Captains of Industry Forum
2016 DLA Land and Maritime Supplier Conference
Purpose Statement

• DLA Land and Maritime focus is on implementing the tenets of Better Buying Power (BBP)

• Share information on three relevant strategic sustainment topics

• Discuss potential solutions to ensure cost effective Warfighter support

• Networking Reception follows COI Forum in Exhibit Hall from 4:00 - 5:30 PM
Agenda

• Welcome and Introductions

• Strategic Topics
  – Cyber Security
    • Collective actions necessary to secure our supply chains
  – Future Sustainment Requirements for our Military Service customers
    • Overviews of Land-based and Sea-based forces
  – Cost and Pricing / Commerciality Determinations
    • Commercial Item / Market Pricing
    • Certified Cost or Pricing Data (CCPD)
    • Opportunities to improve cycle-time

• Open Discussion / Amphenol Update
Cybersecurity
“A Collective Effort”
COI Meeting

Linus Baker
August 2016
Agenda

• Enabling and fostering information sharing
  – Supply Chain (e.g., commodity) specific collaboration – Communities of Interest

• Defining cyber defense standards for industrial base partners (e.g., DFARS clauses, NIST SP 800-171, DIBNet cyber incident reporting)

• Encouraging private sector efforts to promote general awareness, education, and training

• Promoting a strong cyber workforce within industry and government
Cybersecurity Information Sharing Act of 2015 is intended to have private industry share information with the federal government about hackers and cyber intrusions so they can all be more adept at thwarting network attacks.

Cybersecurity information sharing is currently limited to a select few sharing programs, e.g., DOD-Defense Industrial Base Collaborative Information Sharing Environment (DCISE), or between small networks of companies that trust each other. Instead of limited and fragmented information sharing, an ideal cybersecurity approach would foster trusted and widespread sharing.

Appropriate classification of information and providing more clearances to appropriate personnel in the private sector.

The government must be compelled to share information and intelligence with the private sector much more quickly and completely than it currently does.
Defining Cyber Defense Standards

- DFARS Clauses/Contractual Requirements
- Prioritize supply chain related risks and address applicable cybersecurity concerns with industry partners
- Security control implementation
- Blue Team/Penetration Testing
- 3rd Party Assessors
- DFARS Clauses/Contractual Requirements

Assurance of Key Terrain in Cyberspace
Awareness, Education, and Training

Do not open any files attached to an email from an unknown, suspicious or untrustworthy source.

There must also be a viable program of professional base-level training that is encouraged for the general non-IT workforce. Nearly every job now involves the use of digital devices in some aspect of work.

These cyber “survival skills” should employ a dynamic curriculum, developed by the private sector, which keeps the workforce current and prevents it from being easily victimized.
Promoting a Strong Cyber Workforce

Achieving the workforce needed requires the U.S. to more effectively leverage its cybersecurity personnel.

Develop more IT leaders with cybersecurity expertise.

Increase the number of IT professionals with security certifications.

- Information-security certifications like the Certified Information Systems Security Professional (CISSP) and the Certified Information Security Manager (CISM) represent the minimum level of training that a cybersecurity professional needs.

- Requires issuing more security clearances as appropriate and emphasizing cyber certification and credentialing programs.

2016 Cybersecurity Skills Gap

Too Many Threats

- $1 billion: Average cost of a data breach by 2020
- 97% believe the IT department is a target of all organizations’ Internet of Things (IoT) devices
- 1 in 4 organizations have experienced an APT attack

Too Few Professionals

- $1.5 billion: Average CISSP salary
- 3x more cybersecurity job growth than overall, 2015-17
- 84% organizations believe half of their IT staff needs cyber security jobs to be qualified
- 4 in 10 organizations report struggling to hire cybersecurity personnel
- 53% believe lack of cyber security education is a barrier
- 77% of women believe there is a gender gap in the cybersecurity workforce
- 89% of Fortune 500 companies have a security certification program

Cyberattacks are growing, but the talent pool of defenders is not keeping pace.

Although threats are growing in frequency and sophistication, the availability of sufficiently skilled cybersecurity professionals is falling behind. Cybersecurity Institute (CISI) is addressing this gap by creating a world-class globally recognized framework, the Cybersecurity Professional Certification (CPC), which trains students on CISSP and CISM that are internationally recognized, performance-based cybersecurity certifications. CPC is attracting and retaining cybersecurity professionals at every stage of their career.

Sources:
- Data Breach Investigations Report 2016, Verizon
- 2016 Global Information Security Workforce Study, ISACA
- 2015 State of Cybersecurity Survey, ISACA
- 2015 Global Cybersecurity Index,世界经济论坛
- 2015 Global Cybersecurity Index, World Economic Forum
- 2016 Global Cybersecurity Index, World Economic Forum
- 2016 Global Cybersecurity Index, World Economic Forum
- 2016 Global Cybersecurity Index, World Economic Forum
- 2016 Global Cybersecurity Index, World Economic Forum

https://cybersecurity.isaca.org
Questions/Discussion
DLA Land and Maritime
Maritime Future Requirements

2016 Captains of Industry
**2016 CNO Guidance**

**Mission:** “….. Our Navy will protect America from attack and preserve America’s strategic influence in key regions of the world…..”

“Expand and strengthen our network of partners”

“Increase the volume and range of interaction with commercial industry. Seek opportunities through non-traditional partners.”
## Supporting the Maritime Domain

### Fleet Focus

<table>
<thead>
<tr>
<th>Virginia Class (SSN)</th>
<th>Ticonderoga Cruiser (CG) Modernization</th>
<th>Ballistic Missile Defense (BMD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Littoral Combat Ship (LCS)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arleigh Burke Destroyers (DDG)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 21st Century Seapower

**Force Design:** Build and maintain a Fleet of 300 ships

- Balanced force of submarines, aircraft carriers, amphibious ships and surface combatants: Multi-mission capabilities
- Control lifecycle costs: Open Systems Architecture
- Balance acquisition and maintenance to insure viability of the industrial base

### The National Fleet Plan

**Integrated Logistics:** Achieve commonality and interoperability

- Utilize DLA as a responsive and cost effective source of supply
- Material planning and procurement back into organic commands

### Increasing Operational Tempo: Robust and integrated logistics is a force multiplier
1. Increase in shipyard schedules beyond capacity

2. Multi-Ship Multi-Option (MSMO) transition to Multiple Award, Multiple Option Contract (MACMO)
   ➢ Increases organic material management

3. Littoral Combat Ship (LCS)
   ➢ CNO review completed
   ➢ Formation of maintenance execution team
   ➢ Increase reliance on organic maintenance & material management
Land Future Requirements
2016 Captains of Industry
LAND FORCES TODAY as of 12 AUG 16

Major Deployments

**CENTCOM**
- Afghanistan: 7,500
- Iraq: 4,657
- Kuwait: 10,800
- SPMAGTF-CENT: 2,300
- 13th MEU: 2,200

**PACOM**
- Korea: 4,700 (rotational ABCT)
- 31st MEU: 2,200 marines

**EUCOM**
- Europe: 4,700 (rotational ABCT)
- Black Sea Force: 265 marines

**AFRICOM**
- SPMAGTF-Africa: 1,100

**ARFORGEN**

Sustainable Readiness Model (SRM)

SRM = “remaining ready all of the time” — GEN Robert Abrams
FORSCOM Commanding General

Currently Deployed
- 2 x ABCTs
- 3 x IBCTs
- 4 x MEUs
*40,400 total ground forces
Army and USMC Industrial Activities

- ~90% of Depots’ Parts Needs are:
  - Lower/Intermittent Demand Items
  - Non-Business Drivers to DLA business model
- Uncertain/Untimely Funding

- Rising backorders/Line-Stoppers
  - Customer Wait Times Too Long
- Challenged Forecasting
  - Accuracy & Buyback, Timeliness, Army Supply Plan

DLA Needs Industry’s help to reduce lead times
Pricing Topics

COI Meeting

Edward Wingo
August 2016
Agenda

• Commercial Item / Market Pricing

• Certified Cost or Pricing Data (CCPD)
Commercial Spend Data

DLA Land and Maritime:

• FY15: $750 Million spent procuring items determined commercial (21% of dollars; 26% of total actions)

• FY16 YTD: $534 Million spent procuring items determined commercial (18% of dollars; 24% of actions)
Benefits of Large/LTC Commercial Acquisition Procedures

• Lead time to Contract Award is reduced
  – Average award time of 227 days without CCPD
  – Average award time of 377 days with CCPD

• Market Competition Sets the Prices
Evidence of Commerciality

Demonstrate that the product being offered is sold in the commercial marketplace

Information such as:

• Non-redacted invoices of sales to non-Government customers for commercial purposes
• Similar item(s) that are sold commercially
• Catalog or published prices – Commercial offerings with actual sales history
Certified Cost or Pricing Data Issues

• Incomplete cost data packages
  – 75% of packages received are inadequate (cannot forward for field work until data is adequate)

• Unable to get cost data
  – Proprietary cost data
  – Slow vendor response to pricing data requests
  – Vendors unwilling to provide additional information on subcontractor costs
Opportunities for Improvement

- Preproposal Conferences
  - Contractor, DLA L&M, DCMA and/or DCAA

- Respond timely to requests for information

- Submit complete cost data package
  - Proposal Adequacy Checklist
  - Make contact as needed

- Submit adequate supporting data for commerciality (i.e. Invoices)
Connector Stop - Shipment

**Scope**
- 12,000+ Standardization Documents
- 218 Qualification Documents
- Oversee over 700 Companies and 115 Test Labs

**Amphenol Background**
- Critical Component Sourcing Delinquent Testing
- Stop Shipment on 8 Specifications

**Process Improvements**
- Validate QPL Audit Database
- Maintenance of Database
- Retrain Associates
- Create Additional Metrics
- Assess Manpower Requirements
- FY16 Focus–Audits/Qualification Reports
- FY17 Focus–100% disposition of Retentions

**Status**
- Identified Unapproved Parts
- Approved New Sources

<table>
<thead>
<tr>
<th>SPEC</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>55302</td>
<td>Released</td>
</tr>
<tr>
<td>83513</td>
<td>Released</td>
</tr>
<tr>
<td>22992</td>
<td>Released</td>
</tr>
<tr>
<td>26500</td>
<td>TBD</td>
</tr>
<tr>
<td>38999</td>
<td>Released</td>
</tr>
<tr>
<td>27599</td>
<td>TBD</td>
</tr>
<tr>
<td>83723</td>
<td>10/28/2016</td>
</tr>
<tr>
<td>26482</td>
<td>9/30/2016</td>
</tr>
</tbody>
</table>