

---

---

**THE DISAM JOURNAL OF  
INTERNATIONAL SECURITY ASSISTANCE MANAGEMENT**

*In July, the Naval Air Systems Command held its annual foreign military sales (FMS) Logistics Process Improvement Team (LPIT) conference, which brings together participants from the Navy, industry, and the nations which use naval aircraft. We at DISAM are taking this opportunity to salute the Naval Aviation System Team that currently supports 45 countries through 1,500 FMS cases valued at over \$29 billion. In this issue, we present not only a look at LPIT conferences, past and present, but we also offer several articles describing Naval Aviation initiatives that will result in better life cycle support for the international military customer. Many of these initiatives involve information technology, and these were demonstrated in the LPIT conference's Cybercafé. Taken as a whole, the LPIT conference, as well as the new projects presented there, are indicative of NAVAIR's dynamic approach to improving logistics support through security cooperation.*

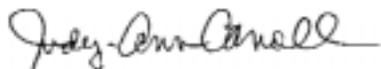
*Also in July, DSCA hosted its second annual conference on FMS reinvention, the 2000 Security Cooperation Conference. With the theme "Perspective Is Everything," General Michael Davison opened the conference by announcing a string of successes that FMS reinvention has had. In another plenary session, Deputy Secretary of Defense Rudy de Leon emphasized the continuing importance of security cooperation, noting that the calamitous failure of the FMS system that had grabbed the headlines a few years ago seems today to be a thing of the past, as sales and customer satisfaction have steadily risen. We have included their speeches in their entirety, and we have attempted to capture the essence of the ten panels of experts that comprised the bulk of the conference.*

*The last few years have seen a growth in the use of security cooperation funds in contingency operations such as presidential drawdowns and humanitarian assistance. These techniques are used as part of our overall foreign policy, but they bring with them additional financial requirements. DFAS-Denver is responsible for handling the funds for these various contingency operations.*

*Use of computers is growing steadily in the security assistance organizations. As technology has become cheaper, capabilities are now spreading thorough the world. In the European Command, information technology personnel have developed procedures for computer management throughout the unified command, and in this issue their ideas are presented so that other SAOs may benefit.*

*DISAM has two new offerings for our stakeholders. The first is a new course, the SAO Advanced Training Workshop, which will provide specialized training in the Training Management System. A prototype course will be held in September, with the first actual courses to be conducted in FY 01. The details of the course are found inside. Next is the professional certification program for those in our field. The Defense Security Cooperation Certification Program is aimed at those experienced individuals with a broad educational background in security cooperation. The description of the course and how one may qualify for each certification are found in this issue.*

*Finally, we want to wish a fond farewell to Lieutenant General Michael Davison as he retires from the Army and to extend a warm welcome to the new director of DSCA, Lieutenant General Tome Walters.*



**JUDY-ANN CARROLL**  
Colonel, USA  
Commandant



---

---

# ***THE DISAM JOURNAL***

*of International Security Assistance Management*

*Spring 2000, Vol. 22 No. 3*

---

---

<b>Cover Feature</b> .....	<b>1</b>
Captain Michael J. Dougherty, USN, Naval Air Systems Command, “International Programs and The Naval Aviation System Team” .....	1
Stephen N. Bernard, Naval Air Systems Command, “Naval Aviation FMS Logistics Process Improvement Team” .....	5
Major Joanne B. Hawkins, USA, Defense Institute of Security Assistance Management, “The Naval Aviation FMS Logistics Conference” .....	11
Joseph Hill, Naval Air Technical Data and Engineering Service Command, “Technical Data Support For Foreign Military Sales Naval Air Systems Command Customers” .....	17
Robert C. Marr, Naval Inventory Control Point, Philadelphia, “FMS Initial Support Tracker (FIST)” .....	20
Carol Shepherd, Naval Inventory Control Point, Philadelphia, “FMS Hybrid Case Reinvention Initiative” .....	26
Patricia J. Chamberlain, Naval Air Systems Command, “F/A-18 Foreign Military Sales In-Service Support: Supporting FMS Aviation Systems Through Partnerships” .....	30
Ken Kittredge, Information Network Systems, “Navy FMS eBusiness” .....	33
Terrence O’Connor, Naval Inventory Control Point, Philadelphia, “The Navy Worldwide Warehouse Redistribution Services Program” .....	38
Lari Manning, Program Manager for Naval Aviation Advanced Distributed Learning, “Advanced Distributed Learning” .....	40
Steven House, Information Spectrum, Inc., “Assessing Logistics Cost Using the FMS Decision Support and Budgeting Model” .....	46
Stacy Cummings, Naval Air Systems Command, “Joint Aviation Technical Data Integration Knowledge as a Force Multiplier” .....	57

---

Ronald M. Weinberger, Naval Air Systems Command, “Hornet International Cooperative Logistics Exchange Program”	.60
Joseph Milligan, Navy International Programs Office, “FMS Reinvention Within the Department of the Navy: A Model for Continuing Process Improvement”	.63
Captain Thomas M. Keithly, USN, Navy International Programs Office, “Team USA - An Integrated Approach to International Aspects of Navy Acquisition to Minimize Cost and Maximize Interoperability”	.66
Constance Graham, Defense Logistics Agency and James S. Winn, Information Spectrum Inc., “DLA Support for Naval Aviation FMS Customers”	.70
<b>Legislation and Policies</b>	<b>.73</b>
Lieutenant General Michael S. Davison, USA, Director, DSCA, “Security Cooperation: Perspective Is Everything!”	.73
Craig M. Brandt, Virginia Caudill, Lt. Col Karen Currie, USAF, and Larry A. Mortsoff, Defense Institute of Security Assistance Management, “2000 Security Cooperation Conference - Perspective Is Everything”	.79
Rudy de Leon, Deputy Secretary of Defense, “Second Annual Security Cooperation Conference”	.100
<b>Perspectives</b>	<b>.107</b>
Steven House, Information Spectrum, Inc., “Applying ‘Supply Chain Management’ to FMS Logistics Requirements”	.107
David Hnat, Defense Finance and Accounting Service, “Accounting for Contingency Operations: The Role of Defense Finance and Accounting Service Denver”	.114
Raymond J. Bilo, Naval Inventory Control Point, Philadelphia, and Lt. Paul B. Dougherty, SC, USN, Defense Institute of Security Assistance Management, “PowerTrack™”	.117
<b>Education and Training</b>	<b>.121</b>
Lieutenant Colonel Karen W. Currie, USAF, Defense Institute of Security Assistance Management, “Defense Security Cooperation Certificate Program”	.121
Mark Ahles, Defense Institute of Security Assistance Management, “SAO Advanced Training Automation Workshop (SAM-TA)”	.125

---

---

Mark Ahles, Defense Institute of Security Assistance Management, “Unified Command Management of SAO Computer Systems: The EUCOM Solution” .....	128
Major Mark Bourgeois, U.S. Army, Defense Institute of Security Assistance Management, “Security Assistance Management Course Executive and Industry (SAM-E)Course” .....	130
<b>Security Assistance Community .....</b>	<b>135</b>
“Change of Director for Defense Security Cooperation Agency” .....	135
Theresa A. Racliff, TACOM Security Assistance Center, “TACOM-RI Hosts Twelve FMS Countries at Users’ Conference” .....	137
<b>Security Assistance Calendar .....</b>	<b>141</b>
<b>Research and Consultation .....</b>	<b>143</b>

---

---

# ***FEATURE ARTICLES***

## **International Programs and The Naval Aviation System Team**

**By**

**Captain Michael J. Dougherty, USN  
Naval Air Systems Command**

International programs comprise a critical component within the mission, the business, and the processes of the Naval Aviation Systems Team (TEAM). We currently support 45 countries through 1500 foreign military sales (FMS) cases valued at over \$29 billion. From state-of-the-art aircraft and systems, through older, battle-proven products, to a multitude of research, development, test and evaluation, training, and logistics services, we provide a one-stop shop for the world's naval aviation needs.

The TEAM's 30,500 civilian and military members are located at eight major sites around the United States, including Patuxent River, Maryland; Lakehurst, New Jersey; Cherry Point, North Carolina; Jacksonville and Orlando Florida; and China Lake, Point Mugu, and North Island, California. Organizationally, the TEAM includes the Naval Air Systems Command Headquarters, Naval Air Warfare Centers (Aircraft and Weapons Divisions, Logistics Support Activities, and three depots) and the Program Executive Offices (Joint Strike Fighter; Tactical Air Programs; Air Anti-Submarine Warfare, Assault, and Special Mission Programs; and Cruise Missiles and Joint Unmanned Aerial Vehicles). It is a large, talented, and innovative TEAM, fully confident in achieving our Vision: "One TEAM supporting the Warfighter....delivering 21st Century aviation solutions enabling dominance from the sea."

Two concepts are fundamental to our success within the TEAM overall, and within our international efforts. First, our Program Managers, Air (PMAs) are totally responsible for their aircraft or aviation system throughout its entire life cycle, including those items operated by foreign forces. Second, our people, based on their education and experience, are aligned into eight competencies (program management, contracts, logistics, research and engineering, test and evaluation, industrial, corporate operations, and shore station management) to insure the standardization of operational processes and the refreshment of professional competence through continuous learning. Most importantly, though, these people are formed into integrated program teams (IPTs) where they apply their talents in direct support of the PMAs, who, in turn, assure that their products are delivered to the operating forces, foreign as well as domestic. Our role in AIR 1.4, the International Programs Department, is to support these IPTs through coordination, development, and implementation of international programs processes, policy, training, and financial management.

This combination of PMA teams and staff office within the established organizational and operating framework of the TEAM presents significant advantages in terms of personnel efficiency and product relevance. With only 199 individuals working international programs full time, we still manage over 49 percent of the value of all Navy programs. Additionally, we are able to offer our foreign customers the most up-to-date capability, because our people are side-by-side with their domestic counterparts. They know the latest information and, with direct access to the decision makers, they can interject the benefits of the international market at the earliest stages of

---

---

program development. However, as we know all too well, more is being required of these people on a daily basis.

Globally, nationally, and locally, the challenges facing our international program professionals continue to grow and accelerate. Competition now comes from multi-nation consortiums, from global corporations, from niche-market entrepreneurs. Offset arrangements can become the focal point of a case, vice an ancillary consideration. Customer nations are seeking the absolute best value and are looking for our processes to move, as the commercial says, "at the speed of business." Mergers and industrial base concerns garner headlines, and absorb a significant portion of our time. Administrative budgets sag under the burdens of necessary, but time-consuming, process analysis, financial accounting, and technology insertion. The litany of concerns is familiar.....but, perhaps the list of possible solutions is not.

Within the TEAM international community, we have established three goals, which are now the benchmark for measuring all our actions, both strategic and tactical. These goals, general by design, allow significant flexibility for all members of the team. The first, "Build on past success and current capability," focuses on our many past accomplishments and emphasizes using them as a foundation for the future. The second, "Keep our international programs personnel and processes in the mainstream of TEAM, Department of the Navy, and Department of Defense activity," expands our real-time scope, looking to the many changes taking place on a national level, and forcing us to define our role within them. The third, "Accelerate reinvention within the TEAM and the Navy," represents our legacy to our successors, built on the past and framed by the present.

Against the first goal, we have developed a process to proactively support U.S. and allied warfighters by meeting the coalition warfare and interoperability goals of the unified commanders-in-chief. The process is a simple input-analysis/development-output-feedback loop, but this simplicity is key to its success. In line with our theme of employing current capability, as input we will use documents that are already prepared in the normal course of business, i.e. TEAM program and business unit plans, commanders in chief theater engagement plans, and Navy International Programs Office (Navy IPO) strategic plan. By adding direct inputs from security assistance officers and country desk officers, we have more than enough data to begin the analysis/development phase. We will analyze and cross-check program/business unit, country, and regional strategies, searching for possible cost, schedule, performance, and logistics efficiencies and/or inconsistencies, and develop our TEAM strategies accordingly. The primary outputs, again already required documents, would be the TEAM international business plan and the *Javits Report* to Congress. Historically focused on programs alone, these documents will now also compile these programs by business unit, country, and region, tying together the defined commanders in chief requirements and the proposed TEAM solutions. Feedback would flow via available and emerging technology, such as knowledge management tools and the web, and through face-to-face contact at commanders in chief security assistance conferences, international air shows, and dedicated visits.

We are also using past success and current capability in a restructuring of our AIR 1.4 organization and workload. Our 29 people are experts in our mission areas of process, policy, training, and financial management, but our alignment had diffused this expertise, causing confusion for our customers and frustration within our workforce. Now, our four divisions have clearly delineated tasks and are staffed by the best people to get those tasks done. Our Program Management Division (AIR 1.4.1) will focus on the creation and execution of cases, using the Defense Security Assistance Management System (DSAMS) as its primary tool. The Training and Policy Standardization Division (AIR 1.4.2) is charged with maintaining our knowledge base and the expertise of the international program community. (For those familiar with Naval aviation, this division is the equivalent of a squadron's NATOPS (Naval Aviation Training and Operating

---

---

Procedures Standardization) organization.) International cooperation programs, including foreign comparative testing and international air shows, fall under AIR 1.4.4. Lastly, all business and financial management functions are performed by AIR 1.4.7.

With both these actions, the commanders-in-chief support process and the AIR 1.4 restructuring, the emphasis was on using the excellent resources already available to us and synthesizing them in new ways to enhance our overall capability. Meeting our second goal will not be as clear cut.

The mainstream of TEAM, Department of the Navy, and Department of Defense activity is more akin to a torrent than to a stream. With the revolution in military affairs and the revolution in business affairs as the overarching concepts, the breadth and depth of ongoing changes to our procedures, our organizations, and our technology are staggering. Within the TEAM, based on an Activity Based Costing (ABC) evaluation, we are implementing business process reengineering for a multitude of our fundamental processes. We are also embracing enterprise resource planning, a truly monumental effort that will define the ways and means of collecting, storing, and sharing our information (program, financial, and personnel). The Navy is creating the Navy Marine Corps internet, and DoD is changing its acquisition process. Now, obviously, it would be nice to press on with our integrated program business and await the impacts of these programs. However, in the interests of our people and for the survival of our international efforts, waiting is the last thing we should do.

In fact, we have done the opposite of waiting, adopting a straightforward, assertive approach: when a team is created, we put an international program person on it; when a meeting is held, international program people attend it; when we have asked for our comments, we make them. Our intention is twofold: make sure our international program community is aware of what is taking place in the larger context, and make sure our international program requirements are included in the design of these processes and systems. Our people have this need-to-know to make informed career choices and to be as knowledgeable as their domestic counterparts. Our requirements must be included or we will become peripheral, i.e., expendable, within our parent organizations.

On a more measurable scale, we are developing a way to include the effects of international program during calculation of the total ownership cost of our programs. Some concepts such as economies of scale on a production line, require little analysis. However, ideas such as designing “export” versions during development, instead of much later in the process, require significant examination. This effort could significantly influence non-recurring costs, both in identifying specific costs shared with foreign customers and in reducing the costs of altering an existing system to render it releasable. Maintenance, repairs, technical data and consumables, also will be included in this evaluation.

Our last goal, in essence, combines the first two: we must reinvent our existing processes in order to maintain pace with a rapidly changing environment. Likewise, our actions to meet this goal mirror the fundamental concepts of our other actions. In two very positive cases, we have taken our basic IPT ideas and expanded their scope to meet the emerging requirements of all participants. For the Dutch P-3 aircraft capabilities upkeep program, PMA 290 (P-3 and S-3 aircraft), Lockheed Martin, and the Royal Netherlands Navy created a cohesive team from the outset of LOA development. This allowed clear communications, shared expectations, and coordinated decision-making, ultimately building trust within the team and reducing risk to the program. Most importantly, it demonstrated if we fully immerse our customers in our routine processes, we will alleviate much of the mystery, frustration, and misgivings that plague many of our relationships. We must give them sufficient information on what they are getting and why the

---

price is what it is, so that they themselves feel comfortable with the program and that they can justify it to their home authorities.

A second instance of an expanded IPT is Team Hawkeye, comprised of PMA 231 (E-2C Hawkeye aircraft), Northrop Grumman, AIR 1.4, Navy IPO, Office of the Chief of Naval Operations, and the Defense Security Cooperation Agency. This Team was formed to jointly develop strategies to meet current customer requirements, and to ensure the E-2C weapons system can respond to new customer requirements. This innovative approach will ensure a coordinated effort when dealing with the customer and will maximize the E-2C's integrated program benefits of cost savings, interoperability, and commonality.

These are the goals for our TEAM and a few of our efforts to achieve them. Other efforts are also underway, and many more are required. Yet, we're confident we will succeed... because of our people, because of our belief in our mission, and because we have very clear direction from our leadership:

*Information technology and an increased emphasis on international coalition-building will mark the Navy of the next century. . ."*

*Admiral Jay Johnson, Chief of Naval Operations, 8 November 1999.*

**C'mon aboard....it'll be a heck of a ride!**

### **About the Author**

Captain Mike Dougherty is a Naval Academy graduate, a Naval Flight Officer, and an Acquisition Professional. He has served in a variety of Operational, Program Management, and Logistics positions in both headquarters and field activities. His tours as Commanding Officer include the Naval Air Technical Services Facility, Philadelphia, Pennsylvania (1991-1994) and the Naval Air Engineering Station, Lakehurst NJ (1997-1999). Captain Dougherty assumed his current position as NAVAIR's International Programs Department Head (Air 1.4) in July 1999.

---

---

# Naval Aviation FMS Logistics Process Improvement Team

By

**Stephen N. Bernard**  
**Naval Air Systems Command**

The Naval Aviation Foreign Military Sales (FMS) Logistics Process Improvement Team (LPIT) was officially chartered by VADM W. C. Bowes (Commander, Naval Air System Command) and RADM R. M. Moore (Commander, Naval Supply System Command) in August 1993 to integrate and streamline the processes that logistically support Naval aviation FMS programs.

The LPIT consists of the FMS logistics steering committee (LSC), the international logistics enterprise team (ILET), the FMS customer advisory group (CAG), the industry advisory group (IAG), and the logistics support office. The team works together at conferences and in separate meetings to create and enhance logistics processes that improve life cycle support for naval aviation FMS weapon system programs. The LPIT also examines technical FMS logistics processes to develop innovative solutions for FMS logistics problems.

Lou Fusco envisioned the need for a Naval Aviation FMS LPIT when he was the NAVAIR Director for FMS Logistics. Lou Fusco realized that the U.S. was entering an era in which the nation would reduce the fiscal resources it could expend in the Department of Defense (DoD) for weapon systems. The anticipated reduction in fiscal resources would directly impact the Navy's weapon system industrial/production base as the nation decreased major weapon system acquisition and production. The continued national security of the U.S. would depend on teaming with international customers and U.S. industry to ensure interoperability of the U.S. and allied countries' weapon systems. Shoring-up the defense and Navy's industrial base through recapitalization was an important part of the triad partnership.

Important to the LPIT strategy for the Navy was the enhancement of its position for FMS programs in the global marketplace. Life cycle logistics support for these programs is a key factor in that competition. Reducing the cost of a potential customer's initial investment and tailoring support to satisfy a customer's desire for self-sufficiency are important factors as well. To enhance competitiveness in FMS aviation programs, the Navy has to provide flexible, integrated logistics support (ILS). That dictates that Naval Aviation investigate its own FMS logistics processes to determine what measures can be taken to improve procedures and define innovative processes which will enhance the Navy's reputation as a world class provider of weapon systems with superior logistics support. The integrated logistics support program solutions must maximize the use of existing Navy domestic and FMS resources. Although the volume of future weapon systems sales will fluctuate, tailored and generic FMS follow-on logistics support (spares, repair of repairables, and publications) will generate a constant and significant program baseline. In addition, innovative FMS processes will reduce costs, improve performance, and facilitate future sales.

The first steps anticipated in this strategy were to establish a Naval Aviation team to investigate and improve the systems. The team needed to be led by a steering committee with input from the advisory groups. In addition, the team needed to receive administrative and technical support from a separate office or entity. Finally, the team needed to meet on a recurring basis to discuss and synthesize significant logistics issues and problems to benchmark what

courses of action would be necessary to improve those processes and in turn, improve Navy competitiveness in the international FMS arena. The steering committee needed to consist of members from key Navy FMS logistics organizations. The advisory groups needed to represent the significant functional participants in the FMS process. These advisory groups represent the FMS customer and the defense industry, which provides products and services to the international community.

The initial Logistics Steering Committee (LSC) member organizations are shown in Figure 1 below. There have been many changes in personnel and some organizational/reorganizational changes as reflected in the latest LSC member organizations that are shown in Figure 2, but the philosophy remains the same. That philosophy is to improve the way FMS logistics business is done in the Naval Aviation community so the Navy's FMS customers will continue to be satisfied with the support being provided.

<b>Logistics Steering Committee Members (1993)</b>
<u>OFFICE</u>
AIR-410F
ASO
AIR-103
CO, NAVILCO
SUP 07
NAWCD Lakehurst
SPCC
PMA205
AIR-43B
NAWC WD
CO, NATSF
Navy IPO

Figure 1

<b>Logistics Steering Committee Members (2000)</b>
<u>OFFICE</u>
AIR-3.0C
NAVICP-OF
AIR-1.4
Navy IPO 02
CO, NATEC
NAWC WD 3.2
PMA205-1
AIR-6.1.1.2.1
DLSC/CI
NAWC AD Lakehurst

Figure 2

## **LPIT Membership and Missions**

### **Logistics Steering Committee**

**MEMBERSHIP:** The LSC is comprised of members from offices throughout the Navy, which determine policy and procedures used in Naval aviation FMS logistics operations. Membership is designated to a senior official in each office/activity. The incumbent from that organization is automatically assigned as a member of the LSC.

**MISSION:** The LSC will function as a collective body to review FMS logistics issues, synthesize those issues which require action or correction, and select those issues which warrant staff investigation for change or corrective action. Membership in the LSC implies willingness to assume staff responsibility to investigate or research applicable issues and initiate corrective actions within the power of that organization. If policy or procedures required are beyond the scope of that organization, the LSC member shall develop recommendations for external staff review as necessary.

---

---

## **International Logistics Enterprise Team**

**MEMBERSHIP:** The ILET was formed in 1995 as a subset of the LSC organizations to provide “hands-on” technical support to develop the innovative solutions to logistics issues and concerns highlighted by LPIT advisory group members. The team meets with the LSC and also separately from other LPIT organizations in video teleconferencing sessions and smaller working groups.

**MISSION:** The ILET takes action items from the LPIT conferences and meetings and turns these ideas into answers. They resolve logistics issues with technical solutions. This could be the development of a database like the FIST discussed in this *Journal* (see page 20), or finding ways for customers to access logistics information as done by DLA, NATEC, and NAVICP ILET members. They will present FMS logistics solutions to the LSC and ensure that the solutions are appropriate to be adopted throughout the Navy FMS community.

## **FMS Customer Advisory Group**

**MEMBERSHIP:** FMS CAG membership will be open to all Naval Aviation FMS customers.

**MISSION:** The FMS CAG has the opportunity to present to the LSC the FMS logistics issues which have a significant impact on FMS programs in that country. Special attention is given to opening lines of communication between Navy FMS personnel and the customer country. The overall aim is to promote ongoing dialogue on significant FMS logistics issues between Naval Aviation senior leadership and the aviation FMS customers.

## **Industry Advisory Group**

**MEMBERSHIP:** Membership in the IAG will be determined by the LSC. Selection will be made from those commercial defense contractors with significant international business and may contain members from support services companies or commercial companies with related aeronautical international business. Membership on this Advisory Group can be rotated to provide additional input from industry to the LSC.

**MISSION:** The IAG has the opportunity to present significant FMS logistics issues to the LSC for consideration. Special attention will be given to cost savings when determining solutions to logistics problems. Commercial solutions to logistics issues will be encouraged for adoption.

## **LPIT Conferences and Meetings**

The first LPIT conference was held on 18-20 May 1993 at Cameron Station Officer’s Club in Alexandria, Virginia. The goals of the conference were to establish the LSC and the advisory groups to make recommendations to the LSC to improve existing Naval Aviation FMS logistics processes and policies and also to approve the LPIT Charter. Another objective of the conference was to discuss the main FMS issues and concerns of the PMA community. Aircraft briefings were provided by PMA222 and PMA225 (out-of-USN inventory and out-of-production), PMA231 (E-2C), PMA257 (AV-8B), PMA259 (AIM-7/AIM-9), PMA265 (F/A-18), and PMA290 (P-3).

The guest speakers at the initial conference were VADM W. C. Bowes, Commander, NAVAIR and RADM Don Eaton, Assistant Commander for Fleet Support in NAVAIR. Both VADM Bowes and RADM Eaton stressed the importance of the FMS customer to the U.S. Navy, and that interoperability was key to the U.S. goal of “Global Presence, Global Power”.

---

Some of the top issues from this first conference were improving training for FMS personnel, enhancing FMS communication internally within NAVAIR and externally with the FMS community, and creating a logistics life cycle management plan. Others included developing a long-term support strategy, ensuring consistent letter of offer and acceptance (LOA) pricing, and standardizing repair of repairables tracking.

The second LPIT conference was held on 1-3 August 1993 in Philadelphia, Pennsylvania. The purpose of this conference was to meet with the newly formed LPIT Industry Advisory Group (IAG) and discuss Naval Aviation FMS logistics issues from an industry perspective. The focus was on the U.S. government Naval Aviation community becoming a partner with industry to improve FMS logistics processes. Approximately forty people from industry representing over twenty-five companies were in attendance. Industry personnel separated into six panels:

- In-production aircraft
- Out-of-USN production aircraft
- Avionics and electronics
- Engines
- Missiles
- Customer services and support to discuss FMS logistics issues

Areas for consideration that were recommended were technology transfer/releasability, out-of-U.S. Navy inventory support, lowering weapon system life cycle support costs, streamlining logistics support systems, establishing and unifying customer user groups, improving the sale of FMS logistics packages, and enhancing information reporting to FMS customers.

The IAG panels highlighted a need to involve industry in the original pricing process when LOAs are being developed and to change the current policy to include organic repair as a part of the initial LOA when technology transfer procedures permit. They further recommended establishing a FMS business office as a focal point to improve communications and developing a tailored logistics approach with industry inputs as alternatives. In all, twenty recommendations were made by the IAG.

The third LPIT conference was held with the new FMS CAG on 1-4 November 1993 in Annapolis, Maryland. Over twenty-five FMS customers representing approximately fifteen countries attended. Presentations from the CAG were made by representatives from Australia, Finland, Israel, Italy, Norway, and the United Kingdom. Five subgroups were established to develop issues the LPIT should work. The subgroups were:

- Repair of repairables management (ROR)
- Customer relations
- LOA process and case management
- Expanded program coordination
- Cartridge actuated devices (CAD)/propellant actuated devices (PAD)

Issues highlighted by the FMS CAG included the extended ROR turnaround time, ROR tracking, access to the FMS management information system, and repair and exchange program options. Others discussed by the CAG were CAD/PAD long lead times, length of the LOA process, exchange of spares between FMS customers, and accurate LOA pricing. In total, 24 issues were mentioned by the CAG as ones needing to be reviewed for improvement.

---

---

The LSC met on 17 December 1993 in Philadelphia to discuss the Naval Aviation FMS logistics issues discussed at the previous conferences with the CAG and the IAG. LPIT issues were separated into eleven categories. These were:

- Repair of repairables
- LCLSP
- Expanded program coordination
- CAD/PAD
- Spares and support equipment tracking
- FMS business office
- FMS pricing data
- Customer relations
- LOA process/case management
- Technical coordination groups
- Public and private consortiums

The LSC identified approximately seventy issues in these categories to be worked.

Since these initial meetings in 1993, there have been additional individual conferences with the FMS CAG and IAG and “all-hands” conferences where the entire LPIT partnership attends. At these conferences, the status of issues from the previous conference are discussed, briefings are given, panels are used to provide information, and conference facilitation is done to highlight future issues that need to be considered.

The LPIT functions throughout the year by having ILET video teleconference meetings to discuss the specific work they are doing on the current LPIT issues. Approximately one month after these video teleconference meetings, the ILET briefs the LSC to request FMS policy and procedure changes related to the issues, funding required to start and complete the projects, and approval to add new issues and close completed ones. As shown previously, there have been many changes in the personnel who started the LPIT, including the first LSC chair, Lou Fusco.

One LPIT member has been a part of the LSC since its inception, but he has done it while being in three different locations. Captain Mike Dougherty, now the Head of the Security Assistance Department in NAVAIR Headquarters in Patuxent River, Maryland, also served on the LPIT when he was the Commanding Officer of NATSF (now NATEC) when it was located in Philadelphia, Pennsylvania. He was also a LPIT member in Lakehurst, New Jersey where he served as the Commanding Officer of the Naval Air Engineering Station. His leadership has been a consistent thread that has helped the LPIT keep moving forward to improve logistics support for the Navy’s FMS customers. Others, who have not been LPIT members as long, have also provided their time, leadership, and technical skills to improve Naval Aviation FMS supportability processes. Their efforts have also paid dividends.

The LPIT has opened doors for enhanced communication with our FMS customers and industry partners, and the team continues to work the tough supportability issues for Naval Aviation FMS programs. Some of these issues are discussed in other articles in this *Journal*. The work continues to be done to resolve these issues, and it is a pleasure to be a part of this team to provide those innovative solutions.

---

## About the Author

Mr. Stephen N. Bernard is the Director of the FMS Logistics. Mr. Bernard graduated from U.S. Army Flight School in 1969, serving in the Republic of Vietnam and Germany. In 1975 he received a BA in experimental psychology, and an AAS in aviation technology from Southern Illinois University. He holds the Federal Aviation Administration Office of Airports and Programs and commercial helicopter licenses. He served as a tech data and production manager at NADEP Cherry Point, North Carolina from 1975 through 1984. In 1981 he received an MS in acquisition logistics from the Air Force Institute of Technology as a Secretary of the Navy Management Fellow. From 1985 through 1991, Mr. Bernard was Assistant Program Manager (Logistics) for the Navy's H-46 and F/A-18 (Kuwait) programs. Currently, he is Director of FMS Logistics at the Naval Air Systems Command.

---

---

# The Naval Aviation FMS Logistics Conference

By

**Major Joanne B. Hawkins, USA  
Defense Institute of Security Assistance Management**

In July 2000 the Naval Air Systems Command hosted a Foreign Military Sales Logistics Process Improvement Team (LPIT) Conference. The theme of the conference was on supporting foreign military sales (FMS) aviation systems through partnerships. The emphasis was on partnership building between the U.S. Navy, U.S. industry, and FMS customers, and inter-service partnerships within the DoD to find solutions to the problems of logistics support of aging or obsolete equipment. RADM Wall B. Massenburg, Assistant Director of Logistics, NAVAIR 3.0, opened the conference by encouraging the participants to tackle issues that are important to both U.S. government and FMS customers. He emphasized that today the U.S. military needs the help of international customers and U.S. industry to be able to work together in partnerships to find solutions to the obsolescent issues. The concentration needs to be on the integrated logistics support (ILS) elements, such as support equipment, test program sets, maintenance, training, spare parts, computer resources and technical data.

Security assistance foreign representatives (SAFRs) from fifteen FMS customer countries attended the conference, along with industry representatives of fourteen U.S. companies. Also represented were the Defense Logistics Agency (DLA), the State Department, the Defense Security Cooperation Agency (DSCA), and numerous Navy activities.

Last year's LPIT conference committed to working on several issues. These issues included better communication between FMS customers, industry and the U.S. Navy, a mechanism for



**Steve Bernard, Director of FMS Logistics for NAVAIR, hosted the conference and offered welcoming remarks.**

FMS customer submission of quality deficiency reports (QDR), and Navy participation in the worldwide warehouse redistribution system (WWRS). The Navy has joined the WWRS, with Canada and Israel being the first FMS customers to submit letters of requests for WWRS cases, and the Naval inventory control point (NAVICP) has established an on-line QDR submission and response process through its FMS eBusiness Suite. The consensus during this year's conference was that communication between all parties has improved within the last year by the Navy's implementation of secure web sites, such as NAVICP's FMS eBusiness Suite, the FMS initial support tracker (FIST), and the program management database (PMD). These can be accessed by FMS customers and industry personnel to obtain Navy

logistics data and updates about ongoing initiatives toward customer improvement.

Of the numerous issues discussed at this year's LPIT conference, one that is of great concern is the bureaucratic process of third-country transfers and export controls. Current legislation requires U.S. government approval of all third party transfers of any item, regardless of type, age,

---

value, duration, or reason, on a case-by-case basis. This requirement has drastically slowed down the process of end-item retransfers, and it has thwarted the exchange between FMS customers of spares and support equipment for the F/A-18, and other items which could be critical for the support of aging or obsolete FMS equipment. Doug Johnson of the State Department's Regional Security and Arms Transfer Policy office of the Bureau of Political Military Affairs (PM/RSAT) explained that FMS customers can get pre-approval to transfer material to other FMS customer countries by having their Minister of Foreign Affairs sign a blanket end-user agreement which does not have to be completed again for each retransfer. The State Department has accepted such blanket assurances from Belgium, Denmark, Latvia, Albania, Israel, Malaysia and Chile, and has draft blanket assurances pending with Norway, the Czech Republic, Paraguay and Canada.



Mr. Joseph Hill, NATEC, explains the Joint Aviation Technical Data Integration program.

Industry representatives proposed that the State Department consider licensing an entire support package in conjunction with licensing the export of the end item. This would speed up the LOA development process of follow-on support cases and allow an easier exchange of components between purchasers of that end item.



Bruce Wilhelm, NAVAIR; SQD LDR Gary Ilton, Australia; Paula Battisoni and Mike Houck, both of NAVAIR; Mike Marinshaw of Honeywell; and Gerry Tonoff, NAVICP-P constituted a panel of the Logistics Process Improvement Team.

Another problem identified at the LPIT conference was the restricted access to DoD web sites by international customers and industry representatives. Various local, Navy, or DoD policies have precluded the international customers from accessing publications, logistics data, financial information, and day-to-day operations resources via the Internet. Access policies vary within and between military services. Limited access is exacerbated by the 128-bit encryption requirements for CONUS browsers which are not compatible with lesser encryption standards

---

overseas. Furthermore, the lack of a single conduit for information for international and industry customers requires a user to maintain an extensive list of frequently changing universal resource locators (URLs), numerous accounts and passwords. The ideal solution is a one-stop web portal or conduit which allows worldwide access around the clock, allowing for data segregation based on user needs. This single entry point should allow access to publications, engineering and technical data, logistics and financial data, and should include, but would not be limited to, e-mail and a search capability. The lack of a consistent DoD policy on web site access, data management, and access pricing is an area of great concern to international, industry and DoD customers overall.

International customers requested that the Naval Aviation Depots (NADEPs) provide actual final repair costs of items returned for repair, rather than the current average cost, and a detailed explanation of what required repairing. This information would allow the FMS customer to track usage and breakage frequencies, leading to an adjustment and improvement in maintenance, operation or supply procedures for that item. This action item for the NADEPs was one of the focus issues for this year's LPIT conference.



Fred Morand of Northrop Grumman and Jim Winn of Information Spectrum, Inc., lead a discussion with industry representatives on customer support issues.

Industry representatives voiced their concern over the quality and reliability of breakout spares used in major end-items rather than original equipment manufacture (OEM) spares. Breakout spares are defined as items manufactured by a source other than that used by the manufacturer of the originally procured end-item. Breakout spares do not carry with them the quality and reliability standards of the original manufacturer. The use of breakout spares could result in higher repair parts costs for the customer in terms of more frequent maintenance and greater spares consumption. The purchase of break-out spares may seem cheaper based on unit cost, but in the overall life-cycle cost of the end-item, the use of breakout spares could be more expensive. As end-items age, and manufacturers' emphasis is on newer equipment production, the use of breakout spares becomes more frequent. International customers, DoD and industry need to work in partnership to ensure that OEM spares continue to be available to the international customer. The FMS customer's requirements need to be considered in the drawdown and disposal plan when the U.S. government procures the item initially, and the total cost of ownership by the U.S. government should include requirements to support FMS customers.



Captain Don Smith, NAVICP-OF, explains Navy initiatives such as participation in the Worldwide Redistribution System, the FMS hybrid reinvention and the FMS eBusiness website.

Another area identified as needing immediate attention was the inconsistent policies and service provided by the supply centers of the Defense Logistics Agency (DLA). International customers complained of the lengthy backorders of non-CLSSA requisitions (Type 5 backorders), and commented that the review period and release of these backorders varies by inventory control point (ICP). The FMS customers noted that DLA charges different cost recovery surcharge rates at different ICPs, and these rates are not explained to the customers. The requested solution is to eliminate the backorder policy reflected in Chapter 8 of the *Security Assistance Management Manual*, which restricts sales from stock on non-CLSSA requisitions to items whose on-hand level is above the reorder point. A change to this policy would permit DLA to include non-CLSSA demands in forecasting their stockage level requirements and provide better support to the FMS customer by reducing the number of backorders. International customers also requested DLA to increase the review and release of backordered items, increase the use of direct vendor deliveries of DLA managed material for FMS customers, and publish clear pricing policies.

Several other initiatives were discussed as support mechanisms for aging and obsolete equipment. These included the FMS reserve, a program currently in place by the Navy and DLA, which freezes disposals of spares for obsolete equipment, making them available to FMS customers. Further information on the FMS reserve can be found in the article “DLA Support for Naval Aviation FMS Customers” on page 70. Another Navy initiative is the FMS hybrid reinvention, which partners DoD and industry to provide secondary support items through a commercial buying service. See page 26 to read the article by Carol Shepherd on the “FMS Hybrid Case Reinvention Initiative.”

One of the special features of the conference was the Cybercafé, a separate area for computer demonstrations of new initiatives, of which several articles are featured in this issue of the *DISAM Journal*.

Among the computer based initiatives demonstrated at the Cybercafé was the Joint Aviation Technical Data Integration (JATDI) program, a NAVAIR and Army Aviation Missile Command (AMCOM) developed web-based application integrating Commercial-off-the-Shelf (COTS) products to obtain and display requested aviation technical data for selected Joint Weapons System. JATDI is currently being tested for FMS customer use by Australia. (See the article on page 57 by Stacy Cummings.)

The Naval Air Technical Data and Engineering Service Command (NATEC) demonstrated their publications web site and resources for supporting FMS customers with up to date Navy technical publications. (See Joseph Hill’s article on page 17.)

---

The Navy Inventory Control Point (NAVICP), Philadelphia, showed off its FMS Initial Support Tracker (FIST) which provides customers and program managers with an integrated tracking system to monitor support requirements. (See Robert Marr's article about FIST on page 20).

NAVICP also unveiled the FMS eBusiness web site, which allows the FMS customer to submit requisitions, reports of discrepancy, quality deficiency reports, and access a variety of information management systems such as FIST, the Management Information System of International Logistics (MISIL) and excess defense articles (EDA). More information on Navy FMS eBusiness can be found in Ken Kittredge's article on page 33.



Mr. Mike Gindraw, NAVICP, demonstrates the FMS Initial Support Trackers (FIST) at the Cybercaf .

Also demonstrated at the Cybercafé was NAVAIR's Program Management Database (PMD), an interactive global information management system designed to permit real-time information sharing and storage for all users via the internet and local servers. The PMD users can access forms, modules, reports, and attach files and information, using current applications on the user's personal computer. Steve Bernard has provided more information about PMD on page 5 of this *DISAM Journal*.

In conclusion, the Naval Aviation FMS Logistics Conference attempted to identify areas of concern and propose avenues for arriving at solutions to issues that impede on good customer support. The Naval Air Systems Command proposes to find solutions to the issues identified during the conference through the use of partnerships, sound business practices and innovative technology. In this year's conference, the workshop approach yielded many good suggestions for problem resolution, and increased the awareness of all attendees of the problems of aging and obsolete equipment support.



Security assistance foreign representatives LCDR Mark de Jonge, Netherlands; FLT LT Ian Reynolds, U.K.; SQD LDR Gary Ilton, Australia; and WO Steve Currie, Australia, attended the NAVAIR FMS logistics conference.

---

## **About the Author**

Major Joanne B. Hawkins is an Army Quartermaster Officer and a DISAM associate professor. She is the functional coordinator for logistics instruction at DISAM, and the course director for the Logistics/Customer Support Course (SAM-CS). Major Hawkins holds a Bachelor of Arts degree from the University of Miami, Florida, a Master of Education degree from Campbell University, North Carolina, and a Master of Science degree from Central Michigan University. She is also a graduate from the Army Command and General Staff College. Major Hawkins has been teaching at DISAM for nearly seven years, concentrating in FMS logistics, FMS process, legislation and foreign policy and FMS financial management.

---

---

# **Technical Data Support for Foreign Military Sales Naval Air Systems Command Customers**

**By**

**Joseph Hill  
Naval Air Technical Data and Engineering Service Command**

The Naval Air Technical Data and Engineering Service Command (NATEC) works in partnership with the various program executive offices (PEOs) and technical data source providers to ensure Department of the Navy (DoN) foreign military sales (FMS) customers receive current and accurate technical data in a variety of formats. Commanded by CDR James Tung, the 3.3 component of NATEC is chartered by NAVAIR to provide technical data services for the development, preparation and distribution of aeronautical technical and maintenance management information, and exercises technical guidance of systems of reproduction and distribution for specified engineering design data.

Located in San Diego, California, NATEC was commissioned in October 1998 as a result of a base realignment and closure action that combined the Naval Air Technical Services Facility (NATSF) functions with those of the Naval Aviation Engineering Service Unit (NAESU). Although NATEC has the 3.3 component which provides technical data support and the 3.7 component which provides technical representative support, this article will only discuss the 3.3 component's role in providing FMS customers technical data. Logistic element managers (LEMs) are assigned for each country and work with our distribution, technology, and JEDMICS (drawings) departments to meet the customers' requirements.

FMS customers have a wide range of requirements for technical data. As technological advances have occurred in the development of technical data, the distribution media for manuals have evolved. Media may be hardcopy (paper) or electronic files. The methods for distribution may be printing of the manuals, placing the files on CD ROMs or transferring the electronic files over the internet from a web-based source.

The Department of Defense has determined that transitioning from paper medium to electronic medium for technical data is desired for the majority of manuals. This results in both cost avoidance (printing costs for paper manuals are the most expensive method for distribution) and expands the options for delivery. Additionally, electronic files can be easily copied to CD ROMs and mailed to customers, or downloaded from a web site with minimal reproduction and distribution costs incurred. At this time, the majority of the technical manuals on NATEC's web site are in portable document format (PDF).

Realizing that not all customers may have the desire to move into a digital technical manual environment at the same time the Navy moves from paper to electronic files, NATEC works with these countries to continue delivering paper documents whenever possible. However, in those instances when domestic customers may no longer require paper deliverables as an option, the total cost to maintain a unique paper deliverable system (source providers' costs to develop new content and maintain/update existing content) will be funded by only the FMS customer.

The decision of whether to stay with paper or transition to digital media is a major milestone for many FMS customers. Is the technical infrastructure (computers, local area network system, wide area network system, internet connectivity, software requirements, security controls for data management, technology support group and operator skills) available in country, or is it even cost effective to develop this level of support at this time? At what point will the Navy no longer

---

support paper medium so total costs will fall to the countries? These and many other questions and concerns affect our FMS customers and are being addressed by NATEC and the rest of the NAVAIR Team.

One of the obvious concerns to FMS customers is what will be the technical data cost in its various deliverable format options (paper, CD-ROM or downloaded from a web site)? For manuals that have been converted to a digital file format such as PDF, page counts still exist, so per page pricing methodology can be applied. However, once a manual is converted to other than a page format (database, HTML, SGML, XML, etc.) other methods for pricing the deliverables must be developed.

The guiding document which provides pricing information for FMS deliverable technical data for all U.S. services is the DoD 7000.14R, *Financial Management Regulation*, Volume 15, Security Assistance Policy and Procedures. This document is presently under review to address digital data pricing issues. NATEC and representatives from the U.S. Air Force and U.S. Army technical data departments are working to establish a truly joint service application to pricing methodology for updates to the DoD 7000.14R.

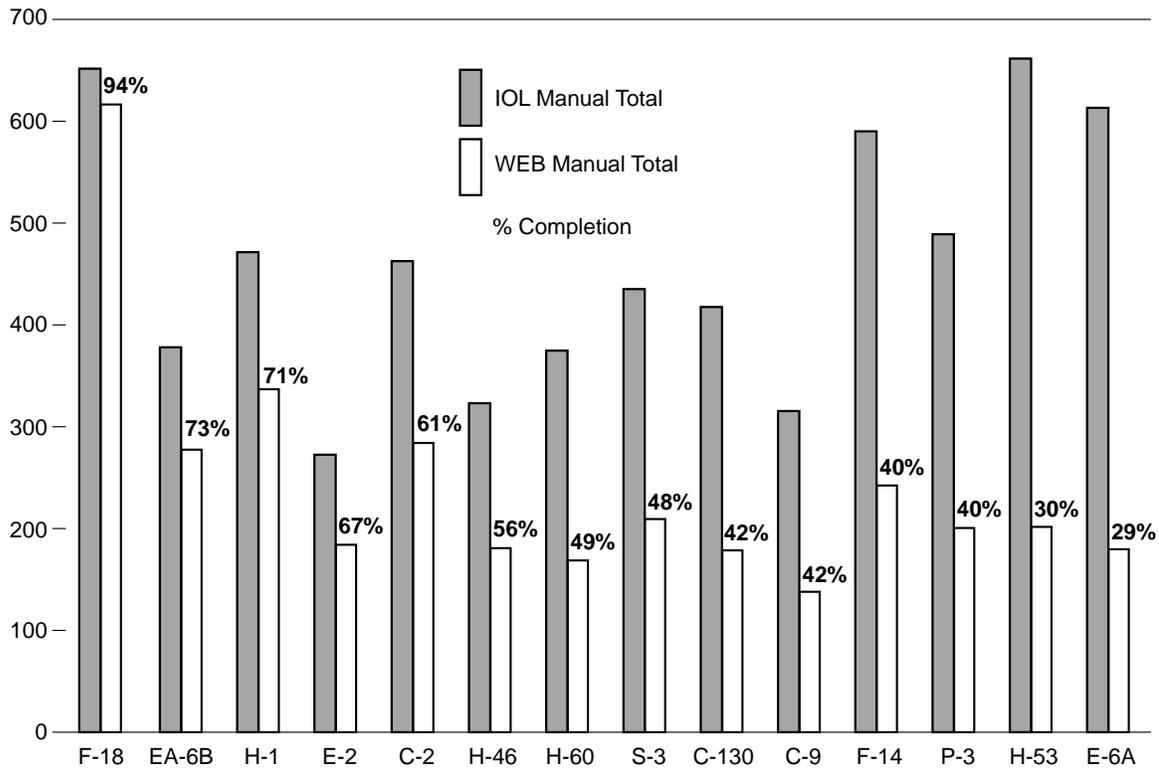
The ability to distribute technical data via the NATEC web site is central to NATEC's technical data management philosophy. Manuals are populated on the site by two methods. Suitable digital files are received from the source provider, processed and posted, or paper copies of the manuals are received, scanned, converted to PDF format and posted. For FMS customers, access to the technical manuals is not yet feasible due to regulatory constraints yet to be resolved.

Although web access to technical manual content is not yet in place, NATEC has established FMS customer access to their Automatic Distribution Requirements Lists (ADRLs). This is merely a list of all manuals a country is required to have with dates and quantity of distribution shown; no technical content is provided. As new content (updates, revisions, changes) to a country's manuals are posted to the web site, the publication's ADRL applicable line item is modified slightly indicating its availability for either paper or CD ROM output. All of a country's manuals, which are on the NATEC web site can be copied to a CD-ROM normally within five business days and mailed to the country's freight forwarder. Therefore, lack of real time access to technical content via the web has been found to be less of an immediate concern for most of our FMS customers. Domestic customers prefer to receive at least their initial set of manuals on CD-ROM due to the extensive download times from the web site. Any FMS customer may have access to their ADRL via the NATEC web site by submitting a request via e-mail to the FMS Supervisor, Joseph Hill, [hillje2@navair.navy.mil](mailto:hillje2@navair.navy.mil). Normal processing time is one day.

The NATEC web site is being populated as rapidly as within existing funding constraints. The following list shows the level of platform postings. The posting effort is focused on the organizational level initial outfitting list requirements for a platform.

NATEC is committed to meeting the needs of our FMS customers. As noteworthy progress is made or viable options present themselves, this information will be disseminated. This information exchange may be via LEM e-mail to country representatives, forwarding our *Technical Data News Letter* known as *TPLIS*, or other means. We are in the process of preparing an options list to assist countries in identifying their minimum requirements for "going digital". One method of resolving the accessibility issues to U.S. government web sites may be to establish in-country servers with either LAN or WAN connectivity. CD-ROM manual sets sent from NATEC could then be loaded on the country server and managed locally, greatly simplifying the data transmission, encryption/decryption and access control issues.

NAVAIR Technical Manual O Level Initial  
Outfitting List (IOL)/Percent of Manuals on NATEC Web 6-01-00



All FMS customers are encouraged to visit the NATEC facilities located at the Naval Air Station, North Island, whenever in the San Diego area. Processes are improving rapidly, so for the latest information or assistance in processing a Visitor's Request please contact your designated LEM or the FMS LEM supervisor, Joseph Hill at 619-545-2437, DSN 735-2437, FAX 545-1883 or e-mail [hillje2@navair.navy.mil](mailto:hillje2@navair.navy.mil).

### About the Author

Serving as the Supervisor for Foreign Military Sales Logistics Element Managers and Quality Assurance personnel assigned to the Naval Air Technical Data and Engineering Service Command (NATEC) located in San Diego, California, Joseph E. Hill is a career civil service employee. Mr. Hill has held management and supervisory positions within the 3.3 Technical Data component of NATEC and within his prior command, the Naval Aviation Engineering Service Unit. With over 25 years of federal service in Naval Aviation as a technician, supervisor and manager and 5 years as a contractor representative, Mr. Hill applies the W. Edwards Deming common sense approach to process improvements and management practices.

---

---

# **FMS Initial Support Team (FIST)**

**By**

**Robert C. Marr,  
Naval Inventory Control Point, Philadelphia**

## **Background**

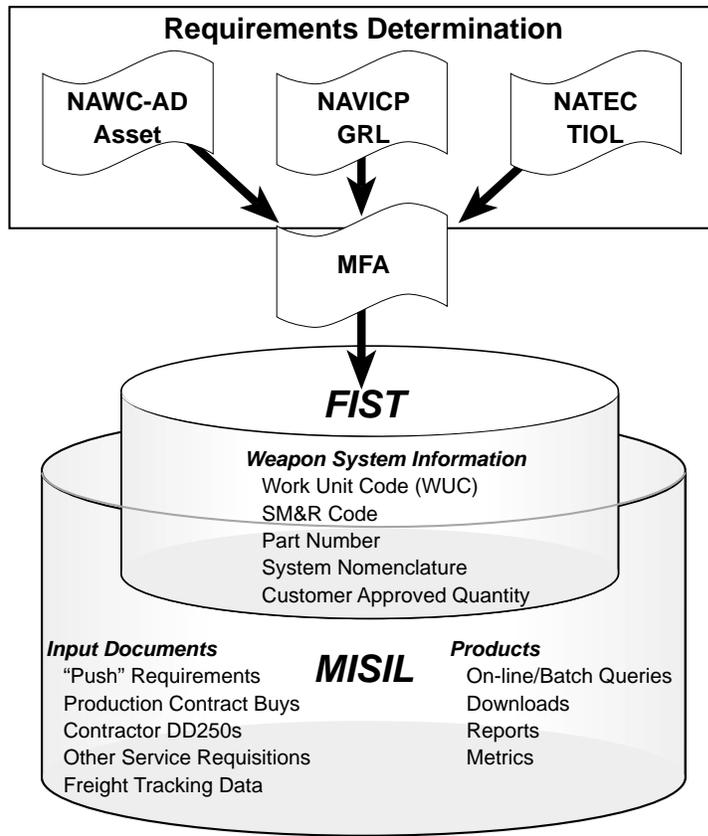
FMS Initial Support Tracker (FIST) provides NAVAIR program managers, FMS customers, and supporting activity's logistics element managers (LEMs) with an integrated tracking system. FIST enables them to monitor spares, support equipment, and publications initial support requirements from requirements determination through delivery all linked together at the system configuration level. FIST is a windows based software application resident on the NAVICP LAN and the WEB within the FMS Information Warehouse. The French E-2 and the Spanish SH-60 programs currently are loaded into FIST as the initial test programs. The FMS Initial Support Tracker (FIST) was conceived by AIR-3.OC as a government-sponsored common program that will be used for all future NAVAIR FMS aviation programs. At the request of the U.S. Air Force, U.S. Army, and the Navy, the FIST capability is being developed into the new DoD level FMS tracking system Defense Security Assistance Management System.

To initialize FIST, the maintenance functional analysis (MFA) is loaded providing the weapons systems configuration with spares, major support equipment, and publications all tied together at the system level. The MFA is used by the FMS customer and NAVAIR with supporting logistics element managers to establish the FMS initial support requirements at the site survey. During the site survey, the Navy maintenance concept is tailored to meet the FMS customer country's unique requirements. Support items including spares and support equipment (SE) as well as publications, facilities, and training are selected based on tailored maintenance concepts and existing compatible FMS customer owned logistics assets. After the site survey, the MFA data, including all of the items applicable to each system within the aircrafts configuration, is loaded to FIST to provide the system structure for tracking logistics data system by system.

The chart on the next page reflects NAWC-AD providing support equipment, NAVICP spares, and NATEC publications data as the main sources of data to FIST. The spares, support equipment, and publications data is linked together through the system configuration data in FIST from the MFA. The FIST data is updated automatically by the Navy's Management Information System for International Logistics (MISIL) with estimated delivery/procurement/pricing/shipment status for all matching FMS requisitions.

Supporting or prime contractors often provide portions of the logistics data also as coordinated by the NAVAIR assistant program manager for logistics. Additional status and explanatory data is loaded for requisitions by each responsible LEM as necessary.

A program database is created when NAVICP performs an initial batch upload of establishment records into FIST. These records are developed by NAVICP or by a program LEM (government or contractor) tasked with establishing the initial database. This database is part of the FIST system and is segregated from other program databases by country/case. Now established, the database is available for use within FIST and authorized users may update program data. FIST is initialized and updated by authorized LEMs assigned the responsibility for designated fields. Certain fields, such as program definition line item (PDLI), standard price and supply system status, can only be updated by MISIL. Fields assigned to the LEMs, for example, include work unit code, system nomenclature, part number, maintenance and supply data as well



FIST Process Diagram

as tracking remarks. LEM updates can be accomplished via interactive web update on the internet or in a batch mode for initial load or subsequent updates. The data within FIST can be manipulated through interactive query as well as multiple standard reports and downloaded into most formats.

Info Warehouse/FIST, through the use of user ID/passwords, limits access to a country and case program database. Database integrity is maintained by FIST restricting record updates through the use of user ID/passwords and responsibility codes (RSP CD). The RSP CD a 3-position code identifying each command/contractor. The RSP CD is a mandatory field for establishing a data record in FIST. Additionally, FIST restricts record update authorization (add/update/delete actions) to named individuals within the responsible command/contractor by the use of RSP CD's in conjunction with an individual's User ID/Password. The APML is responsible for identifying to NAVICP which individuals are assigned update authority and what record update actions they are allowed.

### Capabilities

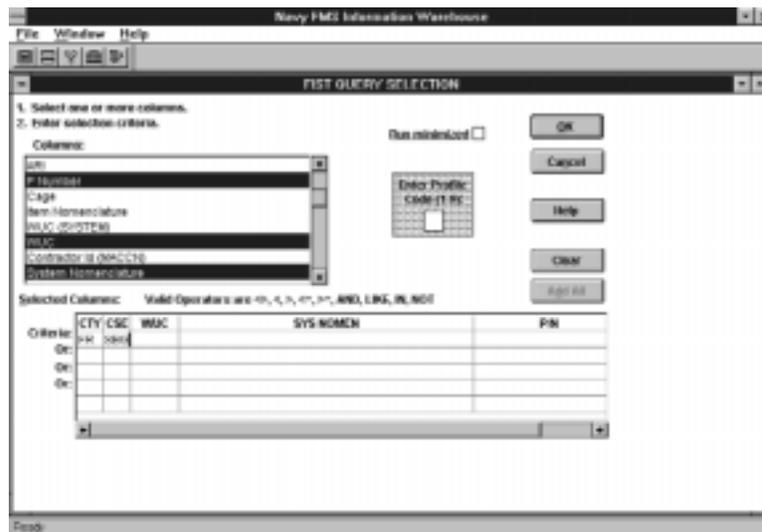
The following capabilities exist for all FIST users:

- Enhanced program management from requirements determination through material delivery
- Improved visibility of "due in" material for FMS customers
- Early identification and quicker resolutions of potential problems

- On-line interactive query/sort capability with sophisticated query build screen and custom reporting for viewing or downloading data. Download to most formats
- On-line interactive (add/update/delete) capability along with batch (add/update/delete) capability
- Batch mass update data by case code
- Pre-formatted reports for viewing on-line, printing or downloading
- Summary delivery status report by category (backorder, pre-award purchase, on contract, shipped, cancelled, etc.)
- Maintenance transition report (delivery status of each item by system, need date and maintenance level)
- Weapon system cost report (cost for each logistics element or aggregate by system as well as for the entire aircraft)
- Requisition summary report (listing of established requisitions and their status by logistics element)

### Interactive Query

With the interactive query, click on any field in the vertical list of available data fields for them to drop down in whatever custom designed report structure desired. Then type any qualifiers/operators into the fields to develop the query. The results of the query create a custom report or can be used to provide the initial qualifiers for use of one of the standard reports described below. The interactive query results can be printed to your local printer or downloaded to your PC.



### Reports

FIST provides canned reports with summary shipment statistics, requisition status reports by logistics element, weapon system cost summary reports, and maintenance transition reports.

WUC	PLS CD	PAPER NO	PSC	NH	NOMEN	SMD	QTY	TOTY	MILSTDP
111300	12081045	501	1580	00111584	DOOR,ACCESS	PR000			1 PFR1247017801
111300	120C01803	407	1580	01180288	PN ASSEMBLY	PR000			
111820P	12004988	15	1580	00225584	VALVE,HEAD,DIRCT	PR000			1 PFR12401575102
1213000	1204V070	3	5085	01348190	CABLE ASSEMBLY,SPRC	PR000			1 PFR12470178137
1222100	1234011580	505	1580	01062080	SEAL,ACRONFT	PR000			
132080P	300760				BRACE ASSY LEFT	PR000			
1321400	8074190			00198847	TRNS, PNEUMATIC	PR000			
1740000	8045450		4030	01400005	SEAWATER ACT B,DRHT				
222014*	00276011		2010	012110170	FILTER,FUEL,HPFC20	PR000			
2300340	20003630		2010	01300794	DRFC	PR000			3 PFR12403318008
2323100	20033700		0440	04067020	TORQUEMETER	PR000			
250020*	20014505		0440	04048100	ROB UNIT ASSY	PR000			
2802100	4070		2040	00000795	CYLINDER ASSEMBLY,A	PR000			
2807100	30000130C		2040	013180727	STARTER,ENGINE,AR	PR000			3 PFR12400208108

The Requisition status report above also has the following fields accessible with the scroll bar to the right.

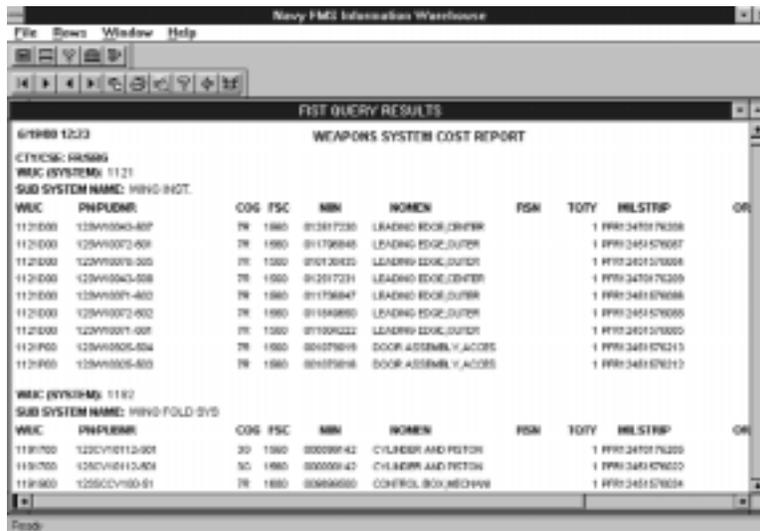
- RDD Required Delivery Date
- LT ST Last Status Code per MISIL
- APML CD Status Code Reported to APML
- Stat Dt Date Last Status Code was input per MISIL
- APML Dt Date Status Code Reported to APML
- SHP Date Shipped
- EAD Estimated Availability Date

WUC	PAPER NO	NOMEN	RSP	MILSTDP	COS	NH	TOTY	RCD
4321000	8017335	1			TR	010073181	2	2
010000*	1230C00158	5			TR	012523910	1	1
0100000	1230C00158	7			TR	008049849	1	1
0100000	1230C00158	7			TR	008049849	1	1
011410*	1230C00158	10			TR	013177812	1	1

The maintenance transition reports provide delivery, estimated delivery and critical item data covering spares, support equipment, and publications for each system on the aircraft. The maintenance transition reports identify an FMS customer's capability by system to assume maintenance responsibility for the aircraft. The reports identify what will be delivered by the need dates and what the plans are for the balance of items to ensure the scheduled transition to the FMS

customer's capability. The Maintenance transition report above also has the following fields accessible with the scroll bar to the right.

- RDD Required Delivery Date
- EAD Estimated Availability Date
- SHP Shipped Date
- FF REC Freight Forwarder Receipt Date
- RIC Received in Country



The weapon system cost report provides the summary cost for any system or the entire aircraft with a comparison of the original price and availability and final prices. The costs can be broken down for each logistics element or summarized for all logistics elements (spares, support equipment, and publications) of each system, combination of systems, or the entire aircraft. The weapon system cost report above also has the following fields accessible with the scroll bar to the right.

- Orig Ext Amt Original Extended Amount (Original Extended Value of Requisition)
- Ext Amt Extended Amount (Extended Value of Requisition)

### Summary

FIST is a database loaded by the LEMs for the NAVAIR APML, LEMs, and FMS customer to track spares, support equipment, and publications for the entire aircraft as well as at the system level. FIST can be accessed and updated from anywhere in the world via the WEB as part of the NAVICP FMS Information Warehouse. FIST provides capability for the NAVAIR and the FMS customer team to assess what items of support equipment, spares, and publications will be needed, and if any will not be available by the need date. Management attention can be expedited to any projected late to need item or a work-around can be developed. FIST has a powerful interactive query capability allowing access to all aspects of FIST extracted by any combination of fields and sequence locally printable and downloadable in most formats. FIST has a range of powerful canned reports defined by NAVAIR to maximize management information and ability to apply attention in the areas of total program summary of requisition status, maintenance transition capability, and comparison and summary of preliminary program and system cost versus final cost. At the request of the U.S. Air Force, U.S. Army, and the U.S. Navy, the FIST capability is being developed into the DSAMS. FIST is an extremely powerful tool now adopted by all of the DoD for truly integrated tracking of FMS initial support logistics.

---

## About the Author

Robert C. Marr graduated from the University of Maryland in 1974 with a BS double majoring in Business Management and Personnel and Labor Relations. He started at the Navy Aviation Supply Office in 1975 as an Inventory Manager. At various times during his career at the Aviation Supply Office now called Naval Inventory Control Point (NAVICP) he has been the branch head for the domestic USN A-6, F-18, Common Avionics, and AV-8B aircraft programs. Mr. Marr currently is a Division Director at NAVICP for Aviation FMS spares programs. He is responsible for all Naval aviation FMS initial spares support programs except for the F-18 and AV-8B and for all NAVICP cog aviation FMS spares follow on support requirements except for Repair of Repairables.

---

---

# FMS Hybrid Case Reinvention Initiative

By

**Carol Shepherd**  
**Naval Inventory Control Point, Philadelphia**

The Defense Security Cooperation Agency (DSCA), Navy International Programs Office (IPO), and the Naval Inventory Control Point (NAVICP) International Programs Directorate have developed procedures for an experimental foreign military sales (FMS) case that will include characteristics of FMS and commercial procurement. The FMS hybrid case will be a new vehicle that provides international customers access to the DoD supply system and the option of using a commercial buying service (CBS) via a single FMS case. It is not intended to replace existing supplemental buying service procedures, but to create additional customer options.

Over the past three years, Defense Logistics Agency (DLA) statistics show non-Cooperative Logistics Supply Support Arrangement (CLSSA) follow-on support requisitioning has dropped by 50 percent. The statistics depicted in Figure 1 indicate that FMS customers are going elsewhere for their consumable material requirements. DoD supplies the majority of FMS requirements within a few days. However, requirements subject to backorder or spot procurement often age beyond time frames acceptable to our customers. Currently, 28 percent of Navy FMS requirements are on backorder. Figure 2 depicts this problem. Note that most of the backorders are under \$25,000. DoD spends inordinate manhours to support these low dollar value requirements.

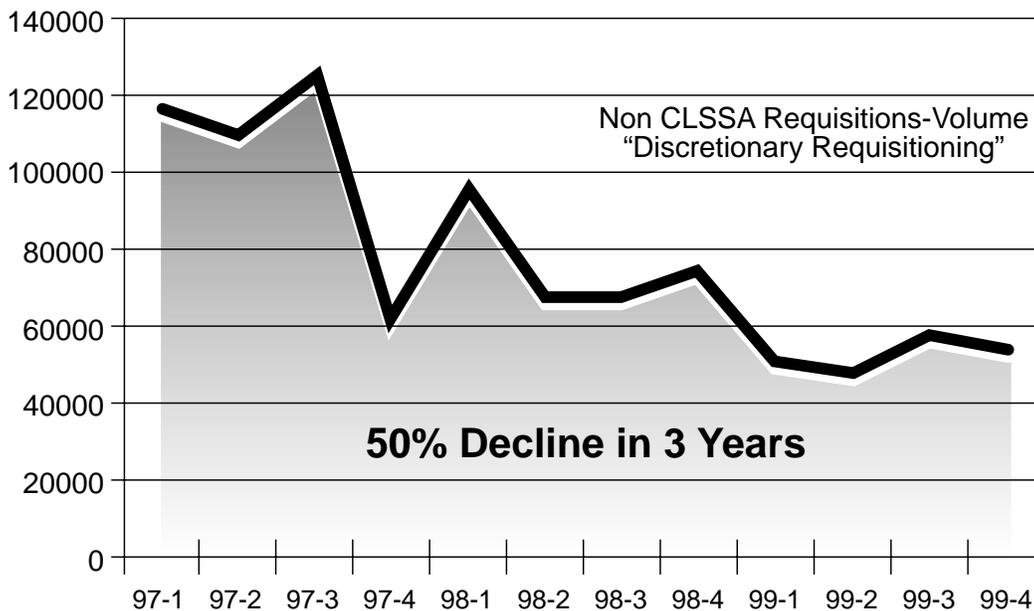
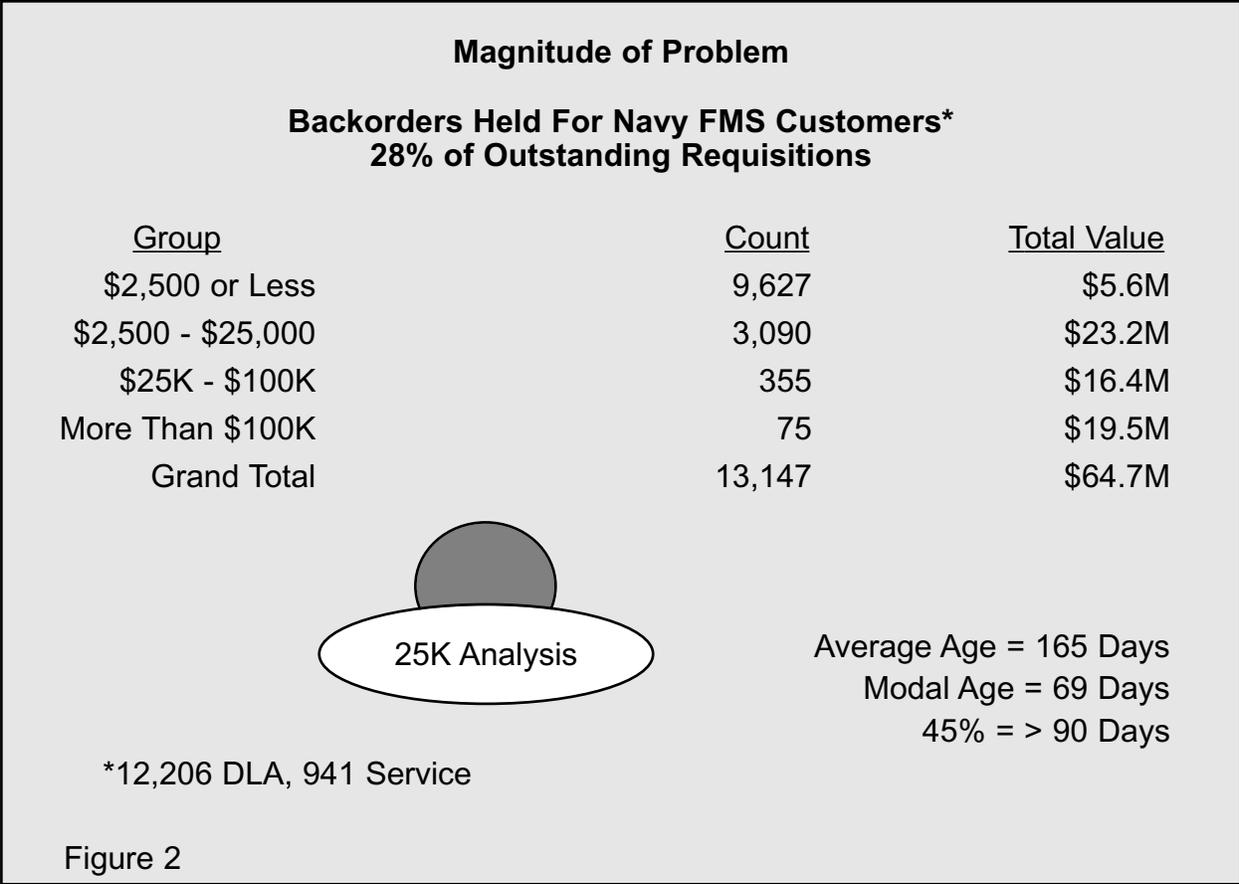


Figure 1



The FMS hybrid initiative will be implemented on a test basis by the Naval Inventory Control Point (NAVICP) for specific Navy FMS customers that have agreed to participate. The test will allow FMS customers to submit secondary item follow-on support requirements via a FMS blanket order case that will process through the Department of Defense (DoD) supply system and issue if available from DoD stocks. If not available for issue from DoD stocks, the Navy will electronically forward the requirement to a CBS for procurement administered by the CBS and customer and monitored by the Navy. The requirement passed to the CBS remains a FMS requisition for export purposes, and carries with it the FMS case export approval. The FMS test cases will be initially structured with separate lines allocating 80 percent of the test case value to the traditional FMS process and 20 percent to the hybrid process. The total of the two lines comprises the case export value.

Once the requisition is forwarded to the CBS, it is still a procurement within an FMS case, but with certain differences (hence the term, “hybrid”). Under FMS hybrid, both the Navy and the customer establish an agreement with a CBS, and funding is executed via a commercial banking institution escrow account or line of credit. The CBS fees and performance requirements are negotiated by the customer based on country specific goals and objectives. Best commercial procurement practices will apply. Any discrepancies in material procured by the CBS are to be resolved between the customer and the CBS. DoD’s only roles after referral to the CBS are to ensure CBS transactions are within the FMS case, maintain visibility of CBS procurement dollar value to insure FMS export is within case financial limitations, and confirm that material procured was as cited in the requisition.

Figure 3 depicts the overall FMS hybrid process. Figure 4 summarizes the anticipated benefits.

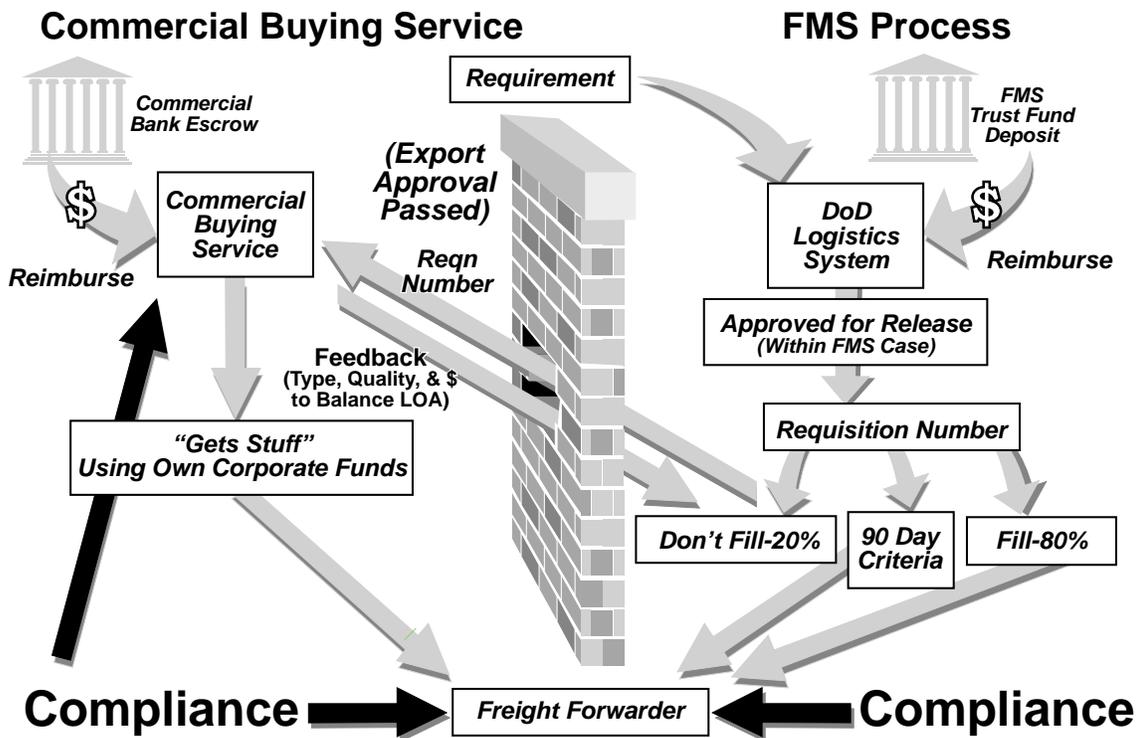


Figure 3

FMS hybrid represents a distinct new direction in security assistance. If the test proves successful, we will have the ability to provide interested customers a single portal to DoD inventories and electronic commerce. We will reduce backorders, improve FMS logistics response time, and provide options for tailored FMS customer support. We will reduce FMS infrastructure costs through streamlined overhead and internal management requirements. Equally important for future supply chain solutions, we will obtain capability to capture all weapon systems demand, sales from FMS stock, and commercial buying service procurements for platforms operated by our allies.

**FMS Hybrid Benefits**

- Reduce FMS Admin Funded Contracting Expense (U.S. Government)
- eBusiness Opportunity/One Stop Shopping (U.S. Government/Customer)
- One Requisition for Customer (U.S. Government/Customer)
- FMS Hybrid Case - Best of Both (U.S. Government/Customer)
- Capture All Weapon System Demand (U.S. Government)
- Export Releasibility Preestablished (U.S. Government/Customer)
- Shorten The Supply Chain (Customer)
- Reduce Backorders (U.S. Government/Customer)
- Expedite Case Closure (U.S. Government/Customer)

Figure 4

---

## **About the Author**

Carol Shepherd is currently the Director of the FMS F/A-18 Division at the Naval inventory control point. She holds a BA from Temple University and completed graduate work in Business Administration at Rider College. Mrs. Shepherd is a member of the Department of the Navy acquisition professional community and has over 20 years of experience in FMS and Naval aviation logistics.

---

---

# **F/A-18 Foreign Military Sales In-Service Support: Supporting FMS Aviation Systems Through Partnerships**

**By**

**Patricia J. Chamberlain  
Naval Air Systems Command**

The U.S. Navy is committed to providing full life cycle logistics and engineering support to all weapon systems procured through foreign military sales (FMS). To ensure that post-production logistics and engineering support will be available for out-of-production F/A-18 FMS customers, the F/A-18 in-service support (ISS) program was established. The ISS program was activated in 1991 to provide out-of-production F/A-18 FMS customers access to U.S. Navy and commercial resources. Initially designed to provide a means for obtaining commercial support, the ISS program has become an efficient forum that enables FMS customers to address their problems with the U.S. Navy and the prime contractor, The Boeing Company, on a day-to-day basis. The ISS program currently provides post-production support to all F/A-18 A/B/C/D model aircraft. The ISS team is made up of participants from the U.S. Navy, the Canadian Forces, the Royal Australian Air Force, the Spanish Air Force, the Kuwait Air Force, the Swiss Air Force, the Royal Malaysian Air Force, and the Finnish Air Force.

Over the past nine years, the F/A-18 ISS program has evolved into much more than a contract vehicle for FMS customers to obtain information from the prime contractor. As a result of a developing partnership between all F/A-18 users, the ISS program has emerged into a highly productive, cost effective avenue for FMS customers to open dialogue and solve technical problems; to air and resolve grievances involving the FMS system; and to contribute individual expertise in support of the F/A-18 aircraft. The F/A-18 ISS program is organized and chartered under the authority of the Naval Air Systems Command (NAVAIR), under the management and administration of the AIR-3.0 competency. The ISS program was created to operate in cooperation with the U.S. Navy, and works hand-in-hand with the integrated product teams (IPTs) of the Program Executive Office, Tactical Aircraft Programs (PMA265).

## **Acquisition**

In the initial acquisition phase of an FMS program, the U.S. Navy logistics community concentrates on provisioning and laying-in a baseline of integrated logistics support (ILS) to support the flying hour program and maintenance philosophy outlined in the Letter of Offer and Acceptance (LOA). Generally, the FMS customer is offered the capability and technical documentation to fully operate and maintain the F/A-18 at the organizational, intermediate, and selected depot levels of maintenance. A country specific ILS package is prepared for each aircraft acquisition program. The tailoring of an FMS country's ILS package is an integral part of the initial production contract. As the production of the first aircraft is completed and delivered, the FMS aircraft program begins to enter the in-service support phase of its life cycle.

## **In Service Support**

During the in-service support phase, the focus of aircraft support generally converts to more routine ILS issues. Since the U.S. Navy is committed to keeping all FMS aircraft supportable throughout their projected life cycle, the F/A-18 community established additional means to keep the fleet modern and operationally viable, while continuing to develop ways to reduce maintenance costs and overcome the normal obsolescence of components and subsystems. That effort is known as the F/A-18 sustaining logistics and engineering (SL/E) program. The F/A-18

---

---

ISS program has become the method which enables the F/A-18 FMS communities to share in and obtain SL/E, and to provide FMS customers with access to the U.S. Navy and the prime contractor for long term support to the F/A-18 weapon system.

The purpose of aircraft ISS programs is to improve or enhance an aircraft weapon system through the betterment of aircraft maintainability, reliability, and serviceability. In addition, aircraft program managers must continuously provide solutions to a variety of aircraft technical issues caused by routine operations and maturing aircraft. ISS activity often culminates in the development of an engineering change proposal (ECP). The integration of ECPs ensures that the aircraft custodian remains up-to-date throughout its operational life cycle. The ISS activities that provide for the continuing development of engineering and logistics solutions throughout the aircraft life cycle are essential to the operational viability the overall F/A-18 fleet.

Improving aircraft supportability and resolving component issues are prime products of the F/A-18 ISS program. Routine ISS activity is intended to make the aircraft less complicated to maintain, more reliable, and in general, easier to service and support. The F/A-18 ISS program also provides a method to develop solutions to problems which occur during the normal life cycle of any highly technical system. Thus, the ISS program provides enhancements to the supportability of the F/A-18 through the development of components created through improved technology, or as solutions to component/parts breakage or obsolescence.

The F/A-18 ISS program brings together a variety of post-production support activities pertaining to all F/A-18 users. The ISS program is fundamental to providing support to the F/A-18 aircraft and generates the majority of SL/E activity needed to support the F/A-18 fleet worldwide.

## **Benefits**

ISS simplifies the FMS customer's access to U.S. Navy sustaining logistics and engineering services. Without a common ISS program, it would be necessary for each FMS customer to establish individual contracts to obtain those sustaining services. Clearly, it is more economical and efficient to add all F/A-18 users to SL/E activity rather than to require each FMS customer to establish individual contracts with the prime contractor. ISS is the practical method to join the F/A-18 community into one program. The ISS charter is to aid FMS countries in the continuing operation and maintenance of their weapon systems by sharing U.S. Navy and FMS logistics and engineering data at minimum cost to all concerned.

ISS benefits the entire F/A-18 community by sharing technical information and technical expertise. As the F/A-18 systems age, supplementary logistics and engineering support will be required. To assist the FMS customers in receiving common sustaining support services, the U.S. Navy intercedes on behalf of the FMS customers by using its agent status under the U.S. security assistance program. ISS provides the system to enable the FMS community to access and share technical data originally developed for the U.S. Navy program. The U.S. Navy compiles and retains large quantities of information concerning the operation and maintenance of the aircraft resident on databases at the prime contractor and the Naval aviation depots (NADEPS). Those databases are utilized by the F/A-18 community to resolve support problems and initiate corrective actions. Maintenance and operational data are collected on an international basis. ISS is empowered to obtain aircraft deficiency data, technical information, and the results of continuing SL/E investigations from the prime contractor/NADEPs and provides a forum to exchange the data among F/A-18 users.

ISS provides a versatile cadre of organic and commercial F/A-18 logistics and engineering specialists dedicated to maintaining the aircraft in a high state of operational readiness. The

---

logistics and engineering support concept enables a view of the performance of the F/A-18 inventory in a worldwide operational scenario using both U.S. Navy and FMS support data and experience.

Scheduled ISS team meetings, as well as off-cycle meetings permit the direct exchange of information within the F/A-18 community. Leadership meetings are necessary for FMS customers to provide input to the ISS leadership. Meeting dialogue is recorded and becomes the official record of events and actions taken to alleviate specific problems affecting the worldwide F/A-18 fleet. Other initiatives being pursued include FMS third party transfer and exchange of F/A-18 A/B/C/D common and approved non-significant military equipment, the conversion of the technical requirements identification matrix (TRIM) to system and logistics integration capability, and the identification of a non-Halon fire extinguishing system.

### **F/A-18 ISS Implementation**

The F/A-18 ISS program is a comprehensive logistics and engineering effort supporting the U.S., Canada, Australia, Spain, Kuwait, Switzerland, Malaysia, and Finland. It contains both common requirements, those which are applicable to one or more FMS customer and the U.S. Navy, and country unique requirements, those which specifically apply to one or more FMS customer and not the U.S. Navy.

The ISS country unique effort is an integral component of the whole F/A-18 ISS program. This unique effort is a relatively simple method for obtaining sustaining logistics and engineering assistance from the prime contractor concerning country specific initiatives. Each FMS customer has a predetermined number of country unique labor hours negotiated at the beginning of the annual ISS contract. Those hours are used at the discretion of the FMS customer. Tasks are accomplished in coordination with Boeing in which the technical feasibility is determined, the number of labor hours required are set, and target dates for completion are identified. Once the requirement is defined and approved by the FMS customer, the IPT forwards the requirement by memo to the contractor authorizing the "turn-on" to perform that effort in accordance with the statement of work. The ISS country unique program hours can be modified during the fiscal year to provide additional capability as required.

The F/A-18 A/B/C/D will continue to be in service through 2020 with approximately 800 aircraft in the U.S. Navy service and approximately another 400 aircraft in-service among the seven FMS customers. The ISS program provides the method and procedures to join all F/A-18 users into a single cohesive team. It was established to provide technical support services to FMS customers who operate the F/A-18 aircraft. The ISS program provides the means for the FMS customers to access the U.S. Navy information and experience. In addition, it has become a forum for the exchange of unclassified technical information on common F/A-18 issues and has developed into the official instrument to manage U.S. Navy actions in support of F/A-18 FMS users.

### **About the Author**

Patricia J. Chamberlain graduated from the University of Calgary, Alberta, Canada with a B.A. degree in English. As a DoD contractor, she supported the Royal Australian Air Force F/A-18 program for nine years. In 1996, Ms. Chamberlain joined the U.S. government as a Deputy Assistant Program Manager for Logistics (DAPML). Currently, Patricia Chamberlain oversees the logistic activities of seven FMS countries while serving as the F/A-18 FMS Product Support Team Leader (PSTL) at the Naval Air Systems Command.

---

# Navy FMS eBusiness

By  
**Ken Kittredge**  
Information Network Systems

## Introduction

The Naval Inventory Control Point, Philadelphia, International Programs Department entered the electronic commerce age with the unveiling of its eBusiness Suite of applications. These applications are intended to allow the foreign customer direct access to various FMS related databases as well as electronic submission of business requests. Included in the eBusiness Suite are on-line requisitioning, supply discrepancy reports (SDRs), quality deficiency reports (QDRs), FMS Initial Support Tracking (FIST), SDR Status Center, as well as access to excess defense articles, and the Management Information System for International Logistics (MISIL) Information Warehouse. The eBusiness Suite was designed for ease of use by the FMS customer, and includes security features that ensure country access is restricted by user ID and password to authorized users. The suite of applications include submission forms, status centers, and powerful databases with full ad hoc query capabilities that are described below.

## Requisitioning

An on-line requisition system (Figure 1) was developed to allow the FMS customer to enter requests for all types of requisitions: stock numbered, part numbered, and publications. Only authorized customers, with valid user IDs and passwords, are allowed access and the system will only allow submission for the authorized country. The system defaults fields such as fund code and signal code to reduce the amount of data entry required by the customer. Drop down boxes are provided for unit of issue, document identifier, demand code, and priority to ensure correct data. To ensure that correct and necessary data is entered, validation of fields was added. Should the customer enter a document identifier of A01, the form will not accept remarks data and an error message will be displayed. Upon submission, an e-mail is sent to the user to confirm receipt. An on-line help page was incorporated listing each field, its use, and proper entries. A batch upload feature will be added as a future enhancement.

The image shows a screenshot of a web browser displaying an "Online Requisition Form". The browser's address bar shows a URL starting with "http://www.navy.mil". The form itself is titled "Online Requisition Form" and includes instructions for help and contact information. It features several input fields and dropdown menus for data entry, including fields for Document ID, Quantity, Unit of Issue, Demand Code, Priority, and various codes (MMS, FMS, FID, DMS, SDD). There are also sections for Part Number, Manufacturer Name, and a large text area for Remarks. The browser's status bar at the bottom shows the page title and some navigation icons.

Figure 1

## Supply Discrepancy Reports

This was the first eBusiness application developed for the web. This form (Figure 2) allows electronic submission of SDRs to a central Oracle database. This submission database works in conjunction with the SDR database to reduce manual entry of data and ensure validation of entries. The system reduces keystrokes and errors on the part of SDR personnel and significantly speeds entry into the system. The form has drop down boxes for most common entries such as

discrepancy codes, and action codes, as well as validation rules to ensure mandatory fields are entered. When the next button is chosen, the data is displayed as it will be submitted. The FMS customer then has the option to submit, edit, or cancel. Should the customer find an error, she/he can choose edit and the original form will be displayed for correction. Once submitted, an e-mail will be sent to the customer confirming receipt. A help page is available to guide the customer through each field.

### SDR Status Center

The most recent application (as of this writing) to become part of the eBusiness Suite is the SDR Status Center (Figure 3). This application allows the FMS customer to view the status of individual SDRs as well as the action command. The customer enters the SDR number to retrieve the current status of the SDR with all pertinent information. Future enhancements to this system are anticipated to include complete SDR histories (by progression code and date) and on-line SDR reports.



Figure 3

display on the form to avoid confusion and reduce mistakes. The QDR was also redesigned into logical sections so that all related information was grouped together. Mandatory fields are identified with an arrow and repetitive information (name, address) is defaulted into the form. A help screen was incorporated to guide the user through the fields. Once the QDR is completed, the information is written to the SDR Oracle database and processed into MISIL. The printed QDR serves as an attachment to the SDR. These are then submitted to NAVICP Mechanicsburg for entry into the domestic QDR system. This ensures that the FMS SDR/QDR is not treated as a



Figure 2

### Quality Deficiency Reports

At the direction of the NAVAIR/NAVSUP International Logistics Enterprise Team (ILET), a QDR form, see Figures 4 and 5, was developed to improve and supplement the SDR process. Numerous FMS customers requested that QDRs be incorporated into the SDR system to ensure that all necessary information was available to make an appropriate decision. The QDR form was developed by combining the SDR (SF 364) and QDR (SF 368) forms into one form. This has the benefit of the FMS customer submitting one form, while the system prints two forms, thus reducing data entry. Only fields from the QDR form that are applicable to the FMS customer were selected for

one-time problem but rather, as a potential system problem. This processing ensures that potential systemic problems are identified and appropriate action taken, both for the FMS customer, and in the U.S. system. An adjunct system to ensure full visibility for the FMS customer of discrepant items was developed and displays discrepant material summaries by month.



Figure 4



Figure 5

### FMS Initial Support Tracker (FIST)

The NAVAIR/NAVSUP International Logistics Enterprise Team developed the FIST tracking system to track spares, publications, and support equipment from identification to initial operating capability (IOC). This application is in two parts. The main application is included in the Information Warehouse suite of applications, while the add and update system is contained in the eBusiness Suite. Queries, presentation of data, and reports are available in the Information Warehouse application, segregated by country and case. This allows FMS customers, program managers (PMs), and assistant program managers for logistics (APMLs) full visibility of their programs and status. The eBusiness Suite application (Figures 6 and 7) allows logistics element managers and APMLs to update existing data and enter new items to the system.

### Excess Defense Articles

This database allows the FMS customer to browse through items excess to Inventory Control Point system stocks that are being made available to the FMS customer. The customer can browse by surface or aircraft systems and can narrow searches by Navy material congruance symbol, allowance part list (APL), aircraft type, and other categories. The system includes the normal stock number, quantities available, original and reduced prices, units of issue, and nomenclature.



---

## **Information Warehouse**

The MISIL Information Warehouse is a powerful internet database application that allows the FMS customer full access to requisition and financial information. The user can define ad hoc queries to return a broad range of data, or selected specific data. Predefined or custom reports are available as well as a download capability that allows the user the ability to import data to other applications. Information available includes requisition, financial, case, SDRs, and FIST.

### **Access**

The NAVICP eBusiness Suite is accessed through the Naval Inventory Control Point web site (Figure 8) at <http://www.navicp.navy.mil>, selecting International, and then the International Programs eBusiness Suite icon. Requests for access may be made by filling out the online request form at the bottom of the opening page frame.

### **The Future**

eBusiness development is a new and exciting field providing the FMS customer unprecedented visibility and access to their programs. The Department of Defense Chief Information Officer has stated that all programs, from inception to completion, will be electronic within ten years. FMS eBusiness is expected to expand in the years ahead to comply with a true paperless environment while providing improved customer service and viability of the FMS system. The future of eBusiness will be in business to business (B2B) applications to streamline processes and reduce costs for the U.S. system and for the FMS customer. FMS customers will need to ensure a technological capability that allows them to take full advantage of these processes.

### **About the Author**

Ken Kittredge has extensive FMS experience in both the Army and Navy and retired from the Navy in 1996. He currently works for the Information Network Systems supporting U.S. Navy FMS Logistics requirements. He graduated from Eastern Connecticut State University in 1976.

---

---

# **The Navy Worldwide Warehouse Redistribution Services Program**

**By**

**Terrence O'Connor  
Naval Inventory Control Point, Philadelphia**

As we learned from the U.S. Air Force in a previous Worldwide Warehouse Redistribution Services (WWRS) article in the Spring 1998 *DISAM Journal* written by Lt Col William C. Lee, the concept of the WWRS had been discussed for nearly seven years. Personnel at the Air Force Security Assistance Center (AFSAC) at Wright-Patterson Air Force Base, Ohio, refined the procedures involved and staffed WWRS through the Secretary of the Air Force for International Affairs and the Defense Security Assistance Agency, now called the Defense Security Cooperation Agency. In December 1997, AFSAC's plan to implement the WWRS was approved. Under WWRS, one country returns their excess items to the U.S. government, which then sells the item to a third country. As stated in the U.S. Air Force article, the WWRS goals are to reduce FMS customers' excesses reduce material cost for purchasers, reduce material acquisition lead times, and enable sellers to purchase needed assets.

## **Navy Participation in WWRS**

Navy foreign military sales (FMS) customers have struggled with the same issues as their Air Force brethren when it comes to excess material. They wanted a streamlined material returns program, but some felt the existing FMS excess material return (FEMR) program was non-responsive to FMS requirements. It was also felt that the existing third party transfer process, which required U.S. government approval, was too lengthy. It also required sellers to find a buyer. Because of the aforementioned reasons U.S. Navy FMS customers rarely requested or attempted third party transfers. To try and remedy this situation and based on customer requests, a meeting between U.S. Navy and Air Force security assistance personnel was held in June of 1999 to discuss the possible participation of Navy FMS customers in the Air Force's WWRS program. The U.S. Air Force agreed to allow Navy participation in the WWRS program, and a request was forwarded to the Navy International Programs Office for approval. In February of 2000, Navy IPO granted permission for U.S. Navy FMS customers to establish cases with the Navy and participate in the WWRS program.

Before instituting the program on a worldwide basis, a test will be conducted. Two countries that had expressed an interest in participating in the WWRS program were chosen and letters were forwarded to those countries in March 2000 requesting they submit a Letter of Request (LOR) through normal channels.

The U.S. Air Force's WWRS web site and contractor will be used for all U.S. Navy FMS requirements, listing seller's items and showing current inventory levels. Some differences will affect requirements submitted by Navy FMS customers. The requirements will be screened and flow through the Management Information System for International Logistics (MISIL) vice the Air Force's Security Assistance Management Information System (SAMIS), and Navy personnel along with their Defense Finance and Accounting Service counterparts will transfer the appropriate funds to and from the proper Navy FMS customer cases. By doing this, the WWRS

---

---

interface will be easy to use and as invisible as possible to Navy FMS customers. Other than the selling country establishing a “Q” case with the U.S. Navy and buying countries designating the requisition by use of the “FWW” code, the process will be the same as ordering any other FMS requirement.

Future plans include a hyperlink on the Navy International Programs web site to the WWRS web site allowing customers throughout the world to identify material available through the WWRS program and then input their requirements directly via the web to MISIL using the Navy International Programs Directorate eBusiness Suite. Other enhancements will include an automatic screening of the customer-generated requirements by MISIL with acceptance/rejection status back to customer.

At this time the volume of Navy items and Navy FMS customers who want to participate in the WWRS program is unknown. However, by participating in the program, FMS customers will have the benefits of faster and cheaper support and increased availability of FMS excess capital. The U.S. Navy benefits by improving customer support and having oversight and approval of country transfers.

In summary, by participating in the WWRS program and using the tools (like MISIL) that Navy FMS customers are familiar with, everyone comes out a winner.

### **About the Author**

Terrence O’Connor graduated from Saint Joseph’s University, Philadelphia, PA. He earned a Bachelor of science degree and a degree in management and marketing, May 1977. He joined the Navy International Logistics Control Office (NAVILCO) as a systems analyst in the Policy and Programs Department 13 August 1979. In 1983 he became head of the NAVILCO Special Projects Office of the Operations Department until NAVILCO reorganized on 1 October 1996 to become the International Programs Directorate of the Naval Inventory Control Point (Code OF) at which time he was appointed the FMS Non-Standard Acquisitions Manager.

The Customer Operations Department was disbanded in January 2000 and Terrence O’Connor is now currently back in the Systems and Plans Department. His current duties still include non-standard acquisitions, contracting officers representative (COR) and ordering official and POC for all matters related to the FASTLINE contract, the Navy’s representative on matters concerning the Air Force’s PROS contract and World Wide Redistribution System (WWRS), the Navy’s representative for installation and training of the Supply Tracking And Repairable Return system (STARR/PC) and MISIL Around the World. He is also involved in FMS and ICP Ecommerce initiatives and the FMS Hybrid Case reinvention initiative.

---

---

# Advanced Distributed Learning

By

**Lari Manning**  
**Naval Air Systems Command**

The future of Naval aviation training is directly linked to our success in converting and/or augmenting conventional classroom instructor training with advanced distributed learning (ADL). The foreign military sales (FMS) customer should develop familiarity with the concepts and protocols of ADL since it will be in this medium that much of future computer based training will be developed. To achieve the ADL training vision, training must be distributed just-in-time and on demand, be available anytime-anywhere, and be enabled with resource development and exploitation of modern learning technologies. ADL is a strategy developed to harness the power of learning, information, and communication technologies to modernize education and training. The ADL initiative is intended to implement the “anytime-anywhere” learning concept to provide access to the highest quality education and training that can be tailored to individual needs and delivered cost-effectively, whenever and wherever it is required. This concept will apply equally to both NAVAIR and FMS customers.

This article describes an approach to technical training which is still in development, but which holds potential for improving the efficiency and effectiveness of training provided to the Navy’s international customers. Important cost-sharing, communications security and technical transfer issues concerning the application of ADL to FMS customers have not been resolved. This is also true for other information technology-enabled initiatives such as web access to technical manuals. The purpose of the article is merely to familiarize our potential customers with ADL and to stimulate a productive dialogue with the customers in these early stages of the Navy’s program.

For newcomers to the concept of ADL, the following definitions should ensure that we have a common understanding of ADL and its associated terminology:

- Distributed (also referred to as distance) learning is structured learning that takes place without the physical presence of the instructor. Distributed learning is enhanced with technology. It may draw upon resources which are physically distant from the location where learning is taking place and may include the use of one or more of the following media; correspondence course materials, audio/videotapes, Compact Disc-Read Only Memory (CD-ROMs), audio/video tele-training, interactive television, and video conferencing to provide right-time and right-place learning.
- Computer-Managed Instruction (CMI) is an environment that supports the needs of developers, learners, instructors, administrators, and managers. ADL encompasses all the methodologies mentioned above, and in addition, includes ongoing and expected improvements in learning methodologies.
- Learning technology standards now use the term learning management system instead of CMI so as to include new functionalities and capabilities that have not historically been associated with CMI systems such as back-end connections to other information systems,

---

---

complex tracking and reporting, centralized registration, on-line collaboration and adaptive content delivery.

- Advanced the next generation of more powerful and cost-effective learning technologies: technologies built on common standards that would allow us to reuse software and deliver information over a network.
- Distributed provides a flow of information between instructors, students, developers, and administrators. It also allows us to collect information about job and system performance.
- Learning in the broadest sense this encompasses education, training, and on-the-job performance aiding. Learning is the outcome of these activities.

The ADL strategy is to:

- Exploit existing internet-based technologies.
- Create reusable content to lower development costs.
- Promote widespread collaboration to satisfy common needs.
- Enhance performance with next-generation learning technologies.
- Develop a common framework that drives the commercial off-the-shelf product cycle.
- Establish a coordinated implementation process.

In today's dynamic threat environment, an FMS customer's forces may have to deploy on a moment's notice, often to conduct operations that cannot be adequately predicted and for which they have not planned or practiced. Future forces must be highly adaptive, learning forces that organize to meet threats effectively and rapidly. They must continuously learn, simulate, and rehearse, whether they are in school, at home stations, at home, en route to, or in the theater of operations. The armed forces of the future must be able to fight in joint, combined, and interagency environments enabled by information superiority. Training products developed to implement the advanced distributed learning initiative (ADLI) use modern communication technology to deliver high-quality training to service members.

For FMS customers who are remotely located from classroom, instructional methods need to become more portable and flexible. Due to decreases in the number of available instructors and requirements to reduce FMS costs, a new approach to training is required that will provide a means of meeting mission readiness requirements. An additional benefit of this new approach to instruction is the offset of strains caused by increased operational tempo and personnel reductions throughout the armed forces. ADL does not exclude any existing delivery method; however, it may expand and complement legacy delivery systems. The emergent reduced manning policy for military field units has compelled the increased use of technology and increased the work hours of personnel to the point of duty saturation. The introduction of ADL technology will require personnel to budget additional time in their work schedules to meet their personal training objectives. Therefore, manpower, personnel, and training analysis for new acquisitions must include training time in the computation of the standard military work week.

The accelerating pace of technological change in weapons systems and the ever-growing complexity of modern weapon systems demands that military education and instructional systems

---

---

be re-engineered to take advantage of information-age technologies. Advances in information technology support this requirement for re-engineering of the training infrastructure.

### **Functional Objectives**

ADL supported instructional products should be designed to have the following characteristics:

- **Accessibility.** The ability to access instructional components from one remote location and deliver them to many other locations.
- **Interoperability.** The ability to use instructional components developed in one location with one set of tools or platform in another location with a different set of tools or platform (note: there are multiple levels of interoperability).
- **Durability.** The design of instructional components is such that it does not require redesign or re-coding to operate when base technology changes.
- **Reusability.** The design of instructional components is such that it can be incorporated into multiple applications.
- **Adaptability.** Instruction is tailorable to individual and situational needs.
- **Affordability.** Increase learning effectiveness significantly while reducing time and costs.

### **Standards**

To meet DoD-wide needs there must be standards for courseware interoperability that are compatible among vendors and that do not sacrifice quality, transparency of operations, or efficiency of storage, manipulation, and management.

The following paragraphs describe the various working groups that are collaborating to create common standards, specifications and guidance in support of the ADL.

- The Institute of Electrical and Electronic Engineers (IEEE) is a non-profit, technical professional association that develops standards in areas of computer engineering, biomedical technology and telecommunications, electric power, aerospace and consumer electronics. For specific information regarding IEEE standards refer to the IEEE web site at URL <http://www.standards.ieee.org>.

- The Aviation Industry Computer Based Training (CBT) Committee (AICC) is an international association of technology-based training professionals that develop guidelines for aviation industry in the development, delivery, and evaluation of CBT and related training technologies. For specific information regarding the AICC refer their web site at URL <http://www.aicc.org>.

- The Instructional Management System (IMS) Global Learning Consortium, Inc. consortium is made up of members from educational, commercial, and government organizations

---

---

collaborating to define technical standards and specifications for interoperability of applications in distributed learning. For specific information regarding IMS specifications refer to their web site at URL <http://www.imsproject.org>.

- The Shareable Courseware Object Reference Model (SCORM) was developed by the ADL Technical Working Group (TWG) to detail specifications for ADLI supported products. For specific information regarding the SCORM refer to the ADL web site at URL <http://www.adlnet.org>.

- The International Standards Organization (ISO) establishes and promulgates standards throughout the world. ISO 9000 is a systems design standard. Z1.11 is the supplement that applies ISO 9000 in education and training settings. For specific information regarding the ISO refer to their web site at URL <http://www.iso.ch>.

- World Wide Web Consortium (W3C) outlines the future course of web technologies such as hypertext markup language (HTML), dynamic HTML (DHTML), standard generalized markup language (SGML) and extensible markup language (XML). For specific information regarding the W3C refer their web site at URL <http://www.w3.org>.

- The DoD Joint Technical Architecture (JTA) is a document that mandates the minimum set of standards and guidelines for the acquisition of all DoD systems that produce, use, or exchange information. The JTA shall be used by anyone involved in the management, development, or acquisition of new or improved information systems within DoD. For specific information regarding the JTA refer to their web site at URL <http://www-jta.itsi.disa.mil>.

- The Advanced Television Systems Committee (ATSC) is an international organization that is establishing voluntary technical standards for advanced television systems. ATSC digital television standards include digital high definition television (HDTV), standard definition television (SDTV), data broadcasting, multichannel surround-sound audio, and satellite direct-to-home broadcasting. For specific information regarding ATSC refer to their web site at URL <http://www.atsc.org>.

## **ADL Design**

At NAVAIR an Assistant Program Manager for Training Systems (APM(TS)) is assigned to each aircraft platform. The APM(TS) is responsible for ensuring the development of an infrastructure that meets industrial and academic standards and guidelines. The APM(TS) coordinates with his team to ensure application of current computer, information, and communication technologies essential to the development of a successful ADLI supported product. The APM(TS) must ensure that the development and delivery of a successful ADLI supported product does not exclude any existing delivery method. Ideally is should expand and complement legacy delivery systems. The APM(TS), and his team, will be responsible for determining which is the optimum form of transmission for each program (such as wide area network, local area network, wide-band radio frequency (RF), or satellite capability). The ADLI team must design and develop an ADLI product that manages the information received and transmitted, and establishes an adequate infrastructure within those components (e.g., airplanes, ships, submarines, logistics centers, or others) that use it. An assessment of infrastructure requirements should be conducted to determine whether or not a user's infrastructure is considered acceptable for ADL applications.

---

---

## The FMS Customer

The APM(TS) is responsible for working with the aircraft platform program office and the international programs office to determine releasability of training data to foreign governments. The APM(TS) will also determine the appropriate cost sharing for new development where the FMS customer is a part of the team or for nonrecurring costs if the FMS customer requests to procure an already existing system. Depending on releasability of data to each country, the APM(TS) and his team will create a web distribution system for each country employing one or more of the following methods and conditions:

- **Security.** The inherent design of the internet as an open free exchange of information across cyberspace poses a security risk. Techniques for ensuring that data stored in a computer cannot be read or compromised should be assessed. There are some web applications that pose some form of security threat. For instance, “push” technology (also known as web-casting or point-casting) sends information directly to a user’s computer rather than forcing the machine to go and get the information. Most of today’s vendors actually use a glorified “pull” system. They notify you of new information, then you have the option of whether you want to go and get it. Push technology is prohibited on all government computers because of the security risks involved. Another issue of critical concern to security is when sensitive information is being delivered over an unsecured network.
- **Firewalls.** A firewall acts as a shield between a user’s computer or host network and the internet. Firewalls serve to protect system integrity. An installed firewall on a computer network serves two basic purposes. It controls access to the network from outside servers, and it also controls the transfer of information from the network to outside servers. Since firewalls may cause problems with importing and exporting instructional materials, managers should be aware of the firewall restrictions for their particular location and select training that can be utilized within the confines of the established firewall.
- **Packet filtering.** Packet filtering is a firewall configuration that involves looking at each packet of information or data entering or leaving the network and accepting or rejecting it based on user-defined rules. Limiting packet size controls the delivery of certain types of data that could also impact network. Packet filtering is fairly effective and transparent to users.
- **Passwords.** The main defense against people who want to break into an account is a password and keeping that password secure. A password is most secure when a random sequence of letters and other symbols is used.
- **Encryption.** Encryption is the translation of data into a form that is unintelligible without a deciphering mechanism (i.e., secret code). Encryption is the most effective way to achieve data security and is really nothing more than scrambling of data to make it unreadable.
- **Public Key Infrastructure (PKI).** A PKI is a system of digital certificates, certificate authorities, and other registration authorities that verify and authenticate the validity of each party involved in an internet transaction. It enables users of a basically unsecured public network such as the internet to securely and privately exchange data through the use of a public and a private cryptographic key pair that is obtained and shared through a trusted authority.

---

---

- Application gateway. This gateway applies security mechanisms to specific applications, such as File Transfer Protocol (FTP) and Telnet servers. This is very effective, but can impose performance degradation.

- Circuit-level gateway. This gateway applies security mechanisms when a TCP or user datagram protocol (UDP) connection is established. Once the connection has been made, packets can flow between the hosts without further checking.

Since the technology of ADL is rapidly maturing, and will be the prime source for knowledge transfer for remote training, it would be in the best interest of the FMS customer to become familiar with the national and international experts cited in this article. There are numerous symposiums at which advancements in ADL technology is announced, as well as demonstrations where the customer can test the effectiveness real-time.

### **About the Author**

Lari Manning was born in Frankfurt, Germany and graduated from Rochester Institute of Technology in 1976 with a Bachelor of Fine Arts in graphics and in 1979 with a Masters of Science in instructional technology.

Accepted her first position in 1979 at the Maryland Vocational Curriculum Research and Development Center as a project manager and instructional designer responsible for the production of 30 multi-media courses. In 1981 she joined the Naval Education Training and Support Center, Pacific (NETSCPAC) in the Instructional Programs Development Department as an instructional designer and later as a project manager for the analysis, design, development, implementation and evaluation of twenty multi-media courses for both CNET and CNTECHTRA. In 1984 she transferred to the Naval Air Warfare Center Training Systems Division (NAWCTSD) as an instructional systems specialist. She worked at NAWCTSD in the Aviation Training Systems Division, specializing in the procurement and installation of helicopter aircrew computer based training programs. After fourteen years at NAWCTSD, Lari Manning left civil service and spent two years as a contractor performing as an instructional designer and project manager for the development of computer based training programs for commercial and military customers. She returned to the government in 1987 as a program manager at the Naval Air Systems Command, PMA205. Have spent one year at NAVAIR as an FMS assistant program manager Training Systems APM(TS) for the E-2C aircraft and a second year as the APM(TS) H-53 and VH aircraft, she was promoted in December 1999 to the integrated product team lead for CBT/ADL.

---

---

# Assessing Logistics Cost Using the FMS Decision Support and Budgeting Model

By

Steven House  
Information Spectrum, Inc.

## Introduction

Recent decline in the Department of Defense (DoD) budget due to changes in the world political environment have decreased the resources available to national defense. During the 1990s, there has been continued pressure from Congress to reduce defense spending without compromising readiness of naval aviation. This has caused the Navy to seek ways to reduce the logistics infrastructure thus freeing up scarce resources for fleet modernization. One initiative naval aviation logistics managers adopted was expanded use of readiness based sparing (RBS) as a method for reducing shipboard spares allowances.

## Background

The concept of RBS to develop consumer allowances in the Navy is not new. It evolved because previously used allowance computational models were equipment oriented and did not relate dollars spent to weapon system readiness. Naval aviation first used RBS during the early 1980s for development of the packup kits for the SH-60B LAMPS Program and by NAVAIR to budget interim support spares requirements for new systems. Early in 1993, NAVICP, Philadelphia (formerly known as ASO) in conjunction with the fleet commander, tested the RBS concept with the deployment of the USS America (CV-66). Post-cruise analysis of the RBS exercise concluded that the RBS Aviation Consolidated Allowance List (AVCAL) supported America's airwing with no loss in readiness. In addition, the RBS AVCAL was approximately \$33 million less than the traditional demand based AVCAL. This was accomplished by increasing the range of less expensive weapons replaceable units (WRAs) by 24 percent while decreasing depth of high cost WRAs by only .01percent (Source: 1995 article in the *Supply Corps Newsletter* written by the Deputy Branch Head for IMA/Site Support, Mr. Jim Stabalito). Since this initial RBS test, all afloat aviation allowances have been computed under RBS with an average net savings of approximately \$32 million per aircraft carrier. Implementation of RBS at shore stations is now continuing with equally favorable results.

Because of the increased cost of today's weapon systems, many potential international customers are seeking ways to reduce their initial and life cycle support costs so that they can afford to buy the right mix of weapon systems. In arriving at these decisions, they seek data to assess whether reducing initial logistics support will adversely affect weapon system readiness. The more sophisticated customers use their own life cycle cost models to do the analysis. However, less sophisticated FMS customers rely on the U.S. government and the individual services to provide the data and recommend a cost effective support strategy. In either case, it is incumbent on the Navy FMS community to adopt an RBS approach which will meet the readiness and cost objectives set by the potential FMS customers. The Navy - developed Aviation Retail Requirements Oriented to Weapon Replaceable Assemblies (ARROWS) model is the RBS tool currently being used by the Navy to provide the best mix of spares which will support weapon

---

system cost and/or readiness objectives. It was used by NAVICP, Philadelphia to realize the AVCAL cost reductions discussed earlier and to identify future benefits through continuing implementation of RBS for Naval air stations and Marine Corps support packages. It therefore follows that by adopting RBS analyses using this model, the Navy can demonstrate to the potential FMS customer that it is adopting cost saving techniques which will reduce life cycle cost while still maintaining performance and readiness of each weapon system.

In 1995, NAVAIR wanted to develop a decision support and budgeting (DSBM) model for the FMS assistant program manager for logistics (APML) to use for quick preparation of price and availability estimates during in-country briefings and to support site surveys after an FMS case was signed. This model needed to be portable so that it could operate on laptop computers, be user friendly and capable of assessing multiple “what if” scenarios which can assess the support cost of alternative support strategies. Since a stand alone ARROWS model is difficult to use and requires extensive training before the user can become proficient in its use, a more user friendly approach had to be developed. The approach was to develop a powerful tool which provides integrated logistics support managers with the capability to use, adjust and assess an already established baseline database (developed specifically for each individual FMS case) to assess cost implications of alternative operational and maintenance repair concepts. A series of “front end” menu screens and programs were developed to assist the user in reviewing the aircraft configuration, making changes to the maintenance repair concept, defining the operational and support characteristics of each unique FMS case and automating all the inputs to the ARROWS model. The DSBM model then fed data to ARROWS for computation of all desired alternatives, displayed run results and provided detailed outputs which can be used to assess the cost implications of each alternative. Figure 1 provides an overview of the objective and purpose of the model.

### **Figure 1 - Model Overview**

- Easy to use budgetary life cycle cost (LCC) Tool
- ¥ Trades off costs and readiness
- ¥ Focuses on major logistics cost drivers
- ¥ Uses 3M historical data tailored to each FMS case
- ¥ Documents:
  - Cost of alternative operational and support strategies
  - Critical WRAs/SRAs and high cost drivers
  - Spares and repair of reimbursables cost to meet readiness and cost targets
  - CLSSA budgetary forecast
- ¥ Portable, user friendly and provides quick response to customer s inquires with minimum training

---

It was determined that the Navy's aviation 3M database contained the component failure and support information to the level of detail needed to characterize each weapon system. Figure 2 depicts the process of selecting and extracting the data from the aviation 3M database for an in-service Marine helicopter such as the AH-1W aircraft program. Figure 3 provides the data inputs to the model - all of which are derived from aviation 3M data.

### **Figure 2 - Database Analysis Procedure**

- ¥ Extra 3M data using Navy system
  - ¥ Select aircraft lot, squadrons and time period that best reflects FMS usage rages
  - ¥ Collect data by part number
    - ¥ O-Level remove and replace actions for each maintenance significant WRA
    - ¥ I-Level repair and BCM actions for WRAs and SRA
    - ¥ Maintenance significant piece parts
- ¥ Focus on what s breaking in the fleet (USMC)
- ¥ Validates actual repair success and turnaround time (TAT)
  - ¥ Change turn around time in dataset

### **Figure 3 - Primary Inputs to the Weapon System Configuration File**

- ¥ Part number
- ¥ WUC
- ¥ Nomenclature
- ¥ Indenture (WRA, SRA, Sub-SRA, Etc.,)
- ¥ Mean flight hour between supply demand (MFHBD)
- ¥ I-Level BCM rate
- ¥ I-Level & depot turnaround time (TAT)
- ¥ I-Level repair rate (percent)

---

While the aviation 3M data accuracy has improved significantly in recent years, it still requires “cleaning up” before it can be used by the DSBM. Equally important, configuration anomalies must be addressed to ensure the configuration input into the model reflects the configuration desired by the FMS customer. Preparing the baseline database using historical data generated by the fleet is the initial step to this process. Follow-on analyses using this database are then conducted to validate the configuration, repair concept, demand rates and cost assumptions used in the database. This detailed process ensures that inputs to the DSBM are representative and can be used to provide an accurate assessment of the maintenance and spares resources required support each FMS case in an operational environment. Although this initial process is somewhat tedious and requires some manual interventions, it has been extensively automated to reduce the cost and the time associated with developing future databases. However, once the database is initialized, the APML can use it multiple times to investigate issues unique to each customer. Although periodic refreshment of the data is required, the cost of updating the data is minimal. Figure 4 provides anticipated questions that might be asked by managers when asked to fund creation of the RBS database. Answers to those questions are also provided.

#### **Figure 4 - Typical Results Using the DSBM**

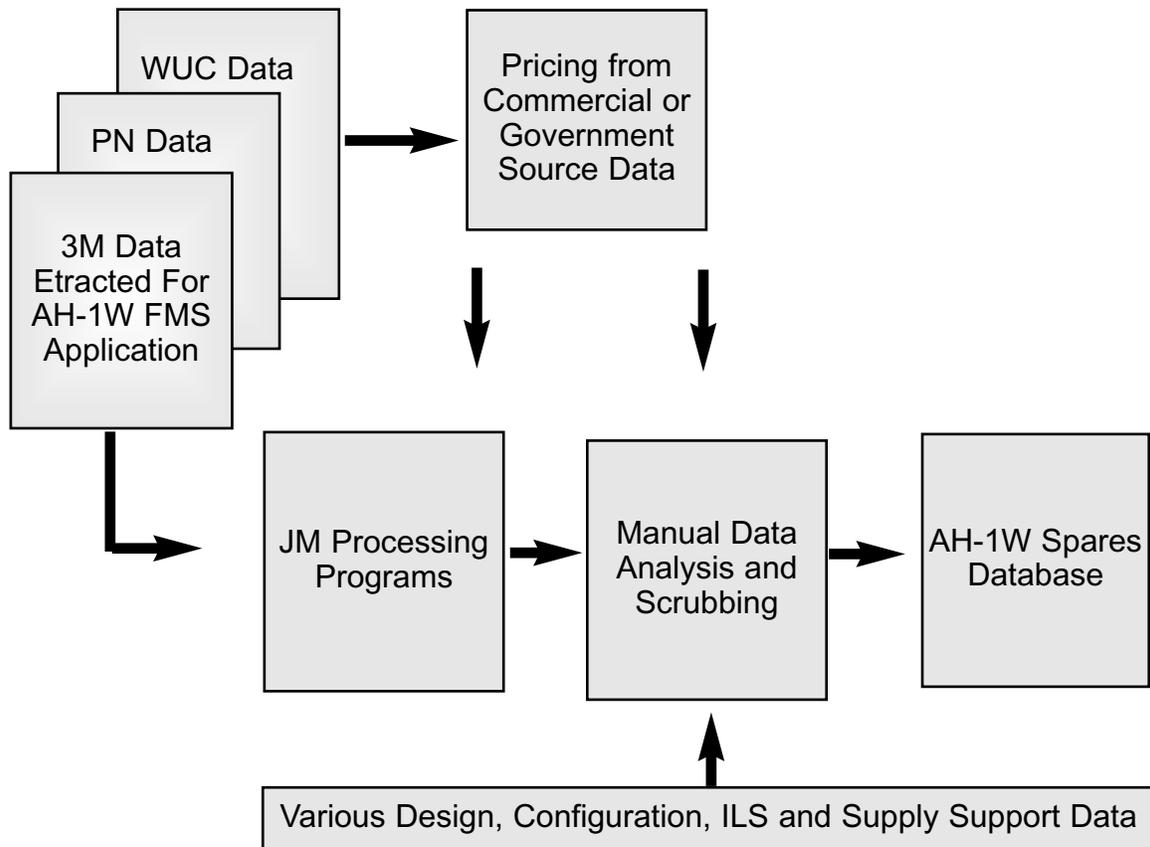
- ¥ Question - What benefits can I realize by implementing a readiness based sparing (RBS) strategy over conventional sparing approach to achieve a 60 percent FMS target?
  - ¥ Current Answer - Don t Know!
  - ¥ FMS model analysis - spares cost is \$15.7M vs \$10.8M (20 percent less), range increased by 21 percent, depth increased by 16 percent
- ¥ Question - What additional spares investment is needed to increase FMS rate from 60 percent to 75 percent?
  - ¥ Current Answer Don t Know!
  - ¥ FMS model analysis - increase spares cost from \$15.7M to 17.3M (10 percent increase)
- ¥ Question - What is the life cycle cost implications of adopting an O-D vs the Navy O-I-D maintenance concept?
  - ¥ Current Answer Don t Know!
  - ¥ FMS model analysis O-D is 25 percent more expensive than O-I-D

Besides the aviation 3M data, latest pricing information must be added to the model. That can come from existing government databases or from commercial databases which contain parts

---

supply support and procurement information. Figure 5 depicts a diagram of the entire process of building the database for a typical weapon system (AH-1W).

Figure 5 - Database Development Process For a Typical Weapon System



Once the Navy baseline database is built, the APML, through menu-driven user friendly screens, can use the model to conduct numerous analyses pertaining to each specific FMS application. This process begins with defining the operational scenario for each operating site, the repair and support characteristics of the system (i.e intermediate and depot repair capability and repair turnaround times), readiness goals and objectives and the sparing strategy to be implemented (RBS versus demand based sparing). Key elements of this decision support analysis include:

- Number of operating aircraft at each site
- Programmed flying hour utilization rate
- Repair capability for each WRA/SRA
- I-level and D-level turn-around time
- Sparing and readiness objectives option
  - Weapon system full mission capability (FMC) objectives
  - Demand based sparing using fixed protection level

---

An overview of the model structure is provided in Figure 6.

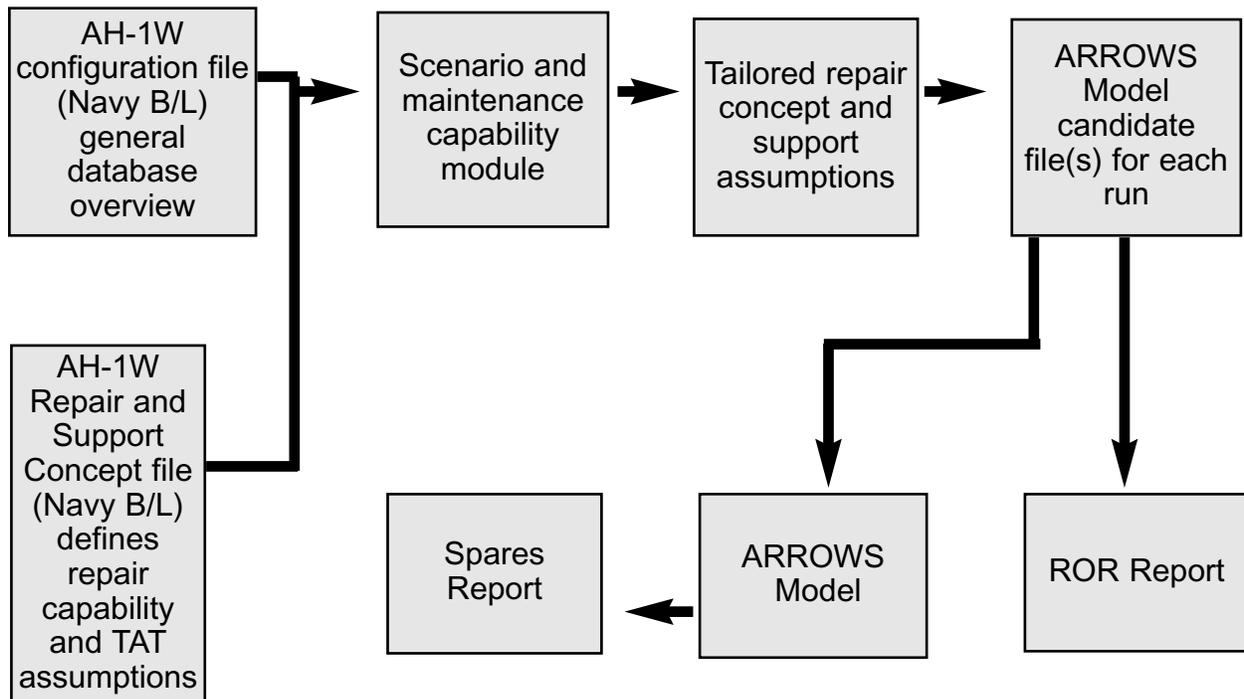


Figure 6 - Decision Support Model Structure

The model provides the APML the capability to analyze four simultaneous runs, and compare the effects of various operational and maintenance strategies on spares requirements. For example, the APML may test a strategy that assumes no (or limited) I-level maintenance capability, and compute the additional funding needed for the extended spares pipeline. Also, an APML can use the DSBM to assess additional I-level repair capability and/or changes to I-level turn around time to take advantage of a particular regional repair capability existing within the proximity of potential FMS customers. For example, consider a situation where the current baseline Navy I-level repair concept for an electrical engine starter can be changed to reflect increased repair capability. In this example, only 40 percent of all I-level induction are repaired at the I-Level because I-level shops cannot rewind and balance the rotor. Under this scenario, as many as 60 percent of the starters are sent back to the depot for rotor rewind and balance. Assuming that starter rewind and balance capability already exists in country (i.e. no additional depot level support equipment or training would be needed), the APML adjusts the starter repair rate to 90 percent and assigns an I-level TAT of 30 days. By adjusting the model inputs and running the model, an assessment of both the spares cost and the repair of repairables (ROR) cost can quickly be computed. Figure 7A and Figure 7B provides the results of two identical runs which were conducted to assess increased I-level repair capability for 18 items in the database. It is clear that by increasing the intermediate level repair capability of the starter to 90 percent only seven spares are needed instead of 14. In addition, as shown in Figure 7B, the number of depot repair actions is reduced from 13 to 2 actions per year under the scenario examined. Because the additional repairs would be done in-country, the FMS customer reliance on overseas ROR would be reduced and they would achieve additional self sufficiency, a primary goal of most international customer.

Figure 7A - Spares Levels For Alternative Repair Capability

PART NUMBER	WUC	NOMENCLATURE	UNIT COST \$	SPARES REQUIREMENTS			
				WITHOUT I-LEVEL REPAIR		WITH FULL I-LEVEL REPAIR	
				# OF SPARES	SPARES COST	# OF SPARES	SPARES COST
5002T83P02	2246100	Pump Rotary	7,310	6	\$43,860	3	\$ 21,930
6000T12P22	2246200	Fuel Control, Main, T	30,790	12	369,480	4	123,160
28B135163A	4221900	Generator, Alternator	3,910	10	39,100	5	19,550
20069010	29E2G10	Starter, Engine, Electric	5,640	14	78,960	7	39,480
4004T63G08	2246300	Actuator Assembly	2,170	6	3,020	3	6,510
6008T32G03	2246400	Valve, Pilot	2,170	9	19,530	4	8,680
4005T01P03	2246500	Purifier Assembly, C	2,770	7	19,390	3	8,310
4067T04G02	2246B00	Valve, Linear, Direct	1,830	10	18,300	4	7,320
4000T98P02	2247100	Pump, Rotary	3,320	5	16,600	2	6,640
U5203174	2247200	Cooler, Oil	4,360	2	8k720	1	4,360
37D400347P101	2249100	Vibrator, Ignition C	2,780	10	27,800	4	11,120
3014T56P01	224A100	Valve, Solenoid	1,700	10	17,000	5	8,500
1423480102	56X1200	Gyroscope, Displacement	32,870	17	558,790	6	197,220
S25KAW3	51R1500	Indicator, Air Speed	1,430	5	7,150	3	4,290
MS280751	51R1A00	Indicator, Vertical	3,000	4	12,000	2	6,000
A1620	51R1C00	Indicator, Turn And	1,830	4	7,320	4	7,320
32520101101	51X1600	Altimeter, Pressure	3,680	7	25,760	4	14,720
400240	51X1Z00	Clock, Panel	760	13	9,880	7	5,320

Figure 7B - Depot Repair Actions For Alternative Repair Capability

PART Number	WUC	NOMENCLATURE	UNIT COST (\$)	DEPOT REPAIR ACTIONS PER YEAR	
				WITHOUT I-LEVEL REPAIR	WITH I-LEVEL REPAIR
5002T83P02	2246100	Pump Rotary	7,310	5	0
6000T12P22	2246200	Fuel Control, Main, T	30,790	15	2
28B135163A	4221900	Generator, Alternator	3,910	8	1
20069010	29E2G10	Starter, Engine, Electric	5,640	13	2
4004T63G08	2246300	Actuator Assembly	2,170	4	0
6008T32G03	2246400	Valve, Pilot	2,170	7	1
4005T01P03	2246500	Purifier Assembly, C	2,770	4	0
4067T04G02	2246B00	Valve, Linear, Direct	1,830	8	1
4000T98P02	2247100	Pump, Rotary	3,320	3	0
U5203174	2247200	Cooler, Oil	4,360	1	0
37D400347P101	2249100	Vibrator, Ignition C	2,780	8	1
3014T56P01	224A100	Valve, Solenoid	1,700	7	1
1423480102	56X1200	Gyroscope, Displacement	32,870	24	2
S25KAW3	51R1500	Indicator, Air Speed	1,430	3	0
MS280751	51R1A00	Indicator, Vertical	3,000	2	0
A1620	51R1C00	Indicator, Turn And	1,830	0	0
32520101101	51X1600	Altimeter, Pressure	3,680	4	1
400240	51X1Z00	Clock, Panel	760	10	2
TOTAL				126	14

Figure 8 provides the cost impact of adopting the following three different maintenance strategies:

- No WRA repair capability at the I-level, i.e. WRAs are removed at the organizational level and sent to depot for repair (None),
- Using the current Navy baseline maintenance concept (Navy B/L),
- Increasing I-level repair capability by repairing all SRAs (Full SRA).

Also provided, is the spares cost of the Navy baseline repair concept under reduced I-level and depot level repair turn around time. These type of sensitivities can allow ILS managers to quickly assess the benefits of reducing or increasing I-Level repair response by reducing administrative processing times, achieving faster repair times, reducing awaiting parts time, implementing a faster transportation system and relying on regional repair in-country. Clearly, for this example,

providing additional support equipment, automatic test equipment, test program sets and manpower to repair SRAs may not be cost effective in view of the small (but measurable) cost saving in spares dollars as compared to the Navy baseline repair concept. Figure 8 data was based on the SH-2F aircraft. The benefits from increasing I-level SRA repair may increase significantly for fighter/attack aircraft that rely on a more expansive avionics suite and I-level repair capability to sustain it.

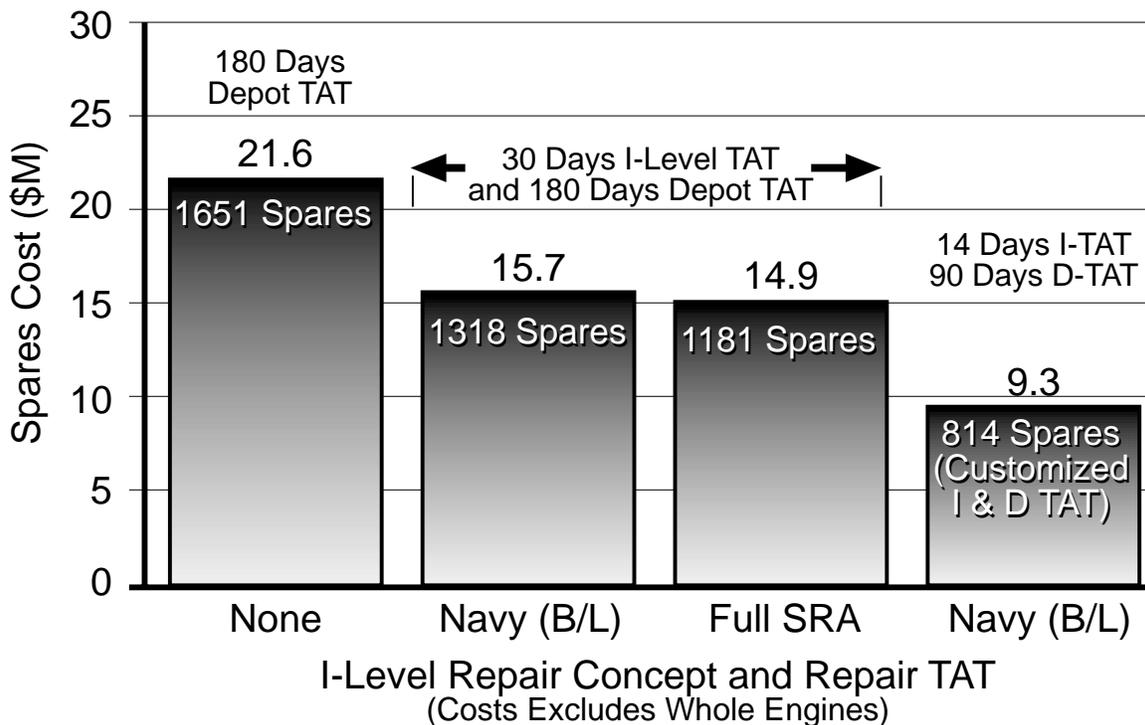


Figure 8 - Spares Cost To Achieve Constant Readiness For Various Repair Options

ARROWS can also compute spares using the conventional demand based sparing approach (where each item is spared to a constant protection level) and forecast weapon system readiness for that mix of spares. This capability is valuable when FMS customers are unfamiliar with the RBS technique and want the APMML to provide results based on the traditional methodology so as to better understand and appreciate the advantages of RBS optimization. Figure 9, shows the benefits of implementing RBS procedures in lieu of using demand based sparing approach. This figure clearly shows that to achieve 60 percent FMC rate using more depth. The RBS optimization is achieved by making cost trade-offs (i.e. buy fewer of the more expensive WRAs) without compromising the desired goal of 60 percent readiness.

As discussed earlier, reducing turn-around time by increasing FMS customer self sufficiency or relying on expedited transportation can achieve a significant reduction in pipeline spares cost. This savings can be used to offset the one time cost of buying increased support equipment and training or the added transportation cost. Figure 10 provides sample data with varying turn-around times. This chart provides the user and the FMS customer with a better appreciation of reducing the repair pipeline associated with in-country repair and the time it takes to repair the item overseas or in the U.S.

Spares Method	% FMC	Cost (\$M)	Range	Depth
Demand Based	60%	19.8	417	1140
RBS	60%	15.7	507	1318

Figure 9 - Overall Spares Statistics For Demand Based Sparing Versus RBS

In summary, the NAVAIR decision and support budgeting model can provide the benefits described below:

- Quick-look capability to forecast spares requirements using optimization techniques,
- Easy to use tool for logisticians to assess alternative maintenance strategy,
- Trade off readiness versus cost at the system/sub-system level,
- Scenario driven- e.g. flying hours, sites, turnaround time,
- Embedded computational model is same model used by U.S. Navy for domestic requirements,
- Ongoing Navy upgrades to provide a more Windows-like environment.

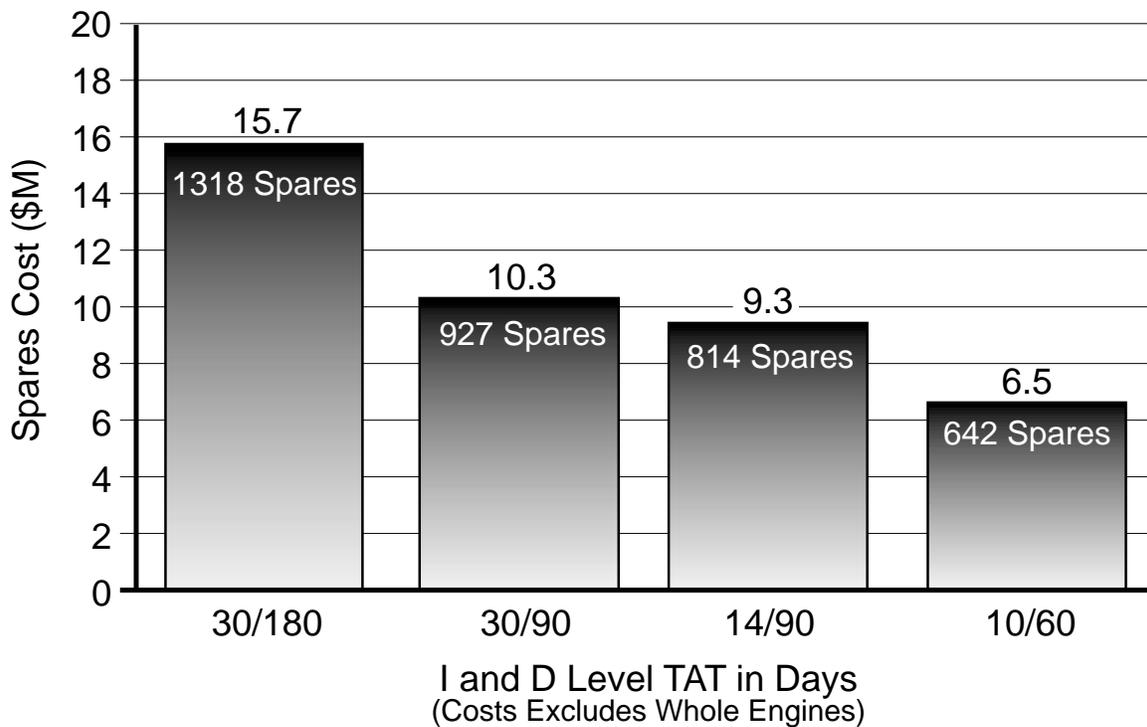


Figure 10 - Sensitivity To Repair TAT

---

## **About the Author**

Steve House is currently the Director International Programs, Planning and Logistics for Information Spectrum, Inc. which is the prime support contractor for the Naval Air Systems Command FMS Logistics Directorate. He is a retired Navy Supply Corps Captain with extensive acquisition logistics and FMS experience while in the Navy. He also has lived and worked overseas a total of thirteen years, including business and financial manager of the Navy's commercial component repair program in the Western Pacific and Commanding Officer of the Navy's largest overseas supply depot in Subic Bay, Philippines.

---

---

# Joint Aviation Technical Data Integration Knowledge as a Force Multiplier

By

**Stacy Cummings**  
**Naval Air Systems Command**

The Joint Aviation Technical Data Integration (JATDI) program is the keystone of the joint aviation community's drive to change their business processes by utilizing digital data. Paper-based processes are slow, generate bulky products, and are expensive to operate. JATDI is a web-based system, which accesses digital knowledge from a variety of sources in seconds. The end result is increased knowledge to the warfighter, which facilitates increased combat power at the point of decision.

Data accessible from JATDI includes technical manuals, engineering drawings and associated data, and other maintenance, supply, and readiness data. One of the primary JATDI advantages is that the data is "fresh." The latest technical manuals are downloaded from a common source and provided to the user in seconds. The paper process to field a new technical manual or formal change often took three to six months and that assumes that the change finally got to the end user. JATDI receives a download of appropriate information on a daily basis and provides it to the user. Three to six months to a few hours - one of the JATDI advantages.

JATDI is not just another data system. It is a highly flexible system designed around commercial off the shelf (COTS) hardware and software that provides the user with a flexible suite of tools to modify to individual specifications while retaining a common system. One of the key elements in JATDI's success is that the location of data is irrelevant. The user accesses the system through the web site and drills down to find the appropriate data. One of the advantages of being COTS based is that JATDI is continually updated to take advantage of the latest technological advances. It is not a static system that is obsolete before it completes deployment.

What does JATDI look like? A notional rotary wing squadron would have:

- 21 Portable electronic display devices (PEDD)
- 10 Laptops
- 10 Desktops
- 3 Digital Cameras
- Wireless communications equipment
- Software

Fixed wing squadrons have the same basic equipment with the amounts varying on the size of the squadron and operational requirements.

An important element of the JATDI process is the conversion of paper or aperture card data to a digital format. In contrast to past "mass conversion" attempts, JATDI focuses on converting only that data which makes sense during the systems remaining life cycle, a process christened

---

---

“conversion on demand.” This makes sense from a resource allocation and a warfighter standpoint. We focus money on the most critical needs.

JATDI is focused on three core competencies: data conversion, TM server and tech CAM. Access to these competencies is via the World Wide Web icon on a desktop. These competencies are described briefly below.

**ICON ON DESKTOP.** Utilizes World Wide Web browser technology to provide access to the user to all data required for their business processes. Any hardware and software that can access the internet can utilize the desktop icons via the JATDI homepage.

**TECHNICAL DATA CONVERSION (TECH DATA).**

Provides the warfighter with electronic access to engineering drawings, technical manuals (TM), and associated data digitally to maintain weapons systems.

**TECH CAM.** Provides maintainers with a lightweight, two-way audio/visual system, which is linked via local or wide area networks with ETS/industry personnel at a central location. Personnel provide real time assistance to the maintainer to complete the maintenance process and return the system to operational status.

**TM SERVER.** TM Server provides the warfighter with current TMs and associated data on a near real time basis.

JATDI evolved out of the requirement to convert to a paperless environment and more importantly out of a need to reorient infrastructure resources to direct support of the warfighter. Based on the success of the Army’s KAMNET system, the Naval Aviation Systems Command initiated JATDI in late 1998 focusing on two prototype systems. The H-60 was selected because it is a legacy system used by all services, allied nations, and other governmental agencies. The EA-6B was selected because of its designation as a national strategic asset for joint and combined operations. Currently, three EA-6B squadrons and one SH-60 squadron have received JATDI. The initial results are highly encouraging and clearly point to the tremendous impact on readiness JATDI will have as fielding continues. By the end of 2000, the USS Lincoln Battle Group will demonstrate the impact of JATDI on increasing the readiness of the deployed carrier force.

JATDI has also deployed in support of ongoing contingency operations. An U.S. Navy Reserve squadron deployed to Incirlik Turkey found that using JATDI provided a significant advantage. They were able to leave masses of paper at their base and instead took the JATDI laptops and PEDDs to support maintenance efforts. Initial data analysis indicates that maintainers were able to reduce the time required to perform maintenance and increase the overall readiness of the squadron.

JATDI and FMS are natural partners. The tool suite concept allows for each user to tailor what they need to their individual preferences. Utilization of COTS hardware and software reduces cost. Being able to access data globally removes the requirement to build a local data storage facility from the customer. Tailoring required data to the FMS customer’s needs also reduces overall cost. Bottom line, JATDI provides a cost effective force multiplier for the FMS customer.

---

Access to data is restricted by numerous statutory and proprietary security requirements and was a major impediment for the adoption of a JATDI type system. However, The Army H-60 program developed a mirror KAMNET system for its Australian customers outside of the government firewall that meets all their needs. This approach provides one solution, which JATDI could utilize.

JATDI is not just an aviation solution to the flood of paper data. Any system can utilize its tool suite. This is especially attractive to smaller FMS customers who could combine all their data requirements (ground, air, and sea) into a common repository with an associated data management system.

FMS customers are currently evaluating JATDI to determine how they can adopt its flexible concept to meet their defense needs. It also possesses a vast commercial application for numerous industries. From a global perspective, industry and defense establishments are rapidly converting to digital products, the FMS customer who continues to utilize paper/aperture card data will find themselves isolated in an increasing costly environment. This impacts a nation's ability to afford a credible defense and its ability to compete on the world marketplace. The questions is not whether digital data is affordable, but whether you can afford not to.

Should you need assistance in evaluating how JATDI can assist your nation in addressing the digital data quandary in both the defense and commercial realms, contact Ms. Stacy Cummings, (301) 757-9115, to explore how we can work as a team.

#### **About the Author**

Ms. Stacy Cummings is a 1994 graduate of Penn State University where she earned a BS degree in Business Logistics. Since graduation she has been assigned to positions of increasing responsibility within the Naval Air Systems Command. She has been the Program Manager for the JATDI program since October 1998.

---

---

# Hornet International Cooperative Logistics Exchange Program

By

**Ronald M. Weinberger**  
**Naval Air Systems Command**

## **Background**

The need for an economical and efficient legal means of providing available spare and repair parts from one country to another is essential. Currently, Hornet customers who want to exchange spare parts to another Hornet user must sell their available spare parts through warehouses located in the U.S. (causing delay and increased cost) or go through the lengthy third party transfer process for each spare part.

Decrease in the U.S. military procurements has dropped to almost 70 percent since the end of the Cold War. This has caused commercial firms to merge or sell off their military divisions, which has reduced the number of suppliers. The closure of major production lines has increased the parts obsolescence problems for both the U.S. military and the FMS community. In addition, the reduction of funding has also affected military manpower and facilities, causing a reduction of depot core repair capability.

As stated earlier, procurements have decreased over the past decade, though operations have increased to over 300 percent causing a drain of “on the shelf” or “stocked” items. Item managers (IMs) in need of supply support have limited resources in procuring the required item. The IM can either check with the in-country IM, U.S. Navy supply, other U.S. services, U.S. depots, manufacturers, or with FMS warehouses.

As a result, the logistician faces a decrease of procurements, increase in operations, and limited resources. These factors could lead to an unacceptable readiness rate for the aircraft military community. It is imperative that we develop an economical and efficient legal means of providing available supply support and repair capability from one country to another. Opening the third party transfer process for the FMS community not only makes good business sense, but also develops world relations resulting in improved regional security during multi-national operations.

## **End-User Agreement**

Transfer of U.S. origin FMS articles for spare parts, or repair of a common configured item from one country to another without approval from the U.S. Department of State is not allowed.

Hornet customers wanting to exchange an item to another country have had to either sell their available spares through warehouses located the U.S. (causing delay and increased cost) or go through the lengthy third party transfer process for each item.

It is the Naval Air System Command (NAVAIR) F/A-18 Program Office’s desire to secure the ability of our FMS customers to maintain their defense posture in this fluid environment.

---

---

NAVAIR has been working with the Department of State in promoting an end-user agreement for all FMS weapon systems in a country's inventory or with a particular weapon system.

The U.S. Department of State has proposed the usage of blanket end-user agreements to help remedy the lengthy third party approval process. The end-user agreement is a pre-approved agreement that states the receiving country will protect and respect the classification of the same configured item from another country. The pre-approved agreements provide the FMS community the ability to exchange and repair parts in an efficient manner without having to go to the Department of State for each occurrence. The only requirement is to provide a periodic report to the Department of State of items exchanged.

When developing an end-user agreement, the basis in considering a request for approval for any transfer of a weapon or weapon system, is that the U.S. Department of State will only consider those requests of defense articles that the U.S. would transfer as well to that country. The justifications for a transfer are internal security, legitimate self-defense, to permit the recipient country participation in regional or collective arrangements consistent with Charter of the United Nation, or in supporting of economic and social development activities.

The blanket end-user agreement is for all U.S. origin articles that were procured under FMS procurement. If a country were to agree to the blanket end-user agreement, it would cover their entire FMS inventory for supply support and regional repair. The down side is this agreement is considered a treaty by a number of countries and would require a signature from the country's foreign minister, which would require a vote before their parliament. For a number of countries, this level of bureaucracy is time consuming and has very little chance of passing the political review.

A number of countries within the F/A-18 community have requested the possibility of a weapon system agreement that could be signed by the Ministry of Defense. This approach seems more feasible for many of the country members. It is a smaller version of the blanket end-user agreement in that it only covers common and unclassified items of the F/A-18 weapon system. The weapon system end-user agreement is smaller in scope yet, if approved, would be considered a giant leap forward by many FMS users. This level of agreement is currently under review by the U.S. Department of State.

## **NAMSA - SHARE**

Having the approved end-user agreement is the first step in improving the logistics support posture of the F/A-18 FMS community. The goal is to have as many different options and opportunities with resources as possible in providing supply support.

The North Atlantic Maintenance and Supply Agency (NAMSA) has a similar blanket end-user agreement with NATO, but with a larger pool of resources for spare items. The majority of the F/A-18 users though are non-NATO members. Steps are being worked to allow F/A-18 Partnership-for-Peace members to become members of NAMSA and possibly creating a weapon system partnership agreement for all F/A-18 users. Membership into NAMSA will also create opportunities for the member countries to develop a broader regional partnership for exchange and repair of spare items.

---

---

In the interim, the Naval Inventory Control Point (NAVICP) has access to the NAMSA SHARE database. Access to the SHARE database creates an endless opportunity for the F/A-18 community to maintain their readiness rate by procuring required same configured spare parts throughout the NATO member countries.

### **Summary**

The increase of strategic multi-national operations throughout the world and the decrease in the U.S. defense industry are tangibles that could lead to an unacceptable readiness rate for the Hornet community. End-user agreements with the Department of State and NAMSA will greatly improve the F/A-18 FMS communities stature during possible multi-national operations.

### **About the Author**

Mr. Weinberger graduated from the University of Southern Mississippi in 1985 and began working as a defense contractor providing engineering and logistics support for the U.S. Navy's F-14 Aircraft Program and the F/A-18 International Aircraft Programs with Australia, Spain, Canada, Switzerland and Kuwait. In 1996 he joined the federal government and became the Assistant Program Manager for Logistics (APML) supporting the Naval Air Systems Command's (NAVAIR) F/A-18 Thailand Program. Mr. Weinberger currently is the APML for the F-18 Finland Program where is works for NAVAIR at Patuxent River, Maryland.

---

---

# **FMS Reinvention Within the Department of the Navy's Model for Continuing Process Improvement**

**By**

**Joseph Milligan  
Navy International Programs Office**

For more than two years, the U.S. security assistance community has been involved in an intensive effort to study how to improve customer satisfaction, reduce costs and improve processes. These efforts have been generally grouped under the umbrella of "reinvention" and are beginning to show some positive results, particularly in the area of improved service to our international customers. This article provides a brief synopsis of some of the major improvements achieved and addresses four areas where the Navy International Programs Office (IPO) and others within the Department of the Navy (DoN) are trying to effect "real change:"

- Reduction of Letter of Offer and Acceptance (LOA) processing times.
- Piloting "FMS Express."
- Employment of firm fixed price LOAs.
- Case closure.

## **Reduction of LOA Processing Times**

The Navy International Programs Office customers have complained about the length of time that it takes to produce an LOA following the submission of a letter of request. In addition to the increased complexity of LOAs and releasability issues, Navy processing times had increased significantly due to several factors:

- The "learning curve" associated with shifting from the Navy Security Assistance Database System (NSADS) to the Defense Security Assistance Management System (DSAMS),
- Excessive DSAMS downtime, due to a variety of factors,
- Delays related to the physical relocation of Navy IPO from Crystal City, VA to the Nebraska Avenue Complex, Washington D.C., in July, 1999,
- The loss of key members of the LOA development team, due to the relocation,
- Additional workload caused by the immediate requirement to modify over 100 FMS cases, resulting from the reduction of the administrative surcharge from 3.0 per cent to 2.5 per cent.

These and other factors caused a tremendous surge in the backlog of Letters Of Acceptances (LOAs). In fact, processing times for LOAs peaked at 161 days in December 1999. Since that time the processing time has steadily improved. As of May 2000, the average processing time decreased to 84 days and the number of completed LOAs increased. A currently established goal of 80 percent of cases offered in 120 days was met by more than 74 percent of the cases processed

---

---

in May. Also, more cases (71) were processed in April than during any one of the previous six months. Throughout this period, the LOA backlog was aggressively worked, resulting in a return to the pre-DSAMS rate of completion. A contributing factor to this recovery was an increase in security assistance case development resources to eliminate the backlog created by last year's disruptions. Standard DoD metrics have been created and Navy metrics improved, with a strong emphasis being placed on the regular use of these metrics. The role of case management organizations in LOA development has been increased and higher level reviews on routine, non-controversial cases have been reduced. Also, newly created integrated product teams manage the resolution of issues and involve customers more directly in requirements definition in complex cases. Finally, as the understanding of DSAMS has improved, far less downtime is occurring. With continued examining and fine tuning of the LOA process, LOAs will be completed more quickly and efficiently in the future. To this end, DSAMS is being used to publish metrics within Navy international programs office regions as well as the system commands to ensure regular tracking of progress. In addition, Navy international program office is working closely with DSCA and the other services to revise the way LOA processing times are counted and ensure that these measures are consistent for all.

### **Piloting "FMS Express"**

Once an LOA is signed and implemented, customers remain dissatisfied with the length of time that it takes to fill requisitions. Often requisitions cannot be filled from stock and must be placed on backorder. The Naval Inventory Control Point (NAVICP) has worked closely with DSCA to look at establishing a hybrid FMS/commercial sales program that has been dubbed "FMS Express." The program allows NAVICP to transfer procurement of out-of-stock, hard to fill requisitions to a commercial buying service. A pilot study using the Dutch, Norwegian, and Australian Navies is about to begin. The initial study will be limited to transactions below \$25,000. If successful, this limit could be increased. In the meantime, other efforts are also being made to work with the international customers to reduce requisitioning time. NAVICP is looking forward to reporting the results of this program as it matures.

### **Employing Firm Fixed Price (FFP) LOAs**

National assemblies that govern international customers are requiring more and more information from the U.S. government/FMS community prior to making a purchase commitment. This information relates to a need to better understand the basis for the prices being charged in the LOA for articles and services. In conjunction with DSCA, the Navy is trying to lean as far forward as possible to provide its international customers with greater insight into the LOA development process, as well as the aspects of pricing.

Often times this entails a great deal of up-front effort by our international customer, industry and the U.S. government participant. However, it appears that this effort will lead to more beneficial results for all parties involved. Recently, Navy international program office finalized a firm fixed price (FFP) LOA for the Netherlands P-3 capabilities upgrade program and is working closely with Norway to develop a FFP LOA for the Aegis software for its new shipbuilding program. It has been found that not every LOA will lend itself to the FFP approach and a lessons learned database is being built to better understand how the process can be further improved in the future.

---

---

## **Closing Cases**

The message is clear: closing cases is important to the foreign customers! With funding recovered, the international customers can move on to meet other requirements rather than wait endlessly for unused funds to be returned to them. The case closure study is now complete and the findings are being translated into an action plan with a simple mission: close cases!

For the past several years, 800 cases on average have been highlighted as “supply complete” for more than two years. The problem has been that while deliveries may have been made, proper reconciliation did not take place throughout the life of the case and many of these “supply complete” cases now require intensive reconciliation efforts before they can be forwarded to DFAS Denver for final closure. Navy IPO is undertaking measures to increase the number of cases closed on an annual basis from the 600 case level to 800 cases during FY2000. The measures include the following: publishing the case closure streamlining plan; providing quarterly status to leadership; assignment of a case closure czar to Navy IPO; production of a final curriculum for the Navy case closure course and assuming quota control for this measure; providing training. Also, Navy representatives are conducting quarterly closure meetings and working closely with DFAS and DSCA to identify cases that should be closed and identify systemic problems in other cases. Navy international program office will follow the December 1999 USD (Comptroller) memo on FMS administrative finances by making certain that financial reconciliation is done at least annually. That, along with definition of major cases, and development of a measure for unreconciled balances, will serve to interrupt the generation cycle of a case closure backlog. Thus far, Navy international program office is on track with 200 cases closed between January and March 2000!

## **Summary**

Contrary to popular belief, reinvention is alive and well and continues to progress by moving from the study phase to the implementation phase. The Navy is working on many reinvention fronts simultaneously, and the establishment of the Navy International Program Office security assistance ombudsman will provide an advocate and additional information source for the FMS customer. The Navy International Program Office is also working with industry associations in formulating plans to establish “company days” whereby individual companies and Navy International Program Office will be able to hold frank and candid discussions as to how they can better work with one another. Additionally, a better framework is being established for better teaming under the TEAM USA concept. Inputs as to how we can improve our business practices are being solicited and encouraged from all stakeholders. Navy International Program Office is steadfast in its commitment to succeed in raising international customer satisfaction within FMS, through reinvention.

## **About the Author**

Joseph Milligan has been the Deputy Director of the Security Assistance Navy International Programs Office since February 2000. Since 1989, Milligan has held a variety of positions within the security assistance, international policy/programs and disclosure communities. He is a commander in the Naval Reserve where he serves on the staff of the Naval Inspector General. He has been actively involved in Navy FMS reinvention efforts for more than two years.

---

---

# **Team USA - An Integrated Approach to International Aspects of Navy Acquisition To Minimize Cost and Maximize Interoperability**

**By**

**Captain Thomas M. Keithly, U.S. Navy  
Navy International Programs Office**

The term “partnering” offers the means to achieve more thorough the combination of talents and resources. Not only does partnering apply to the revolution in business affairs, as a way to maximize efficiency and innovation in the private sector, but it has become a new way of thinking about defense cooperation. Team USA is a concept to partner government and business in a proactive way to ensure that our security assistance and acquisition communities meet the needs of our foreign military sales (FMS) customers, in this increasingly complex environment.

## **Reinventing FMS**

The concept of Team USA emerged from of a series of studies conducted by the Navy International Programs Office, under its charter as a Department of the Navy Reinvention Lab. The overall goal of reinvention has been to streamline foreign military sales (FMS), the primary vehicle for the government-to-government transfer of defense-related goods and services. Over the years, our allies grew to dislike FMS. They found it unresponsive to their needs and overly bureaucratic. In basic terms, they did not feel they were getting their money’s worth, and our processes did not adequately respond to their defense needs.

Although a key aspect of Team USA is working more closely with our foreign partners and with industry, we must not forget that the primary purpose of FMS and related processes is to achieve the goals of our national security strategy. Within the Department of the Navy, FMS needs to serve the interest of the U.S. Navy and Marine Corps, policies of engagement and forward presence, and the goals of our regional commanders-in-chief, their theater engagement plans. The Navy security assistance community does its job of supporting the Navy policy, acquisition, and the regional commanders in chiefs by helping our friends and allies around the world procure goods and services that make them better coalition partners. Accordingly, we need to work together more effectively to understand and fulfill their requirements.

This post-Cold War environment demands a new, more interactive and more responsive approach to procurement, especially in the international arena. We have moved from a bi-polar system to an era of globalization. Technology has become the driver of new capabilities, setting a rapid pace of change. International trade and the stability of national economies create a complex network that contributes to prosperity and to peace. Conversely, threats against our economies can lead to armed conflict. It is essential to adapt to this complex interaction of technology, international stability, and the interlinking of economies. The rules of FMS evolved during the Cold War, but they need to change to ensure that our defense infrastructure can become just as responsive to the changing threats to peace.

---

---

## **Putting Team USA Into Practice**

The Team USA concept combines the efforts, knowledge and interests of many stakeholders. For the Navy, these players include:

- The program manager and program office.
- The program executive office for whom they work.
- The systems commands, the Navy International Programs Office, U.S. industry (normally the program manager's prime contractor).
- Representatives from the Navy plans and policy staff, DSCA, OSD Policy, State Department, and others, depending on the topics.

Why is teaming so important? Because the international arena and the rules involving FMS, cooperative programs, third party transfer, and disclosure are very complex, as are the intricacies of foreign requirements, cultures and perspectives.

But, in actuality, Team USA is really an integrated process team (IPT). This management approach has been strongly endorsed and actively used by Navy systems commands over the past few years. It is a competency-aligned organization that brings all stakeholders and perspectives to the table. This assembly creates a synergy to resolve issues regarding accountability, legal and security risk, cost reduction, customer satisfaction, and timely responsiveness to the foreign customer. In short, Team USA is an international IPT, where industry, Navy International Program Office, and the program manager work either:

- Secure foreign participation in a planned U.S. product line, or
- Respond to foreign requests submitted in the form of a letter of request or a commercial request for information and proposal.

The first goal clearly helps achieve cost savings for U.S. procurement, as well as the foreign participants, and contributes to standardization of equipment and operations, the essence of interoperability. The second goal achieves some of the same merits, while allowing the flexibility necessary to respond in a fast-paced business environment.

Success results from a combination of good communications, insight into the needs of the country and the region, and foresight to lead the issue and act in a proactive manner. This leads to another concept, also evolved from Navy FMS reinvention, known as the "Five Step Process."

### **Teaming - A Matter of Good Communications and Foresight**

The Five Step Process (Figure 1) looks at the entire spectrum of FMS processes and emphasizes better pre-planning. The steps are:

- Policy and market development (looking at top level guidance such as the commanders in chiefs' theater engagement plans, Navy/USMC engagement policy and industry's own regional assessments),

- Planning (given the international landscape, government and industry work to formulate plans that respond to foreign needs),
- Competition and negotiation (align with the country's requirements, either in the form of a letter of request and or request for proposal),
- Program execution (sign the LOA or contract and then ensure delivery and solid financial accounting); and lastly,
- Reconciliation and closure.

One of the more time consuming aspects is the review of systems and countries for releasability. Much has been done in the past year to streamline the licensing and disclosure processes. Still, the proper service, DoD, and State Department actions on requests for exceptions to national disclosure policy demand careful, and often time-consuming, review. One solution to this is to start the process as early as possible, with complete information, with equally early consent of the regional commander-in-chief and his staff.

<b>Figure 1 - The FMS Five-Step Process A Continuum of Security Cooperation</b>				
<b>Policy and Market Development</b>	<b>Planning</b>	<b>Competition And Negotiation</b>	<b>Program Execution</b>	<b>Case Closure</b>
CINC TEP ¥ Interoperability	Strategic business plan	Team USA win strategy	Financial logistics and closure plans	Validate delivery
Navy policy ¥ Engagement	Harmonization of requirements	Definition proposal or Draft hybrid LOA FMS/DCS/MOU	Estimated contract execution team	Financial reconciliation
Country needs	<i>Javits Report</i>	Logistics planning conference	Day-to-Day financial deliverable management	Audits
Info sharing with industry	Disclosure U.S. production lines		Customer participation	Certification Closure
Harmonization and Identification of Requirements	LOR → X	LOA → X	Delivery → X Complete	

In summary, Team USA helps meet our customers' needs as we:

- Develop a long-range worldwide market strategy based on perceived customer desires and unified commanders' interoperability requirements. This complements other efforts, such as

---

---

the annual update of the Navy's FMS strategic business plan and the Congressionally-mandated *Javits Report*,

- Streamline and coordinate releasability, licensing and cooperative program issues up front by coordinating pre-approval for these initiatives. Seek support from the unified commanders, JCS, Navy and Marine Corps component commanders and security assistance officer community through the Navy International Program Office,
- Develop a working forum including U.S. industry and customer countries,
- Facilitate creative responses to the international customers' program development,
- Enhance competitiveness of U.S. products worldwide by offering acquisition options, to include hybrid arrangements with FMS, direct commercial, and cooperative research and development to meet the needs of the FMS customer.

So far this approach of an international integrated product team has been effective in a range of Navy-related programs, including interest by the Chilean Navy in the construction of a new class of frigates using U.S. components, efforts by Team Torpedo to export heavyweight and lightweight torpedoes to allied navies, the commercial sale of a 3D land-based radar in the Middle East, and the purchase of upgrades to P-3 aircraft by a European ally. We trust that the insights achieved by the Team USA concept will continue to evolve and will support U.S. and Navy policy and acquisition. Accordingly, FMS becomes a more responsive means to achieve the vision of future defense cooperation.

### **About the Author**

Captain Keithly is the Director of Security Assistance in the Navy International Programs Office. He is a surface warfare officer, who commanded the frigate USS Kirk (FF-1087) and the nuclear-powered cruiser USS Arkansas (CGN-41). An Olmsted Scholar, he attended the University of Strasbourg, France. He has served as the head of the Navy's FMS programs at Navy IPO since August 1998, and has been actively involved in the Navy's FMS reinvention efforts.

---

---

# DLA Support for Naval Aviation FMS Customers

By

**Constance Graham, Defense Logistics Agency**  
**James S. Winn, Information Spectrum, Inc.**

Headquarters Defense Logistics Agency (DLA) has participated as a member of the Naval Aviation FMS Logistics Process Improvement Team since 1995. Several DLA logistics issues have been discussed since that time. Current issues will be addressed in this article.

On 6 April 1999, RADM David Keller, then Commander of the Defense Logistics Support Command, reviewed and accepted the proposal for retaining DLA stock in anticipation of sales to future FMS customers. The basic policy is that the sponsoring U.S. service program manager's office notifies DLA of the platform/end item that is being phased out. If the weapon system is no longer in the DLA weapon system support program, the sponsoring service will request establishment of a new weapon system designator code. The systems will be classified as level C (least critical), WS1 cards will be submitted to register applicable items to the system, and items will be identified as non-essential to that weapon system.

For weapon systems phased out of use by U.S. forces and planned for use by FMS customers, DLA will freeze disposals for up to two years to make parts available to those customers. These stocks are classified as contingency retention in the DLA FMS reserve. Following the two-year period, normal rules will apply. In addition, as long as any demand continues, DLA will not dispose items to zero balance until all users withdraw, or until there are five years with no demand.

Another effort DLA is working on is automating FMS receipt processing through bar coding. DSCA, the U.S. Air Force, the U.S. Navy, and a freight forwarder are in partnership to do this automated processing. A pilot program was initiated based on a logistics response time study of a FMS process and an opportunity to improve data accuracy. The plan is to use the same Automated Manifest System and barcode technology used by DLA depots. The expected benefits include improved visibility of DLA shipments, shorter FMS receipt processing time, greater FMS case closure rates, and reduction of supply discrepancy reports. The two most frequent reasons FMS discrepancies are reported to DLA are:

- Non-receipt of material,
- Partial receipt of material. Both of these could be reduced with the process change.

DLA is also involved with the Government Industry Data Exchange Program (GIDEP) related to attacking item obsolescence. This is a cooperative government and industry partnership seeking to reduce or eliminate expenditures of resources by making maximum use of existing information. Growth in this initiative is expected in the Naval aviation community. Diminishing manufacturing sources (DMS) is a sub-program of GIDEP where DoD databases used in conjunction with DMS will be made available. Life of type buys are also part of this effort. Manufacturers will notify customers that they are going to deplete the stock for a platform

---

---

because they are no longer going to manufacture the items. This will be the last opportunity to purchase the item from this contractor.

Removal of FMS impediments is another effort by DLA to improve logistics processes. FMS support rules and policies need to be changed to keep up with modern logistics business practices. Because of this problem, DLA is requesting Defense Security Cooperation Agency (DSCA) to remove impediments to logistics support. Some of these impediments are F.O.B. destination terms coupled with fast payment procedures, eliminating shipping forms (DD 250/DD1348-1), mandatory FMS packing requirements, allowing commercial warranties to apply, and including recurring non-programmed demands in requirements computation. DLA and the international programs personnel, meeting with center personnel, are working these initiatives. Through the partnership with DSCA, the military services, industry, and FMS customers, these initiatives will be implemented.

Last, but not least, is the issue of FMS customer access to DLA information via websites. DLA is aware of the FMS customers' interest in WebCATS, which is the Web Customer Account Tracking System for weapon system inquiries for non-standard numbers and NIINs. WebCATS access is restricted in accordance with DoD Directive 5200.28 due to the security of U.S. and other nations. However, the WebCATS application does not restrict elements based on user privileges. FMS customers should use their respective international logistics control offices to access WebCATS information.

In the future, a separate web link application will be developed that will display the information that a FMS customer wants. This includes SARC (active requisition control and status file) and SQAF (combined national inventory record and due-in file inquiry) type of information. Access testing will be done in three phases through:

- DLIS
- The U.S. military services
- Selected FMS customers

This last test will include the registration process (submitting request for access, assuring proper paperwork is provided, and setting up user accounts).

In summary, DLA is pleased to be a part of the Naval aviation FMS logistics team to improve supportability for our valued FMS customers. Enhancing communications and streamlining logistics processes are the keys to this effort.

### **About the Authors**

Constance Graham has been with the Defense Logistics Agency international programs office for the last two years. She is currently the Navy point of contact for Headquarters Defense Logistics Agency international programs and the office of primary responsibility for FMS reinvention. Prior to joining the international programs organization, she worked in the weapon systems office at HQ DLA. Constance has a Master of Science degree in management with a concentration in logistics management from Florida Tech, and an undergraduate BA degree in biology from Asbury College.

---

James S. Winn is the Deputy Director for International Programs, Planning, and Logistics for Information Spectrum, Inc. Mr. Winn is a retired Air Force colonel with 20 years of security assistance experience.

---

---

# ***LEGISLATION AND POLICIES***

---

---

## **Security Cooperation: Perspective Is Everything!**

**By**

**Lieutenant General Michael S. Davison, USA  
Director, DSCA**

[The following opening remarks were presented to the 2000 Security Cooperation Conference by Lieutenant General Davison, on 10 July 2000.]

We have chosen as our conference topic “Perspective is Everything”. The dictionary lists one of the definitions of perspective as the “the faculty of seeing all the relevant data in a meaningful relationship”. For the next two and one-half days we are going to talk a lot about “Perspective.” This morning, I’d like to start by offering my perspective on how far we’ve come and where we should go in improving our products and services.

A favored topic of the past decade has been: “How do we change the way we do business from the old Cold War strategy to the new global strategy?” We spent close to one-half century locked into a cold-war strategy. Then, almost unexpectedly, and clearly unanticipated, we found ourselves thrust into thinking about a global strategy. At the same time, we have had to struggle with the mind-boggling changes in technology which seem to come at us with warp speed. And, I might add, we have taken on some entirely new missions any one of which could be described as major. It is with pride that we have become stewards of the Humanitarian Assistance and Demining Program, the Warsaw Initiative, and the Enhanced International Peacekeeping Capabilities Program. I would like to discuss today how we in the security cooperation business have approached these shifts in paradigm while meeting the new challenges presented to us.



We all know the adage “One man’s trash is another man’s treasure.” How else can we explain the phenomenal, and cult-like popularity of programs such as, “The Antiques Roadshow” and “This Old House?” Who can resist the suspense experienced while waiting to find out whether that old vase from grandmother’s attic is just a flower holder or is a priceless antique? And isn’t it amazing to watch the restoration of a dilapidated structure into an historic landmark? Just as exciting to us in the security cooperation community are our EDA efforts. Just imagine the excitement if you could tune into “The Excess Defense Articles Roadshow!” Imagine the

---

---

anticipation, the excitement, and the “wows” when a newly upgraded and re-wired F-16 wearing its new national colors is displayed for the first time. We would be just as amazed to see this old house (airplane) come to life with refurbishment and restoration.

With the shift in paradigm from Cold War to global strategy and the attempt to stay up with technological advances, most of us are facing the reality of having to tear down our “old houses” and build completely new ones. And often we are finding that our old treasures were anything but priceless. In security cooperation, we have been able to capture the treasures of our old house. With refurbishment, a.k.a. reinvention, we are building a house that not only is much better than the old one but also serves us extremely well in the new global environment. In addition, we have found we have many priceless possessions that continue to serve us well.

I don’t know how many of you have ever undertaken a major restoration or remodeling project. My experience has been that the project always takes more than was originally anticipated. Whether you are an avid do-it-yourselfer or all thumbs with a hammer and nails, if the job is big enough, eventually you have to bring in the experts. The architects, engineers, landscapers, refinishers, electricians, plumbers, roofers, and interior designers, all look at a project from a different perspective, a different point of view. And while they all are working toward the same goal of creating a masterpiece, all the pieces must fit together in harmony to achieve the solid end product with a finished look. And, perhaps most importantly, the plans are the key to the successful integration of all the elements. They provide the ability to see all the relevant data in a meaningful way they give the perspective to succeed!

And so it is with security cooperation. Early on, we decided to bring in you, the experts: industry, foreign customers, the military departments, country program directors, our colleagues in other government agencies. Each of you has brought your expertise to the task. In a moment, I will talk about the plans we have used to provide the perspective through our white papers.

Using the old security assistance frame we are remodeling and redesigning an aging security assistance framework into an upgraded modern security cooperation organization. We are proving that an outdated Cold War bureaucracy can be streamlined and revitalized through responsible stewardship. It is all in how you view the task. Learning to see the Taj Mahal in the framework of a graying but structurally strong old building. Working together, we continue to produce the initiatives that provide us with the coordinated perspective to bring security cooperation into this new millennium.

When I came to the then Defense Security Assistance Agency three years ago, forces outside the world of foreign military sales were already propelling the Agency beyond its traditional boundaries. Shrinking federal budgets, internal DoD reorganization, limited foreign assistance funding, and a perception that FMS was obsolete forced us to look for new ways to do more, better, and with fewer resources and tools. A shrinking global arms market spawned increasing competition between the world’s defense suppliers. A low point came in late 1997 when elements of the news media characterized the foreign military sales system as “Wrapped in Red Tape.” To compete, perhaps even to survive, we had to forge new a new perspective, both internally and externally.

In response to this changing global environment, we embarked on a voyage of self-evaluation, self-scrutiny. We took a long hard look at how we were doing business, why we were doing business, and whether we were doing business in a way that was effective for our stakeholders

---

---

and customers. We did this while keeping in sight the fact that security cooperation is a tool of U.S. foreign policy that has as a primary goal, furthering national security objectives. Security cooperation enables us to cement military to military relationships, promote our forward presence, foster military cooperation through interoperability, promote stability with regions, manage regional crises, and deter aggression against our friends and allies.

During this period, we launched two major efforts foreign military sales reinvention and strategic planning. Both projects required us to identify our stakeholders, define our mission, vision, and values, and change our core assumptions about ourselves as an organization. We changed our perspective and sought the perspectives of others. In the process we changed not only our perspective but how others viewed us as well.

We found that we were accountable to many stakeholders, both in and out of government. We learned that our stakeholders' perceptions of us depended on at least two factors:

- How they came into contact with the system
- What they wanted changed depended on what part of the system they needed

Further, we found their satisfaction depended on their expectations of the system

As we proceeded with reinvention and strategic planning, one thing that became increasingly clear to us is that our stakeholders, our customers, require a professional security cooperation workforce. We agree! In response, we created, and recently received approval for, a new certificate program. I am proud to announce our new "Defense Security Cooperation Certificate Program" which will be sponsored by the Defense Institute of Security Assistance Management. This new program not only provides the opportunity to obtain the professional development and training our security cooperation workforce deserves, it strengthens our security cooperation community.

And one thing we can all agree on is that we all have a vested interest in the success of security cooperation! Implementation of the Defense Security Cooperation Certificate program exemplifies this commitment!

In our continuing systematic approach to FMS reinvention and strategic planning we have defined our tasks into seven major areas; four of them are external and three are internal. The four external efforts are:

- Reengineering the FMS process to meet customer needs
- Maintaining security assistance trust fund solvency
- Maintaining solvency of customer trust funds
- Ensuring the continued viability of the program

The three internal efforts are:

- Implementing the DSCA Strategic Plan
- Completing the DSCA Business Performance Plan
- Developing and fielding the Defense Security Assistance Management System

---

---

I will focus my remaining remarks in the reinvention area. The other areas will be discussed in the various breakout groups. Alternatively, members of the DSCA staff are available to respond to specific questions.

FMS reinvention comprises a series of activities designed to ensure that the security cooperation community can address the concerns and interests of our stakeholders. The reinvented FMS system will be designed to reduce business cycle times, improve customer satisfaction and participation, decrease resource consumption, improve the U.S. government's competitiveness and reputation, and maintain security cooperation as a credible method for projecting U.S. interests around the world.

In May 1998, then Deputy Secretary of Defense John Hamre stood up a U.S. government Integrated Process Team to address FMS reinvention and to work with the Defense Policy Committee on Trade. A wide range of Office of the Secretary of Defense (OSD), Military department, and industry associations then participated in a series of roundtables to develop an intellectual framework for reinvention, otherwise known as the white papers, which identified a starting point for the reinvention effort. You can find copies of the White Papers on our website at [www.dsca.osd.mil](http://www.dsca.osd.mil).

These papers covered issues related to process transparency, pricing, finance and U.S. cost recovery, and arms and technology transfer. A fourth paper outlining reinvention strategy is in staffing. Over the past year, some of the recommendations in the papers have been modified; however, a good number of them have been implemented!

You must remember that, over a 40-year span, the security assistance house has been built room-by-room. Each room, each remodeling, each renovation responded to a perceived problem or changes in one of the many institutions that participate in the process and reflected the perspective of the time. We have learned that every time you go in to map out a project, it affects other parts of the frame. Maybe the bracing wall isn't strong enough to take the stress of an addition, perhaps we decreased the size of an important room to accommodate a larger view somewhere else. Taking an action to address a customer concern may result in a negative effect for U.S. industry and vice versa. We've also had to take care not to intrude into the personal space of other organizations. Because security cooperation crosses into the acquisitions/contracting, finance and accounting, military departments, logistics and a host of other functional areas, developing a consensus in support of changes in practice has been a daunting task. I'm pleased to say that much of the original resistance has dissipated and we're now working together.

For example, in the area of transparency we are increasing customer involvement in the contracting process, have engaged customers in reinvention, and are working to foster greater offset visibility. In the area of pricing, we reduced the FMS administrative fee from 3 percent to 2.5 percent while maintaining the solvency and security of the FMS trust fund. We've issued new policy guidance on the use of firm fixed price and not-to-exceed priced letters of offer and acceptance. In the area of financial management, we reduced our shipped/delivery not reported backlog by \$5 billion. We also have recorded a 20 percent drop in open supply complete cases. Beginning June 1st, we have initiated a one-year test of a new FMS hybrid process for requisitioning secondary items using a country-contracted commercial buying service with the Australian, Norwegian, and Netherlands navies. In addition, we are working with U.S. government entities to explore ways of lessening the up-front burden on FMS case payment schedules, to include alternatives for termination liability prepayment requirements.

---

---

To resolve a tremendous gap in communication, we formed staff level and high level groups made up of representatives from the military services, DLA, DCMA, and DFAS to steer the reinvention effort. The staff group, known as the Reinvention Working Group, develops and implements initiatives approved by the GO/SES level Executive Steering Committee. We have managed to consolidate and prioritize over one hundred reinvention activities across the military services and defense agencies, and are now implementing the results. The areas we currently are focusing on are budgeting and resource management, U.S. government/U.S. industry cooperation, metrics, case closure, the FMS rate structure, roles and responsibilities, training, administrative vs. program management lines, and rewriting the *Security Assistance Management Manual*.

The Foreign Procurement Group, comprised of eighteen countries, opened the door for us to attend their monthly meetings. We are taking advantage of this, and as a result, have established a very positive line of communication enabling us to understand and address customer concerns on a real-time basis.

And so I'd like to stress to you that the foreign military sales system is far from being obsolete. In FY99, we reached \$12.2 billion in sales, exceeding our own estimate of \$10.8 billion. Our projections for the next several years are fairly strong. For FY01 and beyond, we believe that sales levels will remain fairly stable, barring unanticipated economic downturns or regional conflicts. Also, FMS is poised to be a key player in the NATO Defense Capabilities Initiative. This initiative is designed to ensure that the NATO alliance has conventional military forces designed and equipped to meet 21st century requirements. I believe that these examples reflect the confidence of foreign customers in the ability of U.S. military equipment and in the FMS system to deliver.

You will hear and discuss more about the progress in FMS reinvention and how all our business areas are supporting this effort during the panels going on today and tomorrow.

I leave you with an important consideration: As we build the new security cooperation architecture, we must not build a house of cards. We must keep focused on our collective perspective and smartly utilize all available tools to continue to refurbish our ever-solid structure. I rest assured that my successor, Lt. General Tome Walters, USAF, will continue the hard work of strengthening security cooperation! I wish him well! He clearly brings with him the credentials of fine leadership. He currently is completing his assignment as the Principal Assistant Deputy Undersecretary of the Air Force for International Affairs in the Pentagon where he has been responsible for formulating and integrating U.S. Air Force policy with regards to politico-military affairs, security assistance, technology and information disclosure issues, and attaché affairs. I know you join me in welcoming him aboard and that you will give him the same dedication to the important security cooperation reinvention initiatives that you have given to me.

And I challenge you, the community leaders and security cooperation personnel at large, to continue to be innovative and to apply new ideas. You are fortunate to be working with a solid structure but you cannot relax. You must be ever vigilant for opportunities to continue to upgrade the structure and be responsive to the effect the changing global environment places on us in the security cooperation community.

---

## About the Author

Lieutenant General Michael S. Davison, Jr., was born in El Paso, Texas. He was commissioned in the Army from the United States Military Academy in 1964.

General Davison's military education includes the British Army Staff College and the National War College. He also earned a Master of Science degree in foreign affairs from Georgetown University in 1971.

His initial assignment was with the 3rd Squadron, 2nd Armored Cavalry in Amberg, Germany, where he served as a platoon leader and later as troop commander. In 1967, he joined the 1st Cavalry Division (Airmobile) in Vietnam, where he was first an operations officer in the G-2 section, and then commanded a rifle company in the 5th Battalion, 7th Cavalry. He returned to Vietnam in 1971 as a battalion advisor to the Vietnamese Airborne Division.

From 1973 to 1976, General Davison was a course director in the Department of Military Instruction at West Point and also supervised the Armor Orientation Program there. He returned to Germany in 1977 and served in the 3rd Infantry Division at Schweinfurt, where he was executive officer and then commander of the 3rd Battalion, 64th Armor Brigade from 1979 to 1982. General Davison rejoined the 3rd Infantry Division in 1985 to command the 2nd Brigade in Kitzingen until 1987. During 1988, he served as the Chief of Staff, 3rd Armored Division in Frankfurt.

From 1989 to 1991, General Davison served as Assistant Division Commander, 5th Infantry Division (Mechanized), Fort Polk, Louisiana; he was then assigned as Deputy Commanding General for Training, Combined Arms Command, Fort Leavenworth, Kansas, from August 1991 to July 1992. Assigned to USCENTCOM, General Davison served as the Chief, Office of Military Cooperation, Cairo, Egypt, from 1992 to 1994. He next commanded the U.S. Army Security Assistance Command from July 1994 to August 1997.

General Davison's assignments at the Pentagon included duty on the Army Staff as a Force Integration Officer; Deputy Director, Army Deep Attack Program; and Director of Requirements and Integration for Combat Maneuver and Logistics. He also served as Assistant, DCSOPS, HQ U.S. Army Europe in Heidelberg, Germany.

He assumed his current duties as Director, Defense Security Cooperation Agency, Office of the Secretary of Defense, on 18 August 1997.

---

---

# 2000 Security Cooperation Conference “Perspective Is Everything”

By

**Craig M. Brandt  
Virginia Caudill  
Lt. Col. Karen Currie, USAF  
Larry A. Mortsoff  
Defense Institute of Security Assistance Management**

## PLENARY SESSIONS

### Opening Remarks (Day One)

As Lieutenant General Michael Davison, Director, Defense Security Cooperation Agency, opened the Second Annual Security Cooperation Conference in Crystal City on 10 July, he presented the theme “Perspective Is Everything” as an appropriate motto for the security cooperation community which finds itself confronted by myriad changes resulting from this new era of a global strategy accompanied by rapid changes in technology and new missions. (See General Davison’s complete remarks on page 73.) With perspective defined as viewing “relevant data in a meaningful way,” Diane Halvorsen, head of DSCA’s Reinvention Team, Mary Buehler also of the reinvention team, and Vanessa Murry, Director of DSCA’s Legislative and Public Affairs office, presented a symposium designed to illustrate the variety of perspectives held by the participants in developing and implementing security cooperation policy. Instead of a total reliance on plenary sessions as was done last year, the primary proceedings of the conference resulted from ten panel sessions on different topics conducted over the two days, with a plenary resume of the issues presented in each.



The leader of DSCA’s Reinvention Team, Diane Halvorsen, set up this year’s Security Cooperation Conference Perspective Is Everything.

### Opening Speaker (Day One)

Former Ambassador Edward L. Peck, the opening day speaker, seized on the conference theme on perspective to deliver a primer on the verities and vagaries of international relations. He delivered a powerful, insightful, thought-provoking and humorous lesson, using his “Peck’s Postulates” to explain the four basic points that make every aspect of foreign affairs easily understandable.

First, there are no absolutes; perception is everything. It is not what we say or even what we do that matters. The only thing that matters is how the other parties perceive what we’re doing - because that is what controls how they react. Differing perceptions do not make one side wrong and the other right, but they do dictate what does or does not happen.



Lieutenant General Michael Davison, DSCA Director accompanies Ambassador Edward L. Peck whose primer on different perspectives in foreign policy opened the 2000 Security Cooperation Conference.

Second, there are only two things you can always depend upon sovereign nations doing.

- They will always behave as if they perceive themselves to be sovereign nations. This means they can do whatever they wish, and if another nation does not like it, they can do whatever they wish to affect a change,
- They will never ever do anything that they perceive not to be in their best interests,

Third, every international problem can be put into one of just three categories, if grouped solely based on who decides what to do about them,

- Unilateral issues, in which one country can make the decision all by itself. For example, the U.S. decides to break relations with Cuba,
- Multilateral issues, in which there is more than one participant and all must agree before a decision can be reached, e.g., the U.S. and Cuba decide to reestablish relations,
- Non-lateral issues, in which an outside party may have a great deal of interest, but is not directly involved in the decisions, e.g., the U.S. and the Arab-Israeli Issue.

Fourth, there is only one internationally recognized, universal explanation for every nation's foreign policies: "That's different." This explains why, for example, the U.S. can involve itself militarily in protecting the Kurds in Iraq, but only express mild concern over the harsher circumstances facing the Kurds in neighboring Turkey.

---

## Evening Speaker (Day One)

As the speaker for the Monday evening dinner, Stephen French, the Minister (Defence Materiel) at the British Embassy in Washington. He offered the perspective of the United Kingdom but hoped that people would be able to draw wider parallels. In some instances, he addressed U.K. solutions. Stephen French recognized that size, political system, constitution are different, and it was therefore neither appropriate nor indeed possible to take some of these examples on board the U.S. or other systems, but perhaps they would strike chords and develop thoughts among other allies.



Stephen French, Minister for Defence Materiel of the British Embassy was the Monday dinner speaker.

The perspective of the United Kingdom is the perspective of an ally, not just the formality of treaty obligations, but a deep and multi-faceted relationship, sustained by many different interactions every day. At heart, the U.S. and the U.K. share a deep-rooted community of interest. This is very important as we are striving for the same goal, and French believed this to be true of all in the room. Sometimes this gets overlooked, and we concentrate on the differences and problems. Although these are important, we must remember that this is generally at the margin. However, a much smaller U.K. cannot do everything that the U.S. does.

Mr. French pointed out what security cooperation means among other things, mutual benefits and interoperability. This means more than buying American! He mentioned ways in which the United Kingdom can contribute to interoperability through available technology, different processes such as new ways of contracting and partnering with industry; and other capabilities and operational techniques learned through different national experiences. As an ally, they gladly offer these things to the U.S.

The following points defined the British viewpoint of FMS reinvention:

- demonstrable delivery of concrete security benefits and meeting defined requirements,
- compliance with national parameters,
- value for money, an overarching priority that if not clearly being met, then we should not be pursuing FMS,
- a sophisticated customer.

In procurement terms, we fully understand that there will be differences in national contracting practices, but we have expectations of certainties in timing of delivery and payments, assuredness of stewardship of our taxpayers' funds. We are increasing emphasis on levels of personal accountability in the U.K. Both public and Parliament are more often asking the question

---

---

“who is responsible?” We cannot abrogate our national responsibilities by saying ‘the U.S. system does not allow us to respond’ to this question. We need transparency, visibility and assurance in the system.

Mr. French pointed out that the U.K. also has political oversight from a higher authority known as Parliament.

In terms of a legal background, defense procurement and operations in the U.K. do not have a substantial legislative framework. This means that they can be more flexible, provided formal cases for change are put to officials. However, where there are legislative hurdles, they have to be strictly adhered to.

Mr. French summarized that there is a need to set out and hold to responsibilities on both sides. This has been done between U.S. and U.K. in the Declaration of Principles signed by Secretary Cohen for the DoD, and by the U.K. Defense Secretary, Mr. Hoon, for the U.K. government earlier this year.

The U.K. has clear statement of where it wishes to go, that is, to achieve a relationship that recognizes in practice what it believes by heart to be the case: that the U.S. and U.K. trust each other implicitly as allies. The Declaration of Principles seeks to achieve this by reducing or removing unnecessary bureaucracy in our relationship such as visit restrictions, export restrictions, and import restrictions. In short, the U.K. has a vision of two nations working as close together as it is feasible to do, with the minimum of barriers to progress. It is recognized and accepted that, even after the Declaration of Principles, there will still be hurdles to overcome, but it is much better to define the hurdles, so it is where progress has to be made, and the consequences of not overcoming them.

#### Keynote Speaker (Day Two)

Deputy Secretary of Defense Rudy de Leon opened the second day of the symposium with four principles to guide our security cooperation efforts. First, there should be no doubt about the importance of security cooperation programs like foreign military sales (FMS). Recent events in NATO, in the Republic of Korea, and in the United Arab Emirates show that security assistance can directly support our ability to shape the world and secure our interests. Second, there should be a commitment to change. This should not be just one flash of activity but commitment to the long haul to change mindsets, not just business plans. The third guiding principle is to remember the customer. By successfully filling the expectations of our FMS purchasers, we create the kind of partnerships that are necessary for our military coalitions. The last principle is to remember the war fighter. We must remind ourselves that all of our efforts in security cooperation are to build bridges to other country's militaries so that it will make it less likely that ours will have to be deployed. (See Secretary de Leon's complete speech on page 100).

#### PANELS

##### Contracting Panel (Day One)

Keith Webster, DSCA/PSD, moderated the panel on contracting issues. Panel members were Mike Mutty, OUSD(AT&L); Dirk Robinson, NAVAIR; Valerie Brown, Defense Contracting Management Agency (DCMA); Andrew Burt, Canadian Embassy; and Dominique Myers, F-16 Systems Program Office, Wright-Patterson AFB, OH.

---

Mike Mutty, a specialist in foreign contracting policy, emphasized the need to get contracting officers involved in case development very early in the process. He explained that it is a common practice in Europe for customers to get unlimited data rights for black boxes, a requirement that can cause misunderstandings when dealing with U.S. contractors. He discussed several of the FMS reinvention initiatives relating to providing more information, including cost and pricing data, to the foreign customer during the contracting process.

Dirk Robinson pointed out that the U.S. must address the varying needs of countries during the case development process. Countries want different degrees of participation in negotiations. For example, his office has worked with Australian representatives in a “limited observer” status. His office is also asking contractors to provide certified price-based proposals.

Valerie Brown, who very recently assumed her position at Defense Contracting Management Agency (DCMA), reviewed the Defense Logistics Agency’s (DLA) role in supporting FMS. The Defense Contract Management Command (DCMC) was created in 1990 under DLA in order to present a single face to the defense industry, to develop uniform policies, to upgrade the performance of the contract administration services workforce, and to reduce costs of operation. In March 2000, the new Defense Contracting Management Agency was formed from DCMC. Defense Contracting Management Agency administers 325,000 contracts valued at \$852 billion at 900 separate locations worldwide. Defense Contracting Management Agency goal is to deliver great customer service. Defense Contracting Management Agency provides contract administration services (CAS) for contracts supporting foreign military sales, direct commercial sales, and foreign military financing (FMF) cases. Contract administration services are financed through a 1.5 percent surcharge on all articles and services procured on contract. Contract administration services provided through these kinds of contracts represent about 13 percent of the overall DCMC budget. Contractors selling defense articles through direct commercial sales contracts may request and pay for CAS from DCMA. The agency also provides audit services for FMF-funded commercial purchases, and has recently established an international and federal business office.

Andrew Burt of the Canadian Embassy provided a customer’s perspective. From his viewpoint, “not all that much,” has changed in the way FMS has been conducted over the past twenty years. He explained that customers must look at the business case aspects of each proposed sale. Because the new realities of the global economy put the U.S. in competition with other providers, the proposed LOA must provide “irrefutable evidence of value for money.” Most of the arms sales from the U.S. to Canada are conducted as direct commercial sales. Canada views FMS as a “premium service” that must be justified and defended to the politicians as the best approach. Canada wants greater disclosure and greater participation on behalf of customer countries, and greater acceptance of customer involvement from U.S. industry. Burt concluded his remarks with a request for a FMS system that is “better, faster, and cheaper.”

Dominique Myers, chief of the foreign contracting directorate for the F-16 program office, opened her remarks by stating that F-16s are flying in twenty-two countries. She described a situation where the customer country held the competition to choose a contractor, but the F-16 contracting team in support of this FMS contract had to be increased from seventeen to twenty-five contracting specialists because the customer and contractor did not provide enough detail up front to the government. The resulting configuration changes have created an overwhelming workload. In cases like this where the customer conducts the source selection and passes on the results to the U.S. government, more rigor must be required in the process. Issues of scope are

---

---

involved, because the necessary level of detail is not being provided, and U.S. contracting officers don't have the data and tools they need to manage the contracts properly. Myers emphasized that no one size fits all for FMS reform initiatives, and that all contracts should not be fixed price. She also suggested that in the case of offsets, a Memorandum of Understanding should be established between the contractor and customer country in order to describe the specific requirements of the offset arrangement.

### Pricing Panel (Day One)

Jeanne Farmer of DSCA hosted the panel on the controversial subject of pricing. Kay O'Brien, formerly of the OSD comptroller, came out of retirement to participate in this panel. She noted that the rules are set by the Office of the Secretary of Defense Comptroller in line with the *Arms Export Control Act*. We do not have much latitude to change them. In general, pricing has been stable and has not changed much since 1977. Most of the problems being encountered are in the areas of billing and delivery performance. Improvement is needed in the calculation of the amount of the initial deposit, the use of letters of credit, and the proposal to use actual charges rather than cost pools for surcharges.

Virginia Caudill of DISAM noted that total package approach pricing takes time to develop a comprehensive program. We do the customer a disservice by not presenting life cycle costs when we present alternatives. Although the U.S. suffers the criticism of frequently raising prices, in many cases the customer's desired changes actually cause the delays and subsequent price increases. There is a lack of visibility to the customers in the application of surcharges, and as currently structured, the billing statement is inadequate in explaining them and is difficult to fix when there are errors. Most customers recognize the need for surcharges, but they cannot tell what they are getting for them. We still need to develop solutions for pricing of several areas of concern, including services, software, publications, and training delivered via distance learning mechanisms.

Pat Sullivan of Aerospace Industries Association, provided to the industry perspective on pricing transparency. Industry's concerns center on protecting proprietary rights of the manufacturers. He emphasized that, as far as industry is concerned, cost is proprietary information which industry is reluctant to share with the purchaser. Providing of price data, however, is more palatable and thus more feasible. Transparency depends on various things: customer trust; seriousness of the inquiry, a good definition of requirements; and the time allowed to respond, and the costs associated with the effort. Not-to-exceed or firm fixed price quotations are very difficult to prepare because of the risk and the cost. This requires a lengthy process to develop the letter of request. Consequently this approach should be the exception, not the rule.

Noel Lacey of the Defense Logistics Agency gave a brief explanation of the components of the defense working capital fund and how these affect FMS pricing.

Representing the Javelin program office of the Army's Aviation and Missile Command, Don Ebert gave examples of how the Army gives transparency in the letter of offer with regard to prices. By tracking the additive costs on the LOA, line by line, AMCOM can share these data with the customer.

Mike Newman of the British Embassy pointed out that from the customer's perspective, there were three main issues in desiring transparency in pricing. The first is to make informed decisions about the weapon systems to buy and then throughout the program, to minimize

---

surprises that may occur as prices change. They need to justify the program to their superiors, both political and within the Ministry of Defense. By participating in the pricing and debates, the customer is assured that the prices are reasonable.



On the Pricing Panel, Mike Newman of the British Embassy, Pat Sullivan of Aerospace Industries Association, and Noel Lacey of Defense Logistics Agency discussed the implications of firm fixed price and not-to-exceed LOAs.

Mike Patterson of DSCA offered the results of a DSCA study on firm fixed price LOAs. Since 1950, an examination of closed cases shows that the prices have been overestimated by about twelve percent. This alone confirms complaints of many customers about having excessive funds tied up in the trust fund. Firm fixed price for stock items is feasible and should be used when appropriate. Pursuing bottom-line firm fixed price LOAs would require legislative change. This avenue will be employed only if the interest level in doing so increases dramatically. Because of the large amount of work involved in the preparation of a not-to-exceed LOA, this preparation should be funded separately on an upfront LOA when the purchase is from a single known source and should be done on an exception basis. In international competitions, the U.S. government will support not-to exceed LOAs without requiring a support case to fund the up front workload. Again, this should be done on an exception basis.

One main point emphasized was that in a September 13, 1999 memorandum, DSCA specifically authorized the release of selected pricing data. According to the memorandum, "This detailed pricing information may be provided with the LOA if desired by the customer. Available reports identifying these costs may also be provided as requested. It should be noted that these price break-outs should only include U.S. government pricing data—contract data may contain proprietary information and should be reviewed on a case-by-case basis with the respective contractor to determine what may be related." Pricing information is available from the Defense Security Assistance Management System (DSAMS) through either report 65 or 69.

#### Budget Preparation Panel (Day One)

In a session devoted to budget preparation, Captain Tom Keithly of Navy International Program Office moderated a panel consisting of Jim McQuality, DSCA Comptroller, Rick Alpaugh, Deputy to the Commander of USASAC, Joe Bowab of the Department of State, James

---

Nix of Office of Management and Budget, Captain Gregg Jackson from Joint Chiefs of Staff, and Marshall Billingslea of the Senate Foreign Relations Committee Staff.



Captain Gregg Jackson, USN of JCS, Jim McQuality of DSCA, and Rick Alpaugh of USASAC discussed how the security cooperation budget is created and how sales relate to the ceiling imposed on expenditures of the administrative surcharges.

The basic issue addressed by this panel concerns the question of dividing the administrative surcharge pie. There are initiatives that would revitalize the FMS administrative budgetary process by providing a framework linking program objectives, resource allocations, and costs. DSCA is implementing a new performance based budget (PPB) system for the FMS administrative fund. This budget would borrow elements of the planning, programming and budgeting system (PPBS) by relating budget resources to performance objectives in six areas: pre-LOA, LOA development, case execution, case closure, other security cooperation, and organizational support. The proposal is to implement some elements of PPB in FY01 with full implementation to occur in FY02.

The Joint Chiefs of Staff's role in foreign military sales is essentially in policy development, not in execution. In discussing the foreign operations budget, Joint Chiefs of Staff represents the regional war-fighting commanders in chiefs with respect to the foreign military funds and IMET budgets. The Joint Chiefs of Staff tries to influence non-DoD budgets through Office of Management and Budget, and State. The idea is to tie foreign military funds and IMET to a long-range plan, the three-year period in the theater engagement plan. It is necessary to link the budget request to the unified commanders' objectives such as impact on access, coalition building, interoperability, equipment modernization, and regional stability. Thus, the regional commander-in-chief attempts to obtain what is necessary to build a credible force to accomplish missions without U.S. forces being involved.

The Department of State is responsible for the international affairs or the 150 account budget. While this is relatively small in contrast to the DoD budget, it is big for the State

---

---

Department, being in the \$22-25 billion dollar range. Of this three to four billion dollars is military assistance. This latter figure is what the military is interested in. In the past, the Annual Integrated Assessment of Security Assistance was used to identify military programs requirements, but this has fallen by the wayside. The new process, which has been in effect for the last couple of years, takes the mission program planning guidance from State and tries to coordinate it with the regional commander-in-chief's theater engagement plan to give a military perspective to support a war fighting strategy. The State bureau performance plan combines inputs of the country teams and integrates them into the regional bureau plan. This is then briefed to the Secretary of State on the total needed to support a regional foreign policy. Applicable executive branches are invited to participate in the deliberations. The amount of money requested by the country teams has gone to Office of Management and Budget, with Department of State support of the submission. However, countries do not usually get the full amount requested. In order for this to happen, there must be a better job of justifying programs to get greater Congressional support. Better planning would be beneficial.

From the Office of Management and Budget perspective, program justification is key. Competition exists within the 150 account budget. The entire 150 account is a dangerous budget environment. From the Senate's point of view, security assistance could be a valuable tool of foreign policy, but it is not being taken advantage of to the extent possible. Threats to countries are increasing, and some of these might be met by security assistance. There are many countries that want a relationship with the U.S. but cannot afford to pay for it. Today, about 98 percent of foreign military financing goes to only three countries. The Senate wants an annual preparation of a security assistance strategy to accompany the foreign aid bill. This would be a multi-year plan instead of today's piecemeal presentation. Today, the impression is that security assistance is used as a political handout to whomever is in the limelight when money is being passed out. Although, security assistance is an integral part of foreign policy, there are no benchmarks against which programs can be measured, and no program objectives by country to say how the money requested would support this strategy. The Foreign Relations Committee wants this justification in terms of supportable objectives. If the State Department could come up with a programmatic approach, this would bolster congressional support.

#### Business Measures Panel (Day One)

The panel on business measures started with a tutorial given by Craig White of KPMG. He explained that the purpose of business measurement is to motivate and measure desired behavior in an organization. Although typically only a few measures are needed, there is a tendency today to collect far too many, since with today's technology you can easily manipulate many measures. First he identified the qualities of world-class measurement system and then identified the attributes of a good business measure. He looked at types of measurements such as raw data indicators, external output measures, and internal process measures. He looked at measuring targets, goals, and standards that must be attainable. The tutorial ended with a presentation of the balanced scorecard concept, in which performance is measured, in four quadrants: financial, customer, internal processes, and organizational learning.

David Robinson, OSD/PA&E, talked about the performance contract between defense agencies and the Defense Management Council, which consists of the Deputy Secretary of Defense and the Under Secretaries. In terms of metrics, the required performance contracts are looking at cost, quality, customer satisfaction, benchmarking, and reinvention. These contracts are not done in a vacuum. The Joint Chiefs of Staff, the DoD staff and agency staffs are all involved

---

in creating the contract or performance plan. These contracts are all tied to the *Government Performance and Results Act*. Consequently, they are tied to agency strategic plans and directly into the various business areas.

Bob Keltz, Deputy Director of DSCA, noted that business measurement was necessary for effective stewardship of the funds and processes of DSCA's five core competencies:

- Education
- Humanitarian affairs and demining
- Financial management
- Automation
- Foreign military sales

Since these are all separate business areas, they should have separate sets of metrics. In foreign military sales, four metrics:

- Letter of offer and acceptance preparation
- Processing supply discrepancy requests
- Case closure
- Shipped with delivery not reported

They are exploring whether others should exist.



A panel of Craig White of KPMG, Steve Hyland of Australia, and Bob Keltz of DSCA introduced business measures relating to security cooperation and why they are important.

Mr. Keltz admitted that the word reinvention should not be used to develop metrics, since this somehow implies a time finite procedure, but rather they should emphasize continuous process improvement. In those instances where U.S. foreign policy interest are served, success is growing the U.S. market share whether by giving support for foreign military sales, direct commercial sales, or some hybrid mechanism. The issue is not one of which method is better, but whether the United States is a reliable, cost-effective supplier of defense items.

---

---

Steve Hyland from Australia noted that cost, adherence to schedule, and case closure were the biggest metrics that his government, as an FMS customer, pay attention to. In a commercial project, the buyer has insight into and influence over these areas. In foreign military sales, this is not the case, and there is no recourse against the producer for failing to comply with cost, schedule and case closure requirements. Consequently, the FMS customer would prefer more insight into the FMS process. By and large, foreign military sales is going well. There are over 600 open cases, but the difficult cases are symptoms of deeper problems. Normally they would not make such a big deal of letters of acceptance processing times, since direct commercial sales would be about the same. It would take approximately three months to issue their request for proposal, and then another six-nine months to evaluate it. The real concern is having insight into the program to see if alternatives could be explored when something goes wrong. The higher up in the hierarchy that you go, the problems become more meaningful. Thus, bad experiences all are more striking.

#### Export Controls Panel (Day One)

The Export Controls panel was moderated by Ed Ross of DSCA, and consisted of Pam Frazier of the Department of State, Susan Ludlow-MacMurray of OUSD(P)/PS, Colonel Kevin O'Connor of DSCA, John Isbell of the Department of Commerce, and Joel Johnson of the Aerospace Industries Association. Pam Frazier led off with a presentation on the Joint State-DoD "Defense Trade Security Initiative (DTSI)." The DTSI involves several changes to the *International Traffic in Arms Regulation (ITAR)*, principally in the area of streamlined licensing reform. This includes such things as:

- Creating new license authorizations
- Expanding the scope of existing licensing practices
- Enhancing ITAR exemptions (from getting a license)
- Improving transfers relative to government-to-government programs

More specifically, the DTSI involves seventeen proposals dealing with such matters as a single comprehensive license issued at the beginning of a project, increased use of multiple destination licenses, expedited license review for NATO transfers, and enhanced computer connectivity between the DoD and the State Department to permit more timely exchange of data on license applications. Frazier mentioned that the State Department was increasing its licensing staff by more than 50 percent.

With respect to the DTSI, Susan Ludlow-MacMurray noted that DoD has to also get its house in order and to decrease any licensing backlog within the Defense Department. The initiative has many positive features, such as focusing better control over those exports that need more attention, expediting the processing of those programs that the U.S. government wants to forward, and even utilizing other nations' control systems where in place. Building upon Ludlow-MacMurray's observations, Colonel Kevin O'Connor commented that there was, indeed, heightened awareness of the need for greater export license process discipline. The OUSD(P)/PS-sponsored international programs security management courses will continue to focus additional attention on process-related matters.

The export controls discussion then turned to foreign military sales vis-a-vis direct commercial sales. According to Colonel O'Connor of the DSCA Weapons Division, sometimes it

---

---

is not possible to have a completely commercial sale; rather the situation may call for a hybrid of both FMS and commercial sale processes. O'Connor then briefly addressed the international competition issue, a matter of significant interest to the DSCA Weapons Division which, in turn, tries to advance a level playing field among U.S. defense equipment manufacturers that are competitively vying for the same defense export sale. He noted that the government advocacy issue, i.e., support of a U.S. manufacturer in competition with a foreign manufacturer, is no longer so clear cut. Rather, as a result of the globalization of defense industry, major U.S. subcontractors on foreign contract offerings are now seeking a voice similar to that of U.S. prime contractors. International customers, too, have their own constituencies in terms of demands for third-party transfers of U.S. systems as well as technology, offset, and co-production requirements.

John Isbell indicated that the Department of Commerce did many of its reforms in the early 1990s. The results were substantial: Commerce saw its licensing requests drop from 100,000 to about 9,000. Joel Johnson then sized up the U.S. government licensing initiatives as constituting great progress, but there are still many issues to be resolved. For instance, if exemptions become country-specific, then program licenses may become more desirable. The increased State DoD effort to shorten license turnaround time in terms of established time limits is noble, but this may cause too many license provisos, thereby creating another set of problems. With respect to the periodic review of the U.S. munitions list for currency, the review should not only be vertical (e.g., fighter aircraft category) in nature but also involve a horizontal scrub of the associated items under a particular category. Johnson noted that industry must do a better job of getting certain information incorporated into FMS contracts and in establishing a paper trail on program licenses in order to respond to potential State Department inquiries at a later date.

#### Information Technology Panel (Day Two)

Mark Sher, DSCA's chief information officer, introduced the panel with a description of the on-going initiatives surrounding the use of information technology in the security cooperation arena. Dave Carey of DISAM presented the current status of the Security Assistance Network and introduced the procedures by which foreign purchasers could get access to the new International Security Assistance Network. By employing the latter, a country can work as a team with the security assistance organization in managing the country's training program. The central focus of security cooperation information technology efforts is Defense Security Assistance Management System (DSAMS). Kent Wiggins, DSCA's DSAMS program manager, gave the current status on the myriad aspects of the project. Of special interest was the ability to create customized reports, which Wiggins indicated was possible using additional software. Jean Wilson of DFAS Denver described her project to merge information from various accounting systems into a central database which in turn would be fed by DSAMS and other service financial systems. From the Office of the Undersecretary of Defense for Policy, Ronnie Larson spoke about a new effort to build a more comprehensive system which could be used in processing foreign disclosure requests. In order to complete this integrated system, personnel would be drawn from the Departments of State, Commerce, and Defense. This system would also be used in tracking foreign visitors to the U.S.

#### Policy Development and Implementation Panel (Day Two)

In discussing the problems of development and implementation of policy as part of FMS reinvention, Beth Baker of DSCA presented a clever and insightful parable based on the children's book about the "Little Engine That Could." As the policy train loaded with ideas

---

started up the hill, there were lots of people in the back cars to contribute ideas, that is, to “help”. In reality, there are too many people helping and this actually slowed the engine down and the policy train had trouble getting up the hill. People on the side of the track lines were encouraging, shouting recommendations and advice. Some advised the engine to get rid of some of the people in the back cars because they were causing delays and would prevent the engine from getting anywhere. Halfway up the hill, the tracks were re-engineered. The senior engineers decided to make changes, and the engine no longer fit on the tracks. The policy train decided to continue anyway. So they changed some wheels, took some time, and reconsidered some of the people in the back. Meanwhile, a larger train came by with higher speed priorities and pushed the policy train off the tracks, but the train continued. The force of the blow actually advanced the little train. Finally the train made it to the top, but most of the folks in the back had either jumped off, or were dissatisfied with the train, because too many other things had changed. They either thought it was too little or too late, or not what had been initially proposed.



Leading the discussion on the difficulties in policy development and implementation were Beth Baker of DSCA, Craig Hunter of DUSA-IA, and Larry Baillie of Navy IPO.

Baker’s tale summarized the many frustrations with rule changes, impacts from other programs and initiatives and competing priorities. Still, she is current working on a variety of vexatious policy issues: a change to the SAMM to comply with the acquisition policies as to what offset costs are allowable; audits to comply with end-use monitoring; interpretations of LOAs as to whether they are “cradle to grave” or not, and considering whether this is possible and what the cost might be; assuring consistency in the use of program management lines on LOAs within the military departments; and LOA quality which is incorporated into Defense Security Assistance Management System (DSAMS) standardization.

Hunter of DUSA/IA described the impacts of security assistance policy on the functional side of the Army. In generating security assistance policies, it is necessary to account for the constraints of internal Army policies and automated systems that are devoted to improving the war-fighting capability of the Army. The international business is more complex, however, since the laws effectively are the mechanisms driving policy. The interagency effort, including the

---

---

Department of State (DoS) and Congress, makes policy-making much more difficult. Since the services are at the bottom of the food chain and can only directly deal with the weapon systems critics must take into account downhill slope from laws governing security cooperation to the Department of State to the military departments. Department of Defense is not in charge of security assistance; it is only driven by DoS policies.

In policy-making, one size does not fit all. There must be a selective application of requirements. The implementation of policy in the international arena is subject to too many variables, thus there is a lack of latitude at the Army level. We are not arms merchants; we are an extension of foreign policy, that is, foreign policy implementers. This is not a business. International decisions take affairs out of our hands. Until a decision is made to sell, the government's foreign policy perspective is more important than the Army's more insular views.

Hunter noted several policy challenges facing the Army. First is the rise of direct commercial sales with respect to FMS. Today there are more direct sales than ever, with larger sales of first-line weapons systems. The question is how does the Army support these without using FMS administrative funds? How do you get reimbursement for your efforts now that we have agreed that a government partnership with industry is indispensable, regardless of the mechanism of the sale itself? Next is the challenge of industrial globalization. In the past, the rule has been not to offer government support to a U.S. competitor in a foreign sale. Today, however, with a variety of transatlantic mergers and other industrial joint ventures, what is an American industry? What if a foreign product has more U.S. content than that sold by an American firm? Can we endorse U.S. content in a foreign product? What now should be the Army's position on advocacy? Similarly, Hunter pointed out the dilemma in disclosure and technology transfer when we impose our controls over American exporters of systems and technology from other countries. Finally, he noted that funding is necessary to implement policy changes.

In summary, Hunter's perspectives in policy mean that one policy does not work for everyone; policy must be a cooperative effort, with everyone participating even if they do not agree. Also, all parties should use more common sense and logically evaluate the new circumstances in which we are operating.

Representing the Navy International Program Office, Larry Baillie emphasized that Navy policy has a very formalized process using the Technology Transfer and Security Curriculum Review Board (TSARB) for which Navy IPO is the executive agent. Thus, issues are resolved at a high level before the program begins execution. At this level, the concerns are mostly weapon system policy. DoD policies are set by DSCA and Defense Finance and Accounting Service and must be adhered to. Navy IPO works with DSCA to provide inputs. Baillie also noted that in the past there were only two or three policy letters a year and it was easy to keep up and to teach people how to follow the policies. But times have changed. Today we are seeing one or two policy memos a month. Since the staff has been cut back, today policy resources are used in negotiating policies with DSCA, not teaching what the new policies are and how they are to be implemented.

Patrick Fox of SAF/IA commented that, in setting policy, the Air Force had to deal with many levels such as DSCA, OMB, State, and the military departments. While everyone is reinventing, proposed policies must still be integrated, but the many changes make this difficult to accomplish. The impacts of policy changes have to be reviewed in terms of function, process, personnel, and automated systems. Implementers put their own spin on issues, and it becomes difficult to discriminate between what are truly policies and what are procedures. Typically it is

---

---

easy to change the processes and procedures which you own, but where the policies apply to procedures that you do not own, these are harder to deal with. Since the new policies drive new procedures and processes, there is the need to create more handbooks, web sites, and computer-based training, to insure that those implementing these procedures are well trained. With lots of policy initiatives at all levels, it appears to many that chaos reigns. However, policy is not being developed in a vacuum; it is usually coordinated among all the relevant parties.

Lieutenant Colonel Kevin Clarke, USA, from the U.S. Pacific Command commented on the Euro-centric focus of the symposium. Although the unified commanders do not make security assistance policy, the commanders in chiefs have an interest in and contribute to policy from their perspective. This view stresses an interest in relationships with other countries to cultivate access and influence and to develop coalition interests such as interoperability. By using security assistance tools, we can encourage how our allies equip, train, sustain, exercise and execute their missions. The unified commands use training to maximize the opportunities to develop relationships. Since the regional commanders in chief cannot tell any country what to do, security assistance is used as a carrot to encourage behavior that improves our mutual security. The theater engagement plan is what the commanders-in-chief wishes to see happen in a country, but the country itself has to agree. Where U.S. funding is involved, everyone else in the security assistance community also has to agree in order to make the plan a reality.

General Davison commented on the health of the FMS administrative funds and the difficulty with the annual Congressional cap on using the money that is collected on each case. DSCA is working with OMB to lift it so that more funds can be used in the support of security cooperation programs. DSCA is still trying to determine the right size of the workforce. Baseline necessary and no growth is projected. There will be enough money to cover pay raises and inflation only. In order to justify our efforts, the cost of activities must become part of the budget process. This will permit us to quantify our requirements more accurately on program management lines. In any event, there will be more money for the services for case closure.

#### New FMS Environment Panel (Day Two)

Cliff Crivello of USASAC led the discussion of the “New FMS Environment.” Panel members included Gibson LeBoeuf, Navy IPO; Willard Mitchell, SAF/IA; Robert Keltz, DSCA; Werner Kaelin, Swiss Embassy; and Joel Johnson, Aerospace Industries Association.

Gibson LeBoeuf described how the DSCA strategic goals and the goals of his boss, the Assistant Secretary of the Navy for Research, Development, and Acquisition, are complementary and support four main initiatives: improving the business process, providing better support for the war-fighter, developing resource management methods that are cheaper and more effective, and making Navy IPO people smarter. For example, Navy IPO is applying the TEAM USA concept, (see page 66 of this *Journal*) a hybrid cooperative effort between the U.S., customer countries, and U.S. industry to several programs, including the Predator and the Chilean frigate. The Navy IPO is also developing a country program director’s handbook and increasing training opportunities for its personnel. Other initiatives include the use of Navy acquisition interns and pay banding, whereby compensation is determined according to an individual’s contribution to the mission within certain set limits.

Willard Mitchell explained how the nature of business with friends and allies is changing: there is no more “pure” FMS or direct commercial sales (DCS). The U.S. must provide support

---

to licensing efforts and technology transfer reviews. Because the U.S. Air Force is evolving into an expeditionary air force, we must build relationships around the world to support that force. Among other requirements, we must achieve access to airfields and interoperability with allied air forces. Our allied partners around the world want to acquire the combat capabilities demonstrated by the U.S., so we must streamline the FMS process so it is timely, transparent, and delivers the necessary capabilities.

Robert Keltz listed some key agenda items for DSCA over the next year. He affirmed that the FMS administrative fund is stronger now than it was before the fee was reduced from 3 percent to 2.5 percent, and promised that DSCA intends to stay the course with the 2.5 percent administrative fee. The DSCA goal is to sustain a steady state for the security cooperation workforce, absorbing the inflation in civilian and military pay, with no more job cuts in the foreseeable future. DSCA plans to devote more attention to offset issues, since *Arms Export Control Act* (AECA), Section 36(b), notifications to Congress require generic descriptions of offset agreements, and the first Congressional hold was placed on a 36(b) notification in July 2000 as a result of the offset information required. In addition, the issue of what exactly constitutes offset costs is currently part of a high-level policy debate in OSD. Other issues of concern to DSCA include end-use monitoring, transparency in contracting, the *Defense Trade Security Initiative*, and the likely delay in Section 36(b) notification processing as a result of the election year and change in Presidential administrations. Keltz concluded his remarks with the promise that DSCA will be spending a lot of time on customer outreach.

Werner Kaelin of the Swiss Embassy began his remarks by stating that he was very encouraged by the new Defense Trade Security Initiative. He then listed some customer country expectations relating to the new FMS environment. Country program directors should act as advocates for their customer countries, providing assistance in writing Letters of Request and in defining case requirements. Country directors should provide customer satisfaction and total quality management. The U.S. should help facilitate co-production agreements and promote hybrid cases and not-to-exceed pricing. The U.S. should also recognize that foreign procurements help sustain the U.S. defense industrial base and endure that field commands understand and implement FMS reinvention initiatives. U.S. representatives should review price and production schedules with the customer countries and promote customer country participation in case development. According to Kaelin, the DoD needs to change its attitude towards case closure, since customer funds are being withheld without interest payments. The case manager should establish a timeline for case closure and prepare for that event throughout the life of the case. The U.S. should understand that customer nations are committed to FMS reinvention.

Joel Johnson provided the industry viewpoint of security cooperation issues. He explained that today's market is a buyers' market; buyers are smarter, and the world arms market is relatively flat. The U.S. currently has about 40 percent of the world market, a share that could be greatly affected by events in Europe over the next decade. Furthermore, the U.S. has served FMS customers for at least 15 to 20 years, and those customers are knowledgeable. The FMS contracting effort ought to look like a commercial contracting effort as much as possible; i.e., price breakdowns need to be given. Other industry concerns include offsets and technology transfer issues, and dealing with the Defense Threat Reduction Agency.

---

## Interagency Relationships Panel (Day Two)

Keith Webster, Director of DSCA's Program Support Directorate, chaired a session looking at the importance of interagency relationships in conducting security cooperation business. Pam Frazier of the Department of State opened with a discussion of the State Department's role chairing the National Disclosure Policy Committee. When approving the disclosure of technology, the U.S. government is in essence, willing to authorize a marketing license. There are concerns that the disclosure technology gives the signal that the U.S. government would likely approve the actual transfer itself. State, however, looks at other issues such as regional concerns and conventional arms transfers in making its decision. Each year about 2,100 cases go to Congress under the reporting framework of Section 36(b), *Arms Export Control Act*. About two percent represent any kind of problem. Why is the reporting threshold as low as \$14 million? Frazier claims that this is the price of an A-4 squadron in the early 1980s. Still, Congress wants to lower the threshold, not to raise it. With the co-mingling of research and development and foreign military sales as well as hybrids of direct commercial and foreign military sales, these transfers are going to receive greater scrutiny. As DoD gets more creative, Congress wants more information. Also, there are frequent delays in getting to Congress because there a lot of days when Congress is not in session.

Karma Job of DSCA noted that there are large numbers of checks and balances to make sure that the transfers are in the best interests of the United States. An effort is made resolve any differences, and she pointed out that the key to interagency efficiency is often personal relationships. Mike MacMurray of the office of the Assistant Secretary of Defense for Special Operations and Low Intensity Conflict talked about the need to build bilateral relationships with all the agencies he deals with. He noted that it is necessary to know the agency's culture, because the different services, even different parts of State, approach things differently. Individual differences are often greater than agency differences. Mike Richie of DSCA's Humanitarian Affairs and Demining Directorate noted differences in his operations depending on whether it was concerned with disaster relief, humanitarian assistance, or demining.



Mike MacMurray from ASD/SOLIC, Mike Richie of DSCA, and Bill Denk from the Department of Commerce gave their perspectives on agency interactions regarding security cooperation.

Bill Denk of the Commerce Department spoke at length about the departmental role in reviewing defense memoranda of understanding including reciprocal agreements, foreign procurement, production, services, and research and development. In all cases, the impact on the

---

---

U.S. industrial base is issue that needs to be addressed. Bill Denk thinks that there is a growing imbalance in the use of memorandum of understanding because we are giving away more than we are getting. With the possibility of excess defense articles displacing new sales in the market, the Department of Commerce is now involved in the dialogue and has been added to the review process for transfers of EDA. They do not want everyone in the field telling countries that they can have EDA without thinking about the impact on new sales or on the industrial base. The Department of Commerce does promote defense sales, and they work closely with State Department to ensure that licenses are in place before advocating that a sale proceed. Within defense trade policy, Commerce is not just concerned about export control policy but with reciprocal memorandum of understanding. Commerce has also started to see the Section 36(b) *Reports On Offsets*, and they are concerned about what kind of multipliers is being offered to settle offset requirements.

With regard to the interagency process of LOA development and implementation, General Davison noted that we are revising the metrics on the LOA process. In order to start processing we need a complete letter of request from the purchaser. Today our policy of completing the LOA in 60 days is too optimistic, and consequently we have built up the countries' expectations. We simply cannot get through the interagency process in this time. Now we are thinking about 120 days, for LORs without revisions. We will probably establish a target percentage that can be done within 120 days. However, sixty days is a pipe dream. Lieutenant General Davison also commented on the Section 36(b) Congressional reporting process. Department of Defense makes every effort to deliver the packages to the State Department but then they must worry about the Congressional calendar. Moreover, the purchaser country has its own budget windows, and is often needed to spend money or to use a specific contract already in effect. Brian Knapp of DSCA commented from the audience that Congress is going to want more oversight. As he pointed out, is however, there are some obstacles to this. For example, in one area of the State Department, a single person negotiates with both the authorization and appropriations committees of Congress. Consequently during the budget cycle, little else moves from this office. Pam Frazier commented that it is a rare case when somewhat objects either to the program or to the amount of money. In many instances, members of authorization committees are traveling and cannot be consulted on the case. The State Department depends on the committee chairman, and it must be willing to make some trade-offs.

#### Training Panel (Day Two)

Freda Lodge led a discussion of training initiatives for international customers as well as members of the security cooperation workforce. Panel members were Rita Verry, DSCA; Lt Col Erich Eschenburg, SAF/IA; Elena Kim-Mitchell, State Department; Larry Mortsolf, DISAM; and Terry Bates, SAF/IA.

Rita Verry, who manages training policy issues for DSCA, explained that, as a result of the Expanded International Military Education and Training (E-IMET) summit held in February 1999, the Defense Institute of International Legal Studies is now part of DSCA. Also, DSCA is leading the security assistance distance learning working group and participating with the OSD distance learning working group to develop distance learning programs for international customers, with contract support.

Lieutenant Colonel Eschenburg explained the U.S. Air Force goal of conducting international training to meet the customer's requirements and to support self-sufficiency.

---

Lieutenant Colonel Eschenburg emphasized the need to train the right people, given limited quotas, and to maximize the use of training resources, especially those related to flight training. Because quotas are limited and the need for training is great, it may be appropriate to use distance education to supplement, but not replace, traditional resident education, in order to reach a wider audience.



The Training Panel of Elena Kim-Mitchell of the Department of State, Lt Col Erich Eschenburg of SAF/IA, and Rita Verry of DSCA offered their impressions of how international training is provided and the possibility of changes on the horizon.

Elena Kim-Mitchell noted that International Military Education and Training (IMET) programs are funded from the State Department's international affairs budget. Two priorities for the State Department role in IMET programs are to promote military-to-military contacts and to promote the capabilities of U.S. friends and allies. IMET is viewed as a strong mechanism for promoting democracy. Although IMET is the smallest security assistance budget issue for the State Department, it receives intense congressional oversight and is subject to a wide disparity of views, including possible conflicts with other foreign policy goals.



Among the international delegations was that from Kuwait, including Lt Col Abdulateef Haider, CDR Keith Marchbanks, SC, USN of OMC Kuwait, Brigadier Abdulla Al-Dakheel, Chief of Budget of the Kuwait Armed Forces, Lt Col Jasem Al-Obaid, and Col Mohammed Meteb.

---

---

Larry Mortsof summarized five professional development programs currently under development at DISAM. First, a faculty team is conducting a review and analysis of the security assistance workforce across all agencies and military services at the request of DSCA. The purpose of this study is to suggest some remedies to challenges caused by downsizing, lack of new hires, increased productivity demands, and the aging workforce. Second, as Lieutenant General Davison announced during his opening remarks at this conference, DSCA will recognize those individuals who take a certain combination of security cooperation courses and have at least three years of related job experience through the award of three certificates: the defense security cooperation career professional certificate, the international certificate, or the training manager certificate. This certificate program is jointly supported by the Defense Security Cooperation Agency, the Defense Institute of Security Assistance Management, and the National Defense Industrial Association (NDIA). Third, members of the Defense acquisition workforce who complete DISAM courses are eligible to earn continuous learning points under the policy announced by Jacques S. Gansler, Under Secretary of Defense (Acquisition, Technology, and Logistics) (USD(AT&L)), in December 1998. Jacques S. Gansler's policy, entitled "Reform Through Learning: USD(AT&L) Policy on Continuous Learning for the Defense Acquisition Workforce," applies to employees who have completed *Defense Acquisition Workforce Improvement Act* (DAWIA) certification requirements for the positions they hold, as well as to employees who are presently working to achieve certification. The "reform through learning" policy requires all Defense acquisition personnel to earn 80 "continuous learning" points (representing 80 hours) every two years by participating in a number of professional development activities. DISAM has reviewed the acquisition content of each of its courses. For example, the review of the CONUS (SAM-C) Course determined that it included 29 hours of acquisition-related instruction. Accordingly, graduates of the CONUS Course will earn 29 continuous learning points towards their required 80-point total. However, not every DISAM course is eligible for award of continuous learning points. See the table on the DISAM homepage for a list of the eligible courses and points to be awarded upon course completion, <http://disam.osd.mil/professional dev/ home.htm>. Fourth, the American Council on Education recently awarded two DISAM courses three hours of undergraduate college credit in supply chain management: the CONUS Course (SAM-C) and the Overseas Course (SAM-O). Finally, DISAM is developing a number of specific courses and training modules to be offered in a distance learning format, via the internet or CD-ROM. For details about any of these professional development programs, see the DISAM home page at <http://disam.osd.mil/>.

Terry Bates described several SAF/IA initiatives that are outgrowths of the Air Force Reinvention efforts. After an audit was performed of the civilian positions in SAF/IA, the decision was made to reclassify them into the GS-130/131 "International Affairs" job series. A contractor-supported effort to prepare a career development plan for individuals in this job series will be completed in Fall 2000. SAF/IA's intention is to implement this change for eligible personnel across the Air Force, and eventually for all of the military services, under the auspices of DSCA.

## CLOSING

The DSCA 2000 Security Assistance Conference provided an opportunity for an open dialogue on security cooperation and associated reinvention initiatives. The plenary session speakers introduced a broad range of perspectives, and the panel sessions allowed a vast amount of defense security cooperation information to be broken down into smaller bites for detailed discussion. Within the panels, the following topics were collectively addressed:

- Contracting

- 
- Pricing
  - Budget preparation
  - Business measures
  - Export controls
  - Information technology
  - Policy development and implementation
  - New FMS environment
  - Interagency relationships
  - Training

The conference theme “Perspective is Everything” reinforced the truism that perceptions, even more than facts, can drive the views and opinions of customers and stakeholders alike. Hopefully, attendees left the conference with a clearer understanding of the many initiatives being pursued by the defense security cooperation community.

---

## Second Annual Security Cooperation Conference

By

**Rudy de Leon**  
**Deputy Secretary of Defense**

[Remarks delivered by Deputy Secretary of Defense Rudy de Leon, to the Second Annual Security Cooperation Conference, July 11, 2000.]

Thank you very much for the chance to be here. I want to thank you, General Michael Davison, for the chance to be here today and to speak before this group. You do challenging work. The general and I were just talking as we walked in the door that we've never quite seen a transaction with the complexity and the fidelity that we had to have regarding the F-16s to the United Arab Emirates, which is now coming to conclusion.

But I also think when you look at security assistance and the sale of U.S. military equipment, there is one thing that each of you from the general to those of you who work in this area every day, brings to this job and that is integrity. In other parts of the world defense munitions sales is an area not known for its integrity. But you have really given our government a very capable, hard working and honest system, and you give our contractors who are competing with their systems every day a level playing field. That is a major accomplishment.



Deputy Secretary of Defense Rudy de Leon addressed the plenary session and noted the success that FMS reinvention had already achieved under the leadership of General Michael Davison.

So I want to thank General Davison for his introduction, for the kind words, and I want to thank you, General, for your leadership in confronting the challenges that bring us here today. As you know, the General will soon be taking leave of his position and will be leaving his beloved Army after more than three decades of service.

Some of you know that the general hails from a long line of distinguished Davisons in the Army, a legacy recognized in Davison Airfield at Fort Belvoir. General, like your father and grandfather before you, you too have served this nation with great honor, whether as a young platoon leader in Vietnam, as a Cold War commander in Europe, or as a builder of bridges with other nations in your current capacity. So on behalf of the Department of Defense, in fact in behalf of our entire nation and all of those who have benefited from your leadership, I want to thank you for your lifetime of service to our country.

General Tome Walters is the incoming director of Defense Security Cooperation Agency to whom we look to carry on the great work that General Davison is engaged in, we look forward to working with you; Deputy Director Robert Keltz, without whom so much of the progress of recent years would have been impossible, we thank you for your effort; industry partners that are here; representatives from our allies and friends; ladies and gentlemen.

---

I thought I might begin this morning by recalling some lessons of history. As you know, two weeks ago the U.S. and our allies marked the 50th anniversary of the start of the Korean War. There was a ceremony out on the National Mall, and immediately before that I hosted a luncheon with General Brad Smith, who on June 25, 1950 was a lieutenant colonel doing occupation duty in Japan when the call came from Douglas MacArthur himself informing him that he would have to deploy his unit to Korea.

Then—Lieutenant Colonel Smith’s group is now known as *Task Force Smith*, and while their heroism and commitment is unchallenged and a legacy for us today, the one point that was clear as we hosted this luncheon and went around the table were the challenges of moving equipment and not having the right equipment in the field. It was, if you will, the modern day version of interoperability.

So that was a lesson for us today: that now, just as then, seemingly distant dangers can suddenly come upon us; that now, just as then, failure to invest in our warriors and their weapons and those of our allies is to invite great risk to the safety of our forces and the security of our nation; that now, just as then, we need strong partnerships with other nations backed by strong forces to preserve peace and deter, and if necessary, defeat aggression.

In recent years, those enduring lessons have on many occasions been drowned out by those who may question America’s engagement, alliances and partnerships abroad and by those who question the continued need for the myriad of programs that undergrid our engagement. That includes programs such as foreign military sales.

Questions about foreign military sales FMS, as everyone here knows, reached a critical mass a few years ago. I know that in his remarks yesterday General Davison cited some of the reasons. Indeed, we need only recall some of the headlines from that time to remember how severe the critiques had become.

Said one defense publication, “FMS is too cumbersome, inefficient, and driven by outdated security regulations.” Wrote another, “A group of countries want to abandon FMS.”

Then there was this stark prediction: the “program could die.” Then finally a critique, “FMS remains very much a Cold War restrictive mindset. It is cumbersome, time consuming, and heavily rule bound.”

I would point out that the last quote came from my predecessor, Dr. John Hamre, who was one of the key people who helped spur the effort to give General Davison and his leadership team the authority they needed to address these very concerns.

I think everyone in the room would agree that we have since witnessed the beginning of a new era for foreign military sales; in General Davison’s effort to reach out to customers, both in foreign governments and across the U.S. government, in the reduction of the surcharge on sales which underscores the commitment to make to the entire FMS process more efficient, in moving toward giving foreign purchasers more visibility into the contract and production processes, and in conferences such as this which send a powerful message that we need government and industry to work as partners in this process.

Today a picture of recent headlines reveals a markedly improved picture. I know the general mentioned these figures yesterday, but they are worth repeating. Some \$12 billion in foreign military sales last year. Some \$13 billion or more expected this year. All of which reflects renewed confidence by other nations that these sales are still preferred for the total package of support, assistance, maintenance and training that only U.S. FMS can offer.

---

---

In short, the state of our foreign military sales program is strong. It is working well for America. It is working well for our interests. And it is working well for allies and working well for their interests.

Still, gatherings such as this wouldn't be necessary if there was no room for further improvement. Now I know that I come to you halfway through your discussions, so I thought I would use the remainder of my time to suggest some principles that can guide us as we explore what else we need to do to sustain and strengthen this important program.

First and foremost, there should be no doubt about the importance of security cooperation programs like FMS. Consider Europe. Security cooperation from the U.S. is helping bring our new allies, Poland, Hungary and the Czech Republic, to upgrade and integrate their militaries into NATO. For example, there is the recent transfer of the former frigate USS Clark to Poland in a remarkable eight months from the initial offer to the commissioning in Poland just a few weeks ago. And just last month Portugal joined the so-called F-16 group to allow for even more trans-Atlantic cooperation in upgrading those fighters under a program administered by FMS.

Consider Asia, Security cooperation with the Republic of Korea has helped keep the peace on the peninsula for the half century since *Task Force Smith*. There is Singapore where the recent sale of Apache Longbow helicopters is an example of deepening U.S.-Singapore security cooperation.

Or consider the Middle East, where so much of the peace between Israel and its Arab neighbors, especially Jordan and Egypt, is grounded in the capabilities and confidence that our security cooperation has provided. Likewise, the recent and long-awaited sale of F-16s to the United Arab Emirates, a commercial sale supported by the Air Force through FMS, will further strengthen that coalition partner and strengthen us in the region.

We encourage such sales and cooperation because they directly support our ability to protect our forces, ensure readiness, shape the world, and secure our interests. So I think any effort to reinvent FMS ought to also recognize that it will be just as important to our national security in the future as it has been in the past.

Closely related to this is a second guiding principle, a commitment to change. I know there have been some who have questioned whether this department is truly committed over the long run to reforming FMS. Secretary Cohen and Dr. Hamre rightly recognize the need for real and lasting change. General Davison does this, as does General Walters. This effort cannot and will not be a one-time flash of activity like some comment in the sky, fantastic but fleeting. Although it will indeed require leaders of vision, it is greater than any one person. So I wanted to come here today to convey my personal commitment to this cause.

I would like to add something else. We have to do more than change mission statements and methods of business. We have to change mindsets as well. Mark Twain once remarked that "nothing needs reforming more than other people's habits." If this reform is indeed going to result in real and lasting change, we need individuals from senior leaders all the way down to the working level ready and willing to reform their own procedures and their own habits. That's why when Dr. Hamre announced the reinvention of FMS two years ago he purposely did so as part of the larger Defense Reform Initiative and our ongoing Revolution in Business Affairs.

So again, I wanted to come here today to underscore that commitment to working with and supporting you in this effort, and to stress the need for a personal commitment to change by everyone involved.

---

This brings me to the third guiding principle I want to suggest this morning the need to remember the customer. I know that one of the great accomplishments of the reinvention effort has been to rediscover the customer. We only need look at the example of Finland's F-18 purchase. The 1992 FMS purchase of 64 aircraft was that nation's largest peacetime procurement in history. It was the largest international Hornet collaboration in history. And thanks to the cooperation and creative partnerships between both governments and the industry partners involved, the final aircraft will be rolled out in Finland next month ahead of schedule, within budget, and with the chief of the Finnish defense forces declaring that FMS "fulfilled all of our expectations."

I cannot overstate the value of these kinds of partnerships and this kind of cooperation, especially in the case of the NATO alliance. Coalitions are only as strong as their weakest link, and it is no exaggeration to say that the NATO alliance cannot fight together if first we do not build together. Coalition operations will require coalition business.

An America more open to European business and a Europe more open to American business means both more competition and more cooperation, which means more innovation, which means more capable and interoperable systems for our men and women in uniform. Interoperability of systems is one of the key lessons coming out of the Kosovo campaign. The fact is that while we were very comfortable that we could train together, work together and fight together as a coalition when the critical moment came, our ability to be interoperable was significantly less than what we felt it would be.

As I said last month to our European partners an audience of military, civilian, and business leaders from across the alliance, the United States recognizes and realizes that some of our own policies have been among the greatest barriers to greater industrial cooperation. For several years now many in the United States have been concerned about the emergence of a "Fortress Europe" not open to U.S. companies, only to realize that American export controls in some cases support a "Fortress America" mentality.

The United States has long pressed our NATO allies to improve their defense capabilities, most recently through the DCI, the Defense Capabilities Initiative, only to find that our own export control system has in some cases contributed to discouraging and making that difficult. For example, during the air war over Kosovo it took more than two months to approve the sale of flares to the Italian Coast Guard for use in the potential rescue of downed allied pilots, including Americans.

That's why two months ago we unveiled the first major reform to our export control system since the end of the Cold War. I know that our Defense Trade Security Initiative was a topic of one of the working groups yesterday morning, but allow me to touch on some of the major themes and objectives.

Of our seventeen specific reforms, our most significant proposal is to no longer require licenses for trade of unclassified defense items with certain allies. As we have for Canada, we are proposing to negotiate *International Traffic in Arms Regulation (ITAR)*, exemptions from selected export rules. As with Canada, we will have to negotiate with each country to ensure that their export controls and technology security practices, and those of companies in those countries, are as effective as those of our own in the United States. By removing a number of licensing requirements we hope to share more technology with and from our allies while at the same time strengthening our collective protection of such technology through more effective export control systems.

---

---

This year the United States and the United Kingdom Declaration of Principles is a road map for this kind of industrial cooperation. There is hope that Secretary Cohen will sign a similar document with Australia during his upcoming visit to Sidney. Then we look forward to beginning negotiations with both nations on a formal agreement allowing an exemption from ITAR. In doing so we hope to create strong incentives for other countries to strengthen their export control system so we can enter into similar arrangements and share similar benefits.

Our initiative will also remove a host of barriers and irritants currently impeding trans-Atlantic industrial cooperation. This includes removing barriers between governments, thereby encouraging research and development. We are also creating several types of umbrella licenses that will enable entire projects; projects that in the past have required dozens of separate licenses, to be covered under a single license that would be valid for extended periods.

Our initiative also includes specific reforms to expedite procurement related to NATO's Defense Capabilities Initiative. For example, DoD review processes will be shortened from twenty-five days down to ten days for items specifically identified as supporting the DCI. And here I would like to note the obvious impact for foreign military sales.

A final area of our initiative falls under what we would call good government, reforms designed to improve how this new system will work day to day. Atop the streamlining at DoD that has already reduced the amount of time it takes to complete reviews, we will increase our licensing staff by 50 percent. We will also devote more resources, and we will computerize our processes. This includes some \$30 million over the next few years for a new common computer system to expedite the review process.

As I have said on other occasions, these changes to our export control regime are designed to, and I believe will, achieve three fundamental goals. They are going to improve the ability of industry on both sides of the Atlantic to share technology and to learn from each other. At the same time, they're going to improve the security of these technologies. And perhaps most importantly, they're going to improve the ability of NATO forces to operate together in the battles of the future battles that will be won by militaries that harness the technologies and the tools only industry can provide.

Which brings me to the fourth and final guiding principle I want to leave you with this morning, remember the warfighters. It can sometimes be too easy in discussions and debates about sales and purchases and budgets and balance sheets to lose sight of the people behind the programs. But everything we do in the area of security cooperation, whether providing humanitarian training to other nations or enabling nations to modernize and upgrade their forces, ultimately comes back to American men and women in uniform. Cooperation that builds bridges with other militaries allows us to shape world events so that it is less likely that our forces will have to fight. Ensuring modern interoperable forces among our allies and friends makes it more likely that our forces will succeed in the coalition operations of the future if they do have to fight. You've started down a path, a path of change that I think reflects the ten years of global change after the fall of the Berlin Wall. A decade ago the leaders in the former Soviet Union were named as the *Time Magazine* men of the year. For the last two years, we have seen people at the heart of the information revolution named as the men and women of the year.

In fact, the environment of the twenty-first century is going to be significantly different than the last fifty years. There are going to be new challenges of a Europe that is drawing stronger and more united in its commitment to become a European Union. There are going to be new challenges in the technology that will be desired by others who do not share our commitment to democracy, freedom, and the expression of liberty and rights that we as democracies share. Then finally, we'll continue to be pushing the envelope ourselves, and wanting to make sure that as a

---

country we are capable of doing interoperable military operations with our allies around the world. These are significant challenges that are not going to be resolved overnight. But the single step each day moves us closer to those objectives.

So, General Davison, I want to thank you for your accomplishment these last several years, for moving us in the right direction and for setting the foundation that General Walters will inherit and will continue to move forward. Because at the end of the day, just as our military men and women with all of their capabilities are truly dependent upon each other, the lesson of the twenty-first century is that we're going to have to be interoperable with our allies. We're going to have to work together and to train together so that we can fight together, and at the heart of that will be the acquisition of equipment. That is your mission and your responsibility.

So, I know looking at the record that you have established these last three years, looking at the sum total of your careers, I can state with confidence that indeed I see the department in this area moving in the right direction.

So, General Davison, as you prepare to leave us, I want to thank you for that record. I want to thank each of you for the work you do every day. I want to thank each of you for the chance to be with you this morning and to participate in this session. Thank you very much.



# *PERSPECTIVES*

## Applying “Supply Chain Management” To FMS Logistics Requirements

By

Steven House  
Information Spectrum, Inc.

The sale of weapon systems to friendly foreign governments is an instrument of U.S. foreign policy. It helps contribute to regional stability and provides a means for U.S. forces to conduct joint operations with foreign countries. Proceeds from the sale of U.S. weapon system to foreign customers over the past five years have averaged approximately \$8.8B annually. That’s down sharply from post-Gulf War, but still a significant program. The money also helps decrease U.S. government weapon system unit cost and provides hundreds of jobs across the U.S.

As depicted in Figure 1, weapon system sales are conducted through the government-managed foreign military sales (FMS) program and through direct commercial contracts.

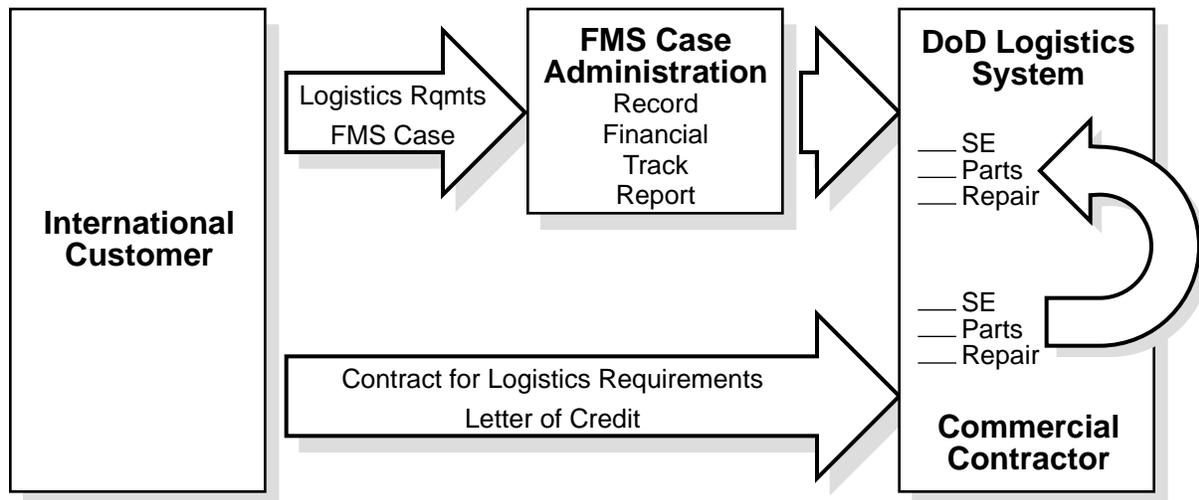


Figure 1 - Weapon System Sales

International customers may select either FMS (U.S. government contracts with industry on behalf of the FMS customer) or DCS (customers buy directly from industry) to purchase logistics support for new weapon systems as well as follow-on logistics support. The international customers base their FMS/DCS selection on a myriad of national, economic and contractual factors. U.S. government policy requires that some international customers only use the FMS system for buying selected weapon systems as well as the follow-on logistics support. For this reason, and to provide the international customer a viable option other than negotiating direct

---

commercial contracts themselves, the FMS system for delivery of logistics support must remain cost effective and responsive.

Logistics is big business. A national FMS case or contract value for the purchase of one 12-plane squadron of front line fighter aircraft (including a two-year initial support package) is estimated at \$500M. Logistics costs (e.g. engines, parts, support equipment, publications, training, etc.) would be approximately 35 percent of the total cost. However, measured over the weapon system life cycle, logistics cost (i.e. follow-on support such as replenishment spares and repair) increases to 60-70 percent of the original weapon system cost. Thus, the cost of logistics is a major factor when international customers select a new weapon system.

It has been widely reported in the *Defense News* and other periodicals that international customers are opting out of the FMS system and buying weapon systems under direct commercial contracts. The articles cite among, other issues, excessive cost, non-responsiveness, and U.S. government resistance to partnering with the international customer as three of the international customer's major concerns.

As a result of the outside pressure, groups consisting of FMS experts from industry and government are now trying to reinvent the Navy FMS process to make it more efficient and to reduce the cost of delivered hardware and services. The new ideas and processes reported out so far (e.g. industry/U.S. government working in consort to market weapon systems) will improve the FMS administrative process. But more new ideas and improvements are needed to address the essence of the criticism that the FMS system delivers products and services less efficiently and at higher cost than under a direct commercial contract

As indicated above, logistics costs play a major role in weapon system selection. The purpose of this paper is to suggest a new paradigm for delivering FMS logistics products and services under both initial and follow-on FMS cases. It proposes to reinvent the FMS supply chain by capitalizing on the best of government and commercial logistics to deliver logistics hardware and services more efficiently and less expensively than does the current FMS system. It does not address the delivery of the weapon system itself (e.g. aircraft, ship, and missile).

Some effortless changes are possible. Business-like ideas do not all require increased resources to implement. Some such as the following simply require policy/process change or refinement to achieve a business process improvement in support of international customers:

- Selling excess government-owned parts and equipment in lieu of disposal is smart business. Section 2270 of the AECA permits commercial contractors that have a commercial export license for logistics support of friendly foreign customers to buy excess spare parts/equipment and repair services, from the U.S. government on a negotiated basis. Section 603 of the *Security Assistance Management Manual* (SAMM) delegates approval authority for these sales to the implementing agency (IA) and authorizes the IA to "redelegate the authority not below the level of commanding officer or head of a contracting agency of the IA responsible for acquisition of the end item". Thus, an agency such as an inventory control point (ICP) that owns the excess material, might argue that they are not legally authorized to sell excess material or services to a commercial contractor because: (1) authority has not been delegated to them and (2) they are not responsible for acquisition of the end item. The result is lost sales to the U.S. government because authority and procedures do not exist to permit these transactions to occur quickly and

---

efficiently. Contractors therefore find workarounds to solve their support problem or international customer's cancel the support contract. In either case, the U.S. government or industry loses.

- Process Improvement - DSCA should expand the authority for selling excess government-owned equipment to ICPs and direct the Services/DLA to (1) provide excess inventory balances to industry and (2) create sales procedures that provide for quick and easy sales transactions. Implementing Agencies (e.g. Navy IPO) should redelegate authority as required to ICPs.

- Weapon system related parts issued from DoD-owned stock to fill FMS requisitions are typically surcharged 25-40 percent above the vendor price to recover supply system overhead. Additional FMS surcharges are additive to supply system price delivered price. Vendors are keenly aware of cumulative impact of supply system/FMS surcharges on the items they sell. Thus a vendor may be willing to deliver an item to international customers less expensively than the government can deliver it.

- Process Improvement - ILCOs use existing "data warehouse" capability to post alternative vendor pricing. ILCOs compare government standard prices - including all surcharges/fees to commercial alternatives and select the best offer based on decision rules established by the FMS customer. DSAMS the future FMS logistics/financial system now under development consider this hybrid approach as a reinvention initiative.

- Prime contractor and government buyers agree that buying selected spares (i.e. high cost/long-lead) concurrent with "production installs" (e.g. a radar system installed on an aircraft) significantly reduces item cost. For concurrent buys to occur under an FMS case the FMS customer must approve and fund the spares when the LOA is signed and the "production install" buying process begins. Many U.S. government and international program managers do not readily understand that requirement. Concurrent buying by government agencies is further complicated in that the weapon system (i.e. an aircraft) and spare parts are typically bought by separate contracting agencies making coordination difficult. As a result, savings opportunities are lost. Coordinated buying is much less of a problem under DCS buys. But some would argue that potential savings are often eroded by the prime contractor markup on spares. In my view, competitiveness of U.S. weapon systems in the international market place should drive whether the government or industry delivers concurrent spares.

- Process Improvement - Services should partner with prime contractor to (1) educate the international customer on the importance of buying spares concurrent with production installs and (2) jointly brief potential customers on the best contract vehicle to maximize concurrent buys, including the bundling of repairable and related consumables, regardless of DoD inventory management responsibility.

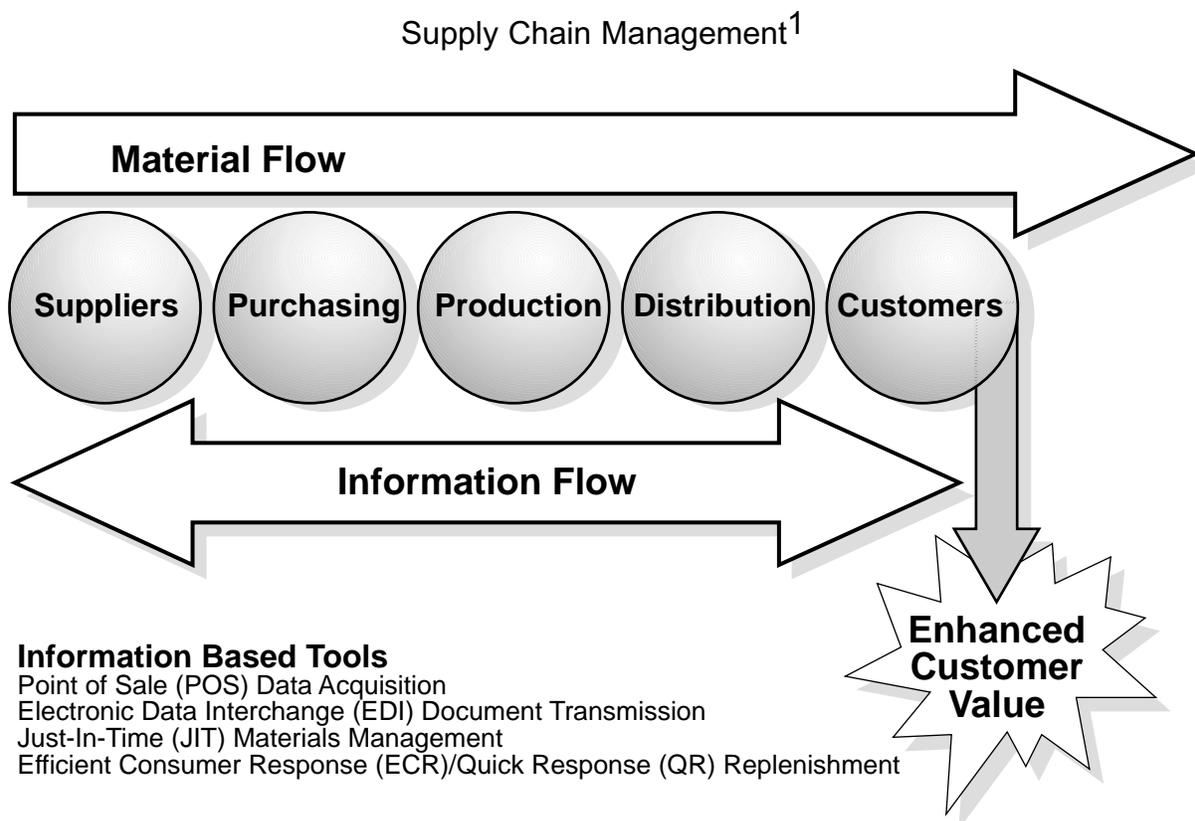
- It is DoD policy to provide specific contract information (e.g. prices paid, awardees, etc.) to the general public after they award contracts for the procurement and repair of stock numbered items. This information is relied on by industry to keep abreast of what the government bought and how much the government paid for parts and repair services. It significantly helps increase competition. However, contract information is not

---

made available for the thousands of non-stock numbered item buys, many of which include contracts in support of FMS customers.

- Process Improvement - Release non-stock numbered contract information to the general public.

**Commercial Supply Chain Management Principles.** The commercial marketplace, and the U.S. government, are undergoing dramatic improvements in the delivery of products and services through productivity and cost reduction initiatives keyed to a new strategic focus called “Supply Chain Management”. The principle theme of supply chain management is that organizations must act in concert with their suppliers and customers. Synchronizing across the “chain” is imperative if enterprises are to be competitive in a global economy. The following illustration depicts the concept of supply chain management in a commercial environment.



<sup>1</sup>[www.i-trade.com/catalog/tpusa/0000089/impex18.htm](http://www.i-trade.com/catalog/tpusa/0000089/impex18.htm)

**FMS Supply Chain** - When adapting the theory of commercial supply chain management to the FMS model, the government must reinvent the entire process if it is going to realize the maximum benefits. But “throwing the baby out with the bath water” would be a serious mistake, because there are many aspects of the current government system that serve FMS customers well. They include the following:

- A mature, worldwide protocol that interfaces seamlessly with FMS customers,
- Quality products delivered through an existing robust contracting infrastructure,

- 
- 
- Government shelf stock that can reduce pipeline costs,
  - Access to ongoing U.S. government product updates on common items, and
  - A surge capability in the event of a national emergency.

Reinventing the FMS logistics system will require that FMS managers redefine their ombudsman role on behalf of their FMS customers. No longer will it be acceptable if the DoD logistics system provides support comparable to what is provided to the U.S. domestic customers. “Spot” buying if material is not immediately available for issue and providing actual repair prices are two examples of procedural problems that the DoD logistics system has problems accommodating. Unless the DoD logistics system is unable to satisfy FMS customer unique demands, the DoD logistics system in the future must be viewed simply as an alternative to filling FMS requirements. FMS managers must be empowered to collaborate with industry to adopt business-like logistics solutions on behalf of the international community. With awareness of potential for increased sales perhaps DoD logistics managers would tailor domestic logistic systems/pricing to attract FMS business.

### **Some Ideas For Consideration**

**Phased Initial Support** - Despite an FMS process that includes formal provisions for tailoring logistics support to customers needs, international customers consistently complain that the FMS process does not permit them to be true partners with the U.S. government. The residual inventory issue is a case in point. At the outset of an FMS case, Navy FMS customers are actively involved in an initial in-country site survey when hundreds of critical maintenance strategy decisions are made that have a profound effect on future life cycle costs. However, FMS customers often acquiesce to government recommendations due to language difficulties and a lack of experience with a new weapon system. At a later date, with the benefit of experience, they then resent decisions made at the site survey that caused them to buy excess inventory. Compounding the problem is U.S. law that makes it difficult for FMS customers to sell the residual inventory to other users, including the U.S. government. The U.S. Air Force recognized this long-standing problem and recently initiated the Worldwide Warehouse Redistribution System (WWRS) for the sale of excess material and equipment owned by FMS customers to other FMS customers. The U.S. Navy is about to partner with the U.S. Air Force and use their WWRS process for Navy FMS customers. While the WWRS ameliorates the problem somewhat for U.S. Air Force/U.S. Navy FMS customers, the reasons for generating the excess inventory - i.e. bad decision making at the outset - still remain.

Similar problems of language and inexperience exist when weapon systems are purchased under a direct commercial contract. But international customers may make the disposal of excess inventory a provision of sale in a commercial contract and evaluate direct commercial offers on the basis of their commitment to “buy back” inventory if excesses generate. The “buy back” provision is as difficult a problem for the commercial contractor as it is for the government, but they attack the problem by minimizing their risk through a phased support approach to weapon system introduction.

Regulatory restrictions make it difficult for the U.S. government to offer a similar “buy back” provision in an LOA. But attacking the problem is entirely possible by also adopting a phased support strategy in collaboration with industry. Collaboration involves working together across organizational boundaries to optimize initial support requirements and minimize the risk of a customer limiting their initial support investment. An optimized follow-on logistics support

---

---

system is what has been called the “value chain.” The “value chain” has been defined as the convergence of the demand chain (i.e. the customer’s requirements) and the supply chain (i.e. the network that generates and delivers the products and services that fulfill the demand chain requirements). The value chain includes a heavy reliance on information technology and rapid transportation to keep the supply chain in sync. But the return on investment (ROI) occurs up front, i.e., reduced initial support costs such that the savings are available to fund any incremental costs for information technology and transportation. The principles detailed below form the foundation for an alternative FMS “value chain” to support a new weapon system at Initial Operating Capability (IOC), i.e., when the weapon system begins operations in country. It would be priced in the LOA as an alternative to the current process of providing “full support” at IOC.

- Full O-level capability in-country at IOC
- Limited I-level capability at IOC, with a commitment to full I-level on a phased basis as determined by the FMS customer
- Commitment to selected depot capability over time
- Limited spares package at IOC, coupled with an initial spare parts warranty and an aggressive Repair of Repairable (ROR) program
- U.S. government pre-position selected spares in country for direct exchange with customer
- U.S. government representative in country to coordinate exchange, warranty and ROR programs
- Robust electronic data exchange via the internet
- U.S. government or contractor technical support as required
- Access to contractor/government-owned parts failure.

Phasing in logistics support for major new weapon systems is really not that revolutionary in that it’s how the DoD introduces new weapon systems to the domestic fleet. But it’s revolutionary to FMS managers.

**Better and More Timely Logistics Data** - International customers are becoming very sophisticated in evaluating cost early in the process of selecting a new weapon system. For example, many customers require potential suppliers to provide Mean Time Between Failure (MTBF) data so that they can use the data in their own acquisition models to trade-off cost versus readiness and predict life cycle cost. Other data includes sub-system configuration of maintenance significant items, major items of support equipment, current item cost, etc. Despite operational superiority, contending weapon systems may be eliminated from competition by customer country finance experts if they are not provided accurate and/or timely data to use with their acquisition models. The U.S. government has difficulty responding to requests for data from potential customers due to lengthy releasability reviews and an inability to locate current data in a timely manner.

---

A cornerstone of effective supply chain management is the availability of accurate and current information. Prime contractors understand this principle and provide accurate data when requested under a direct commercial contract within the authority of their export license. It is in their interest to provide the data to a potential international customer regardless of whether the new weapon system is bought through an FMS case or through a direct commercial sale. However, if international customer's plan to buy a weapon system under an FMS case, the contractor will not provide company-owned data directly to a potential international customer without a request from the U.S. government to do so. Moreover, there have been times when government personnel declined to rely on contractor data, preferring instead to pass less current government-owned data to potential FMS customers. Data disconnects potentially cause lost FMS sales and/or result in bad logistics decision making. Government and industry must collaborate on new weapon sales and decide up front what data will be needed and whose database is most current.

As indicated previously, the purpose of this paper is to suggest a new paradigm for delivering FMS logistics products and services under both initial and follow-on FMS cases. Some of the ideas put forth above such as selling excess items to commercial contractors, increasing the buying spares concurrent with production, and publishing non-standard contract prices are relatively easy to implement; others such as phased support may require further study.

### **About the Author**

Steve House is currently the Director International Programs, Planning and Logistics for Information Spectrum, Inc. which is the prime support contractor for the Naval Air Systems Command FMS Logistics Directorate. He is a retired Navy Supply Corps Captain with extensive acquisition logistics and FMS experience while in the Navy. He also has lived and worked overseas a total of thirteen years, including business and financial manager of the Navy's commercial component repair program in the Western Pacific and Commanding Officer of the Navy's largest overseas supply depot in Subic Bay, Philippines.

---

---

# **Accounting for Contingency Operations: The Role of Defense Finance and Accounting Service Denver**

**By**

**David Hnat  
Defense Finance and Accounting Service Denver**

From United Nations operations in Somalia and Bosnia to the search for John F. Kennedy, Jr.'s plane, the U.S. Department of Defense is actively involved in peacekeeping, humanitarian assistance, and disaster relief operations throughout the world. Under the general title of "contingency operations", these activities have financial aspects that require direct support from the Denver Center, as well as other offices in the Defense Finance and Accounting Service (DFAS) network.

On October 1, 1994, the International Programs Branch within the Directorate of Security Assistance (DFAS-DE/ICCI), became the centralized cost consolidation, billing, collection, and reimbursement activity for contingency operations within the DoD. Prior to consolidation in Denver, the financial requirements associated with contingency operations were processed independently by the various DoD components and agencies involved. Then, as the variety of contingency operations and the level of support provided by the DoD increased, the need to consolidate and organize the financial aspects of this support became evident. Even now, five years after inception, the consolidation and organization of financial support for contingency operations within DFAS-DE/ICCI continues. Some examples of this support include consolidated cost reporting; billings to foreign governments and international organizations; Economy Act billings to other agencies within the U.S. government; Department of State foreign military sales (FMS); and non-combatant evacuation operations.

To consolidate the cost of contingency operations at the DoD level, certified cost reports are submitted by the DoD Components to DFAS-DE/ICCI on a monthly basis. In FY1999, the cost reporting process was supported by the input of fifteen DoD components reporting on sixteen contingency operations. The reportable operations in FY1999 included our involvement in Kosovo, Iraq, and Bosnia; humanitarian assistance to countries in South America following Hurricane Mitch; and peacekeeping operations in East Timor. Cost reports are received from major components, such as the Air Force and Army, as well as some of the smaller entities within the DoD, such as the Armed Forces Information Service, the Defense Commissary Agency, and the Defense Threat Reduction Agency. All are combined into a single report that provides detailed cost data by contingency operation, appropriation, and DoD Component. Once prepared, the report is distributed to the Office of the Under Secretary of Defense (C), Office of the Under Secretary of Defense (P&R), the Chairman of the Joint Chiefs of Staff, the component comptrollers, the Departments of State and Commerce, and other offices within the DoD.

The costs reported each month by DFAS-DE/ICCI can be separated into two basic areas: reimbursable and non-reimbursable support. If the support is provided on a reimbursable basis, the customer, whether foreign or domestic, is responsible for reimbursing the DoD for costs incurred. If the support is provided on a non-reimbursable basis, the DoD must initially finance the operation. Normally, DoD Components provide support to a contingency operation using

---

---

funds appropriated for other purposes. Since every non-reimbursable dollar spent on contingency operations takes a dollar away from U.S. military forces, the accurate and timely reporting of costs by the various component comptrollers is essential. By consolidating all contingency operations costs in a single reference, the cost report provides a means for the DoD to request supplemental funding from Congress, as well as to provide detailed information on how appropriated funds are spent.

For the reimbursable portion of contingency operations, DFAS-DE/ICCI acts as the billing and collection agent for the DoD. The first of two reimbursable programs is the billing of foreign governments and international organizations. Based on the guidelines provided in Section 607 of the *Foreign Assistance Act* (FAA), the DoD recoups all costs incurred in the support of these various operations, with our major customer being the United Nations. Since 1994, the DoD has provided support to over forty U.N. peacekeeping and humanitarian operations. Cyprus, Lebanon, Iraq, Angola, El Salvador, Somalia, Liberia, Haiti, Rwanda, Bosnia, Kosovo, East Timor; the list of these operations includes some of the toughest spots in the world. Based on requests from the U.N., the DoD has provided its support with supplies, manpower, and expertise. The costs of this support are outlined in Letters of Assist issued and administered by the Department of Peacekeeping Operations at the U.N. Headquarters in New York. In conjunction with the U.S. mission to the U.N., DFAS-DE/ICCI processes and accounts for all DoD billings to the U.N.. In addition to the U.N., the DoD has also entered into Section 607, *Agreements with Foreign Governments*. A recent example is the Military Observer Mission in Ecuador and Peru. Known as Operation Safe Border, the U.S. Air Force, Army, and Special Operations Command provided support along the border of Ecuador and Peru in order to prevent armed conflict in the region. In accordance with the agreement, DFAS-DE/ICCI billed both countries monthly based on documentation received and consolidated from the DoD Components involved.

The second reimbursable program administered by DFAS-DE/ICCI is the billing of other agencies within the U.S. government. With an existing structure established to consolidate the odd and varied support that is provided by the DoD on contingency operations, the Office of the Under Secretary of Defense (C) has recently extended the responsibilities of DFAS-DE/ICCI to include these Economy Act billings as well. Support to the State Department for the embassy bombing response in Kenya and in the aftermath of avalanches in Austria; support to the Justice Department for migrant interdiction from Cuba; support to the Coast Guard for salvage operations off Martha's Vineyard, these are just a few examples of the support requested of the DoD. In accordance with 31 U.S.C. 1535, *Economy Act*, which states that specific costs incurred by the DoD in providing assistance are billable and reimbursable, DFAS-DE/ICCI consolidates and processes the DoD's claims with these agencies.

In addition to *Economy Act* billings, DFAS-DE/I has managed the billing and collection of two other State Department programs since 1994. The first is the foreign military sales program between the DoD and the Department of State. Using the capabilities of the FMS system, and in accordance with the requirements of Section 632 of the FAA, the DoD provides State with articles and services destined for foreign governments. In the form of payment, the DoS receives funding from Congress to execute specific foreign policy objectives, and these funds are in turn used to reimburse the DoD for providing the support required by these objectives. The second reimbursable billing program with State Department involves non-combatant evacuation operations. Based on a determination by State, U.S. citizens are evacuated from a foreign country when hostile situations arise. The DoD is called upon to provide transportation, in-transit accommodation, and force protection as required. Within the last four years, the DoD has assisted

---

---

in the evacuation of U.S. citizens from Eritrea, Albania, Sierre Leone, and Liberia. Once again, all support is provided on a reimbursable basis, with the billing, collection, accounting, and reporting duties being performed by DFAS-DE/ICCI.

As a reference, Chapter 23, Volume 12, of the *DoD Financial Management Regulation* contains the primary guidance for managing the financial aspects of contingency operations. Due to the ever-changing requirements that the DoD faces in supporting contingency operations, Chapter 23 is currently under revision once again. Yet however diverse the requirements, however odd the situation, DFAS-DE/ICCI continues to grow and adapt while providing superior service to all levels of the DoD.

### **About the Author**

David Hnat is currently a systems accountant in the Directorate of Security Assistance, Defense Finance and Accounting Service - Denver Center. He has been in the FMS community for about eleven years, with the last five being dedicated to the United Nations and other contingency operations. His previous assignments have included working with the SHAPE/NATO/NAMSA/NACISA, AWACS, F-16 and SDAF.

---

---

# **PowerTrack™**

**By**

**Raymond J. Bilo  
Naval Inventory Control Point**

**and**

**Lieutenant Paul B. Dougherty, SC, USN  
Defense Institute of Security Assistance Management**

## **Introduction**

PowerTrack™ is an internet-based freight payment system that allows Department of Defense customers to process invoices electronically. U.S. Bank developed this system for online freight payment and transaction tracking. The Department of Defense adopted PowerTrack™ as its standard method to pay contracted carriers for the armed forces, National Guard, DLA, and TRANSCOM.

In the foreign military sales arena, NAVICP-OF introduced PowerTrack™ as another option for foreign military sales customers to return approved supply discrepancy report unclassified material. U.S. Bank installed the PowerTrack™ software on one of NAVICP-OF's dedicated computers. NAVICP-OF then selected Emery Worldwide as its prototype PowerTrack™ air carrier. Emery is transporting return material from Spain, South Korea, Japan, and Taiwan; several more countries are due online soon.

## **History**

SAMM 80207.A.3 requires supply discrepancy reports be addressed as thoroughly and quickly as possible. However, the material return process has been cumbersome and left the customer uncertain about its status. The process may take several months before the material clears customs, gets transported, is inspected, and the customer's case is credited. As time passes, material, information, and customer confidence are lost.

The current material return system relies on disinterested parties. NAVSUP P-526 provides the foreign military sales customer two options for returning approved supply discrepancy report material: turn it in to the nearest U.S. government agency, or send it via third party carrier. Material turned in to U.S. government agencies lacks visibility and has no end-to-end ownership. This material may be delayed or lost. Customers who ship material via third party carriers are required to pay the carrier in advance. In order to get paid, the country or freight forwarder submits documentation to the International Logistics Control Organizations. The International Logistics Control Organizations then audit the documentation and submit it to DFAS-DE/I for payment. The process may take 180 days before the customer is reimbursed for the transportation.

## **The New Option PowerTrack™**

*Transportation Reengineering Management Reform Memorandum (MRM) #2* required the DoD to move to paper-free contract writing, administration, finance, and auditing process. MRM #2 complemented the department's ongoing initiatives for use of purchase cards, electronic catalogues, electronic commerce and imaging. Then, MRM #15 set goals to change transportation

---

---

documentation and payment processes, to apply commercial practices to government shipments, to use a bank to pay carriers, and to eliminate government-unique documents and data.

Contract administration officers have implemented these memorandums through the PowerTrack™ system. PowerTrack™ is a completely electronic payment tool that eliminates paper from the freight payment process by automatically paying carriers and electronically billing shippers. Auditing and record keeping are done electronically as well. PowerTrack™ enables asset visibility and shipment control by using one contract carrier for the door-to-door transportation.

### **Using PowerTrack™**

PowerTrack™ simplifies the process for the customer. Several steps are involved:

- FMS customer sends an supply discrepancy report to NAVICP-OF (Code P764) requesting approval.

- If the Navy approves the supply discrepancy report, Code P764 generates three documents: specific shipping instructions, a DD Form 1348-1, and Certificate of U.S. Origin (a local form based on requirements in 19 CFR 10.103). Code P764 sends these documents electronically to the customer (who may be overseas or a security assistance foreign representative working at the NAVICP-OF office) and the PowerTrack™ carrier. The PowerTrack™ carrier forwards a copy of the 1348-1 and shipping instruction to its in-country point of contact. The carrier files the Certificate of U.S. Origin at the point of entry gateway (Spain ships via Emery Worldwide to JFK airport in New York) in order to expedite the material through customs. The 1348-1 must travel with the cargo to its final destination. The Certificate of U.S. Origin serves as import documentation.

- The customer calls the PowerTrack™ carrier for pick-up.
- The PowerTrack™ carrier transports the material to the point of entry gateway.
- The gateway receives the cargo, completes the Certificate of U.S. Origin form, and clears the material through customs.

- After the material is cleared, the PowerTrack™ carrier forwards it to its final destination and obtains proof of delivery.

- Code P764 reviews proof of delivery and the carrier's charges on-line. If correct, the section approves payment to the PowerTrack™ carrier and sends the information to U.S. Bank.

- U.S. Bank pays the PowerTrack™ carrier. U.S. Bank withholds 1 to 2 percent as its fee.

- U.S. Bank sends monthly statements to Code P764. Code P764 conducts a final review of charges and forwards approval along with supporting documentation (SF-1034: Public Voucher for Purchases and Services Other Than Personal) to DFAS-DEI. In accordance with MILSTAMP Volume 2, Chapter 11, *Transportation Account Code (TAC) PIII* and appropriation 9711X8242L0098401PIIIGBL843000 are used to pay the shipper for misdirected shipments or shipment for approved service deficiency reports. This appropriation is cited on the SF-1034.

- DFAS -DE/I approves the invoice and pays the U.S. Bank within five days.

---

---

## **Operational Advantages of PowerTrack™**

- **Asset Visibility:** PowerTrack™ carriers offer door-to-door delivery regardless of size or weight. This saves time and improves material tracking capability. Shipments from Spain now average four to seven days depending on how long the material is delayed at customs. In addition, transportation via a single carrier means there will be proof of delivery. Material is picked up at the customer's facility and delivered to its final destination by the same carrier.
- Returns are done in days or weeks instead of months. Next-day delivery is also available. This saves a tremendous amount of time and credits or repairs occur significantly sooner.
- Customs clearance included.
- U.S. Bank guarantees fast and accurate payments to carriers. Carriers avoid costs associated with accounts receivable.
- Better communication for dispute resolution. PowerTrack™ offers full EDI compatibility and integrates with other logistics software. Customers and NAVICP-OF have instant access to shipping data. The system is available twenty-four hours a day, seven days a week. Customers and international logistics control organizations can track shipments and payments regardless of time zones. Simultaneous viewing and PowerTrack™ e-mail capabilities are also available to help resolve problems.
- Code P764 can create customized reports on PowerTrack™. The current NAVICP-OF reconciliation form is concise and easy to understand.
- PowerTrack™ has a reporting package with a wide range of options. Customers can retrieve and analyze shipping data, while the security program protects private data by limiting access. Both standard reports and reporting features help the international logistics control organizations and customers determine which carrier has the best on-time delivery record, which provides the best traffic within a specific region, and which delivers the most cost-effective service.

## **Economic Advantages of PowerTrack™**

- Reduced claims for lost supply discrepancy report materiel being returned to the U.S. Nearly \$6,000 worth of Navy foreign military sales supply discrepancy report materiel is lost in returned shipments and written-off for customer credit every month. PowerTrack contract carriers handle the material door-to-door.
- Carriers receive payment as early as 24 hours after delivery, and the ILCO gets one consolidated electronic monthly billing. PowerTrack eliminates daily reconciling of freight bills and invoices. Time and money are saved when the ILCO does not have to submit individual SF-1034s each time material is returned.
- Electronic transmittal of forms to DFAS-DE/I for payment. A single customized PowerTrack™ report and corresponding SF-1034s are sent to DFAS-DE/I monthly for payment. DFAS-DE/I then transmits funds electronically to U.S. Bank.
- No cost to the customer. U.S. Bank pays the contracted carrier. U.S. Bank withholds a 1-2 percent fee. There is no impact or transaction on the DD-645.

- 
- Returns to stock are more timely, thus reducing stock procurements, or overstock positions.

### **Conclusion**

Not every U.S. government erroneous action or inaction gives rise to responsibility for supply discrepancy report compensation from U.S. government or foreign military sales fund, but when a customer has a legitimate discrepancy, the PowerTrack™ system helps expedite material returns, and hence the claims. This new option improves customer relations by simplifying supply discrepancy report material tracking. Service is faster, easier, and less expensive.

### **For Additional Information**

International customers interested in having supply discrepancy report return shipments processed via PowerTrack™ should call their ILCO supply discrepancy report point of contact.

[http://www.usbank.com/powertrack/features\\_2000.html](http://www.usbank.com/powertrack/features_2000.html)  
PowerTrack representatives, 1-800-417-1844.

### **About the Authors**

Raymond J. Bilo is the Transportation Director at NAVICP-OF. He has been the director for fifteen years. He can be reached at (215) 697-5002 or [raymond\\_bilo@icpphil.navy.mil](mailto:raymond_bilo@icpphil.navy.mil) .

LT Paul B. Dougherty, SC, USN is a logistics instructor at DISAM. Before DISAM, he served aboard the aircraft carrier USS JOHN C. STENNIS (CVN 74). He can be reached at (937) 255-8195 or [pdougherty@disam.wpafb.af.mil](mailto:pdougherty@disam.wpafb.af.mil).

---

---

# ***EDUCATION AND TRAINING***

## **Defense Security Cooperation Certificate Program**

**By**

**Lieutenant Colonel Karen W. Currie, USAF  
Defense Institute of Security Assistance Management**

As part of his opening remarks at the 2000 Security Cooperation Conference, Lieutenant General Michael S. Davison, Jr., Director, DSCA, announced the creation of the Defense Security Cooperation Certificate program. This initiative is designed to encourage security cooperation personnel to broaden their technical knowledge of security cooperation policies and procedures, to enhance their relevant management skills, and to provide them the necessary tools to learn about and adapt to the constantly changing security cooperation environment.



Larry L. Brown, an international staff officer at Headquarters Air Force Materiel Command (AFMC) International Affairs directorate, Wright-Patterson AFB, received the first Defense Security Cooperation Career Professional Certificate to be awarded worldwide under the recently announced certificate program. Lieutenant General Michael S. Davison, Jr., U.S. Army, Director, DSCA, presented the certificate to Larry Brown on August 8, 2000 during a special ceremony marking the general's last visit to DISAM before he retired. Jon Haggstrom, Chief, Security Assistance Policy and Support Office, AFSAC, and supervisor of Larry Brown, stated, I can't think of anyone more deserving than Larry for the recognition. Larry Brown has supported security cooperation activities at AFMC and other related organizations for more than fifteen years.

---

Individuals serving in security cooperation-related positions can choose either the Defense Security Cooperation Career Professional Certificate, International Certificate, or Training Manager Certificate. This certificate program is jointly supported by the Defense Security Cooperation Agency, the Defense Institute of Security Assistance Management, and the National Defense Industrial Association (NDIA). The Defense Security Cooperation Certificate program complements any certifications earned by members of the defense acquisition workforce under the auspices of the *Defense Acquisition Workforce Improvement Act*. The Defense Security Cooperation Certificates can be earned by security cooperation professionals working in a broad range of functional specialties such as finance, contracting, program management, etc.

The National Defense Industrial Association (NDIA) has agreed to provide a free subscription to its magazine, *National Defense*, in addition to a copy of the annual *National Defense Mega Directory*, to serve as an award to all individuals who receive a certificate. Government personnel will receive a free one-year subscription and contractor personnel will receive a free three-month subscription, in accordance with standard NDIA policy.

Security cooperation professionals across the broad range of military departments, headquarters, and field organizations can earn one of the certificates listed below through a combination of formal coursework and job experience. Be sure to consult the *DISAM Catalog* or home page for course eligibility requirements. Please note that the last DISAM course must have been completed no more than four years prior to the date of the certificate request. This policy may require the individual to take the Advanced (SAM-A) or another DISAM course in addition to the courses listed as minimum requirements for each certificate. Each course completion may be applied to only one certificate; i.e., the same course completion may not be used to request more than one certificate.

In a letter, Defense Security Cooperation Certificate Program, 13 July 2000 (I-007835/00) (available in Defense Acquisition Deskbook), Lieutenant General Davison confirmed the implementation of the certificate program, and recommended that the certificates, to be signed by the Director, DSCA, be presented in an appropriate ceremony in the individual's home organization.

### **Defense Security Cooperation Career Professional Certificate**

This certificate is designed to recognize U.S. military and civilian personnel serving within the Department of Defense in functional areas which support U.S. international security cooperation programs, and defense industry personnel involved in international sales.

Certificate Requirements - Successful completion of all of the following courses and a statement by the supervisor that the individual has served at least three years in a Security Cooperation-related position.

- CONUS (SAM-C)
- Case Management (SAM-CM)
- Financial Management (SAM-CF)
- Logistics/Customer Support (SAM-CS) or Case Reconciliation (SAM-CR) or Training Officer (SAM-TO) or Advanced Course (SAM-A).

### **Defense Security Cooperation International Certificate**

This certificate is designed to recognize security cooperation managers representing international purchaser/recipient countries or international organizations, local national or U.S.

---

Government employees of U.S. security cooperation organizations (SAOs) overseas, unified command representatives, and defense industry personnel involved in international sales.

Certificate Requirements - Successful completion of two of the following courses and a statement by the supervisor that the individual has served at least three years in a security cooperation-related position.

- Logistics/Customer Support (SAM-CS)
- Executive (SAM-E)
- Foreign Purchaser (SAM-F) or Foreign Purchaser Executive (SAM-FE)
- Planning and Resource Management (SAM-P)
- Overseas (SAM-O)
- Advanced (SAM-A).

### **To Receive Your Defense Security Cooperation Certificate**

#### **Complete**

Required courses and security cooperation-related on-the-job experience

#### **Request a Certificate**

Write/fax/email:

Defense Security Cooperation Certificate  
DISAM/DAS  
2335 Seventh Street  
Wright-Patterson AFB, OH 45433-7803

FAX (937) 255-4319 or DSN 785-4319  
[certificate@disam.wpafb.af.mil](mailto:certificate@disam.wpafb.af.mil)

Please include the following information:

- ¥ Full name
- ¥ Titles of courses completed and approximate dates
- ¥ Supervisor's statement verifying your security cooperation job experience and full contact information for you and your supervisor
- ¥ Title of certificate requested

For more information:

[http://disam.osd.mil/professional\\_dev/home.htm](http://disam.osd.mil/professional_dev/home.htm)

---

---

## **Defense Security Cooperation Training Manager Certificate**

This certificate is designed to recognize U.S. military and civilian personnel serving as international military student officers (IMSO) and other training managers in functions related to U.S. international security cooperation programs.

Certificate Requirements - Successful completion of all of the following courses and conferences and a statement by the supervisor that the individual has served at least three years in a security cooperation-related position.

- Training Officer (SAM-TO)
- Cross-Cultural Communications (CCC) Course, USAF Special Operations School
- IMSO Annual Conference (attend at least one sponsored by own military department).

### **About the Author**

Lieutenant Colonel Karen W. Currie is a supply officer in the United States Air Force. She is presently serving as the Deputy Director of Management Studies at the Defense Institute of Security Assistance Management (DISAM). Prior to her assignment at DISAM, Lt Col Currie spent six years as a graduate faculty member at the Air Force Institute of Technology (AFIT). She holds a Ph.D. in Business Analysis from Texas A&M University, an M.S. in Logistics Management from AFIT, and an M.A. in Diplomacy from the University of Kentucky.

---

---

# Unified Command Management of SAO Computer Systems: The EUCOM Solution

By

**Mark Ahles**  
**Defense Institute of Security Assistance Management**

A number of articles in the *DISAM Journal* have discussed Security Assistance Office (SAO) and Office of Defense Cooperation (ODC) computer requirements. "Planning, Designing, and Operating Local Area Networks," (*DISAM Journal*, Summer 1997, Vol-19/N-4, p.115-123) dealt with the general requirements for setting up a network of computers in an SAO or ODC. "ODC Information Management," (*DISAM Journal*, Fall 1997, Vol-20/N-2, p. 70-88) looked specifically at one ODC's detailed planning and analysis of their local computer needs. "DISAM Supports Security Assistance Organization's Automation Needs," (*DISAM Journal*, Winter 1999-2000, Vol-22/N4, p.85-88) discussed support DISAM provided in meeting SAO/ODC computer requirements.

These articles have provided good information on SAO/ODC computer needs, but did not directly suggest a detailed road map of exactly what an office needed to do to install, maintain, and pass inspection on their computer systems. Rick Dyer, Training Manager for the U.S. European Command, decided in 1998 to compile all of the guidance in one place for EUCOM SAOs.

With assistance from DISAM, and much hard work from some EUCOM computer experts (Tsgt Don Lewis and Mairi Marquart), EUCOM has just published its *Security Assistance Office Automation Guide* (SAOAG).

The SAOAG provides outstanding guidance from basic conceptual definitions (what is a LAN?) to an actual sample SAO/ODC ADP Plan. Although the EUCOM SAOAG was written specifically for EUCOM, almost all of the guidance contained is valuable to any SAO or ODC.

The guide opens with a general section on information assurance. This section provides good general information on computer use for any office. For example, personal use of government computers states:

We have detailed rules for appropriate and inappropriate use of government computers. We also have rules governing how you may use your government computer for personal use. The U.S. government provides you with a computer to do your assigned duties. The rules are simple and clear. Government computers may be used only by government employees for the following:

- Official business related to your official duties.
- Authorized personal use includes brief access and searches for information on the internet and sending short e-mail messages.
- Security assistance office chiefs and supervisors must make every effort to ensure that personal use of government computers.
  - Does not adversely affect the performance of official duties.

- Is limited to reasonable duration and frequency and, when possible, done during off-duty hours.
- Serves a legitimate public interest, such as keeping employees at their desks, furthering the education and self improvement of employees, improving employee morale and welfare, or job-searching in response to downsizing.
- Personal use of government computers must not overburden the communications system.
- Personal use of government computers must not reflect adversely on DoD or DoD components.
- Misuse of government computers includes hacking or using hacker tools, visiting hacker websites, deliberately installing viruses on DoD computers, trying to mask or hide your identity, attempting to bypass security policy, using internet telephony, streaming audio/video (such as receiving hourly stock updates), and using Hotmail, Rocketmail, and Yahoo! for other than morale, welfare, and recreation.
- Penalties for misuse of government computers range from courts-martial to nonjudicial and administrative actions, such as letters of reprimand.

The guide also addresses a number of other often confusing computer use areas. The SAOAG discusses laptop use, problem reporting, computer hoaxes, and other topics. By clearly detailing the restrictions on computer use and the penalties that can result, EUCOM has summarized numerous DoD regulations and messages into a few short, easy to read paragraphs.

The second section of the SAOAG discusses automation hardware. The section does a good job of describing the major pieces of equipment available for most offices. Everything from personal computers to telephones to digital assistance is defined. The buying advice and EUCOM guidance included will also help in making purchasing decisions. The section ends with the following suggest equipment for small to mid size offices.

	<b>One Person</b>	<b>Three People</b>	<b>Ten People</b>
<b>Computer</b>	<b>1</b>	<b>3</b>	<b>10</b>
<b>Printer (BW)</b>	<b>1</b>	<b>1</b>	<b>2</b>
<b>Printer (Color)</b>			<b>1</b>
<b>CD-ROM</b>		<b>2</b>	<b>8</b>
<b>CD-Writer</b>	<b>1</b>	<b>1</b>	<b>2</b>
<b>Scanner</b>		<b>1</b>	<b>1</b>
<b>External Storage Device (Zip/Jazz)</b>	<b>1</b>	<b>1</b>	<b>3</b>
<b>Laptop</b>	<b>*</b>	<b>1</b>	<b>2</b>
<b>Digital Camera</b>		<b>1</b>	<b>1</b>
<b>Modem**</b>	<b>1</b>	<b>1</b>	<b>2</b>
<b>Fax</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Server</b>		<b>***</b>	<b>1</b>

\* May want to consider using docked laptop for a workstation vice a PC.  
 \*\* The number of modems can be reduced with the use of servers.  
 \*\*\* One of the personal computers can be used as the network server.

---

---

Section three continues the explanation of automation requirements by detailing software requirements. This section details what software EUCOM will support. It also details what computer programs EUCOM requires: antivirus software.

Office local area networks are explained in section four. The SAOAG provides details of everything from wire types to server maintenance. Once again, the guide provides an overview of the technology with easy to understand explanations. The purpose is to provide readers with the information needed to make an informed decision on how to implement a local area network for your office. The section closes with specific guidance on what local area networks should work best for most offices (10BaseT Ethernet with a central hub and peer-to-peer networking). The solution proposed is relatively inexpensive to install and support, even in small offices.

The SAOAG continues with a short section describing the methods of internet access an office can consider. The guide describes the pros and cons of both dial-up and direct internet connections.

The remainder of the SAOAG is designed for those who want the “inspection proof” solution. The guide includes a sample SAO/ODC automation plan with:

- Cover and table of contents
- Network diagram
- Hardware inventory
- Software inventory
- Projected requirements
- A Computer-User Agreement.

The documents can be edited for local use and provide the blueprint for any security assistance office or office of defense cooperation automation plan.

The EUCOM SAOAG provides a great starting point for any office’s automation plan. The guide summarizes in easily read terms almost everything an office needs to build a plan for local automation.

The SAOAG is available for download in from the security assistance networks <http://www.idss.ida.org/san/login> EUCOM library.

### **About the Author**

Mark Ahles is currently an Associate Professor of Security Assistance at DISAM. His main areas of focus are international training management and related software development. He has previously worked at the National Security Agency, Air Force Logistics Command, and the Air Force Security Assistance Center. Mark Ahles holds a reserve commission of Major. He is currently assigned to the Ohio Army National Guard as the Defense Security Cooperation Agency’s National Guard Programs Officer. Mark Ahles has completed Bachelors and Masters Degrees in Computer Science and is presently a Ph.D. student at The Union Institute researching national security computer and information systems.

---

---

# SAO Advanced Training Automation Workshop (SAM-TA)

By

**Mark Ahles**  
**Defense Institute of Security Assistance Management**

*“Computers make it easier to do a lot of things, but most of the things they make it easier to do don’t need to be done.”*      *Andy Rooney*

Security Assistance Officers (SAOs) have been using the SAO Training Management System (SAO TMS) for years to print travel orders, generate reports summarizing their host nations training, and automate other training tasks.

The training management system has the ability to generate hundreds of different FMS, IMET, FMF, and INL. reports and forms. But how do you make TMS do the things YOUR office needs done?

DISAM offers training during the O-course for new SAOs. Until now, however, there has been no detailed advanced training on how to get the most out of the training management software.

To correct that situation, DISAM is creating an advanced training automation workshop. The workshop is designed for security assistance office staff with significant security assistance training management experience and practice using security assistance office TMS. The Defense Institute of Security Assistance Management anticipates that workshop graduates will be able to provide significant assistance to other security assistance training managers within their office or even unified command.

The Defense Institute Security Assistance Management will prototype the workshop this fall (18-22 September 2000), and build the curriculum based on that prototype.

The workshop will be offered yearly starting in FY 2001. The FY 2001 course will be taught 12-16 February 2001.

*“Computers are useless. They can only give you answers.”*      *Pablo Picasso*

Specifically, the workshop will focus on three major topic areas:

- **Advanced SAO TMS Techniques:** One half day of lecture/discussion/exercise on getting the most out of your existing software. Specific topics will include custom reports, summary reports, default ITOs, and program originator profiles.
- **Microsoft Access and Training Management:** Three and one half days of lecture/exercise on building a local office database that links to SAO TMS. The focus will be on building Microsoft Access forms, tables, queries and reports to link into SAO TMS to program unique functions for your country’s program. Basic programming techniques and module design

---

---

will be introduced. Students will build a database that they can take home to their office to use upon completion of the course.

- **Security Assistance Automation** topics of interest: one half day of the workshop will consist of guest speakers (scattered throughout the week) addressing topics such as SAO automation support, DSCA automation plans, military department automation, and DSAMS.

*“If computers get too powerful, we can organize them into a committee -- that will do them in.”* Unknown

Seminar participation will be limited to 20 students. All students must be U.S. government employees who are previous SAM-O or SAM-F graduates and have over one year of security assistance training management experience and significant practice using the Security Assistance Officer Training Management System (SAO TMS). (Prerequisites may be waived by DISAM/DI upon written request). You may pre-register by submitting a DD 1556 to DISAM/DAS, see the DISAM web page for instructions: <http://disam.osd.mil>. The first 20 qualified students submitting a DD 1556 to DISAM will receive seats in the February workshop.

### **About the Author**

Mark Ahles is currently an Associate Professor of Security Assistance at DISAM. His main areas of focus are international training management and related software development. He has previously worked at the National Security Agency, Air Force Logistics Command, and the Air Force Security Assistance Center. Mark Ahles holds a reserve commission of Major. He is currently assigned to the Ohio Army National Guard as the Defense Security Cooperation Agency's National Guard Programs Officer. Mark Ahles has completed Bachelors and Masters Degrees in Computer Science and is presently a Ph.D. student at the Union Institute researching National Security Computer and Information Systems.

---

---

# **Security Assistance Management Course Executive and Industry (SAM-E) Course**

**By**

**Major Mark Bourgeois, USA  
Defense Institute of Security Assistance Management**

The Security Assistance Management Executive and Industry (SAM-E) course is designed to meet the dual educational requirements of U.S. government senior-level security assistance executives and U.S. defense industry personnel involved in international sales. The objective of the course is to increase the student's understanding of U.S. governmental policies and procedures for the transfer of defense articles and services, and to provide an appreciation of the international environment in which they function.

This class creates the ideal opportunity for both senior defense leaders and defense contract executives to study, learn and exchange ideas about U.S. defense policy with regard to security assistance. An equal amount of learning occurs during informal discussion as well as during formal presentations. Student knowledge, classroom interaction, and sharing of information and management practices provide for a dynamic class environment.

During the early eighties the SAM-E was actually developed from two separate courses, one for U.S. government executives and the other for U.S. defense industry personnel. The executive course evolved into a formal course about 1984 to accommodate those individuals who were assigned to security assistance billets but who did not need the subject matter detail provided in other DISAM offerings. About the same time, a course for defense contractors conducting security assistance business was first offered. During the years that followed, there were suggestions about the synergy which could be achieved by combining the two courses. This resulted in the early nineties in a merging of the executive and industry into a single SAM-E curriculum.

The curriculum provides an overview of the entire security assistance management process and addresses the many facets of security assistance policy, planning, and programming. Also covered are topics related to security assistance legislation, financial management, transportation, logistics, and training management. Where possible, guest speakers who are recognized authorities in their fields will be used to enhance the learning experience in the course.

The course is intended for U.S. personnel who now occupy (or are selected to occupy) executive management positions in program offices, functional offices supporting program offices, or high echelon offices supervising security assistance management within DoD. It is also intended for defense industry personnel who are currently occupying positions in international sales or related positions in financial management, international logistics, operations, or customer support. Persons in related positions in other federal agencies, such as the Department of State, may also attend this course. Class composition is approximately half each of government and industry personnel.

---

---

## Who may attend the SAM-E course?

**United States Government Personnel:** Grades O-6/GS-15 and above, programmed for or assigned to security assistance activities, or in related positions in international logistics, financial management, and training activities. Requests for the waiver of these criteria, properly supported, will be considered individually. Address waiver requests to DISAM/DAS, Building 125, 2335 Seventh Street, Wright-Patterson AFB OH 45433-7803.

Selected SAO chiefs and section chiefs at the O-6 grade level, based on their country of assignment and prior experience, may, with the recommendation of the unified command and the approval of DSCA, attend this course in lieu of the longer SAM-O Course.

**U.S. Defense Industry Personnel:** U.S. citizens representing the U.S. defense industry companies are admitted on a first come, first served basis upon receipt of a request for admission. The cost for U.S. industry personnel is \$1,520 (subject to change).

## What does the course curriculum look like?

During the five day course the following subject areas are discussed.

- **The Role of Security Assistance in Strategy.** Examines how security assistance programs play a major role in supporting U.S. National Security, National Military, Unified Command and Department of State strategic objectives. Discusses the use of the military as an element of national power and a political-military tool in the implementation of security assistance programs.
- **Security Assistance Programs, Legislation, and Policy.** Defines the general nature and scope of currently authorized security assistance programs. Discusses major legislative provisions and executive branch policies that shape and regulate security assistance programs and processes.
- **Security Assistance Operations Overseas.** Examines the organization, responsibilities, and working relationships of the U.S. embassies, unified commands, defense attachés, and U.S. industry representatives.
- **Technology Transfer and Export Controls.** Outlines government policy on the export of U.S. technology and licensing considerations for defense-related items involving the Departments of State, Commerce, and Defense.
- **International Defense Sales Process.** Provides an overview of the entire foreign military sales process from the initial receipt of a purchaser's request to the completion of the purchase agreement. Defines the government policy on direct commercial sales. Identifies the key military department organizations and personnel that are involved in an FMS or direct commercial purchase.
- **International Armaments Cooperation Programs.** Provides students with an overview of joint venture/cooperative program opportunities associated with a rapidly changing global environment. Discussion includes topics such as coproduction, co-development, U.S. procurement of non-U.S. equipment, technology transfer, and offsets.

- 
- 
- **Current Issues in Security Assistance.** A guest speaker from the State Department discusses areas of current significance in security assistance and provides insights into State Department management of security assistance programs.
  - **International Sales Agreements.** Describes the sequential actions involved in effecting a binding agreement, reviews the various agreements used in arms transfer programs, and examines the terms and conditions used in those various agreements.
  - **U.S. Government Security Assistance Automation Initiatives.** Provides an overview of specialized information systems currently in use or being developed to support Security Assistance programs.
  - **Current Issues in Security Assistance.** A guest speaker from the Defense Department discusses current areas of significance in security assistance and presents an overview of DoD involvement in security assistance.
  - **Security Assistance Training.** Provides an overview of security assistance training to include the Training Management System, the organizations that manage the training programs, IMET and FMS training, pricing of training, and the Department of Defense Informational Program.
  - **Logistics Support of International Sales.** Provides an overview of the various international logistics systems. Describes the concepts and methods of follow-on logistics support. Examines transportation, reports of discrepancies, and the role of training in total logistics support.
  - **Financial Management of International Sales.** Studies the financial aspects of military sales. including DoD policy and procedures for pricing, billing, and overall financial management.
  - **A Comparison of Direct Commercial and Foreign Military Sales.** Identifies decision making factors and policies that dictate the use of direct commercial sales or foreign military sales channels in the export of defense articles or services.

#### **Are there prerequisite courses I must attend?**

- **No.** There are no prerequisite courses required for attendance in the SAM-E. However, the applicant must meet the requirements mentioned in the above paragraph. Here are some helpful hints to better prepare yourself before attending the course. View the DISAM website at [disam.osd.mil](http://disam.osd.mil). This site will enable you to review important information about DISAM, course outline and maps to Wright-Patterson AFB and DISAM. Additionally, you will find a link to the DISAM textbook, *The Management of Security Assistance*, our premier instruction book, and other important security assistance documents and regulations used during the instruction. Also view the Defense Security Cooperation Agency website at [dsca.osd.mil](http://dsca.osd.mil) to review such areas as reinvention white papers and policy memorandums.

---

---

## How do I register for the resident SAM-E Course?

Government Personnel: Interested individuals in the military departments and DoD should request admission using the training or educational procedures of their respective departments/agencies. Personnel from other federal government organizations should coordinate their applications through their respective training offices and submit their applications directly to DISAM/DAS, Building 125, 2335 Seventh Street, Wright-Patterson AFB OH 45433-7803.

An overseas student must have at least one year remaining in his/her current assignment to be eligible for DISAM training. Exceptions to this one-year minimum retention standard require the approval of the DISAM Commandant who, in turn, will coordinate such approval with the Director of Plans, Defense Security Cooperation Agency.

U.S. Defense Industry Personnel: Industry personnel should submit their request using the on-line registration form on the DISAM website at <http://disam.osd.mil>.

## When are the course offerings for FY2001?

FY2001	
SAM-E-1-2001	13 Nov - 17 Nov 2000
SAM-E-2-2001	26 Mar - 30 Mar 2001
SAM-E-3-2001	21 May - 25 May 2001
SAM-E-4-2001	27 Aug - 31 Aug 2001

## Who should I address further questions to about this course?

Contact Frank Campanell at (937) 255-5639 or DSN 785-5639. Or you can e-mail a message to him at [fcampanell@disam.wpafb.af.mil](mailto:fcampanell@disam.wpafb.af.mil). However, if you have a specific question about registration, please contact our registrar, Barbara Kitchen, at (937) 255-4144 or DSN 785-4144 or via e-mail at [bkitchen@disam.wpafb.af.mil](mailto:bkitchen@disam.wpafb.af.mil).

## About the Author

Major Mark Bourgeois is an Army Quartermaster Officer and a DISAM Assistant Professor. He holds a Bachelor of Science degree from the University of Wisconsin-Platteville, a Masters of Science degree from the University of LaVerne, California, and he is a graduate of the Army Command and Staff college. His recent assignments include Executive Officer, 2d Forward Support battalion, 2d ID; Logistics Plans Officer, I Corps; and Operations Officer, Regimental Support Squadron, 11 ACR.



---

---

# ***SECURITY ASSISTANCE COMMUNITY***

---

---

## **Change of Director for Defense Security Cooperation Agency**

On August 17, 2000, Assistant Secretary of Defense for International Security Affairs Franklin D. Kramer presided over the change of director ceremony in which Lieutenant General Michael S. Davison, Jr., USA, was succeeded by Lieutenant General Tome H. Walters, Jr., USAF as Director, Defense Security Assistance Agency. General Davison has served as the agency's director since August 18, 1997. During his tenure, General Davison has spearheaded the FMS reinvention effort. Coming to the director's position at a time when public criticism of the FMS process was loud and biting, he led the effort to revitalize the arms transfer process. Under General Davison's guidance, the FMS community has commenced a new era in foreign military sales, reaching out to customers in foreign governments and across the U.S. government to create new business processes and increase customer satisfaction. The reduction of the surcharge on sales underscores his commitment to streamline the entire FMS process. He has espoused the message that government and industry must work as partners to achieve the military security and foreign policy goals at which arms transfers are aimed.

A combat arms officer, General Davison had a range of command and staff assignments in infantry and armor units from company to division level. He had combat tours in Vietnam with the First Cavalry Division and the Vietnamese Airborne Division Advisory Team. In Germany during the 1980s he commanded a tank battalion and armored brigade of the 3d Infantry Division and was Chief of Staff, 3d Armored Division astride the Fulda Gap. As Assistant Division Commander 5<sup>th</sup> Infantry Division (Mechanized), he participated in the capture of Manuel Noriega's headquarters in Panama during Operation Just Cause in December 1989. He served twice on the Army Staff working force development and requirement issues.

Other key general officer assignments include responsibility at the Combined Arms Command, Fort Leavenworth, for the Army's collective training doctrine and programs (1991-1992) before working for CINC, U.S. Central Command as the Chief, Office of Military Cooperation in Cairo, Egypt (1992-1994). Just prior to assignment as Director, DSCA, General Davison managed the Army's security assistance programs as Commander, U.S. Army Security Assistance Command, reporting to the Commander, U.S. Army Materiel Command.



Lieutenant General Tome H. Walters, Jr., USAF, is the new Director of the Defense Security Cooperation Agency.

---

General Davison is a West Point graduate and earned a M.S. in foreign affairs from Georgetown University.

Joyce and Mike Davison live in McLean, Virginia and have two sons. Michael served as a U.S. Marine Corps Infantry officer and is now an actor and musician in Los Angeles. Paul, an Infantry Captain, is a company commander at Fort Benning, Georgia.

Most recently, General Walters served as the Principal Assistant Deputy Under Secretary of the Air Force for International Affairs, Office of the Under Secretary of the Air Force, Headquarters U.S. Air Force, Washington, D.C. He was responsible for formulating and integrating U.S. Air Force policy with regard to political-military affairs, security assistance, technology and information disclosure issues, operative armaments development and attaché affairs in support of U.S. government objectives.

The general was born in Shreveport, Louisiana. He has served in a variety of command and staff positions at Air Force headquarters, the Joint Staff, Air Mobility Command, Air Training Command and Strategic Air Command. He commanded the 407th Air Refueling Squadron, Loring AFB, the 47th Operations Group at Laughlin AFB, and the 19th Air Refueling Wing, Robins AFB. The general is a command pilot, with more than 3,500 hours in air refueling and training aircraft, including 100 combat support sorties.

General Walters is a graduate of the United States Air Force Academy where he earned a Bachelor of Science Degree in international affairs. He was a fellow in the MIT Seminar XXI program in international affairs. He also attended the program for Senior Executives in National and International Security, Harvard University. Claire and Tome Walters have two children, Allison Williamson who resides in Seguin, Texas, and Mark Walters who lives in Atlanta, Georgia.

---

---

## TACOM-RI Hosts Twelve FMS Countries at Users' Conference

By

**Theresa A. Ratcliff  
Armament Division, TSAC**

Last October, 33 representatives from twelve countries descended upon Jumer's Castle Lodge in Bettendorf Iowa for the first FMS M109 howitzer users' conference. These visitors teamed up with 150 CONUS-based U.S. government personnel and ten security assistance organization representatives to receive briefings on timely topics relative to the M109 howitzer fleet, exchange ideas and make valuable contacts.



Foreign military and SAO participants in M109 conference. Jimmy Morgan, TACOM-R1, and MG Mahmoud Emeira, Egyptian Army, hold memorial poster from the M109 conference. They are flanked by BG Hussain Mohammed Maghrbi, Saudi Arabian Land Forces, and BG Hans Kossik, Austrian Army. Ron Sturgeon, TSAC Director, is second from right in front row.

The conference was hosted by the Rock Island site of the U.S. Army Tank-Automotive and Armament Command (TACOM) Security Assistance Center, a relatively small organization comprised of thirty-three individuals. Mission responsibility for this organization is to develop and manage security assistance programs for field artillery, mortars, small arms, aircraft armament, armor turrets and sets, kits and outfits. The TACOM Security Assistance Center-RI is a division of the TACOM Security Assistance Center, whose Director, Ron Sturgeon resides in Warren Michigan. TSAC reports to the TACOM Deputy for Corporate Management, Dan Mehney. Current commander of TACOM is MG John Caldwell.

Because of the large population of M109 Self-Propelled 155mm howitzers world-wide, we saw a need for a users' conference geared specifically to FMS customers. Invitations went out to the SAOs for all countries which had purchased M109s via FMS or direct sales and twelve

---

countries responded favorably: Austria, Belgium, Canada, Egypt, Germany, Morocco, Netherlands, Portugal, Saudi Arabia, Spain, Switzerland and Thailand. Country teams were composed of both military and civilians and nine of the twelve teams included their SAO representative.

Although the conference forum provided a great deal of information on the M109 system, supportability, upgrades and enhancements, most participants agreed that information exchanged during breaks or sidebar meetings was invaluable. It was a most unique opportunity for country representatives to work directly with FMS case managers, item managers, engineers and representatives from other nations. Highlights of the conference included presentations by FMS country teams for Austria and Belgium on unique initiatives associated with their own M109 programs. Other countries have already requested the opportunity to brief at the next conference.

Because of the co-location of Rock Island Arsenal with TACOM-RI, interested participants were offered the opportunity to take a tour of RIA's facilities and to view a static howitzer display. Among other mission activity, RIA produces gun mounts for the M109 howitzer. Current configuration of the M109, the Paladin, is produced for U.S. Army commercially by the Ground Systems Division of United Defense-Limited Partnership (UDLP) in York, Pennsylvania.

Included among the unplanned events were seven sidebar meetings between FMS country representatives and their U.S. government counterparts, a joint visual inspection by one country team of special defense acquisition fund assets that are currently in storage at RIA and a visit by another country team to the local Defense Reutilization and Marketing Office for identification of materiel for a future FMS purchase.

We observed several side discussions between country delegations relative to parts support, upgrades, maintenance facilities and related topics. There were no noticeable language or cultural barriers as conference participants came together for a common purpose. However, as conference facilitator, I found it a bit challenging to entertain a multi-national audience between briefings.

Two American speakers were able to find the right formula for capturing the attention of this diverse group. Mike Buchanan from USASAC-New Cumberland gave a presentation at a formal luncheon on "Communications in a Multi-National Environment." He effectively used an imaginary hot potato to illustrate the time-honored American tradition of "passing the buck." Another effective communicator was Steve Marriott, an RIA engineer, who found just the right topic in his introductory remarks to enchant the group: "Changing Weather in the State of Iowa." I later learned that Marriott performs locally as a storyteller at community events.

One of the most important lessons learned from this event had to do with briefing presentations by U.S. personnel. Although all briefings had been carefully reviewed by all cognizant Foreign Disclosure Officers for releaseability of data and by TACOM for technical content, we did not fully anticipate audience reaction. Some of the briefings were far too specific for the general audience and at least one failed to address releaseability of the system being briefed to all participating countries. The most common error was failure by the briefer to recognize that they would be addressing an international audience. Some presentations were "canned" DoD briefings and many briefings were replete with acronyms that were not understood by our foreign counterparts.

---

Overall, we received positive feedback from foreign and American participants on the value of the conference as a tool for enhancing international partnerships. We are already receiving inquiries as to the time-frame for the next TACOM M109 users' conference, which hopefully will be in 2001-2002.

### **About the Author**

Terry Ratcliff is Chief of TSAC-Rock Island (U.S. Army Tank-Automotive and Armament Command (TACOM) Security Assistance Center-Rock Island, Illinois). She has had 25 years experience in the field of security assistance with assignments at U.S. Army Armament, Munitions and Chemical Command, Rock Island, IL; U.S. Army Security Assistance Command, Alexandria VA; U.S. Army Aviation and Troop Command, St. Louis, MO; and TACOM-Rock Island, IL. In her current position, she is responsible for supervising an organization whose main mission is to develop and execute security assistance programs for field artillery, mortars, small arms, aircraft armament, tank turrets and sets, kits and outfits.



---

---

## ***SECURITY ASSISTANCE CALENDAR***

- 23-27 Oct DSCA Annual Security Assistance Training Program Management Review, Falls Church VA (150158Z Aug 00)
- 25-27 Oct USEUCOM Transatlantic Defense Cooperation Conference, Brussels, Belgium (141052Z June 00)
- 29 Oct-4 Nov USSOUTHCOM SA/DCA Conference, Miami FL (092204Z MAR 00 and 092046Z Aug 00)
- 27 Nov-1 Dec USEUCOM Training Seminar, Germany (171023Z Aug 00)
- 4-8 Dec US Army IMSO Conference, Hampton VA
- 10-15 Dec USCENCOM SA Conference, Orlando FL (031233Z Mar 00)



---

---

## ***RESEARCH AND CONSULTATION***

Is there a security assistance procedure, requirement and/or program guidance which is (or has been) presenting a significant problem in accomplishing your security assistance function? If so, DISAM would like to know about it. If you have a specific question, we will try to get you an answer. If it is a suggestion in an area worthy of additional research, we will submit it for such research. If it is a problem you have already solved, we would also like to hear about it. In all of the above cases, DISAM will use your inputs to maintain a current "real world" curriculum and work with you in improving security assistance management.

Please submit pertinent questions and/or comments by completing the remainder of this sheet and returning it to:

DISAM/DR  
2335 Seventh Street  
Wright-Patterson AFB OH 45433-7803

or  
Data Facsimile Number: DSN 986-4685 or Commercial: (937) 656-4685  
or via internet: [research@disam.wpafb.af.mil](mailto:research@disam.wpafb.af.mil)

1. Question/Comment: (Continue on reverse side of this page if required.)

---

---

---

2. Any Pertinent References/Sources:

---

---

3. Contact Information: \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

Telephone Number \_\_\_\_\_

4. Additional Background Information: \_\_\_\_\_

---

---

---

---

---

---

---

---

---

---



