



The DATA CAPTURE Report

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February 13, 2009

Special SCAN: The DATA CAPTURE Report Reprint

Gary Moe To Lead UID Supplier Alliance

In late January, **AIM North America** announced that **ID Integration** President Gary Moe will assume the chairperson position of the organization's UID Supplier Alliance. The goal of the group is to raise awareness and adoption of the UID policy within the **Department of Defense (DoD)**. UID policy provides for improved item intelligence for military operational planning, while saving tax payer dollars through increased productivity and efficiency. The group also actively lobbies Congress in Washington.

In a special interview with *SCAN/DCR*, Moe, who takes the reigns from outgoing chairperson Peter Collins [president of **A2B Tracking Solutions**], outlined some of his goals for the coming months ahead. "Obviously, my first and main goal is to promote UID policies and benefits to government suppliers and the U.S.



Gary Moe, president, ID Integration, chairperson, AIM NA UID Supplier Alliance.

public," said the new leader. "In 2008, we made many good inroads with the U.S. Congress. Several prominent Congressional leaders have met with us and are now helping to drive UID adoption by working with the DoD. [See sidebars with letters to John Young, Under Secretary of Defense (acquisitions, technology, and logistics) and Secretary of Defense Robert Gates.] This year, we are working with members of both the House and the Senate to push legislation that will speed UID adoption.

"Other goals will be to expand our membership roster, and as our visibility goes up, we hope to draw in members of the software community. We will also work to develop ways to prove ROIs to potential users. ROI studies are very important, but sometimes efficiency gains are difficult to measure monetarily."

Obstacles

Part of the challenges to UID adoption, according to Moe, is that the software systems installed in government and military facilities is not always compatible with today's technology offerings. But, a January 2009 **Government Accountability Office (GAO)** report to Congress, the agency makes no bones about it—the cost of updating the systems is well worth it. The report identified a huge amount of waste and inaccuracies in the military supply chain.

The report

Titled *Lack of Key Information May Impede DoD's Ability to Improve Supply Chain Management*, the 52-page GAO report cited billions of dollars lost due to ineffective supply chain policies. Following is an excerpt from the results of a multi-year study on the **U.S. Navy**.

From House Representative Michael R. Turner—Ohio
Committee on Armed Services
Committee on Oversight and Government Reform
Committee on Veterans Affairs
Assistant Minority Whip

Dear Under Secretary Young,

As a member of the Armed Services Committee and Oversight and Government Reform Committee, I have an interest in ensuring our military is operating in the most efficient and effective manner possible. The item unique identification (IUID) policy, adopted by the Department of Defense in 2003, is to foster improvements across the entire defense supply chain by lowering total life cycle costs, providing item visibility and improving access to historical item data costs.

We understand implementation has been slow and scattered at best and IUID language is still not contained in all RFP's and contracts and numerous tangible assets have yet to contain unique identification. Subsequent DoD AT&L policy memorandums further clarified policy and listed dates of which Phase II and Phase III legacy items were to be completely marked.

Please provide me an update on the current status of IUID implementation and inclusion in contracts and RFP's. Included within the update, I would appreciate information on the following aspects of IUID implementation:

- Updated timeline on the marking completion of Phase II and Phase III legacy items
- Activities of Defense Contract Management Agency (DCMA) in assisting DoD program offices and suppliers with IUID requirements
- Strategy and timeline for including IUID requirements in all RFP's and contracts
- Major impediments, including current military operations, in implementing this 2003 policy

Thank you for your service to our country. I look forward to your response.

Sincerely,
Michael R. Turner
Member of Congress **SCAN**

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[Begin excerpt]

For the four-year period GAO examined, the Navy had significantly more inventory than was needed to support current requirements. The Navy also experienced some inventory deficits, though to a far lesser extent. GAO's analysis of inventory data identified an annual average of about \$18.7 billion of Navy secondary inventory for fiscal years 2004 to 2007, of which about \$7.5 billion (40%) exceeded current requirements. About half of the \$7.5 billion of inventory exceeding current requirements was retained to meet anticipated future demands, and the remainder was retained for other reasons or identified as potential excess. Based on Navy demand forecasts, inventory that exceeded current requirements was sufficient to satisfy several years,

or even decades, of anticipated supply needs. Also, a large proportion of items that exceeded current requirements had no projected demand. The Navy also had an annual average of about \$570 million of inventory deficits over this four-year period. Some items experienced persistent deficits for the four years covered in GAO's review.

Navy inventory did not align with current requirements over this four-year period because (1) the Navy has not established the cost efficiency of its inventory management, (2) its demand forecasting effectiveness is limited and requirements for items may change frequently after purchase decisions are made, and (3) it has not adjusted certain inventory management practices in response to the

From House Representative Patrick J. Kennedy, Rhode Island
Committee on Appropriations
Subcommittee on Military Construction, Veterans Administration and Related Agencies

Dear Secretary of Defense Robert Gates,

As an appropriator, I have a strong interest in ensuring our military is operating in the most efficient and effective manner possible. The Item Unique Identification (IUID) policy, adopted by the Department Of Defense in 2003, is designed to foster improvements across the entire defense department supply chain by lowering total life cycle costs, providing item visibility and improving access to historical item data.

I understand implementation has been slow and scattered at best, IUID language is still not contained in all RFP's and contracts and numerous tangible assets have yet to be marked in accordance with the policy. The GAO report entitled "*Defense Logistics – Lack of Key Information May Impede DOD's Ability to Improve Supply Chain Management*" released this month is another GAO report critical of the department's shortcomings in supply chain management. Recommendations in the report point to opportunities the IUID policy provides to dramatically improve the quantity and quality of information on assets. Identification, quality, asset condition, location and asset value are several pieces of information the IUID policy would provide weapons systems planners, warfighter mission planners and the procurement community.

I am requesting an update on the current status of IUID implementation and actions to ensure inclusion of the IUID policy in contracts and RFP's. I am also requesting information on the following aspects of IUID implementation:

- Strategy and timelines for including IUID requirements in all RFP's and contracts
- Updated timeline on the marking completion of Phase II and Phase III legacy items
- Activities of Defense Contract Management Agency (DCMA) with existing DoD program offices and suppliers in implementing IUID requirements
- Major impediments, including current military operations, in implementing this 2003 policy

Thank you for your service to our country. In accordance with all applicable rules and regulations, I look forward to your response.

Sincerely,
Patrick J. Kennedy
Member of Congress **SCAN**

unpredictability in demand. As a result, the Navy had billions of dollars in excess inventory against current requirements each year.

[End excerpt]

“Clearly, the GAO is encouraging the government to put more effort into making UID work,” said Moe. “President Obama often promises ‘transparency’ in government. What better way than UID. Also, it looks like there is bi-partisan support. Because of a number of reports in the media, people are extremely aware of the waste in the government/military supply chain.

“The surge in interest in UID is exciting,” Moe continued, “and it comes at a time when the rest of the economy is hurting. UID will save money, and, in some cases, save the lives of soldiers. The best part of all this is we’re not asking for billions of dollars; we’re trying to save billions.”

Gracious and acknowledging support

Before closing our interview, Moe told SCAN/DCR, “The staff at AIM NA have been very supportive, especially people like Mary Lou Bosco and Dan Mullen. I’ve been quite impressed with their help.


There are lots of subcommittees—membership, communications, lobbying—that have made the UID Supplier Alliance successful. I am proud to be a part of this grassroots lobbying team...proud of its accomplishments.”

ID Integration is a founding member of the UID Supplier Alliance and has been a member of AIM North America for nearly 10 years. “Gary’s involvement in the UID Suppliers Alliance over the past 12 months has been key to building momentum as a focused and results driven organization,” said immediate past chairperson Collins. “He has tremendous experience in the use and benefits of UID technology and his leadership as a business executive makes him a perfect fit as our leader for the next 12 months.”

“I am dedicated to furthering the Alliance’s success,” said Moe. “It’s taken some time to get where we are today, but there is finally some real momentum in UID adoption. I want to keep it going strong.”

For more information: **AIM North America**, Warrendale, PA, PH (724) 934-5688, Email: info@aim-na.org. **SCAN**

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