reduces the vendor's ability to meet the contract terms</td>
</tr>
<tr>
<td>Provision</td>
<td>No provision to DLA</td>
</tr>
</tbody>
</table>

Part 3 - Proposed Solutions & Government Investments Required to Obtain S&S Coverage Capability

Part 3.1 - Coverage to be Gained

The Offeror certifies that they cannot deliver the stated quantities according to the surge delivery schedule without implementing the proposed solution. The Offeror also certifies that the solution offered is the most efficient method to resolve the S&S capability shortfall. If a government investment is required, it is indicated in Section 3.2.

Numbers reflect data after the Proposed Solution is implemented.

<table>
<thead>
<tr>
<th>NSN GROUP</th>
<th>MFR</th>
<th>CT</th>
<th>Assorted</th>
<th>Rejected</th>
<th>Ramp Up Time</th>
<th>End Stock</th>
<th>Inclusion Point For Ramp Up (days)</th>
<th>Onset Time</th>
<th>Provision Method</th>
<th>Limitation</th>
</tr>
</thead>
<tbody>
<tr>
<td>000-00-000</td>
<td>100</td>
<td>EA</td>
<td>0</td>
<td>10</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>Labor, Capital</td>
<td></td>
</tr>
<tr>
<td>000-00-000</td>
<td>50</td>
<td>EA</td>
<td>0</td>
<td>30</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>Labor, Capital</td>
<td></td>
</tr>
</tbody>
</table>

Part 3.2 - Funding Requirement to Obtain S&S Coverage

Costs applicable to coverage gained on items in Part 3.1.

Investment Cost Details

<table>
<thead>
<tr>
<th>Cost</th>
<th>Purpose</th>
<th>Application</th>
<th>Year</th>
<th>Year</th>
<th>Year</th>
<th>Year</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long Term Commitment</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
</tr>
<tr>
<td>Short Term Commitment</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
</tr>
</tbody>
</table>

Part 4 - Group Items Detail

Here is a breakdown of which items are incorporated into the groups mentioned above.

<table>
<thead>
<tr>
<th>Group Name (CAGE)</th>
<th>CAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group 1</td>
<td>000-00-000</td>
</tr>
</tbody>
</table>

Part 5 - Uploaded Files

Shortfall (Warstopper)

Source Selection Information—See FAR 2.101 and 3.104.
eCAP - FAQ

Q: How do I get an account to access eCAP?
A: WICAP allows users to create their own accounts. Simply access the WICAP website, click the “New User Registration” link under the log in area and enter the requested data.
   – The first user to register under a CAGE code is the CAGE Administrator. The CAGE administrator is responsible for making all new accounts for their CAGE code.

Q: I forgot my password, how do I get a new one?
A: WICAP users are able to request a new password right from the WICAP website. Simply access the WICAP website, click the “Forgot Password?” link under the log in area and enter the requested data. You will need your username and email address in order to request a new password. If you do not have these pieces of information contact WICAP Support.
eCAP - FAQ

Q: How should “offered quantity” be stated?
A: Only state what you can do. Surge sourcing is built into eProcurement so expect surge orders.

Q: Is the offered surge quantity in addition to the peacetime delivery requirement?
A: Yes.

A: How do distributors select a provisioning method?
Q: It depends on whether they will deliver from distributor inventory or from external supplier.

A: Am I required to establish inventory?
Q: No the Government is not specifying what you should do to meet the offered requirement. You should determine the method. Distributors should work with their sub-tier suppliers to obtain support agreements and/or to identify industrial solutions.
eCAP - FAQ

Q: If I need support for a sub tier supplier, should I include them in the solution investments required?
A: Yes, if the best value solution is to make an investment at the sub-tier level. No, if the best solution is to stock the finished sub-component item.

Example:

Q: How can I get more assistance?
A: An introduction to eCAP can be found on the WICAP website. Access WICAP and click the, “eCAP Walk-Through Document” link. If you need further technical assistance please contact WICAP Support using the Contact Webmaster (link available at the bottom of each WICAP webpage).
IBEX
Industrial Base Extension Program

Joan Lutz
Industrial Base Extension Program (IBEX) Introduction

• Logistics readiness planning (sourcing) tool utilizing data from global logistic providers.

• Provides OCONUS sourcing information to government and military planners for manufacturing, logistics, storage and transportation.
Example of IBEX Successes

- Support to Haiti in response to Earthquake
- Sourcing of PM Steel for IRAQ
- Water support for Tsunami relief
- Kosher/Halal for Pakistan Earthquake
- OCONUS Steel Production for MRAP
- Cold Storage Containers for SWA
- Medical IV Bags sourced in Korea
- Transportation in the Philippines
IBEX - Agenda

• System Login – Via IBMS-SPIDERs
• Macro information for Global Support
  • Add Support Area
  • View Capabilities in Area
• Vendor Profiles
• Other Tools
  • Reports
  • Alerts
  • Collaboration
Access IBEX via SPIDERS System

- IBMS-SPIDERS is a secure web application that requires vendor users to be PKI compliant
Objective: To maintain industrial base vigilance over OCONUS assets which can be utilized during a contingency or national emergency.
Vendor Profiles

- Secure contact information used by IBEX Program Manager
Other Tools/Utilities

- Vendor Reports
- Vendor Alerts
- Collaboration