



Diminishing Manufacturing Sources and Material Shortages Program Update

Spring 2015
Part Standardization Management Committee Meeting

April 28, 2015

DMSMS Lead
Defense Standardization Program Office



THE TOTAL WORK TO BE

Current DMSMS Challenges

- Likely impact of current fiscal environment:
 - Downsizing of the force
 - Fewer new-start development programs
 - More Service Life Extension Programs (SLEP)
 - Increased risk for the certain industry sectors and the supply chain
 - Less funding available to resolve DMSMS issues
 - Increased risk of encountering counterfeit items
- Accelerating technology life cycles also means fewer sources for "pin-compatible" replacement parts
- Driving SLEP cost and risk:
 - Loss of OFM sources
 - Obsolete parts
 - Loss of component pedigree
 - Loss of key manufacturing expertise





DMSMS Program Strategy

- Reduce or eliminate the cost and schedule impacts of all identified DMSMS issues
- Ensure that DMSMS issues do not prevent weapon system readiness and performance goals from being met

... in a cost effective manner consistent with Better Buying Power (BBP) 2.0/3.0 initiatives







SD-22 and Material Shortages DEFENSE STANDARDIZATION PROGRAM OFFICE FEBRUARY 2015 **STDZ**

DMSMS Considerations in Design

- Are we appropriately trading DMSMS concerns with other design considerations for initial designs and subsequent redesigns?
- Are DMSMS management activities during O&S adequately considered in upfront design activities?
- Are DMSMS considerations adequately covered in technical reviews and engineering plans?

Potential design concepts to minimize DMSMS risk

- Technology and item selection
- Parts management
- Use of COTS assemblies
- Open systems architecture
- Leveraging design tools



DMSMS Policy





Department of Defense INSTRUCTION

NUMBER 5000.02 January 7, 2015

HSD(AT&L)

SUBJECT: Operation of the Defense Acquisition System

References: See References

- 1. PURPOSE. This instruction:
- a. In accordance with the authority in DoD Directive 5000 01 (Reference (a)), reissues the interim DoD Instruction 5000 02 (Reference (0)) to update established policy for the management of all acquisition programs in accordance with Reference (a), the guidelines of Office of Management and Budget Circular A-11 (Reference (c)), and References (d) through (ce).
- b. Authorizes Milestone Decision and acquisition procedures in this in consistent with statutory requirement
- APPLICABILITY. This instruct the Chairman of the Joint Chiefs of Office of the Inspector General of the Field Activities, and all other organs this instruction as the "DoD Compo
- POLICY. The overarching mana Defense Acquisition System are des detailed procedures that guide the op-
- 4. RESPONSIBILITIES
- a. <u>Defense Acquisition Executive</u> Acquisition, Technology, and Logis Major Defense Acquisition Program (MAIS) programs. In accordance w



Department of Defense MANUAL

NUMBER 4140.01, Volume 3 February 10, 2014

USD(AT&L

SUBJECT: DoD Supply Chain Materiel Management Procedures: Materiel Sourcing

References: See Enclosure 1

- PURPOSE
- a. <u>Manual</u>. This manual is composed of several volumes, each containing its own purpose, and resissues DoJ 4140.1-R (Reference (a)). The purpose of the overall manual, in accordance with the authority in DoD Directive (DoDD) 5134.12 (Reference (b)), is to:
- Implement policy, assign responsibilities, and provide procedures for DoD materiel
 managers and others who work within or with the DoD supply system consistent with DoD
 Instruction (DoDD) 1410.01 (Reference (c))
 - (2) Establish standard terminology for use in DoD supply chain materiel management.
- <u>Volume</u>. This volume implements the policies established in Reference (c) and describes produces for the DoD supply chain materiel management processes dealing with sourcing and acquiring materiel.
- 2. <u>APPLICABILITY</u>. This volume applies to OSD, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the DoD (referred to collectively in this volume as the "DoD Components").
- 3. RESPONSIBILITIES. See Enclosure 2.
- 4. PROCEDURES. See Enclosure 3

- DODI 5000.02, Enclosure 6—
 - "Ensure identification of obsolete parts in specifications and develop plans for suitable replacements in accordance with P.L. 113-66, Section 803"
- DODM 4140.01, Volume 3—
 - Identify and minimize DMSMS impacts throughout a system's life cycle
 - Designate a DMSMS "focal point"
 - Implement "the most cost effective solution" to identified DMSMS issues
 - Communicate and exchange DMSMS information within the DoD, with other government organizations, and with industry through the maximum use of alerts and the Government-Industry Data Exchange Program (GIDEP)



Section 803, FY 2014 National Defense Authorization Act

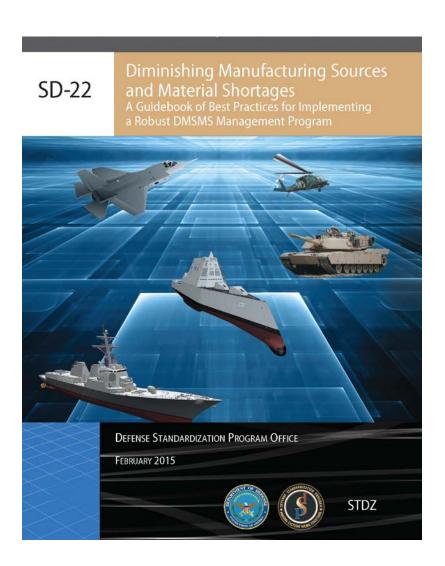


- Requires Secretary of Defense to implement a process for the expedited identification and replacement of obsolete electronic parts included in acquisition programs
- OSD office for Supply Chain Integration under Logistics and Materiel Readiness has the lead







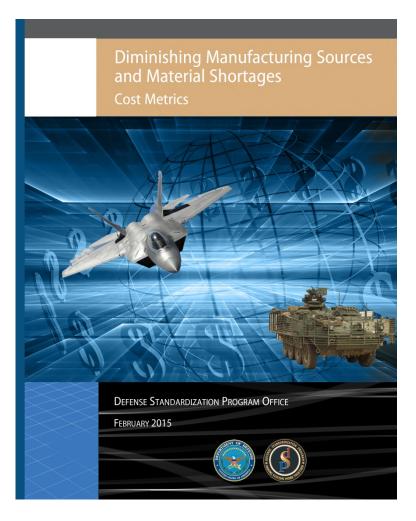


- An updated version of SD-22, Diminishing Manufacturing Sources and Material Shortages—A Guidebook for Best Practices for Implementing a Robust DMSMS Management Program, issued in February 2015 with new material on the following—
 - The application of DMSMS management to software integrated throughout the document
 - The introduction of the concept of functional obsolescence
 - Risk based approach to DMSMS management
 - Key program leadership enabling activities
 - The importance of technology and supply chain management
 - DMSMS mechanisms for hardware and software
 - The development of DMSMS health assessments
 - Methods for estimating resolution funding









- Up-to-date cost metrics are crucial for ensuring that the DOD uses the most cost-effective approach to resolving issues related to DMSMS
 - To update those metrics, the Defense Standardization
 Program Office undertook an analysis of responses to
 the 2014 DMSMS cost survey—Defense Industrial Base
 Assessment: Diminishing Manufacturing Sources and
 Material Shortages Cost Resolution Values Survey—
 conducted by the Department of Commerce's Bureau
 of Industry and Security
- The updated metrics have been incorporated into the latest version of SD-22, and the cost metric report will be publically available via the Defense Technical Information Center





New DMSMS Training

- What Program Management Needs to Do and Why
 - New Defense Acquisition University (DAU) DMSMS continuous learning course (CLL 200)
 - Focused on addressing two basic questions:
 - What does program management need to know about DMSMS?
 - Why is it important for program management to know these things?

DMSMS Fundamentals

- Update of an existing DAU DMSMS continuous learning course (CLL 201)
- To be aligned with the organizational framework and content of the current SD-22



DOD DMSMS Working Group Meeting



- Date: May 19 21, 2015
- Location: Warren, MI
- Host: US Army TACOM Life Cycle Management Command
- Host POC:
- Agenda Topics
 - OSD and Components Updates
 - SD-22 Review
 - Program Budgeting
 - DMSMS Contracting Language
 - US Army AMC DMSMS/Obsolescence Management Best Practices Update
 - NAVSEA Performance Based Logistics Update
 - Industrial Base Integration Team
 - Materiel Enterprise Database-Capabilities
 - Additive Manufacturing Supporting DMSMS
 - TARDEC-DLA Logistics & Manufacturing Coordination





DMSMS 2015 Conference

- Held in conjunction with the Defense Manufacturing Conference, November 30 – December 3, 2015
- Phoenix, Arizona
- Website http://dmsmsmeeting.com/
- Call for Presentation Abstract Topics Open (May 4, 2015)
 - DMSMS Case Studies, Lessons Leaned, and Best Practices
 - Software, Materials, and Mechanical DMSMS
 - DMSMS and the Product Support Manager
 - Counterfeit Materiel
 - Parts Management
 - Training