

Question and Answers 2003 DSCC Suppliers' Conference

1. **Question:** Contractor conveyed that there was no simple answer to dealing with a problem QAR because if they complained, the QAR would be that much more adversarial. Note: A very large number of companies in attendance acknowledged this allegation. DSCC agreed to address issue with DLA and pursue a remedy.

Answer: DCMA is committed to ensuring warfighter readiness, and to that end operates under the same general customer focused philosophy as that echoed during the NDIA/DSCC event. It is also committed to maintaining a professional and dedicated workforce and recognizes the importance of maintaining communication and mutually supportive relationships between Government QARs and suppliers. DCMA needs to know about any situation that impedes readiness including counterproductive working relationships that may arise between DCMA QARs and suppliers. As stated in the concern, there is no simple answer to assuring an effective working environment between QAR and supplier, especially when the supplier does not choose to be identified. Suppliers must step to plate and communicate/discuss any encounters that impede readiness for our troops. Each situation is unique, but instances of adversarial relations are typically due to miscommunication, or a lack of communication. Appropriate elevation of unresolved concerns is essential for resolution. Suppliers with concerns of this type should contact the designated Contract Management Office (CMO) Contract Management Team (CMT) listed at DCMA Website (<<www.dcmsa.com>>), at "Contact Us" then "Locate a Contract Management Team (CMT)" simply by entering Contract Number or CAGE. The CMO Commander cognizant is available to assist as needed.

2. **Question:** Will new ABVS score under SAP/DPACS count those delinquent shipments, which have been extended by the contracting officer?

Answer: Yes. ABVS tracks whether the delivery extension is the responsibility of the contractor or the Government. As a result, contractor-caused delinquencies are captured in the ABVS score.

3. **Question:** Can we expect buyers to start asking for better prices and deliveries?

Answer: Yes. It may not happen immediately, but DSCC plans to conduct additional negotiating training and provide some incentive to promote increased negotiations by buyers.

4. **Question:** What can be done to improve responsiveness time from DCMA-QAR's? Frequently, contractors must wait days before a QAR is available to inspect products, which in turn, adds days to PLT. (Note: Many in audience acknowledged question.)

Answer: DSCC acknowledged that this something that needs to be addressed and that we would follow-up with process owner, DCMA. Advanced planning is key to assuring responsiveness. Suppliers should work with the QAR to devise a notification procedure that assists in improving responsiveness. Per contract requirement, the Government QAR may ask the supplier to give advance notification of the time when supplier inspections or tests will be performed and when supplies will be ready for Government acceptance. The contract Inspection Clause provides the length of time to perform source inspection. For most DSCC contracts, the Inspection Clause is FAR 52.246-2. It says to expect a two workday advance notice if the QAR is in residence and not more than seven workdays if non-residence. The amount of time it takes will vary. One reason is that a customer may require product priority expedite, which may result in the QAR rearranging their inspection and acceptance schedule to respond the same day of the request.

5. **Question:** How does the automated system allow buys to be awarded before solicitation closing date?

Answer: Within our automated award process (PACE), the system will process micropurchase buys of under \$2500 before official closing day if an acceptable price is received. The solicitation document conveys what offers may be awarded and does put contractors on notice, especially when this lower dollar buys may be processed.

6. **Question:** Is it DLA's goal to reduce inventory?

Answer: Yes, and BSM savings added to National Inventory Management Strategy will generate savings.

7. **Question:** Are you shifting Inventory to supplier base?

Answer: DLA goal is to shift responsibility for managing inventory to our suppliers when it makes good business sense and can be justified through business case. Our greatest successes in this area have been with those suppliers who have existing distribution networks, and are stocking our products, such as, Caterpillar.

8. **Question:** When it comes to the automated system, how can we be sure we are getting exact items?

Answer: DSCC is very concerned that our military customers receive the correct item of supply. Therefore, DIBBS currently contains a drop down box of approved CAGE and Part Numbers with the exact product representation. Vendors are permitted to fill in the code and part number offered only when quoting alternate product, superceding product, or previously evaluated/approved product. DIBBS also contains a notice, in red, at the bottom of every exact product quote that is submitted to explain exactly what DSCC means by "exact product". And, if a vendor

has a past history of supplying non-conforming parts, DSCC does not make an automated award to that vendor. However, even with these validations, DSCC has to rely on the integrity of our industry partners to ensure that we receive the correct item of supply.

9. **Question:** Do you have batch quotes in DIBBS?

Answer: Yes. DIBBS allows quotes on DSCC Request for Quotations to be batch uploaded except for IDPOs. Quotes are prepared offline in a prescribed comma delimited format then uploaded via the Internet. Detailed instructions are available on the secure portion of DIBBS at <https://dibbs.dsc.dla.mil/secure/upload/>.

10. **Question:** What is incremental bidding and where can we learn more about it?

Answer: As prescribed in DLAD 52.213-9000 Quantity break, DIBBS allows vendors the opportunity to provide alternate quantity ranges and unit prices if they can offer lower unit prices for greater quantities than are solicited. The Government may elect to accept such alternate quantity quotations (incremental bids) not exceeding \$25,000 without further solicitation or discussion.

11. **Question:** Does the SAP system have EOQ in it?

Answer: The SAP system does not have EOQ in it. EOQ is a planning level. In Manu/BSM, we use the term Coverage Duration. It is used in the Planning process in a similar manner as EOQ is used in SAMMS. For R1, the computation of the Coverage Duration (CovDur) was based on the SAMMS process that we built into a Manu table. For R2 we are trying to figure out if we will have a CovDur based on the Wilson EOQ formula or not. For Day 1 the decision is to use the same CovDur assignment table we used for R1, but we will ask DORRA to determine what the appropriate values should be.

12. **Question:** What is being done about First Article Testing (FAT) that is occurring over and over again?

Answer: Without more information or specifics, I can't answer this. In some cases, the Engineering Support Activity at the Military Services may require FAT each award, while in others we may have the authority to waive it for some sources. Was waiving FAT considered but decided against for valid reasons? Without knowing what prompted the question, it's hard to be more specific.

13. **Question:** Are you adding lead-time due to lack of on-site inspections?

Answer: DCMA is responsible for timely on-site inspection when specified in the contract. In addition, due to the recent DCMA decisions regarding GSI, we will be reducing the number of NSNs requiring GSI. In summary, lead-time reduction

is important, but it must be balanced with ensuring that our warfighter gets the right item.

14. **Question:** How do we get in touch with ABVS POC?

Answer: ABVS POC is: Debra J. Brown Phone number 614-692-1381 or fax 614-692-4170 email: Debra.J.Brown@dla.mil ABVS Website Address: www.dsccl.dla.mil Click on Selling to DSCC, then from drop down box, click on Automated Best Value System.

15. **Question:** Why the gaps between quote and award time? What are you doing to reduce cycle times?

Answer: The complexity and urgency of the buy most impact the time between when you quote and the award, i.e. the more complex, the longer it will take to process the buy. It takes longer also to process non-urgent buys if other buys take higher priority. We continually strive to improve the lead-time between when you quote and when the award is made by automating our processes, controlling buyer workloads, and monitoring aged buys.

16. **Question:** There seems to be an inconsistent policy between DSCC/DSCP/DSCR when it comes to contractors who haven't performed First Article Tests (FATs) in the past three years?

Answer: Since FATs are NSN specific and are waived (if appropriate) based on award, consistent policy would be hard to write. In addition, problems with an NSN might prevent waiver of FAT. Otherwise our business processes are essentially the same.

17. **Question:** How are you providing for First Article Tests (FATs) when DSCC is not the only approving authority?

Answer: Supervisor of shipyard also approves and sometimes this information is not reflected. In some cases an NSN might be procured by another activity, e.g. a shipyard. While it is expected that the requirements (Item Description) for an NSN remain consistent, we cannot be assured that the item procured by another procuring activity is the same as our requirement. Same for the FAT. For that reason, we cannot merely accept a FAT approved by another activity without review. FAT records are contract specific and are not exchanged between activities. In addition, if the shipyard procured the item and approved a FAT, it could be done exclusively for their use of those items. DLA does not always have that authority, since we must procure in accordance with the authority granted to us by the Engineering Support Activity. We do not have the same flexibility a user has.

18. **Question:** Are contractors still penalized for delivery on new revised dates?

Answer: Yes, ABVS tracks whether the delivery extension is the responsibility of the contractor or the Government. As a result, contractor-caused delinquencies are captured in the ABVS score.

19. **Comment:** We are concerned with statements on buyers negotiating RFP's and RFQ's.

Answer: The Buyer (Contracting Officer) must determine the price fair and reasonable. Each procurement stands alone. The Buyers (Contracting Officers) have a responsibility to negotiate to determine the price fair and reasonable, and obtain the best possible deal for the war fighter and taxpayer.

20. **Question:** Why are awards made prior to solicitation closing date?

Answer: Within DSCC's automated award process (PACE), the system will process micropurchase buys under \$2500 before official closing day if an acceptable price is received. The solicitation document conveys what offers may be awarded and does put contractors on notice, especially when this lower dollar buys may be processed.

21. **Question:** Contractors have noticed increase in U quotes for auto IDPO's and alternate quotes.

Answer: *Part I:* Solicitations with a "U" in the ninth position of the Solicitation Number (e.g., SP0700-00-U-1111) denote Automated Solicitations subject to the terms and conditions of the DSCC MASTER SOLICITATION FOR AUTOMATED SOLICITATIONS AND RESULTING AWARDS. "U" solicitations are primarily used for automated Indefinite Delivery Purchase Orders (AutoIDPOs) where the solicitation and resulting award do not specify a firm quantity of supplies (other than a minimum quantity) and provide for the issuance of delivery orders during the period of the contract. However, "U" solicitations are also used for solicitations and resulting purchase orders that specify a firm quantity and delivery of supplies when DSCC runs out of "T" solicitation numbers during the course of a fiscal year. As we are nearing the end of the fiscal year, "U" solicitations are currently being used for both indefinite and definite quantity purchase orders -- this could account for the increase in "U" solicitations.

Part II: AutoIDPO solicits price break ranges based on a formula that takes into account the quarterly forecast demand and the procurement cycle period for the item of supply. Although these ranges may not match a vendor's manufacturing price break ranges, it is necessary that vendors submit pricing on all the solicited ranges/zones/option years so that evaluation can occur on an equal basis. If a vendor has better price break ranges than the solicited ranges, the DIBBS quote form does allow them to enter their alternate ranges (referred to in the question above as

"alternate quotes"). However, these alternate ranges will only be considered if the vendor is the low evaluated offeror on the solicited ranges. If a vendor does not submit pricing on the solicited ranges and only offers alternate ranges, their quote will be a "Bid With Exception" and will not be considered for award.

Note: If a vendor submits an offer for an alternate product (vs. alternate ranges) on an autoIDPO, their offer will be considered for award if the dollar savings meets the thresholds in DLAD 52.217-9002 Conditions for Evaluation and Acceptance of Offers for Part Numbered Items.

22. **Question:** Contractors have IDPOs with no releases. There is concern if DSCC is wasting vendor's time because much effort is going into these.

Answer: The vendor who asked this question was asked to give specific examples of the IDPO awards for which she has received no delivery orders. These IDPOs were likely manual IDPOs as they may be awarded based on a minimum obligation to be awarded some time during the life of the IDPO. AutoIDPOs are not awarded until there is a PR to create the Government's minimum obligation. In other words, for AutoIDPOs the basic and first delivery Orders are awarded/released simultaneously. In summary, it's very unlikely that our Automated IDPOs will not generally supply orders after the award is made. Unfortunately, for the manual awards, DSCC did experience some problems in selecting items, but these problems have been addressed, and we expect that these Manual IDPOs will also be active buying instruments.

23. **Question:** Sometimes it takes a QAR 7 day to complete an origin inspection. Sometimes QAR takes out negative comments on you.

Answer: This concern is a combination of the two concerns raised above. The inspection clause outlines that the Government has the right to inspect to the extent deemed appropriate as long as there are no unnecessary delays. Anytime the supplier feels that the QAR is causing delays or making unsubstantiated negative comments, the supplier should notify appropriate CMO management.

24. **Question:** Why does it take an inordinate amount of time to complete alternate offer reviews?

Answer: Solicited alternate offers (received in response to an open solicitation) are first evaluated in house prior to being forwarded to the Engineering Support Activity when required. All are evaluated based on urgency of need. An item with a higher priority gets preferential treatment over an item with a low priority. The volume of alternate offers is very high and evaluation can be very labor intensive. In addition, ESA assistance regarding non-procurable items has a higher priority than alternate offers for which we have existing approved sources.

25. **Question:** What is impact of SSA's with OEM on dealers who normally supplies your parts?

Answer: The impact on distributors and/or authorized dealers should be minimal because items being targeted under SSA are primary sole source items with limited or no procurement history from distributors and/or dealers.

26. **Question:** Our (collective) goal is support of the war fighter. What about supporting the "war fighter" after he/she leaves the military for the private sector?

I'm all for the disabled veteran support goals, but what about the "other" veterans who served? I suggest that DoD/DLA needs to SUPPORT THE RETIRED/HONORABLY DISCHARGED WAR FIGHTERS by having specific goals like those for SDB, women owned, etc. goals.

Answer: The annual goals are developed in response to legislative or regulatory requirements. Some programs provide specific set-aside opportunities that limit the firms that may compete (Small Business Set-asides, the SDB 8(a) program, and the HUBZone program). Other programs are created by legislation and mandate goals but do not provide either a preference or a set-aside (Service Disabled Veteran Owned Program). The SDB program provides a preference but DLA is currently exempt from it.

Without the Legislative/regulatory mandate, DoD and DLA are not authorized to give preference to any category of business, such as Veteran Owned businesses. Veterans and Veteran Organizations may work through their Senators and Congressmen to encourage enactment of new legislation directing preferences or set-asides for Veteran Owned firms.

Congress has acknowledged that veterans are worthy of support, and have provided that through various programs. Unfortunately, a contracting goal for veterans is been one of the forms of support established by law, other than Service-disabled veterans.

27. **Question:** Buy American, If a flange is bought by DSCC it must be American, but if US Navy buys a destroyer, must the flange be bought by Bath Iron be American?

Answer: A Domestic End Product is defined in the FAR Part 25 as: "an end product manufactured in the United States if the cost of its qualifying country components and its components that are mined, produced, or manufactured in the United States exceeds 50% of the cost of all its components". Based upon this definition a flange could qualify for Buy American if purchased by DSCC since it would be identified as an end product. However, when the flange is a component part of a larger end product (such as a Destroyer) the overall end product is the determining factor.

28. **Question:** Where do we submit a Source Approval Request (SAR) package when there is no solicitation currently open? Once submitted, will we get feedback regarding these submittals?

Answer: The POC is Mr. Emile (Lee) Leon, DSCC-PCA. He can be reached at (614) 692-1384 or by Email at emile.leon@dla.mil. A response (feedback) will be provided when received from the appropriate reviewing activity.

29. **Question:** Why aren't the drawing packages available on the web site whether or not there is no open solicitation so contractors can make sure they can manufacture the products required once the solicitation is opened. This could reduce the time required to submit a quote.

Answer: Drawing packages are reviewed every year (if there is a buy) to assure they are current. If an NSN is not active, this review will not take place and the accuracy of any drawing package available on the web is suspect. In addition it would be misleading and potentially dangerous to have a non-reviewed drawing package on the web and then issue a solicitation with a different drawing package resulting from a review.

30. **Question:** In regard to the possibility of suppliers warehousing inventory (finished product), It sounds good but has any thought been given to the strain it would place on smaller businesses that do not have great amounts of warehousing capabilities?

The decision to use planned direct vendor delivery (DVD) vice Government warehousing in long term contracts is a decision that is made after careful analysis. DSCC policy (DAG 11.402-101) requires that during the Market Research stage, the buyer evaluate potential contractors' abilities to meet delivery schedules (see chart below). For example, buyers must determine if contractors routinely keep in inventory the quantities required and can they meet the rapid delivery? Do they routinely provide this type of support for their commercial customers? They are also required to perform a realistic appraisal of contractors' abilities to ensure they do not sign on to a contract they cannot perform (operation within minimum and maximum order quantities; frequency and quantity of orders; readily maintained or immediately available stock). Based on this market research buyer will determine if Planned DVD should be considered.

DSCC policy also includes the following: during negotiation and evaluation, buyers may need to perform a trade off between price and delivery, balancing the final contract delivery terms with the cost of obtaining that delivery. For example, even if IPG I requisitions (the most urgent) cannot be supported via Planned DVD, vendors may be able to provide DVD support for IPG II and III within Time Definite Delivery (TDD) standards and stock maintained to fulfill IPG I requirements. Further, for multiple NSN LTCs, not all NSNs need to be supported via Planned DVD. The contract specialist can negotiate for Planned DVD support for those NSNs where it is possible. When price is a consideration in

determining the level of Planned DVD support actually obtained the decisions should be fully supported by an economic analysis, business case analysis, or Vendor Stock Retention model analysis.

FOB Destination Awards

Priority of the Requisition	Continental United States (Including CCPs and Ports of Loading)	Overseas (Direct Shipments - excludes CCPs and Ports of Loading)
IPG I	2 Days	10 Days
IPG II	5 Days	14 Days
IPG III	10 Days	29 Days

FOB Origin Awards

Priority of the Requisition	Continental United States (Including CCPs and Ports of Loading)	Overseas (Direct Shipments - excludes CCPs and Ports of Loading)
IPG I	1 Day	1 Day
IPG II	1 Day	1 Day
IPG III	3 Days	3 Days

31. **Question:** At your next conference, would it be possible to conduct a site visit @ DSCC? Additionally, It would be expeditious to meet DSCC's buyers and contracting officers for a FSC. Thank you.

Answer: DSC will strongly consider your recommendation for next calendar year, and/or make it possible to meet with more of our buyers at next year's conference.

32. **Question:** I routinely see NSN advertised for bid that are to a Navy Standard Drawing; yet one tied to a specific vendor's cage code. We make the same items; what can I do to compete?

Answer: The following associates can advise you what is necessary to complete. Mr. Mitchell McElroy in Value Engineering, DSCC-VEE (614-692-8824, Mitchell.mcelroy@dla.mil) Ms. Eleanor Holland in the DSCC Small Business, DSCC-DU (614-692-3735, Eleanor.Holland@dla.mil) or Mr. Carl Jura, Competition Advocate in Procurement, DSCC-PL (614-692-4124, Carl.Jura@dla.mil).

33. **Question:** We are the OEM for a MIL-SPEC item MIL-V-24509. We recently saw along term contract request for Quotation and before the bid closed, it was placed?

Answer: Within our automated award process (PACE), the system will process micro purchase buys of under \$2500 before official closing day if an acceptable price is received. The solicitation document conveys what offers may be awarded and does put contractors on notice, especially when this lower dollar buys may be processed.

34. **Question:** Competitiveness and best value acquisition are key issues challenging DLA. However, sole sourced products do not allow DLA to purchase such products at a fair and competitive price. We know that proprietary data cannot be supplied to a contractor who is a competitor. So how can DLA create competitiveness?

The commercial airline industry has found the answer to the dilemma at the most challenging time of its history. Through FAA, a manufacturer uses a computational analysis of the DEM's product by testing several of them, develops a test procedure and submits it for approval to the FAA for approval (PMA process through reverse engineering). The result has been billions of dollars of savings to airliners during the last five years.

If such life threatening products are procured competitively, why not establishing an agency such as the FAA for military procurement?

Answer: Adding new sources is a business decision for each item being considered, both on the part of potential new sources and DSCC? Becoming an approved source requires a commitment of resources for engineering, prototyping, testing, marketing, etc. a product. It is also a business decision on the part of the Government. Most of the items DSCC manages are classified as weapon items by our customers. Consequently, we must prepare and submit a request to the Engineering Support Activity for approval to proceed, pay for their review, administer and review the bailment process, test process and other steps that may apply. Since it does require a significant commitment of time and resources by both the Government and a potential supplier, we are careful to assure that there is sufficient projected business (annual demand values) that the supplier has a chance to recoup their investment and that DSCC has the potential to realize a price reduction resulting from the competition. If our analysis does not show potential for an adequate return on investment, both on our part and a supplier's part, we will not proceed. If the results of the analysis are positive, the action is pursued vigorously. DSCC also saves millions of dollars from these actions, every year.

35. **Question:** What percentage of an end product has to be manufactured or finished in US to qualify for American Made? Does CARC printing count as part of the manufacturing process?

Answer: A Domestic End product is defined in the FAR Part 25 as: “an end product manufactured in the United States if the cost of its qualifying country components and its components that are mined, produced, or manufactured in the United States exceeds 50% of the cost of all its components”. CARC painting counts as the finished manufacturing process.

36. **Question:** Why doesn't DLA assemble Industry Council comprised of both small and large business distributors and manufacturers to discuss the impact of changes before making them? The functionality of SR Web is a prime example. We would be willing to participate.

Answer: DLA has established planning guidance in this area; the plan is to engage suppliers to a much greater extent in the decision making process.